FEDERAL DEPOSIT INSURANCE CORPORATION

Washington, D.C. 20429

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 June 30, 2017

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

For the transition period from _________ to _________.

FDIC Certificate No. 110

BANK OF THE OZARKS

(Exact name of registrant as specified in its charter)

ARKANSAS	**71-0130170**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
17901 CHENAL PARKWAY, LITTLE ROCK, ARKANSAS	**72223**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (501) 978-2265

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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, smaller reporting Bank, or an emerging growth Bank. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting Bank," and "emerging growth Bank" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer ☐ (Do not check if a smaller reporting Bank)			
Smaller reporting Bank	☐	Emerging growth Bank	☐

If an emerging growth Bank, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practical date.

Class	Outstanding at July 31, 2017
Common Stock, $0.01 par value per share	128,160,382

BANK OF THE OZARKS
FORM 10-Q
June 30, 2017

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

BANK OF THE OZARKS
CONSOLIDATED BALANCE SHEETS

	Unaudited June 30, 2017	December 31, 2016
	(Dollars in thousands, except per share amounts)	
ASSETS		
Cash and due from banks	$ 790,892	$ 814,255
Interest earning deposits	33,161	52,105
Cash and cash equivalents	824,053	866,360
Investment securities - available for sale (“AFS”)	2,101,751	1,471,612
Non-purchased loans and leases	11,025,203	9,605,093
Purchased loans	4,159,139	4,958,022
Allowance for loan and lease losses	(82,320)	(76,541)
Net loans and leases	15,102,022	14,486,574
Premises and equipment, net	516,536	504,086
Foreclosed assets	34,000	43,702
Accrued interest receivable	39,180	51,919
Bank owned life insurance (“BOLI”)	589,348	580,945
Intangible assets, net	715,330	720,950
Other, net	142,369	163,994
Total assets	$ 20,064,589	$ 18,890,142
LIABILITIES AND STOCKHOLDERS’ EQUITY		
Deposits:		
Demand non-interest bearing	$ 2,714,561	$ 2,589,458
Savings and interest bearing transaction	8,777,818	8,048,355
Time	4,749,061	4,937,065
Total deposits	16,241,440	15,574,878
Repurchase agreements with customers	68,502	65,110
Other borrowings	42,486	41,903
Subordinated notes	222,706	222,516
Subordinated debentures	118,519	118,242
Accrued interest payable and other liabilities	107,783	72,622
Total liabilities	16,801,436	16,095,271
Commitments and contingencies		
Stockholders’ equity:		
Preferred stock; $0.01 par value; 100,000,000 shares authorized; no shares issued or outstanding at June 30, 2017 or December 31, 2016	—	—
Common stock; $0.01 par value; 300,000,000 shares authorized; 128,190,010 and 121,267,616 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	1,282	1,213
Additional paid-in capital	2,212,302	1,901,880
Retained earnings	1,051,531	914,434
Accumulated other comprehensive income (loss)	(4,992)	(25,920)
Total stockholders’ equity before noncontrolling interest	3,260,123	2,791,607
Noncontrolling interest	3,030	3,264
Total stockholders’ equity	3,263,153	2,794,871
Total liabilities and stockholders’ equity	$ 20,064,589	$ 18,890,142

See accompanying notes to consolidated financial statements.

BANK OF THE OZARKS
CONSOLIDATED STATEMENTS OF INCOME
Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands, except per share amounts)			
Interest income:				
Non-purchased loans and leases	$ 141,985	$ 98,036	$ 269,413	$ 185,046
Purchased loans	75,729	26,711	151,723	55,734
Investment securities:				
Taxable	4,181	2,442	7,997	4,712
Tax-exempt	6,148	3,726	12,660	7,159
Deposits with banks and federal funds sold	115	13	134	19
Total interest income	228,158	130,928	441,927	252,670
Interest expense:				
Deposits	21,479	10,213	39,856	18,063
Repurchase agreements with customers	30	22	60	42
Other borrowings	255	293	477	595
Subordinated notes	3,052	283	6,240	283
Subordinated debentures	1,237	1,079	2,418	2,132
Total interest expense	26,053	11,890	49,051	21,115
Net interest income	202,105	119,038	392,876	231,555
Provision for loan and lease losses	6,103	4,834	11,036	6,851
Net interest income after provision for loan and lease losses	196,002	114,204	381,840	224,704
Non-interest income:				
Service charges on deposit accounts	11,764	8,119	23,065	15,776
Mortgage lending income	1,910	2,057	3,484	3,341
Trust income	1,577	1,574	3,208	3,080
BOLI income	4,594	2,745	9,058	5,605
Other income from purchased loans, net	4,777	4,599	8,515	7,651
Net gains on investment securities	404	—	404	—
Gains on sales of other assets	672	998	2,292	2,025
Other	6,142	2,641	10,872	5,119
Total non-interest income	31,840	22,733	60,898	42,597
Non-interest expense:				
Salaries and employee benefits	39,892	24,921	78,446	48,282
Net occupancy and equipment	12,937	8,388	26,129	16,918
Other operating expenses	30,999	17,619	57,520	33,414
Total non-interest expense	83,828	50,928	162,095	98,614
Income before taxes	144,014	86,009	280,643	168,687
Provision for income taxes	53,488	31,514	100,907	62,497
Net income	90,526	54,495	179,736	106,190
Earnings attributable to noncontrolling interest	6	(21)	(16)	(28)
Net income available to common stockholders	$ 90,532	$ 54,474	$ 179,720	$ 106,162
Basic earnings per common share	$ 0.73	$ 0.60	$ 1.47	$ 1.17
Diluted earnings per common share	$ 0.73	$ 0.60	$ 1.46	$ 1.16
Dividends declared per common share	$ 0.175	$ 0.155	$ 0.345	$ 0.305

See accompanying notes to consolidated financial statements.

BANK OF THE OZARKS
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Net income	$ 90,526	$ 54,495	$ 179,736	$ 106,190
Other comprehensive income:				
Unrealized gains and losses on investment securities AFS	20,520	6,187	32,601	10,382
Tax effect of unrealized gains and losses on investment securities AFS	(7,182)	(1,512)	(11,410)	(3,235)
Reclassification of gains and losses on investment securities AFS included in net income	(404)	—	(404)	—
Tax effect of reclassification of gains and losses on investment securities AFS included in net income	141	—	141	—
Total other comprehensive income	13,075	4,675	20,928	7,147
Total comprehensive income	$ 103,601	$ 59,170	$ 200,664	$ 113,337

See accompanying notes to consolidated financial statements.

BANK OF THE OZARKS
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Unaudited

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non-Controlling Interest	Total
	(Dollars in thousands, except per share amounts)						
Balances – December 31, 2015	$ 906	$ 755,995	$ 706,628	$ 7,959	$ (6,857)	$ 3,163	$1,467,794
Net income	—	—	106,190	—	—	—	106,190
Earnings attributable to noncontrolling interest	—	—	(28)	—	—	28	—
Total other comprehensive income	—	—	—	7,147	—	—	7,147
Common stock dividends paid, $0.305 per share	—	—	(27,664)	—	—	—	(27,664)
Issuance of 53,770 shares of common stock for exercise of stock options	—	756	—	—	—	—	756
Issuance of 213,907 shares of unvested restricted common stock	1	(6,858)	—	—	6,857	—	—
Excess tax benefit on exercise and forfeiture of stock options and restricted common stock	—	763	—	—	—	—	763
Stock-based compensation expense	—	5,126	—	—	—	—	5,126
Forfeiture of 13,986 shares of unvested restricted common stock	—	—	—	—	—	—	—
Issuance of 12,415 shares of common stock to non-employee directors	—	—	—	—	—	—	—
Balances – June 30, 2016	$ 907	$ 755,782	$ 785,126	$ 15,106	$ —	$ 3,191	$1,560,112
Balances – December 31, 2016	$ 1,213	$1,901,880	$ 914,434	$ (25,920)	$ —	$ 3,264	$2,794,871
Cumulative effect of change in accounting principal	—	1,133	(688)	—	—	—	445
Balances – January 1, 2017, as adjusted	1,213	1,903,013	913,746	(25,920)	—	3,264	2,795,316
Net income	—	—	179,736	—	—	—	179,736
Earnings attributable to noncontrolling interest	—	—	(16)	—	—	16	—
Total other comprehensive income	—	—	—	20,928	—	—	20,928
Common stock dividends paid, $0.345 per share	—	—	(41,935)	—	—	—	(41,935)
Dividend paid to non-controlling interest	—	—	—	—	—	(250)	(250)
Issuance of 81,350 shares of common stock for exercise of stock options	1	1,365	—	—	—	—	1,366
Issuance of 238,794 shares of unvested restricted common stock	2	(2)	—	—	—	—	—
Stock-based compensation expense	—	8,269	—	—	—	—	8,269
Forfeiture of 12,231 shares of unvested restricted common stock	—	—	—	—	—	—	—
Issuance of 14,476 shares of common stock to non-employee directors	—	—	—	—	—	—	—
Issuance of 6,600,000 shares of common stock, net of stock issue costs	66	299,657	—	—	—	—	299,723
Balances – June 30, 2017	$ 1,282	$2,212,302	$1,051,531	$ (4,992)	$ —	$ 3,030	$3,263,153

See accompanying notes to consolidated financial statements.

BANK OF THE OZARKS
CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited

	Six Months Ended June 30,	
	2017	**2016**
	(Dollars in thousands)	
Cash flows from operating activities:		
Net income	$ 179,736	$ 106,190
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	10,120	6,048
Amortization	6,756	3,569
Earnings attributable to noncontrolling interest	(16)	(28)
Provision for loan and lease losses	11,036	6,851
Provision for losses on foreclosed assets	1,466	1,260
Net amortization of investment securities AFS	5,772	866
Originations of mortgage loans held for sale	(114,506)	(122,523)
Proceeds from sales of mortgage loans held for sale	123,948	112,901
Accretion of purchased loans	(42,953)	(18,694)
Net gains on investment securities AFS	(404)	—
Gains on sales of other assets	(2,292)	(2,025)
Deferred income tax expense	9,348	564
Increase in cash surrender value of BOLI	(8,933)	(5,605)
BOLI death benefits in excess of cash surrender value	(125)	—
Stock-based compensation expense	8,269	5,126
Excess tax benefit on stock-based compensation	—	(763)
Changes in assets and liabilities:		
Accrued interest receivable	12,739	(9,757)
Other assets, net	5,470	(10,379)
Accrued interest payable and other liabilities	(4,681)	(5,349)
Net cash provided by operating activities	200,750	68,252
Cash flows from investing activities:		
Proceeds from sales of investment securities AFS	87,017	—
Proceeds from maturities/calls/paydowns of investment securities AFS	66,458	83,365
Purchases of investment securities AFS	(755,790)	(268,513)
Net increase of non-purchased loans and leases	(1,266,956)	(1,672,874)
Net payments received on purchased loans	703,313	305,336
Purchases of premises and equipment	(23,148)	(15,323)
Purchases of BOLI	—	(42,000)
Proceeds from BOLI death benefits	654	—
Proceeds from sales of other assets	19,536	11,333
Cash (paid for) received from unconsolidated investments and noncontrolling interest	(3,832)	478
Net cash used by investing activities	(1,172,748)	(1,598,198)
Cash flows from financing activities:		
Net increase in deposits	666,562	2,223,604
Net proceeds from (repayments of) other borrowings	583	(162,487)
Net increase (decrease) in repurchase agreements with customers	3,392	(11,803)
Proceeds from exercise of stock options	1,366	756
Proceeds from issuance of subordinated notes	—	222,315
Excess tax benefit on stock-based compensation	—	763
Cash dividends paid on common stock	(41,935)	(27,664)
Proceeds from issuance of common stock	299,723	—
Net cash provided by financing activities	929,691	2,245,484
Net (decrease) increase in cash and cash equivalents	(42,307)	715,538
Cash and cash equivalents – beginning of period	866,360	90,988
Cash and cash equivalents – end of period	$ 824,053	$ 806,526

See accompanying notes to consolidated financial statements.

1. Organization and Principles of Consolidation

On June 26, 2017, as the result of an internal restructuring designed to eliminate its bank holding company structure, Bank of the Ozarks, Inc., an Arkansas corporation, merged with and into its wholly-owned subsidiary, Bank of the Ozarks, an Arkansas state banking corporation (the “Bank”), with the Bank continuing as the surviving corporation (the “Reorganization”). Unless the context otherwise requires, references in this quarterly report on Form 10-Q to “Company,” “we,” “us” and “our” for periods prior to June 26, 2017, refer to Bank of the Ozarks, Inc., which was the parent holding company and the registrant prior to the Reorganization, and, for periods after the Reorganization, to the Bank, in each case including its consolidated subsidiaries.

At the effective time of the merger, each share of Bank of the Ozarks, Inc.’s common stock issued and outstanding immediately prior to the merger was automatically converted to one share of common stock of the Bank having the same designations, rights, powers and preferences and the same qualifications, limitations and restrictions as those associated with each share of Bank of the Ozarks, Inc. As a result, Bank of the Ozarks, Inc. shareholders upon consummation of the merger became Bank shareholders. The Bank continues to be subject to regulation by the Arkansas State Bank Department. Because the Bank is an insured depository institution that is not a member bank of the Board of Governors of the Federal Reserve System (“FRB”), its primary federal regulator is the Federal Deposit Insurance Corporation (“FDIC”). The Bank is no longer subject to the FRB’s regulation and supervision (except such regulations as are made applicable to the Bank by law and regulation of the FDIC).

The Bank owns eight 100%-owned finance subsidiary business trusts - Ozark Capital Statutory Trust II, Ozark Capital Statutory Trust III, Ozark Capital Statutory Trust IV, Ozark Capital Statutory Trust V, Intervest Statutory Trust II, Intervest Statutory Trust III, Intervest Statutory Trust IV and Intervest Statutory Trust V (collectively, the “Trusts”). In addition, the Bank owns a subsidiary that holds its investment securities, a subsidiary engaged in the development of real estate, a subsidiary that owns private aircraft and various other entities that hold loans, foreclosed assets or tax credits or engage in other activities. The consolidated financial statements include the accounts of the Bank, the investment subsidiary, the real estate subsidiary, the aircraft subsidiary and certain of those various other entities in accordance with accounting principles generally accepted in the United States (“GAAP”). Significant intercompany transactions and amounts have been eliminated in consolidation.

At June 30, 2017 the Bank, which is headquartered in Little Rock, Arkansas, conducted operations through 251 offices, including offices in Arkansas, Georgia, Florida, North Carolina, Texas, Alabama, South Carolina, California and New York.

2. Basis of Presentation and Change in Accounting Policy

The accompanying interim consolidated financial statements have been prepared by the Bank, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) in Article 10 of Regulation S-X and in accordance with the instructions to Form 10-Q and GAAP for interim financial information. Certain information, accounting policies and footnote disclosures normally included in complete financial statements prepared in accordance with GAAP have been condensed or omitted in accordance with such rules and regulations. Prior to the Reorganization, all of Bank of the Ozarks, Inc.’s business and operations were conducted through the Bank. The Bank’s operations and business did not change as a result of the Reorganization and the accounting policies of Bank of the Ozarks, Inc. are the same for the Bank. The organization, business, accounting policies and other relevant information about the former holding company are contained in the notes to the financial statements filed as part of Bank of the Ozarks, Inc.’s annual report on Form 10-K for the year ended December 31, 2016, which was filed with the SEC on March 1, 2017. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2016. The effect of the Reorganization is reflected in all prior period financial data in this quarterly report on Form 10-Q.

The consolidated financial statements include the accounts of the Bank, the investment subsidiary, the real estate subsidiary and the aircraft subsidiary. In addition, subsidiaries in which the Bank has majority voting interest (principally defined as owning a voting or economic interest greater than 50%) or where the Bank exercises control over the operating and financial policies of the subsidiary through an operating agreement or other means are consolidated. Investments in companies in which the Bank has significant influence over voting and financing decisions (principally defined as owning a voting or economic interest of 20% to 50%) and investments in limited partnerships and limited liability companies where the Bank does not exercise control over the operating and financial policies are generally accounted for by the equity method of accounting. Investments in companies in which the Bank has limited or no influence over voting and financing decisions (principally defined as owning a voting or economic interest less than

20%) and investments in limited partnerships and limited liability companies in which the Bank's interest is so minor such that it has virtually no influence over operating and financial policies are generally accounted for by the cost method of accounting.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. In the opinion of management, all adjustments considered necessary, consisting of normal recurring items, have been included for a fair statement of the accompanying consolidated financial statements. Operating results for the three months and six months ended June 30, 2017 are not necessarily indicative of the results that may be expected for the full year or future periods.

During the six months ended June 30, 2017, the Bank revised its initial estimates regarding certain acquired assets and liabilities associated with its 2016 acquisition of C1 Financial, Inc. ("C1"). As a result, goodwill recorded in the C1 acquisition increased by approximately $0.7 million during the three months ended March 31, 2017. No revisions to goodwill were recorded during the three months ended June 30, 2017. As provided under GAAP, management has up to twelve months following the date of an acquisition to finalize the fair values of the acquired assets and assumed liabilities. Once management has finalized the fair values of acquired assets and assumed liabilities within this 12-month period, management considers such values to be the day 1 fair values ("Day 1 Fair Values").

On January 1, 2017, the Bank adopted Accounting Standards Update ("ASU") 2016-09, "Improvements to Employee Share-Based Payment Accounting." In accordance with the provisions of ASU 2016-09, the Bank elected to account for forfeitures of stock-based compensation awards as they occur. Prior to the adoption of ASU 2016-09, the Bank estimated forfeiture rates and the impact that estimated forfeitures would have on the number of stock-based awards that were expected to vest. The Bank believes this policy election related to forfeitures will be a more efficient method of accounting for forfeitures. The adoption of ASU 2016-09 resulted in a cumulative adjustment to increase total stockholders' equity at January 1, 2017 by approximately $0.4 million.

3. Earnings Per Common Share ("EPS")

Basic EPS is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding. Diluted EPS is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding after consideration of the dilutive effect, if any, of outstanding common stock options using the treasury stock method. Options to purchase 1,197,987 shares and 648,293 shares, respectively, of the Bank's common stock for the three months ended June 30, 2017 and 2016, and options to purchase 1,150,398 shares and 654,076 shares, respectively, of the Bank's common stock for the six months ended June 30, 2017 and 2016 were excluded from the diluted EPS calculations as inclusion of such options would have been anti-dilutive.

The following table presents the computation of basic and diluted EPS for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(In thousands, except per share amounts)			
Numerator:				
Distributed earnings allocated to common stockholders	$ 21,276	$ 14,061	$ 41,935	$ 27,664
Undistributed earnings allocated to common stockholders	69,256	40,413	137,785	78,498
Net income available to common stockholders	$ 90,532	$ 54,474	$ 179,720	$ 106,162
Denominator:				
Denominator for basic EPS – weighted-average common shares	123,835	90,730	122,680	90,708
Effect of dilutive securities – stock options	363	558	404	560
Denominator for diluted EPS – weighted-average common shares and assumed conversions	124,198	91,288	123,084	91,268
Basic EPS	$ 0.73	$ 0.60	$ 1.47	$ 1.17
Diluted EPS	$ 0.73	$ 0.60	$ 1.46	$ 1.16

4. Investment Securities

At both June 30, 2017 and December 31, 2016, the Bank classified all of its investment securities portfolio as AFS. Accordingly, investment securities are stated at estimated fair value in the consolidated financial statements with unrealized gains and losses, net of related income tax, reported as a separate component of stockholders' equity and included in accumulated other comprehensive income.

The following table presents the amortized cost and estimated fair value of investment securities AFS as of the dates indicated. The Bank's investment in the "CRA qualified investment fund" includes shares held in a mutual fund that qualifies under the Community Reinvestment Act of 1977 for community reinvestment purposes. The Bank's holdings of "other equity securities" include Federal Home Loan Bank of Dallas ("FHLB") and First National Banker's Bankshares, Inc. ("FNBB") shares which do not have readily determinable fair values and are carried at cost.

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(Dollars in thousands)			
June 30, 2017:				
Obligations of state and political subdivisions	$ 853,777	$ 9,020	$ (9,556)	$ 853,241
Mortgage-backed securities [(1)]	1,214,836	1,949	(8,776)	1,208,009
U.S. Government agency securities	30,540	36	(333)	30,243
CRA qualified investment fund	1,073	—	(21)	1,052
Other equity securities	9,206	—	—	9,206
Total	$ 2,109,432	$ 11,005	$ (18,686)	$ 2,101,751
December 31, 2016:				
Obligations of state and political subdivisions	$ 946,886	$ 7,785	$ (35,658)	$ 919,013
Mortgage-backed securities [(1)]	516,636	955	(12,235)	505,356
U.S. Government agency securities	30,661	7	(534)	30,134
Corporate obligations	10,086	—	(171)	9,915
CRA qualified investment fund	1,061	—	(27)	1,034
Other equity securities	6,160	—	—	6,160
Total	$ 1,511,490	$ 8,747	$ (48,625)	$ 1,471,612

(1) The mortgage-backed securities included in the table above were issued by U.S. Government agencies.

The following table shows estimated fair value of investment securities AFS having gross unrealized losses and the amount of such unrealized losses, aggregated by investment category and length of time that individual investment securities have been in a continuous unrealized loss position, as of the dates indicated.

	Less than 12 Months		12 Months or More		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
	(Dollars in thousands)					
June 30, 2017:						
Obligations of state and political subdivisions	$ 499,608	$ 9,547	$ 4,546	$ 9	$ 504,154	$ 9,556
Mortgage-backed securities [(1)]	1,085,763	8,728	2,704	48	1,088,467	8,776
U.S. Government agency securities	21,671	333	—	—	21,671	333
CRA qualified investment fund	1,052	21	—	—	1,052	21
Total temporarily impaired securities	$1,608,094	$ 18,629	$ 7,250	$ 57	$1,615,344	$ 18,686
December 31, 2016:						
Obligations of state and political subdivisions	$ 641,862	$ 35,648	$ 4,501	$ 10	$ 646,363	$ 35,658
Mortgage-backed securities [(1)]	454,519	12,230	160	5	454,679	12,235
U.S. Government agency securities	25,481	534	—	—	25,481	534
Corporate obligations	6,915	171	—	—	6,915	171
CRA qualified investment fund	1,035	27	—	—	1,035	27
Total temporarily impaired securities	$1,129,812	$ 48,610	$ 4,661	$ 15	$1,134,473	$ 48,625

(1) The mortgage-backed securities included in the table above were issued by U.S. Government agencies.

In evaluating the Bank's unrealized loss positions for other-than-temporary impairment of its investment securities portfolio, management considers the credit quality, financial condition and near term prospects of the issuer, the nature and cause of the unrealized loss, the severity and duration of the impairments and other factors. At both June 30, 2017 and December 31, 2016, management determined the unrealized losses were the result of fluctuations in interest rates and did not reflect deteriorations of the credit quality of the investments. Accordingly, management considers these unrealized losses to be temporary in nature. The Bank does not have the intent to sell these investment securities with unrealized losses and, more likely than not, will not be required to sell these investment securities before fair value recovers to amortized cost.

The following table shows the amortized cost and estimated fair value of investment securities AFS by maturity or estimated date of repayment as of the date indicated.

Maturity or Estimated Repayment	June 30, 2017 Amortized Cost	June 30, 2017 Estimated Fair Value
	(Dollars in thousands)	
One year or less	$ 202,315	$ 201,262
After one year to five years	681,590	678,297
After five years to ten years	508,934	510,524
After ten years	716,593	711,668
Total	$ 2,109,432	$ 2,101,751

For purposes of this maturity or repayment distribution, all investment securities AFS are shown based on their contractual maturity date or estimated date of repayment, except (i) FHLB and FNBB equity securities and the CRA qualified investment fund with no contractual maturity date are shown in the longest maturity category and (ii) U.S. Government agency securities and municipal housing authority securities backed by residential mortgages are allocated among various maturities or repayment categories based on an estimated repayment schedule utilizing Bloomberg median prepayment speeds or other estimates of prepayment speeds and interest rate levels at the measurement date. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

The following table is a summary of sales activities in the Bank's investment securities AFS for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Sales proceeds	$ 87,017	$ —	$ 87,017	$ —
Gross realized gains	840	—	840	—
Gross realized losses	(436)	—	(436)	—
Net gains on investment securities	$ 404	$ —	$ 404	$ —

5. Allowance for Loan and Lease Losses (“ALLL”) and Credit Quality Indicators

Allowance for Loan and Lease Losses

The following table is a summary of activity within the ALLL for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Beginning balance	$ 78,224	$ 61,760	$ 76,541	$ 60,854
Charge-offs of non-purchased loans and leases	(1,451)	(1,218)	(3,200)	(2,565)
Recoveries of non-purchased loans and leases previously charged off	747	191	1,179	444
Net charge-offs – non-purchased loans and leases	(704)	(1,027)	(2,021)	(2,121)
Charge-offs of purchased loans	(1,934)	(470)	(4,720)	(535)
Recoveries of purchased loans previously charged off	631	36	1,484	84
Net charge-offs – purchased loans	(1,303)	(434)	(3,236)	(451)
Net charge-offs – total loans and leases	(2,007)	(1,461)	(5,257)	(2,572)
Provision for loan and lease losses:				
Non-purchased loans and leases	4,800	4,400	7,800	6,400
Purchased loans	1,303	434	3,236	451
Total provision	6,103	4,834	11,036	6,851
Ending balance	$ 82,320	$ 65,133	$ 82,320	$ 65,133
ALLL allocated to non-purchased loans and leases	$ 80,720	$ 63,933	$ 80,720	$ 63,933
ALLL allocated to purchased loans	1,600	1,200	1,600	1,200
Total ALLL	$ 82,320	$ 65,133	$ 82,320	$ 65,133

The following tables are a summary of the Bank's ALLL for the periods indicated.

	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
			(Dollars in thousands)		
Three months ended June 30, 2017:					
Non-purchased loans and leases:					
Real estate:					
Residential 1-4 family	$ 10,958	$ (1)	$ 3	$ 1,145	$ 12,105
Non-farm/non-residential	23,040	(6)	530	140	23,704
Construction/land development	19,633	(26)	12	323	19,942
Agricultural	2,293	(2)	—	32	2,323
Multifamily residential	2,765	—	—	1,685	4,450
Commercial and industrial	2,415	(44)	7	361	2,739
Consumer	2,934	(47)	25	2,891	5,803
Direct financing leases	10,430	(848)	11	(2,000)	7,593
Other	2,156	(477)	159	223	2,061
Total non-purchased loans and leases	76,624	(1,451)	747	4,800	80,720
Purchased loans	1,600	(1,934)	631	1,303	1,600
Total loans and leases	$ 78,224	$ (3,385)	$ 1,378	$ 6,103	$ 82,320
Six months ended June 30, 2017:					
Non-purchased loans and leases:					
Real estate:					
Residential 1-4 family	$ 10,225	$ (170)	$ 7	$ 2,043	$ 12,105
Non-farm/non-residential	21,555	(12)	541	1,620	23,704
Construction/land development	20,673	(93)	18	(656)	19,942
Agricultural	2,787	(2)	—	(462)	2,323
Multifamily residential	2,447	—	—	2,003	4,450
Commercial and industrial	2,359	(269)	93	556	2,739
Consumer	1,945	(160)	136	3,882	5,803
Direct financing leases	10,684	(1,525)	16	(1,582)	7,593
Other	2,266	(969)	368	396	2,061
Total non-purchased loans and leases	74,941	(3,200)	1,179	7,800	80,720
Purchased loans	1,600	(4,720)	1,484	3,236	1,600
Total loans and leases	$ 76,541	$ (7,920)	$ 2,663	$ 11,036	$ 82,320

	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance
			(Dollars in thousands)		
Three months ended June 30, 2016:					
Real estate:					
Residential 1-4 family	$ 9,429	$ (13)	$ 13	$ 670	$ 10,099
Non-farm/non-residential	18,761	—	—	357	19,118
Construction/land development	15,259	—	49	2,188	17,496
Agricultural	3,684	—	—	71	3,755
Multifamily residential	3,914	—	14	(267)	3,661
Commercial and industrial	3,399	(31)	6	416	3,790
Consumer	707	(35)	2	38	712
Direct financing leases	4,235	(808)	5	660	4,092
Other	1,172	(331)	102	267	1,210
Total non-purchased loans and leases	60,560	(1,218)	191	4,400	63,933
Purchased loans	1,200	(470)	36	434	1,200
Total loans and leases	$ 61,760	$ (1,688)	$ 227	$ 4,834	$ 65,133
Six months ended June 30, 2016:					
Real estate:					
Residential 1-4 family	$ 8,672	$ (256)	$ 37	$ 1,646	$ 10,099
Non-farm/non-residential	16,796	(12)	—	2,334	19,118
Construction/land development	18,176	(20)	51	(711)	17,496
Agricultural	3,388	(7)	—	374	3,755
Multifamily residential	3,031	—	14	616	3,661
Commercial and industrial	2,574	(42)	39	1,219	3,790
Consumer	707	(68)	14	59	712
Direct financing leases	3,835	(1,468)	16	1,709	4,092
Other	2,475	(692)	273	(846)	1,210
Total non-purchased loans and leases	59,654	(2,565)	444	6,400	63,933
Purchased loans	1,200	(535)	84	451	1,200
Total loans and leases	$ 60,854	$ (3,100)	$ 528	$ 6,851	$ 65,133

The following table is a summary of the Bank's ALLL for non-purchased loans and leases and recorded investment in non-purchased loans and leases as of the dates indicated.

	ALLL for Non-Purchased Loans and Leases			Non-Purchased Loans and Leases		
	ALLL for Individually Evaluated Impaired Loans and Leases	ALLL for All Other Loans and Leases	Total ALLL[1]	Individually Evaluated Impaired Loans and Leases	All Other Loans and Leases	Total Loans and Leases
	(Dollars in thousands)					
June 30, 2017:						
Real estate:						
Residential 1-4 family	$ 314	$ 11,791	$ 12,105	$ 2,926	$ 554,316	$ 557,242
Non-farm/non-residential	140	23,564	23,704	2,703	3,001,882	3,004,585
Construction/land development	891	19,051	19,942	2,213	5,017,546	5,019,759
Agricultural	270	2,053	2,323	1,295	118,101	119,396
Multifamily residential	—	4,450	4,450	—	638,461	638,461
Commercial and industrial	563	2,176	2,739	1,750	272,841	274,591
Consumer	53	5,750	5,803	172	539,267	539,439
Direct financing leases	—	7,593	7,593	—	137,146	137,146
Other	5	2,056	2,061	34	734,550	734,584
Total	$ 2,236	$ 78,484	$ 80,720	$ 11,093	$11,014,110	$11,025,203
December 31, 2016:						
Real estate:						
Residential 1-4 family	$ 326	$ 9,899	$ 10,225	$ 2,411	$ 478,652	$ 481,063
Non-farm/non-residential	174	21,381	21,555	2,136	2,383,516	2,385,652
Construction/land development	1,384	19,289	20,673	5,501	4,757,466	4,762,967
Agricultural	387	2,400	2,787	1,198	96,668	97,866
Multifamily residential	59	2,388	2,447	879	434,463	435,342
Commercial and industrial	463	1,896	2,359	750	227,730	228,480
Consumer	16	1,929	1,945	60	216,457	216,517
Direct financing leases	—	10,684	10,684	—	137,188	137,188
Other	41	2,225	2,266	158	859,860	860,018
Total	$ 2,850	$ 72,091	$ 74,941	$ 13,093	$ 9,592,000	$ 9,605,093

(1) Excludes $1.6 million of ALLL allocated to the Bank's purchased loans at both June 30, 2017 and December 31, 2016.

The following table is a summary of impaired non-purchased loans and leases as of and for the three months and six months ended June 30, 2017.

	Principal Balance	Net Charge-offs to Date	Principal Balance, Net of Charge-offs	Specific ALLL	Weighted Average Carrying Value – Three Months Ended June 30, 2017	Weighted Average Carrying Value – Six Months Ended June 30, 2017
	(Dollars in thousands)					
Impaired loans and leases for which there is a related ALLL:						
Real estate:						
Residential 1-4 family	$ 2,251	$ (231)	$ 2,020	$ 314	$ 1,631	$ 1,650
Non-farm/non-residential	1,746	(598)	1,148	140	1,436	1,173
Construction/land development	1,844	(34)	1,810	891	1,802	2,902
Agricultural	947	—	947	270	955	992
Commercial and industrial	1,273	(81)	1,192	563	986	820
Consumer	167	(4)	163	53	118	96
Other	30	—	30	5	119	130
Total impaired loans and leases with a related ALLL	8,258	(948)	7,310	2,236	7,047	7,763
Impaired loans and leases for which there is not a related ALLL:						
Real estate:						
Residential 1-4 family	1,062	(156)	906	—	1,045	938
Non-farm/non-residential	1,887	(332)	1,555	—	1,557	1,534
Construction/land development	1,217	(814)	403	—	402	400
Agricultural	410	(62)	348	—	242	206
Multifamily residential	133	(133)	—	—	50	33
Commercial and industrial	629	(71)	558	—	294	284
Consumer	14	(5)	9	—	9	9
Other	4	—	4	—	5	5
Total impaired loans and leases without a related ALLL	5,356	(1,573)	3,783	—	3,604	3,409
Total impaired non-purchased loans and leases	$ 13,614	$ (2,521)	$ 11,093	$ 2,236	$ 10,651	$ 11,172

The following table is a summary of impaired non-purchased loans and leases as of and for the year ended December 31, 2016.

	Principal Balance	Net Charge-offs to Date	Principal Balance, Net of Charge-offs	Specific ALLL	Weighted Average Carrying Value – Year Ended December 31, 2016
			(Dollars in thousands)		
Impaired loans and leases for which there is a related ALLL:					
Real estate:					
Residential 1-4 family	$ 1,904	$ (216)	$ 1,688	$ 326	$ 1,088
Non-farm/non-residential	1,171	(523)	648	174	186
Construction/land development	5,137	(34)	5,103	1,384	1,118
Agricultural	1,064	—	1,064	387	1,118
Multifamily residential	879	—	879	59	176
Commercial and industrial	809	(322)	487	463	506
Consumer	55	(4)	51	16	23
Other	153	—	153	41	31
Total impaired loans and leases with a related ALLL	11,172	(1,099)	10,073	2,850	4,246
Impaired loans and leases for which there is not a related ALLL:					
Real estate:					
Residential 1-4 family	879	(156)	723	—	896
Non-farm/non-residential	1,997	(509)	1,488	—	1,131
Construction/land development	1,208	(810)	398	—	1,998
Agricultural	366	(232)	134	—	169
Multifamily residential	133	(133)	—	—	33
Commercial and industrial	313	(50)	263	—	209
Consumer	14	(5)	9	—	11
Other	5	—	5	—	6
Total impaired loans and leases without a related ALLL	4,915	(1,895)	3,020	—	4,453
Total impaired non-purchased loans and leases	$ 16,087	$ (2,994)	$ 13,093	$ 2,850	$ 8,699

Management has determined that certain of the Bank's impaired non-purchased loans and leases do not require any specific allowance at June 30, 2017 or at December 31, 2016 because (i) management's analysis of such individual loans and leases resulted in no impairment or (ii) all identified impairment on such loans and leases had previously been charged off.

Interest income on impaired non-purchased loans and leases is recognized on a cash basis when and if actually collected. Total interest income recognized on impaired non-purchased loans and leases for the three and six months ended June 30, 2017 and 2016 was not material.

Credit Quality Indicators

Non-Purchased Loans and Leases

The following table is a summary of credit quality indicators for the Bank's non-purchased loans and leases as of the dates indicated.

	Satisfactory	Moderate	Watch	Substandard	Total
			(Dollars in thousands)		
June 30, 2017:					
Real estate:					
Residential 1-4 family [(1)]	$ 543,302	$ —	$ 9,279	$ 4,661	$ 557,242
Non-farm/non-residential	2,527,555	386,709	52,134	38,187	3,004,585
Construction/land development	4,575,037	430,588	10,857	3,277	5,019,759
Agricultural	44,421	64,679	8,080	2,216	119,396
Multifamily residential	514,497	59,645	63,290	1,029	638,461
Commercial and industrial	112,031	155,447	4,752	2,361	274,591
Consumer [(1)]	539,050	—	142	247	539,439
Direct financing leases	136,027	26	587	506	137,146
Other [(1)]	727,838	6,254	216	276	734,584
Total	$ 9,719,758	$ 1,103,348	$ 149,337	$ 52,760	$ 11,025,203
December 31, 2016:					
Real estate:					
Residential 1-4 family [(1)]	$ 474,853	$ —	$ 1,938	$ 4,272	$ 481,063
Non-farm/non-residential	2,010,397	287,157	81,527	6,571	2,385,652
Construction/land development	4,409,108	336,004	11,402	6,453	4,762,967
Agricultural	48,835	37,712	9,158	2,161	97,866
Multifamily residential	381,845	49,607	1,971	1,919	435,342
Commercial and industrial	149,698	73,559	3,994	1,229	228,480
Consumer [(1)]	216,120	—	164	233	216,517
Direct financing leases	135,980	46	208	954	137,188
Other [(1)]	855,217	4,710	81	10	860,018
Total	$ 8,682,053	$ 788,795	$ 110,443	$ 23,802	$ 9,605,093

(1) The Bank does not risk rate its residential 1-4 family loans (including consumer construction loans and 1-4 family properties), indirect loans, consumer loans, and certain "other" loans. However, for purposes of the above table, the Bank considers such loans to be (i) satisfactory – if they are performing and less than 30 days past due, (ii) watch – if they are performing and 30 to 89 days past due or (iii) substandard – if they are nonperforming or 90 days or more past due.

The following categories of credit quality indicators are used by the Bank.

Satisfactory – Loans and leases in this category are considered to be a satisfactory credit risk and are generally considered to be collectible in full.

Moderate – Loans and leases in this category are considered to be a marginally satisfactory credit risk and are generally considered to be collectible in full.

Watch – Loans and leases in this category are presently protected from apparent loss; however, weaknesses exist which could cause future impairment of repayment of principal or interest.

Substandard – Loans and leases in this category are characterized by deterioration in quality exhibited by a number of weaknesses requiring corrective action and posing risk of some loss.

The following table is an aging analysis of past due non-purchased loans and leases as of the dates indicated.

	30-89 Days Past Due [1]	90 Days or More [2]	Total Past Due	Current[3]	Total
-			(Dollars in thousands)		
June 30, 2017:					
Real estate:					
Residential 1-4 family	$ 4,575	$ 2,280	$ 6,855	$ 550,387	$ 557,242
Non-farm/non-residential	1,979	1,816	3,795	3,000,790	3,004,585
Construction/land development	1,975	482	2,457	5,017,302	5,019,759
Agricultural	436	17	453	118,943	119,396
Multifamily residential	—	—	—	638,461	638,461
Commercial and industrial	362	1,050	1,412	273,179	274,591
Consumer	345	69	414	539,025	539,439
Direct financing leases	542	308	850	136,296	137,146
Other	17	35	52	734,532	734,584
Total	$ 10,231	$ 6,057	$ 16,288	$11,008,915	$11,025,203
December 31, 2016:					
Real estate:					
Residential 1-4 family	$ 2,410	$ 2,082	$ 4,492	$ 476,571	$ 481,063
Non-farm/non-residential	1,718	1,318	3,036	2,382,616	2,385,652
Construction/land development	3,082	198	3,280	4,759,687	4,762,967
Agricultural	1,220	136	1,356	96,510	97,866
Multifamily residential	—	883	883	434,459	435,342
Commercial and industrial	522	551	1,073	227,407	228,480
Consumer	169	52	221	216,296	216,517
Direct financing leases	408	812	1,220	135,968	137,188
Other	196	6	202	859,816	860,018
Total	$ 9,725	$ 6,038	$ 15,763	$ 9,589,330	$ 9,605,093

(1) Includes $1.6 million and $4.6 million at June 30, 2017 and December 31, 2016, respectively, of loans and leases on nonaccrual status.
(2) All loans and leases greater than 90 days past due were on nonaccrual status at June 30, 2017 and December 31, 2016.
(3) Includes $4.0 million and $3.7 million of loans and leases on nonaccrual status at June 30, 2017 and December 31, 2016, respectively.

Purchased Loans

As of June 30, 2017, the Bank had identified purchased loans where it had determined it was probable that the Bank would be unable to collect all amounts according to the contractual terms thereof (for purchased loans without evidence of credit deterioration at date of acquisition) or the expected performance of such loans had deteriorated from its performance expectations established in conjunction with the determination of the Day 1 Fair Values or since its most recent review of such portfolio's performance (for purchased loans with evidence of credit deterioration at date of acquisition). At June 30, 2017, the Bank had $11.7 million of impaired purchased loans compared to $6.5 million at December 31, 2016.

The following table is a summary of credit quality indicators for the Bank's purchased loans as of the dates indicated.

	Purchased Loans Without Evidence of Credit Deterioration at Date of Acquisition					Purchased Loans With Evidence of Credit Deterioration at Date of Acquisition		Total Purchased Loans
	FV 33	FV 44	FV 55	FV 36	FV 77	FV 66	FV 88	
	(Dollars in thousands)							
June 30, 2017:								
Real estate:								
Residential 1-4 family	$ 83,445	$ 311,702	$147,986	$52,627	$ 137	$ 62,762	$ 2,072	$ 660,731
Non-farm/non-residential	260,962	1,177,824	354,034	2,421	6,327	104,070	2,381	1,908,019
Construction/land development	84,589	342,773	44,808	1,893	36	12,188	15	486,302
Agricultural	9,595	3,848	3,295	244	—	3,952	409	21,343
Multifamily residential	17,608	181,120	36,170	638	—	10,180	—	245,716
Commercial and industrial	14,123	118,434	8,158	1,044	17	7,077	114	148,967
Consumer	276,531	339,394	63,298	1,604	171	202	—	681,200
Other	4,869	1,726	121	34	—	111	—	6,861
Total	$751,722	$2,476,821	$657,870	$60,505	$ 6,688	$200,542	$ 4,991	$4,159,139
December 31, 2016:								
Real estate:								
Residential 1-4 family	$ 99,447	$ 379,883	$162,166	$62,507	$ 282	$ 72,052	$ 1,889	$ 778,226
Non-farm/non-residential	309,450	1,415,399	419,978	3,128	712	128,347	2,735	2,279,749
Construction/land development	104,303	351,001	63,561	2,536	33	11,404	55	532,893
Agricultural	13,169	5,154	3,825	404	—	4,058	381	26,991
Multifamily residential	11,838	231,758	54,116	714	—	10,237	—	308,663
Commercial and industrial	17,268	172,168	10,897	1,722	22	9,463	127	211,667
Consumer	319,442	414,116	75,812	2,496	194	328	86	812,474
Other	5,229	1,497	132	44	—	457	—	7,359
Total	$880,146	$2,970,976	$790,487	$73,551	$ 1,243	$236,346	$ 5,273	$4,958,022

The following grades are used for purchased loans without evidence of credit deterioration at the date of acquisition.

FV 33 – Loans in this category are considered to be satisfactory with minimal credit risk and are generally considered collectible.

FV 44 – Loans in this category are considered to be marginally satisfactory with minimal to moderate credit risk and are generally considered collectible.

FV 55 – Loans in this category exhibit weakness and are considered to have elevated credit risk and elevated risk of repayment.

FV 36 – Loans in this category were not individually reviewed at the date of purchase and are assumed to have characteristics similar to the characteristics of the aggregate acquired portfolio.

FV 77 – Loans in this category have deteriorated since the date of purchase and are considered impaired.

The following grades are used for purchased loans with evidence of credit deterioration at the date of acquisition.

FV 66 – Loans in this category are performing in accordance with or exceeding management's performance expectations established in conjunction with the determination of Day 1 Fair Values.

FV 88 – Loans in this category have deteriorated from management's performance expectations established in conjunction with the determination of Day 1 Fair Values.

The following table is an aging analysis of past due purchased loans as of the dates indicated.

	30-89 Days Past Due	90 Days or More	Total Past Due	Current	Total Purchased Loans
			(Dollars in thousands)		
June 30, 2017:					
Real estate:					
Residential 1-4 family	$ 7,063	$ 6,385	$ 13,448	$ 647,283	$ 660,731
Non-farm/non-residential	3,074	17,102	20,176	1,887,843	1,908,019
Construction/land development	2,397	1,392	3,789	482,513	486,302
Agriculture	144	392	536	20,807	21,343
Multifamily residential	—	—	—	245,716	245,716
Commercial and industrial	510	1,535	2,045	146,922	148,967
Consumer	3,661	933	4,594	676,606	681,200
Other	—	—	—	6,861	6,861
Total	$ 16,849	$ 27,739	$ 44,588	$ 4,114,551	$ 4,159,139
Purchased loans without evidence of credit deterioration at date of acquisition	$ 12,024	$ 11,285	$ 23,309	$ 3,930,297	$ 3,953,606
Purchased loans with evidence of credit deterioration at date of acquisition	4,825	16,454	21,279	184,254	205,533
Total	$ 16,849	$ 27,739	$ 44,588	$ 4,114,551	$ 4,159,139
December 31, 2016:					
Real estate:					
Residential 1-4 family	$ 10,547	$ 8,665	$ 19,212	$ 759,014	$ 778,226
Non-farm/non-residential	7,471	20,528	27,999	2,251,750	2,279,749
Construction/land development	21,008	527	21,535	511,358	532,893
Agriculture	49	638	687	26,304	26,991
Multifamily residential	—	—	—	308,663	308,663
Commercial and industrial	891	1,305	2,196	209,471	211,667
Consumer	4,421	1,502	5,923	806,551	812,474
Other	—	—	—	7,359	7,359
Total	$ 44,387	$ 33,165	$ 77,552	$ 4,880,470	$ 4,958,022
Purchased loans without evidence of credit deterioration at date of acquisition	$ 38,621	$ 8,619	$ 47,240	$ 4,669,163	$ 4,716,403
Purchased loans with evidence of credit deterioration at date of acquisition	5,766	24,546	30,312	211,307	241,619
Total	$ 44,387	$ 33,165	$ 77,552	$ 4,880,470	$ 4,958,022

6. Supplemental Data for Cash Flows

The following table provides supplemental cash flow information for the periods indicated.

	Six Months Ended June 30,	
	2017	2016
	(Dollars in thousands)	
Cash paid during the period for:		
Interest	$ 49,538	$ 20,073
Taxes	81,985	71,904
Supplemental schedule of non-cash investing and financing activities:		
Net change in unrealized gains/losses on investment securities AFS	32,197	10,382
Loans transferred to foreclosed assets	9,065	10,236
Loans advanced for sales of foreclosed assets	—	127
Unsettled loan purchases	38,706	—
Unsettled AFS investment securities purchases	994	—

7. Guarantees and Commitments

Outstanding standby letters of credit are contingent commitments issued by the Bank generally to guarantee the performance of a customer in third party arrangements. The maximum amount of future payments the Bank could be required to make under these guarantees at June 30, 2017 was $39.4 million. The Bank holds collateral to support guarantees when deemed necessary. Collateralized commitments at June 30, 2017 totaled $37.7 million.

At June 30, 2017, the Bank had outstanding commitments totaling $11.88 billion to extend credit, consisting primarily of loans closed but not yet funded. The following table shows, as of the date indicated, the contractual maturities of such outstanding commitments.

Contractual Maturities at June 30, 2017	
Maturity	Amount
(Dollars in thousands)	
2017	$ 352,606
2018	1,806,913
2019	3,945,464
2020	4,606,300
2021	930,712
Thereafter	241,684
Total	$ 11,883,679

8. Stock-Based Compensation

The Bank has a nonqualified stock option plan for certain employees and officers of the Bank. This plan provides for the granting of nonqualified options to purchase shares of common stock in the Bank. No option may be granted under this plan for less than the fair market value of the common stock, defined by the plan as the average of the highest reported asked price and the lowest reported bid price, on the date of the grant. The benefits or amounts that may be received by or allocated to any particular officer or employee of the Bank or any subsidiary under this plan will be determined in the sole discretion of the Bank's board of directors or its personnel and compensation committee. All employee options outstanding at June 30, 2017 were issued with a vesting date three years after issuance and an expiration date seven years after issuance. All shares issued in connection with options exercised under the employee nonqualified stock option plan were in the form of newly issued shares.

In addition, the Bank has a non-employee director stock plan (the “Director Plan”) that provides for awards of common stock to eligible non-employee directors. The Director Plan grants to each director who is not otherwise an employee of the Bank, or any subsidiary, shares of common stock on the day of his or her election as director of the Bank at each annual shareholders meeting, or any special meeting called for the purpose of electing a director or directors of the Bank, and upon appointment for the first time as a director of the Bank. The number of shares of common stock to be awarded is the equivalent of $50,000 worth of shares of common stock based on the average of the highest reported asked price and lowest reported bid price on the grant date. The common stock awarded under this plan is fully vested on the grant date. The Bank issued 14,476 shares and 12,415 shares of common stock under the Director Plan during the six months ended June 30, 2017 and 2016, respectively.

Prior to the adoption of the Director Plan, the Bank had a nonqualified stock option plan for non-employee directors. No options were granted under this plan during the six months ended June 30, 2017 or 2016. All options previously granted under this plan were exercisable immediately and expire ten years after issuance.

The following table summarizes stock option activity for both the employee and non-employee director stock option plans for the period indicated.

	Options	Weighted-Average Exercise Price/Share	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Six Months Ended June 30, 2017:				
Outstanding – January 1, 2017	1,635,484	$ 37.10		
Granted	603,614	52.08		
Exercised	(81,350)	16.79		
Forfeited	(61,762)	47.68		
Outstanding – June 30, 2017	2,095,986	41.89	5.2	$ 17,106 (1)
Fully vested and exercisable – June 30, 2017	448,275	$ 19.90	3.3	$ 12,089 (1)

(1) Based on closing price of $46.87 per share on June 30, 2017.

Intrinsic value for stock options is defined as the amount by which the current market price of the underlying stock exceeds the exercise price. For those stock options where the exercise price exceeds the current market price of the underlying stock, the intrinsic value is zero. The total intrinsic value of options exercised during the three months ended June 30, 2017 and 2016 was $0.4 million and $0.7 million, respectively. The total intrinsic value of options exercised during the six months ended June 30, 2017 and 2016 was $3.0 million and $1.5 million respectively.

Stock-based compensation expense for stock options included in non-interest expense was $1.6 million and $1.0 million for the three months ended June 30, 2017 and 2016, respectively, and $3.1 million and $2.0 million for the six months ended June 30, 2017 and 2016, respectively. Total unrecognized compensation cost related to non-vested stock option grants was $12.1 million at June 30, 2017 and is expected to be recognized over a weighted-average period of 2.1 years.

The Bank has a restricted stock and incentive plan whereby all officers and employees of the Bank or any subsidiary are eligible to receive awards of restricted stock, restricted stock units or performance awards. The benefits or amounts that may be received by or allocated to any particular officer or employee of the Bank or any subsidiary under this plan will be determined in the sole discretion of the Bank’s board of directors or its personnel and compensation committee. Shares of common stock issued under the plan may be shares of original issuance or shares held in treasury that have been reacquired by the Bank. The vesting period for all restricted stock awards granted under the plan shall be not less than three years from the date of grant, subject to limited exceptions.

The following table summarizes non-vested restricted stock activity for the period indicated.

	Six Months Ended June 30, 2017
Outstanding – December 31, 2016	430,497
Granted	238,794
Forfeited	(12,231)
Vested	—
Outstanding – June 30, 2017	657,060
Weighted-average grant date fair value	$ 44.23

The fair value of the restricted stock awards is amortized to compensation expense over the three-year vesting period and is based on the market price of the Bank's common stock at the date of grant multiplied by the number of shares granted. Stock-based compensation expense for restricted stock included in non-interest expense was $2.3 million and $1.7 million for the three months ended June 30, 2017 and 2016, respectively and $4.5 million and $2.7 million for the six months ended June 30, 2017 and 2016, respectively. Unrecognized compensation expense for non-vested restricted stock awards was $16.6 million at June 30, 2017 and is expected to be recognized over a weighted-average period of 2.1 years.

9. Issuance of Common Stock

On May 31, 2017, the Company completed the issuance and sale of 6,600,000 shares of its common stock which, net of stock issuance costs of $247,000, generated net proceeds of approximately $299.7 million. The Bank expects to use the proceeds from this offering to support the Bank's organic growth, including growth in non-purchased loans and leases, for potential future acquisitions and for general corporate purposes.

10. Fair Value Measurements

The Bank measures certain of its assets and liabilities on a fair value basis using various valuation techniques and assumptions, depending on the nature of the asset or liability. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, fair value is used either annually or on a non-recurring basis to evaluate certain assets and liabilities for impairment or for disclosure purposes. The Bank had no liabilities that were accounted for at fair value at June 30, 2017 or December 31, 2016.

The Bank applies the following fair value hierarchy.

Level 1 − Quoted prices for identical instruments in active markets.

Level 2 − Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable.

Level 3 − Instruments whose inputs are unobservable.

The following table sets forth the Bank's assets, as of the dates indicated, that are accounted for at fair value.

	Level 1	Level 2	Level 3	Total
		(Dollars in thousands)		
June 30, 2017:				
Investment securities AFS [1]:				
Obligations of state and political subdivisions	$ —	$ 836,356	$ 16,884	$ 853,240
Mortgage-backed securities [2]	—	1,208,009	—	1,208,009
U.S. Government agency securities	—	30,243	—	30,243
CRA qualified investment fund	1,052	—	—	1,052
Total investment securities AFS	1,052	2,074,608	16,884	2,092,544
Impaired non-purchased loans and leases	—	—	8,857	8,857
Impaired purchased loans	—	—	11,679	11,679
Foreclosed assets	—	—	34,000	34,000
Total assets at fair value	$ 1,052	$ 2,074,608	$ 71,420	$ 2,147,080
December 31, 2016:				
Investment securities AFS [1]:				
Obligations of state and political subdivisions	$ —	$ 901,634	$ 17,379	$ 919,013
Mortgage-backed securities [2]	—	505,356	—	505,356
U.S. Government agency securities	—	30,134	—	30,134
Corporate obligations	—	9,915	—	9,915
CRA qualified investment fund	1,034	—	—	1,034
Total investment securities AFS	1,034	1,447,039	17,379	1,465,452
Impaired non-purchased loans and leases	—	—	10,243	10,243
Impaired purchased loans	—	—	6,516	6,516
Foreclosed assets	—	—	43,702	43,702
Total assets at fair value	$ 1,034	$ 1,447,039	$ 77,840	$ 1,525,913

(1) Does not include $9.2 million at June 30, 2017 and $6.2 million at December 31, 2016 of FHLB and FNBB equity securities that do not have readily determinable fair values and are carried at cost.

(2) The mortgage-backed securities included in the table above were issued by U.S. Government agencies.

The following table presents information related to Level 3 non-recurring fair value measurements as of the date indicated.

Description	Fair Value at June 30, 2017	Technique	Unobservable Inputs
	(Dollars in thousands)		
Impaired non-purchased loans and leases	$ 8,857	Third party appraisal [1] and/or discounted cash flows	1. Management discount based on underlying collateral characteristics and market conditions 2. Life of Loan
Impaired purchased loans	$ 11,679	Third party appraisal [1] and/or discounted cash flows	1. Management discount based on underlying collateral characteristics and market conditions 2. Life of Loan
Foreclosed assets	$ 34,000	Third party appraisal, [1] broker price opinions and/or discounted cash flows	1. Management discount based on underlying collateral characteristics and market conditions 2. Discount rate 3. Holding period

(1) The Bank utilizes valuation techniques consistent with the market, cost, and income approaches, or a combination thereof in determining fair value.

The following methods and assumptions are used to estimate the fair value of the Bank's assets that are accounted for at fair value.

Investment securities – The Bank utilizes independent third parties as its principal pricing sources for determining fair value of investment securities which are measured on a recurring basis. As a result, the Bank receives estimates of fair value from at least two independent pricing sources for the majority of its individual securities within its investment portfolio. For investment securities traded in an active market, fair values are based on quoted market prices if available. If quoted market prices are not available, fair values are based on quoted market prices of comparable securities, broker quotes, comprehensive interest rate tables and pricing matrices or a combination thereof. For investment securities traded in a market that is not active, fair value is determined using unobservable inputs. All fair value estimates of the Bank's investment securities are reviewed on a quarterly basis.

The Bank has determined that certain of its investment securities had a limited to non-existent trading market at June 30, 2017. As a result, the Bank considers these investments as Level 3 in the fair value hierarchy. Specifically, the fair values of certain obligations of state and political subdivisions consisting primarily of certain unrated private placement bonds (the "private placement bonds") in the amount of $16.9 million at June 30, 2017 were calculated using Level 3 hierarchy inputs and assumptions as the trading market for such securities was determined to be "not active." This determination was based on the limited number of trades or, in certain cases, the existence of no reported trades for the private placement bonds. The private placement bonds are generally prepayable at par value at the option of the issuer. As a result, management believes the private placement bonds should be individually valued at the lower of (i) the matrix pricing provided by the Bank's third party pricing services for comparable unrated municipal securities or (ii) par value. At June 30, 2017, the third parties' pricing matrices valued the Bank's portfolio of private placement bonds at $16.9 million which was approximately the same as the aggregate par value of the private placement bonds. Accordingly, at June 30, 2017, the Bank reported the private placement bonds at $16.9 million.

Impaired non-purchased loans and leases – Fair values are measured on a nonrecurring basis and are based on the underlying collateral value of the impaired loan or lease, net of holding and selling costs, or the estimated discounted cash flows for such loan or lease. At June 30, 2017 the Bank had reduced the carrying value of its impaired non-purchased loans and leases (all of which are included in nonaccrual loans and leases) by $4.7 million to the estimated fair value of $8.9 million. The $4.7 million adjustment to reduce the carrying value of such impaired loans and leases to estimated fair value consisted of $2.5 million of partial charge-offs and $2.2 million of specific allowance allocations for loan and lease losses.

Impaired purchased loans – Impaired purchased loans are measured at fair value on a non-recurring basis. As of June 30, 2017, the Bank had identified purchased loans where current information indicates it is probable that (i) the Bank will not be able to collect all amounts according to the contractual terms thereof (for purchased loans without evidence of credit deterioration at date of acquisition) or (ii) the expected performance of such loans had deteriorated from management's performance expectations established in conjunction with the determination of the Day 1 Fair Values or since management's most recent review of such portfolio's performance (for purchased loans with evidence of credit deterioration at date of acquisition). At June 30, 2017, the Bank had $11.7 million of impaired purchased loans.

Foreclosed assets – Repossessed personal properties and real estate acquired through or in lieu of foreclosure are measured on a non-recurring basis and are initially recorded at the lesser of current principal investment or fair value less estimated cost to sell (generally 8% to 10%) at the date of repossession or foreclosure. Purchased foreclosed assets are initially recorded at Day 1 Fair Values. In estimating such Day 1 Fair Values, management considered a number of factors including, among others, appraised value, estimated selling price, estimated holding periods and net present value of cash flows expected to be received. Valuations of these assets are periodically reviewed by management with the carrying value of such assets adjusted to the then estimated fair value net of estimated selling costs, if lower, until disposition. Fair values of foreclosed and repossessed assets are generally based on third party appraisals, broker price opinions or other valuations of the property.

The following table presents additional information for the periods indicated about assets measured at fair value on a recurring basis and for which the Bank has utilized Level 3 inputs to determine fair value.

	Investment Securities AFS
	(Dollars in thousands)
Balance – December 31, 2016	$ 17,379
Total realized gains (losses) included in earnings	—
Total unrealized gains (losses) included in comprehensive income	92
Paydowns and maturities	(587)
Sales	—
Transfers in and/or out of Level 3	—
Balance – June 30, 2017	$ 16,884
Balance – December 31, 2015	$ 18,504
Total realized gains (losses) included in earnings	—
Total unrealized gains (losses) included in comprehensive income	(48)
Paydowns and maturities	(565)
Sales	—
Transfers in and/or out of Level 3	—
Balance – June 30, 2016	$ 17,891

11. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of financial instruments.

Cash and due from banks – For these short-term instruments, the carrying amount is a reasonable estimate of fair value.

Investment securities – The Bank utilizes independent third parties as its principal pricing sources for determining fair value of investment securities which are measured on a recurring basis. As a result, the Bank receives estimates of fair value from at least two independent pricing sources for the majority of its individual securities within its investment portfolio. For investment securities traded in an active market, fair values are based on quoted market prices if available. If quoted market prices are not available, fair values are based on quoted market prices of comparable securities, broker quotes, comprehensive interest rate tables, pricing matrices or a combination thereof. For investment securities traded in a market that is not active, fair value is determined using unobservable inputs. All fair value estimates of the Bank's investment securities are reviewed on a quarterly basis. The Bank's investments in FHLB and FNBB equity securities totaling $9.2 million at June 30, 2017 and $6.2 million at December 31, 2016 do not have readily determinable fair values and are carried at cost.

Loans and leases – The fair value of loans and leases, including purchased loans, is estimated by discounting the contractual cash flows to be received in future periods using the current rate at which similar loans or leases would be made to borrowers or lessees with similar credit ratings and for the same remaining maturities.

Deposit liabilities – The fair value of demand deposits, savings accounts, money market deposits and other transaction accounts is the amount payable on demand at the reporting date. The fair value of fixed maturity time deposits is estimated using the rate currently available for deposits of similar remaining maturities.

Repurchase agreements – For these short-term instruments, the carrying amount is a reasonable estimate of fair value.

Other borrowed funds – For these short-term instruments, the carrying amount is a reasonable estimate of fair value. The fair value of long-term instruments is estimated based on the current rates available to the Bank for borrowings with similar terms and remaining maturities.

Subordinated notes and debentures – The fair values of these instruments are based primarily upon discounted cash flows using rates for securities with similar terms and remaining maturities.

Off-balance sheet instruments – The fair values of commercial loan commitments and letters of credit are based on fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements, and were not material at June 30, 2017 or December 31, 2016.

The following table presents the carrying amounts and estimated fair values as of the dates indicated and the fair value hierarchy of the Bank's financial instruments. The fair values of certain of these instruments were calculated by discounting expected cash flows, which contain numerous uncertainties and involve significant judgments by management. Fair value is the estimated amount at which financial assets or liabilities could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Because no market exists for certain of these financial instruments and because management does not intend to sell these financial instruments, the estimated fair values may differ materially from the values which the respective financial instruments could be sold individually or in the aggregate.

		June 30, 2017		December 31, 2016	
	Fair Value Hierarchy	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
		(Dollars in thousands)			
Financial assets:					
Cash and cash equivalents	Level 1	$ 824,053	$ 824,053	$ 866,360	$ 866,360
Investment securities AFS	Levels 1, 2 and 3	2,101,751	2,101,751	1,471,612	1,471,612
Loans and leases, net of ALLL	Level 3	15,102,022	14,857,168	14,486,574	14,221,113
Financial liabilities:					
Demand, savings and interest bearing transaction deposits	Level 1	$ 11,492,379	$ 11,492,379	$ 10,637,813	$ 10,637,813
Time deposits	Level 2	4,749,061	4,774,823	4,937,065	4,965,279
Repurchase agreements with customers	Level 1	68,502	68,502	65,110	65,110
Other borrowings	Level 2	42,486	42,808	41,903	42,696
Subordinated notes	Level 2	222,706	221,366	222,516	223,133
Subordinated debentures	Level 2	118,519	89,335	118,242	84,478

12. Repurchase Agreements With Customers

At June 30, 2017 and December 31, 2016, securities sold under agreements to repurchase ("repurchase agreements") totaled $68.5 million and $65.1 million, respectively. Securities utilized as collateral for repurchase agreements are primarily U.S. Government agency securities and are maintained by the Bank's safekeeping agents. These securities are reviewed by the Bank on a daily basis, and the Bank may be required to provide additional collateral due to changes in the fair market value of these securities. The terms of the Bank's repurchase agreements are continuous but may be cancelled at any time by the Bank or the customer.

13. Changes In and Reclassifications From Accumulated Other Comprehensive Income (Loss) ("AOCI")

The following table presents changes in AOCI for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Beginning balance of AOCI – unrealized net gains (losses) on investment securities AFS	$ (18,067)	$ 10,431	$ (25,920)	$ 7,959
Other comprehensive income:				
Unrealized gains and losses on investment securities AFS	20,520	6,187	32,601	10,382
Tax effect of unrealized gains and losses on investment securities AFS	(7,182)	(1,512)	(11,410)	(3,235)
Amounts reclassified from AOCI	(404)	—	(404)	—
Tax effect of amounts reclassified from AOCI	141	—	141	—
Total other comprehensive income	13,075	4,675	20,928	7,147
Ending balance of AOCI – unrealized net gains (losses) on investment securities AFS	$ (4,992)	$ 15,106	$ (4,992)	$ 15,106

Amounts reclassified from AOCI are included in net gains on investment securities and the tax effect of amounts reclassified from AOCI are included in provision for income tax in the consolidated statements of income. The amounts reclassified from AOCI relate entirely to unrealized gains/losses on investment securities AFS that were sold during the periods indicated.

14. Other Operating Expenses

The following table is a summary of other operating expenses for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Professional and outside services	$ 6,816	$ 4,342	$ 12,154	7,563
Postage and supplies	1,934	1,073	3,853	2,131
Advertising and public relations	1,258	1,486	2,448	2,602
Telecommunication services	3,107	1,703	7,077	3,456
Software and data processing	2,289	1,087	4,762	1,593
ATM expense	1,513	830	2,651	1,709
Travel and meals	2,061	1,568	3,916	3,072
FDIC insurance	2,500	1,200	3,500	2,400
FDIC and state assessments	908	340	1,650	679
Loan collection and repossession expense	1,803	683	3,105	1,720
Writedowns of foreclosed assets	870	590	1,466	1,260
Amortization of intangibles	3,145	1,557	6,290	3,283
Other	2,795	1,160	4,648	1,946
Total other operating expenses	$ 30,999	$ 17,619	$ 57,520	$ 33,414

15. Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, *"Revenue from Contracts with Customers."* ASU 2014-09 provides guidance that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of this standard to annual and interim periods beginning after December 15, 2017; however, early adoption is permitted for annual and interim reporting periods beginning after December 15, 2016. While the Bank continues to evaluate the impact that ASU 2014-09 may have on its financial position, results of operations, and financial statement disclosures, it is not expected that the adoption of ASU 2014-09 will have a significant impact.

In January 2016, FASB issued ASU 2016-01, *"Recognition and Measurement of Financial Assets and Financial Liabilities."* ASU 2016-01 revises the accounting for the classification and measurement of investments in equity securities and revises the presentation of certain fair value changes for financial liabilities measured at fair value. For equity securities, the guidance in ASU 2016-01 requires equity investments to be measured at fair value with changes in fair value recognized in net income. For financial liabilities that are measured at fair value in accordance with the fair value option, the guidance requires presenting, in other comprehensive income, the change in fair value that relates to a change in instrument-specific credit risk. ASU 2016-01 also eliminates the disclosure assumptions used to estimate fair value for financial instruments measured at amortized cost and requires disclosure of an exit price notion in determining the fair value of financial instruments measured at amortized cost. ASU 2016-01 is effective for interim and annual periods beginning after December 15, 2017. The Bank is evaluating the impact, if any, that ASU 2016-01 will have on its financial position, results of operations, and its financial statement disclosures.

In February 2016, FASB issued ASU 2016-02, *"Leases (Topic 842)*." ASU 2016-02 requires lessees to recognize a right-of-use asset and a lease liability on their balance sheet. The right-of-use asset and related lease liability will be initially measured at the present value of the remaining lease payments; however, if the original term of the lease is less than twelve months and the lease does not contain a purchase option that is reasonably certain to be exercised, a lessee may account for the lease as an operating lease. ASU 2016-02 is effective for interim periods and fiscal years beginning after December 15, 2018. While the Bank continues to evaluate the effect that ASU 2016-02 will have on its financial position, results of operations, and its financial statement disclosures, the adoption of ASU 2016-02 is expected to result in leased assets and related lease liabilities to be included on its balance sheet, along with the related leasehold amortization and interest expense included in its statement of income.

In March 2016, FASB issued ASU 2016-09 *"Improvements to Employee Share-Based Payment Accounting."* ASU 2016-09 requires entities to record all of the tax effects related to share-based payments at settlement (or expiration) through the income statement. In addition, all tax-related cash flows, such as excess tax benefits, should be reported as operating activities rather than financing activity in the statement of cash flows. Also, entities are allowed to make a policy election related to forfeitures to either estimate the number of awards expected to vest or account for forfeitures when they occur. The Bank adopted ASU 2016-09

beginning January 1, 2017, including the provision to account for forfeitures as they occur, and recorded a cumulative adjustment to increase stockholders' equity at January 1, 2017 by approximately $0.4 million.

In June 2016, FASB issued ASU 2016-13 *"Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments"* which significantly revises the guidance related to impairment of financial instruments. The new guidance replaces the current incurred loss model that is utilized in estimating the allowance for loan and lease losses with a model that requires management to estimate all contractual cash flows that are not expected to be collected over the life of the loan. This revised model is what FASB describes as the current expected credit loss ("CECL") model and FASB believes the CECL model will result in more timely recognition of credit losses since the CECL model incorporates expected credit losses versus incurred credit losses. The scope of ASU 2016-13 includes loans, including purchased loans with credit deterioration, available-for-sale debt instruments, lease receivables, loan commitments and financial guarantees that are not accounted for at fair value. ASU 2016-13 is effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted for interim and annual periods beginning after December 15, 2018. The Bank continues to evaluate the effect that ASU 2016-13 will have on its financial position, results of operations, and its financial statement disclosures and has engaged an outside third party to assist with data analysis, model development, and implementation of ASU 2016-13.

In August 2016, FASB issued ASU 2016-15 "*Statement of Cash Flows (Topic 230)*" which FASB believes clarifies guidance on how certain transactions are classified within the statement of cash flows. The standard addresses a number of cash flow presentation items including a) debt prepayment and extinguishment, b) contingent consideration payments made after a business combination, c) proceeds from the settlement of insurance claims, corporate owned life insurance policies and BOLI policies, d) distributions received from equity method investees, e) classification of beneficial interest received in a securitization transaction and cash receipts from beneficial interest in securitized trade receivables and f) separately identifiable cash flows and application of the predominance principle. ASU 2016-15 is effective for interim and annual periods beginning after December 15, 2017 with early adoption permitted. Since ASU 2016-15 applies to the classification of cash flows, no impact is anticipated on the Bank's financial position or results of operations; however, the Bank is evaluating the effect, if any, on its statement of cash flows and its financial statement disclosures.

In January 2017, FASB issued ASU 2017-01 *"Business Combinations (Topic 805), Clarifying the Definition of a Business"* that changes the definition of a business when evaluating whether transactions should be accounted for as the acquisition of assets or the acquisition of a business. ASU 2017-01 requires an entity to evaluate if substantially all of the fair value of the assets acquired are concentrated in a single asset or a group of similar identifiable assets; if so, the acquired assets or group of identifiable assets is not considered a business. In addition, the guidance requires that to be considered a business, the acquired assets must include an input and a substantive process that together significantly contribute to the ability to create output. The ASU removes the evaluation of whether a market participant could replace any of the missing elements. ASU 2017-01 is effective for interim and annual periods beginning after December 15, 2017. The Bank will evaluate the effect, if any, that ASU 2017-01 may have any future acquisitions.

In January 2017, FASB issued ASU 2017-03 *"Accounting Changes and Error Corrections (Topic 250) and Investments – Equity Method and Joint Ventures (Topic 323) Amendments to SEC Paragraphs Pursuant to Staff Announcements at the September 22, 2016 and November 17, 2016 EITF Meetings."* ASU 2017-03 provides guidance on additional qualitative disclosures when a registrant cannot reasonably estimate the impact of adoption of ASU 2014-09, ASU 2016-02 and ASU 2016-13 will have on its financial statements. In addition, ASU 2017-03 provides guidance on ASU 2014-01 related to the proportional amortization method in accounting for investments in qualified affordable housing projects. ASU 2017-03 was effective when issued and did not have a significant impact on the Bank's financial position, results of operations or its financial statement disclosures.

In January 2017, FASB issued ASU 2017-04 *"Intangibles-Goodwill and Other (Topic 350)"* which amends the requirement that entities compare the implied fair value of goodwill with its carrying amount as part of step 2 of the goodwill impairment test. As a result, entities should perform their annual or interim goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment if the carrying amount exceeds the reporting unit's fair value. ASU 2017-04 is effective for annual periods beginning after December 15, 2019. The Bank is evaluating the effect that ASU 2017-04 may have, if any, on its financial position, results of operations and its financial statement disclosures.

In March 2017, FASB issued ASU 2017-08 *"Receivables-Nonrefundable Fees and Other Costs (Subtopic 310-20)"* which amends the accounting for the amortization of premiums for certain purchased callable debt securities by shortening the amortization period to the earliest call date. ASU 2017-08 is effective for interim and annual periods beginning after December 15, 2019. The Bank is evaluating the effect that ASU 2017-08 may have, if any, on its financial position, results of operations and its financial statement disclosures.

In May 2017, FASB issued ASU 2017-09 "*Compensation - Stock Compensation (Topic 718), Scope of Modification Accounting*" which clarifies the accounting for modifications related to share-based payment awards. ASU 2017-09 requires modification accounting only if the fair value, vesting conditions, or the classification of the award changes due to a change in the award's terms of conditions. ASU 2017-09 is effective prospectively for interim and annual periods beginning after December 15, 2017. The Bank will evaluate the impact that ASU 2017-09 may have, if any, on future modifications.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Effective June 26, 2017, Bank of the Ozarks ("Company" or the "Bank") became the successor reporting company to Bank of the Ozarks, Inc. pursuant to an internal corporate reorganization to eliminate the holding company structure ("Reorganization"). Unless the context otherwise requires, references in this Form 10-Q to "Company," "we," "us" and "our" for periods prior to June 26, 2017, refer to Bank of the Ozarks, Inc., which was the parent holding company and the registrant prior to the Reorganization, and, for periods after the Reorganization, to Bank of the Ozarks, in each case including its consolidated subsidiaries.

FORWARD-LOOKING INFORMATION

This quarterly report on Form 10-Q, including Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), other public filings made by us and other oral and written statements or reports by us and our management include certain forward-looking statements that are intended to be covered by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on management's expectations as well as certain assumptions and estimates made by, and information available to, management at the time. Those statements are not guarantees of future results or performance and are subject to certain known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. Forward-looking statements include, without limitation, statements about economic, real estate market, competitive, employment, credit market and interest rate conditions, including expectations for further changes in monetary and interest rate policy by the Board of Governors of the Federal Reserve System ("FRB"); our plans, goals, beliefs, expectations, thoughts, estimates and outlook for the future with respect to our revenue growth; net income and earnings per common share; net interest margin; net interest income; non-interest income, including service charges on deposit accounts, mortgage lending and trust income, bank owned life insurance income, gains (losses) on investment securities and sales of other assets and other income from purchased loans; non-interest expense; efficiency ratio; anticipated future operating results and financial performance; asset quality and asset quality ratios, including the effects of current economic and real estate market conditions; nonperforming loans and leases; nonperforming assets; net charge-offs and net charge-off ratios; provision and allowance for loan and lease losses; past due loans and leases; current or future litigation; interest rate sensitivity, including the effects of possible interest rate changes; future growth and expansion opportunities, including plans for making additional acquisitions; problems with obtaining regulatory approval of or integrating or managing acquisitions; the effect of the announcement of any future acquisition on customer relationships and operating results; plans for opening new offices or relocating or closing existing offices; opportunities and goals for future market share growth; expected capital expenditures; loan, lease and deposit growth, including growth from unfunded closed loans; changes in the volume, yield and value of our investment securities portfolio; availability of unused borrowings; the need to issue debt or equity securities and other similar forecasts and statements of expectation. Words such as "anticipate," "believe," "could," "estimate," "expect," "goal," "hope," "intend," "look," "may," "plan," "project," "seek," "target," "trend," "will," "would," and similar expressions, as they relate to us or our management, identify forward-looking statements.

Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements made by us and our management due to certain risks, uncertainties and assumptions. Certain factors that may affect our future results include, but are not limited to, potential delays or other problems in implementing our growth, expansion and acquisition strategies, including delays in identifying satisfactory sites, hiring or retaining qualified personnel, obtaining regulatory or other approvals, obtaining permits and designing, constructing and opening new offices; the ability to enter into and/or close additional acquisitions; problems with managing acquisitions; the effect of the announcement of any future acquisition on customer relationships and operating results; the availability of and access to capital; possible downgrades in our credit ratings or outlook which could increase the costs of funding from capital markets; the ability to attract new or retain existing or acquired deposits or to retain or grow loans and leases, including growth from unfunded closed loans; the ability to generate future revenue growth or to control future growth in non-interest expense; interest rate fluctuations, including changes in the yield curve between short-term and long-term interest rates; competitive factors and pricing pressures, including their effect on our net interest margin; general economic, unemployment, credit market and real estate market conditions, and the effect of such conditions on the creditworthiness of borrowers and lessees, collateral values, the value of investment securities and asset recovery values; changes in legal and regulatory requirements, including additional legal, financial and regulatory requirements to which we are subject as a result of our total assets exceeding $10 billion; recently enacted and potential legislation and regulatory actions, and the costs and expenses to comply with new legislation and regulatory actions, including legislation and regulatory actions intended to stabilize economic conditions and credit markets, strengthen the capital of financial institutions, increase regulation of the financial services industry and protect homeowners or consumers; changes in U.S. government monetary and fiscal policy; possible further downgrade of U.S. Treasury securities; the ability to keep pace with technological changes, including changes regarding cyber security; an increase in the incidence or severity of fraud, illegal payments, security breaches and other illegal acts impacting us or our customers; adoption of new accounting standards or changes in existing standards; and adverse results (including costs, fines, reputational harm and/or other negative effects) from current or future litigation, regulatory examinations or other legal and/or regulatory actions as well as other factors described in this quarterly report on Form 10-Q or as detailed from time to time in the other public reports we file, including those factors identified in the disclosures under the heading "Forward-Looking Information" and "Item 1A. Risk Factors" in our most recent Annual Report on Form 10-K for the year ended December 31, 2016 and under "Part II, Item 1A. Risk Factors" in this quarterly report on Form 10-Q. Should one or more of the foregoing risks materialize, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those described in, or implied by, such forward-looking statements. We disclaim any obligation to update or revise any forward-looking statement based on the occurrence of future events, the receipt of new information or otherwise.

SELECTED AND SUPPLEMENTAL FINANCIAL DATA

The following tables set forth selected unaudited consolidated financial data as of and for the three and six months ended June 30, 2017 and 2016 and supplemental unaudited quarterly financial data for each of the most recent eight quarters beginning with the third quarter of 2015 through the second quarter of 2017. These tables are qualified in their entirety by our consolidated financial statements and related notes presented elsewhere in this quarterly report on Form 10-Q. The calculations of our tangible book value per common share and our annualized returns on average tangible common stockholders' equity and the reconciliations to generally accepted accounting principles ("GAAP") are included in this MD&A under "Capital Resources and Liquidity" in this quarterly report on Form 10-Q.

Selected Consolidated Financial Data – Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands, except per share amounts)			
Income statement data:				
Interest income	$ 228,157	$ 130,929	$ 441,927	$ 252,670
Interest expense	26,052	11,891	49,051	21,115
Net interest income	202,105	119,038	392,876	231,555
Provision for loan and lease losses	6,103	4,834	11,036	6,851
Non-interest income	31,840	22,733	60,898	42,597
Non-interest expense	83,828	50,928	162,095	98,614
Net income available to common stockholders	90,532	54,474	179,720	106,162
Common share and per common share data:				
Earnings – diluted	$ 0.73	$ 0.60	$ 1.46	$ 1.16
Book value	25.43	17.16	25.43	17.16
Tangible book value	19.85	15.51	19.85	15.51
Dividends	0.175	0.155	0.345	0.305
Weighted-average diluted shares outstanding (thousands)	124,198	91,288	123,084	91,268
End of period shares outstanding (thousands)	128,190	90,745	128,190	90,745
Balance sheet data at period end:				
Total assets	$ 20,064,589	$ 12,279,579	$ 20,064,589	$ 12,279,579
Non-purchased loans and leases	11,025,203	8,214,900	11,025,203	8,214,900
Purchased loans	4,159,139	1,515,104	4,159,139	1,515,104
Allowance for loan and lease losses	82,320	65,133	82,320	65,133
Foreclosed assets	34,000	23,328	34,000	23,328
Investment securities	2,101,751	824,399	2,101,751	824,399
Goodwill	660,789	126,289	660,789	126,289
Other intangibles - net of amortization	54,541	23,615	54,541	23,615
Deposits	16,241,440	10,195,072	16,241,440	10,195,072
Repurchase agreements with customers	68,502	53,997	68,502	53,997
Other borrowings	42,486	42,053	42,486	42,053
Subordinated notes	222,706	222,324	222,706	222,324
Subordinated debentures	118,519	117,962	118,519	117,962
Total common stockholders' equity	3,260,123	1,556,921	3,260,123	1,556,921
Loan and lease (including purchased loans) to deposit ratio	93.49%	95.44%	93.49%	95.44%
Average balance sheet data:				
Total average assets	$ 19,069,566	$ 11,447,316	$ 18,908,883	$ 10,957,821
Total average common stockholders' equity	3,014,462	1,526,828	2,921,165	1,505,742
Average common equity to average assets	15.81%	13.34%	15.45%	13.74%
Performance ratios:				
Return on average assets [(1)]	1.90%	1.91%	1.92%	1.95%
Return on average common stockholders' equity [(1)]	12.05	14.35	12.41	14.18
Return on average tangible common stockholders' equity [(1)]	15.81	15.92	16.45	15.76
Net interest margin – FTE [(1)]	4.99	4.82	4.93	4.87
Efficiency ratio	35.32	35.41	35.18	35.46
Common stock dividend payout ratio	23.50	25.81	23.33	26.06
Asset quality ratios:				
Net charge-offs to average non-purchased loans and leases [(1) (2)]	0.03%	0.05%	0.04%	0.06%
Net charge-offs to average total loans and leases [(1)]	0.05	0.06	0.07	0.06
Nonperforming loans and leases to total loans and leases [(3)]	0.11	0.09	0.11	0.09
Nonperforming assets to total assets [(3)]	0.23	0.25	0.23	0.25
Allowance for loan and lease losses as a percentage of:				
Total non-purchased loans and leases [(4)]	0.73%	0.78%	0.73%	0.78%
Nonperforming loans and leases [(4)]	694%	830%	694%	830%
Capital ratios at period end:				
Common equity tier 1	11.14%	9.70%	11.14%	9.70%
Tier 1 risk based capital	11.14	10.45	11.14	10.45
Total risk based capital	13.01	12.48	13.01	12.48
Tier 1 leverage	13.81	13.26	13.81	13.26

(1) Ratios annualized based on actual days.
(2) Excludes purchased loans and net charge-offs related to such loans.
(3) Excludes purchased loans, except for their inclusion in total assets.
(4) Excludes purchased loans and any allowance for such loans.

Supplemental Quarterly Financial Data – Unaudited

	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17	6/30/17
	(Dollars in thousands, except per share amounts)							
Earnings Summary:								
Net interest income	$ 96,387	$ 106,518	$ 112,517	$ 119,038	$ 175,150	$ 194,800	$ 190,771	$ 202,105
Federal tax (FTE) adjustment	2,368	2,092	1,911	2,067	2,533	3,254	3,594	3,396
Net interest income (FTE)	98,755	108,610	114,428	121,105	177,683	198,054	194,365	205,501
Provision for loan and lease losses	(3,581)	(5,211)	(2,017)	(4,834)	(7,086)	(9,855)	(4,933)	(6,103)
Non-interest income	22,138	30,540	19,865	22,733	29,231	30,571	29,058	31,840
Non-interest expense	(45,428)	(51,646)	(47,686)	(50,928)	(78,781)	(78,358)	(78,268)	(83,828)
Pretax income (FTE)	71,884	82,293	84,590	88,076	121,047	140,412	140,222	147,410
FTE adjustment	(2,368)	(2,092)	(1,911)	(2,067)	(2,533)	(3,254)	(3,594)	(3,396)
Provision for income taxes	(23,385)	(28,740)	(30,984)	(31,514)	(42,470)	(49,312)	(47,417)	(53,488)
Noncontrolling interest	(3)	(6)	(7)	(21)	(14)	(59)	(23)	6
Net income available to common stockholders	$ 46,128	$ 51,455	$ 51,688	$ 54,474	$ 76,030	$ 87,787	$ 89,188	$ 90,532
Earnings per common share – diluted	$ 0.52	$ 0.57	$ 0.57	$ 0.60	$ 0.66	$ 0.72	$ 0.73	$ 0.73
Non-interest Income:								
Service charges on deposit accounts	$ 7,425	$ 7,558	$ 7,657	$ 8,119	$ 10,926	$ 11,759	$ 11,301	$ 11,764
Mortgage lending income	1,825	1,713	1,284	2,057	2,616	2,097	1,574	1,910
Trust income	1,500	1,508	1,507	1,574	1,564	1,623	1,631	1,577
BOLI income	2,264	2,412	2,861	2,745	4,638	4,564	4,464	4,594
Other income from purchased loans	5,456	4,790	3,052	4,599	4,635	4,993	3,737	4,777
Gains on investment securities	—	2,863	—	—	—	4	—	404
Gains on sales of other assets	1,905	7,463	1,027	998	594	1,537	1,619	672
Other	1,763	2,233	2,477	2,641	4,258	3,994	4,732	6,142
Total non-interest income	$ 22,138	$ 30,540	$ 19,865	$ 22,733	$ 29,231	$ 30,571	$ 29,058	$ 31,840
Non-interest Expense:								
Salaries and employee benefits	$ 21,207	$ 21,504	$ 23,362	$ 24,921	$ 38,069	$ 36,481	$ 38,554	$ 39,892
Net occupancy expense	8,076	8,537	8,531	8,388	11,669	13,936	13,192	12,937
Other operating expenses	14,448	19,879	14,067	16,062	26,447	24,783	23,377	27,854
Amortization of intangibles	1,697	1,726	1,726	1,557	2,596	3,158	3,145	3,145
Total non-interest expense	$ 45,428	$ 51,646	$ 47,686	$ 50,928	$ 78,781	$ 78,358	$ 78,268	$ 83,828
Balance Sheet Data:								
Total Assets	$9,329,216	$9,879,459	$11,427,419	$12,279,579	$18,451,783	$18,890,142	$19,152,212	$20,064,589
Non-purchased loans and leases	5,447,278	6,528,634	7,591,339	8,214,900	8,759,766	9,605,093	10,216,875	11,025,203
Purchased loans	1,963,078	1,806,037	1,678,351	1,515,104	5,399,831	4,958,022	4,580,047	4,159,139
Deposits	7,606,790	7,971,468	9,626,825	10,195,072	15,123,804	15,574,878	15,713,427	16,241,440
Common stockholders' equity	1,314,517	1,464,631	1,508,080	1,556,921	2,756,346	2,791,607	2,873,317	3,260,123
Allowance for Loan and Lease Losses:								
Balance at beginning of period	$ 56,749	$ 59,017	$ 60,854	$ 61,760	$ 65,133	$ 69,760	$ 76,541	$ 78,224
Net charge-offs	(1,313)	(3,374)	(1,111)	(1,461)	(2,459)	(3,074)	(3,250)	(2,007)
Provision for loan and lease losses	3,581	5,211	2,017	4,834	7,086	9,855	4,933	6,103
Balance at end of period	$ 59,017	$ 60,854	$ 61,760	$ 65,133	$ 69,760	$ 76,541	$ 78,224	$ 82,320
Selected Ratios:								
Net interest margin – FTE [1]	5.07%	4.98%	4.92%	4.82%	4.90%	5.02%	4.88%	4.99%
Efficiency ratio	37.58	37.12	35.51	35.41	38.07	34.27	35.03	35.32
Net charge-offs to average non-purchased loans and leases [1] [2]	0.05	0.22	0.06	0.05	0.06	0.08	0.05	0.03
Net charge-offs to average total loans and leases [1]	0.08	0.17	0.05	0.06	0.07	0.09	0.09	0.05
Nonperforming loans and leases to total loans and leases [3]	0.26	0.20	0.15	0.09	0.08	0.15	0.11	0.11
Nonperforming assets to total assets [3]	0.41	0.37	0.29	0.25	0.28	0.31	0.25	0.23
Allowance for loan and lease losses to total non-purchased loans and leases [4]	1.08	0.91	0.80	0.78	0.78	0.78	0.75	0.73
Loans and leases past due 30 days or more, including past due non-accrual loans and leases, to total loans and leases [3]	0.41	0.28	0.23	0.22	0.17	0.16	0.16	0.15

(1) Ratios annualized based on actual days.
(2) Excludes purchased loans and net charge-offs related to such loans.
(3) Excludes purchased loans, except for their inclusion in total assets.
(4) Excludes purchased loans and any allowance for such loans.

OVERVIEW

The following discussion explains our financial condition and results of operations as of and for the three months and six months ended June 30, 2017. The purpose of this discussion is to focus on information about our financial condition and results of operations which is not otherwise apparent from the consolidated financial statements. The following discussion and analysis should be read in conjunction with the consolidated financial statements and related notes presented elsewhere in this report and our Annual Report on Form 10-K for the year ended December 31, 2016. Annualized results for these interim periods may not be indicative of results for the full year or future periods.

On June 26, 2017, as the result of an internal restructuring designed to eliminate its bank holding company structure, Bank of the Ozarks, Inc., an Arkansas corporation, merged with and into its wholly-owned subsidiary, Bank of the Ozarks, an Arkansas state banking corporation (the "Bank"), with the Bank continuing as the surviving corporation (the "Reorganization"). At the effective time of the merger, each share of Bank of the Ozarks, Inc.'s common stock issued and outstanding immediately prior to the merger was automatically converted to one share of common stock of the Bank having the same designations, rights, powers and preferences and the same qualifications, limitations and restrictions as those associated with each share of Bank of the Ozarks, Inc. As a result, Bank of the Ozarks, Inc. shareholders upon consummation of the merger became Bank shareholders. The primary purpose of the Reorganization was to create a more efficient corporate structure. The business operations, directors and executive officers of the Bank did not change as a result of the Reorganization. The Bank continues to be subject to regulation by the Arkansas State Bank Department. Because the Bank is an insured depository institution that is not a member bank of the Board of Governors of the Federal Reserve System ("FRB"), our primary federal regulator is the Federal Deposit Insurance Corporation ("FDIC"). We are no longer subject to the FRB's regulation and supervision (except such regulations as are made applicable to the Bank by law and regulation of the FDIC).

On May 31, 2017, we completed the issuance and sale of 6,600,000 shares of our common stock which, net of stock issuance costs of $247,000, generated net proceeds of approximately $299.7 million. We expect to use the proceeds from this offering to support our organic growth, including growth in non-purchased loans and leases, for potential future acquisitions and for general corporate purposes.

Our primary business is commercial banking conducted by the Bank and various subsidiaries of the Bank. Our results of operations depend primarily on net interest income, which is the difference between the interest income from earning assets, such as loans, leases and investments, and the interest expense incurred on interest bearing liabilities, such as deposits, borrowings, subordinated notes and subordinated debentures. We also generate non-interest income, including, among others, service charges on deposit accounts, mortgage lending income, trust income, bank owned life insurance ("BOLI") income, other income from purchased loans and gains on investment securities and from sales of other assets.

Our non-interest expense consists primarily of employee compensation and benefits, net occupancy and equipment expense and other operating expenses. Our results of operations are significantly affected by our provision for loan and lease losses and our provision for income taxes.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates, assumptions and judgments that affect the amounts reported in the consolidated financial statements. Our determination of (i) the provisions to and the adequacy of the allowance for loan and lease losses ("ALLL"), (ii) the fair value of our investment securities portfolio, (iii) the fair value of foreclosed assets and (iv) the fair value of assets acquired and liabilities assumed pursuant to business combination transactions all involve a higher degree of judgment and complexity than our other significant accounting policies. Accordingly, we consider the determination of (i) provisions to and the adequacy of the ALLL, (ii) the fair value of our investment securities portfolio, (iii) the fair value of foreclosed assets and (iv) the fair value of the assets acquired and liabilities assumed pursuant to business combination transactions to be critical accounting policies. A detailed discussion of each of these critical accounting policies is included in our Annual Report on Form 10-K for the year ended December 31, 2016. There has been no change in our critical accounting policies and no material change in the application of critical accounting policies as presented in our Annual Report on Form 10-K for the year ended December 31, 2016.

ANALYSIS OF RESULTS OF OPERATIONS

General

Net income available to our common stockholders was $90.5 million for the second quarter of 2017, a 66.2% increase from $54.5 million for the second quarter of 2016. Net income available to our common stockholders was $179.7 million for the first six months of 2017, a 69.3% increase from $106.2 million for the first six months of 2016. Diluted earnings per common share were

$0.73 for the second quarter of 2017, a 21.7% increase from $0.60 for the second quarter of 2016. Diluted earnings per common share were $1.46 for the first six months of 2017, a 25.9% increase from $1.16 for the first six months of 2016.

Our annualized return on average assets was 1.90% for the second quarter and 1.92% for the first six months of 2017 compared to 1.91% for the second quarter and 1.95% for the first six months of 2016. Our annualized return on average common stockholders' equity was 12.05% for the second quarter and 12.41% for the first six months of 2017 compared to 14.35% for the second quarter and 14.18% for the first six months of 2016. Our annualized return on average tangible common stockholders' equity was 15.81% for the second quarter and 16.45% for the first six months of 2017 compared to 15.92% for the second quarter and 15.76% for the first six months of 2016. The calculations of our average tangible common stockholders' equity and our annualized return on average tangible common stockholders' equity and the reconciliations to GAAP are included under the heading "Capital Resources and Liquidity" in this MD&A.

Total assets were $20.06 billion at June 30, 2017 compared to $18.89 billion at December 31, 2016. Non-purchased loans and leases were $11.03 billion at June 30, 2017 compared to $9.61 billion at December 31, 2016. Purchased loans were $4.16 billion at June 30, 2017 compared to $4.96 billion at December 31, 2016. Total loans and leases were $15.18 billion at June 30, 2017 compared to $14.56 billion at December 31, 2016. Deposits were $16.24 billion at June 30, 2017 compared to $15.57 billion at December 31, 2016.

Common stockholders' equity was $3.26 billion at June 30, 2017 compared to $2.79 billion at December 31, 2016. Tangible common stockholders' equity was $2.54 billion at June 30, 2017 compared to $2.07 billion at December 31, 2016. Book value per common share was $25.43 at June 30, 2017 compared to $23.02 at December 31, 2016. Tangible book value per common share was $19.85 at June 30, 2017 compared to $17.08 at December 31, 2016. The calculations of our tangible common stockholders' equity and tangible book value per common share and the reconciliations to GAAP are included under the heading "Capital Resources and Liquidity" in this MD&A.

Net Interest Income

Net interest income is a significant source of our earnings and represents the amount by which interest income on earning assets exceeds the interest expense paid on interest bearing liabilities. The volume of interest earning assets and the related funding sources, the overall mix of these assets and liabilities, and the rates paid on each affect net interest income.

Net interest income and net interest margin are analyzed in this discussion and the following tables on a fully taxable equivalent ("FTE") basis. The adjustment to convert certain income to a FTE basis consists of dividing federal tax-exempt income by one minus our statutory federal income tax rate of 35%. The FTE adjustments to net interest income were $3.4 million and $2.1 million for the three months ended June 30, 2017 and 2016, respectively, and $7.0 million and $4.0 million for the six months ended June 30, 2017 and 2016, respectively. No adjustments have been made in this analysis for income exempt from state income taxes or for interest expense deductions disallowed under the provisions of the Internal Revenue Code as a result of investment in certain tax-exempt securities.

Net interest income for the second quarter of 2017 increased 69.7% to $205.5 million compared to $121.1 million for the second quarter of 2016. Net interest income for the first six months of 2017 increased 69.8% to $399.9 million compared to $235.5 million for the first six months of 2016. The increases in net interest income for the second quarter and first six months of 2017 compared to the same periods in 2016 were primarily due to the increases in average earning assets, which increased 63.3% to $16.51 billion for the second quarter of 2017 compared to $10.11 billion for the second quarter of 2016, and increased 68.0% to $16.35 billion for the first six months of 2017 compared to $9.73 billion for the first six months of 2016, as well as increases in our net interest margin.

The increase in average earning assets was primarily due to an increase in the average balances of non-purchased loans and leases which increased $2.72 billion, or 34.9%, to $10.52 billion for the second quarter of 2017 and increased $2.77 billion, or 37.5%, to $10.17 billion for the first six months of 2017 compared to the same periods in 2016. The increase in the average balance of our non-purchased loans and leases was due primarily to strong growth in loan originations and fundings. The average balance of our purchased loans increased $2.79 billion, or 174.7%, for the second quarter of 2017 and increased $2.93 billion, or 175.4%, for the first six months of 2017 compared to the same periods in 2016. The increase in the average balance of our purchased loans was due to our acquisitions of Community & Southern Holdings, Inc. ("C&S") on July 20, 2016 and C1 Financial, Inc. ("C1") on July 21, 2016.

Our net interest margin for the second quarter of 2017 increased 17 basis points ("bps") to 4.99% compared to 4.82% for the second quarter in 2016. This increase was primarily due to a 34 bps increase in the yield on interest earning assets, partially offset by a 20 bps increase in the rate paid on interest bearing liabilities. Our net interest margin for the first six months of 2017 increased six bps to 4.93% compared to 4.87% for the first six months of 2016. This increase was primarily due to a 24 bps increase in the yield on interest earning assets, partially offset by a 20 bps increase in the rate paid on interest bearing liabilities.

The yield on interest earning assets was 5.63% for the second quarter and 5.54% for the first six months of 2017 compared to 5.29% for the second quarter and 5.30% for the first six months of 2016. The yield on our non-purchased loans and leases increased 36 bps for the second quarter and 31 bps for the first six months of 2017 compared to the same periods in 2016. This increase was primarily due to (i) higher yields on newly originated loans in recent months and prepayment penalties and/or yield maintenance provisions on certain loans that paid off early during the second quarter and first six months of 2017 and (ii) recent increases in London Interbank Offered Rates ("LIBOR") and the federal funds target rate. The yield on our purchased loan portfolio increased 20 bps for the second quarter and decreased six bps for the first six months of 2017 compared to the same periods in 2016. The yield on our purchased loan portfolio is significantly affected by both the volume and timing of early payoffs and paydowns which typically result in any remaining purchase accounting valuation amounts treated as yield adjustments. Because the volume and timing of purchased loan payoffs and paydowns may vary significantly from period of period, the yield on such loans will also vary from period to period. The yield on our aggregate investment securities portfolio decreased 102 bps for the second quarter and 110 bps for the first six months of 2017 compared to the same periods in 2016. This decrease in yield on our aggregate investment securities portfolio was primarily the result of (i) the investment securities acquired in our C&S acquisition whose yields were lower than our existing portfolio of investment securities and, to a lesser extent, (ii) the relatively low interest rate environment for tax-exempt municipal securities that existed for much of 2016 which resulted in certain issuers of such investment securities calling higher-rate environment securities and refinancing those securities at lower interest rates. In June 2017, we purchased approximately $728 million of highly liquid, short duration U.S. government agency mortgage-backed pass through securities that yield approximately 2.0%. While these securities provide substantial on-balance sheet liquidity, they are expected to be dilutive to both our yield on taxable investment securities and our net interest margin in future periods.

The overall increase in rates on average interest bearing liabilities, which increased 20 bps for both the second quarter and the first six months of 2017 compared to the same periods in 2016, was primarily due to an increase in rates on interest bearing deposits, which increased 16 bps for the second quarter and 15 bps for the first six months of 2017 compared to the same periods in 2016. The increases in rates on our interest bearing deposits, the largest component of our interest bearing liabilities, were primarily due to our deposit gathering initiatives that were implemented in several target markets to fund growth in loans and leases. To the extent we have future growth in loans and leases, we would expect to increase deposit pricing in certain target markets to fund such growth. Any such increase in deposit pricing is expected to result in increased deposit costs in future periods.

Our other borrowing sources include (i) repurchase agreements with customers ("repos"), (ii) other borrowings (iii) subordinated notes and (iv) subordinated debentures. Our other borrowing sources, for both the second quarter and first six months of 2017 and 2016 consist primarily of fixed rate callable Federal Home Loan Bank of Dallas ("FHLB") advances. Our subordinated notes consist of $225 million in aggregate principal amount of 5.50% fixed-to-floating rate subordinated notes. The rate on these subordinated notes includes amortization of debt issuance costs using a level-yield methodology over the estimated holding period of seven years. The rates paid on our subordinated debentures are tied to a spread over the 90-day LIBOR and reset periodically.

The following table sets forth certain information relating to our net interest income for the periods indicated. The yields and rates are derived by dividing interest income or interest expense by the average balance of the related assets or liabilities, respectively. Average balances are derived from daily average balances for such assets and liabilities. The average balances of investment securities are computed based on amortized cost adjusted for unrealized gains and losses on investment securities AFS and other-than-temporary impairment writedowns, if any. The yields on investment securities include amortization of premiums and accretion of discounts. The average balance of non-purchased loans and leases includes non-purchased loans and leases on which we have discontinued accruing interest. The yields on non-purchased loans and leases and purchased loans without evidence of credit deterioration at date of acquisition include late fees, any prepayment penalties or yield maintenance provisions on loan repayments and amortization of certain deferred fees, origination costs and, for such purchased loans, accretion or amortization of any purchase accounting yield adjustment. The yields on purchased loans with evidence of credit deterioration at date of acquisition consist of accretion of the net present value of expected future cash flows using the effective yield method over the term of the loans and include late fees. Interest expense and rates on our other borrowing sources are presented net of interest capitalized on construction projects and include the amortization of debt issuance costs, if any. The interest expense on the subordinated debentures assumed in our acquisition of Intervest Bancshares Corporation ("Intervest") includes the amortization of purchase accounting adjustments.

Average Consolidated Balance Sheets and Net Interest Analysis – FTE

	Three Months Ended June 30,						Six Months Ended June 30,					
	2017			2016			2017			2016		
	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate	Average Balance	Income/ Expense	Yield/ Rate
	(Dollars in thousands)											
ASSETS												
Earning assets:												
Interest earning deposits and federal funds sold	$ 87,025	$ 115	0.53 %	$ 6,048	$ 13	0.85 %	$ 83,302	$ 135	0.33 %	$ 4,517	$ 19	0.82 %
Investment securities:												
Taxable	739,184	4,181	2.27	293,981	2,442	3.34	701,378	7,997	2.30	279,040	4,712	3.40
Tax-exempt – FTE	774,837	9,458	4.90	415,473	5,733	5.55	789,134	19,477	4.98	377,127	11,014	5.87
Non-purchased loans and leases – FTE	10,517,666	142,071	5.42	7,794,654	98,096	5.06	10,174,598	269,586	5.34	7,401,860	185,168	5.03
Purchased loans	4,391,894	75,729	6.92	1,599,013	26,711	6.72	4,598,340	151,723	6.65	1,669,920	55,734	6.71
Total earning assets – FTE	16,510,606	231,554	5.63	10,109,169	132,995	5.29	16,346,752	448,918	5.54	9,732,464	256,647	5.30
Non-interest earning assets	2,558,960			1,338,147			2,562,131			1,225,357		
Total assets	$ 19,069,566			$ 11,447,316			$ 18,908,883			$ 10,957,821		
LIABILITIES AND STOCKHOLDERS' EQUITY												
Interest bearing liabilities:												
Deposits:												
Savings and interest bearing transaction	$ 8,084,021	$ 10,912	0.54 %	$ 4,742,475	$ 4,063	0.34 %	$ 7,973,949	$ 19,370	0.49 %	$ 4,668,940	$ 7,780	0.34 %
Time deposits of $100,000 or more	3,211,778	7,737	0.97	1,935,241	4,139	0.86	3,226,600	14,869	0.93	1,778,972	7,087	0.80
Other time deposits	1,572,703	2,830	0.72	1,312,153	2,011	0.62	1,635,929	5,617	0.69	1,149,692	3,196	0.56
Total interest bearing deposits	12,868,502	21,479	0.67	7,989,869	10,213	0.51	12,836,478	39,856	0.63	7,597,604	18,063	0.48
Repurchase agreements with customers	76,610	30	0.16	58,284	22	0.15	78,238	60	0.16	63,293	42	0.13
Other borrowings	42,365	255	2.41	42,021	293	2.80	42,251	477	2.27	46,537	595	2.57
Subordinated notes	222,660	3,052	5.50	19,557	283	5.83	222,611	6,240	5.65	9,778	283	5.83
Subordinated debentures	118,449	1,237	4.19	117,887	1,079	3.68	118,375	2,418	4.12	117,818	2,132	3.64
Total interest bearing liabilities	13,328,586	26,053	0.78	8,227,618	11,890	0.58	13,297,953	49,051	0.74	7,835,030	21,115	0.54
Non-interest bearing liabilities:												
Non-interest bearing deposits	2,643,836			1,635,697			2,609,420			1,572,247		
Other non-interest bearing liabilities	79,331			53,987			77,195			41,625		
Total liabilities	16,051,753			9,917,302			15,984,568			9,448,902		
Common stockholders' equity	3,014,462			1,526,828			2,921,165			1,505,742		
Noncontrolling interest	3,351			3,186			3,150			3,177		
Total liabilities and stockholders' equity	$ 19,069,566			$ 11,447,316			$ 18,908,883			$ 10,957,821		
Net interest income – FTE		$ 205,501			$ 121,105			$ 399,867			$ 235,532	
Net interest margin – FTE			4.99 %			4.82 %			4.93 %			4.87 %

The following table reflects how changes in the volume of interest earning assets and interest bearing liabilities and changes in interest rates have affected our interest income - FTE, interest expense and net interest income - FTE for the periods indicated. Information is provided in each category with respect to changes attributable to (1) changes in volume (changes in volume multiplied by prior yield/rate); (2) changes in yield/rate (changes in yield/rate multiplied by prior volume); and (3) changes in both yield/rate and volume (changes in yield/rate multiplied by changes in volume). The changes attributable to the combined impact of volume and yield/rate have all been allocated to the changes due to volume.

Analysis of Changes in Net Interest Income – FTE

	Three Months Ended June 30, 2017 Over Three Months Ended June 30, 2016			Six Months Ended June 30, 2017 Over Six Months Ended June 30, 2016		
	Volume	Yield/ Rate	Net Change	Volume	Yield/ Rate	Net Change
	(Dollars in thousands)					
Increase (decrease) in:						
Interest income – FTE:						
Interest earning deposits and federal funds sold	$ 107	$ (5)	$ 102	$ 127	$ (11)	$ 116
Investment securities:						
Taxable	2,518	(779)	1,739	4,816	(1,531)	3,285
Tax-exempt – FTE	4,387	(662)	3,725	10,170	(1,707)	8,463
Non-purchased loans and leases – FTE	36,782	7,193	43,975	73,466	10,952	84,418
Purchased loans	48,157	861	49,018	96,624	(635)	95,989
Total interest income – FTE	91,951	6,608	98,559	185,203	7,068	192,271
Interest expense:						
Savings and interest bearing transaction	4,510	2,339	6,849	8,029	3,561	11,590
Time deposits of $100,000 or more	3,075	523	3,598	6,671	1,111	7,782
Other time deposits	469	350	819	1,669	752	2,421
Repurchase agreements with customers	7	1	8	11	7	18
Other borrowings	2	(40)	(38)	(48)	(70)	(118)
Subordinated notes	2,784	(15)	2,769	5,966	(9)	5,957
Subordinated debentures	5	153	158	11	275	286
Total interest expense	10,852	3,311	14,163	22,309	5,627	27,936
Increase in net interest income – FTE	$ 81,099	$ 3,297	$ 84,396	$ 162,894	$ 1,441	$ 164,335

Non-Interest Income

Our non-interest income consists primarily of, among others, service charges on deposit accounts, mortgage lending income, trust income, BOLI income, other income from purchased loans and gains on investment securities and on sales of other assets. Non-interest income for the second quarter of 2017 increased 40.1% to $31.8 million compared to $22.7 million for the second quarter of 2016. Non-interest income for the first six months of 2017 increased 43.0% to $60.9 million compared to $42.6 million for the first six months of 2016.

Service charges on deposit accounts increased 44.9% to $11.8 million for the second quarter of 2017 compared to $8.1 million for the second quarter of 2016. Service charges on deposit accounts increased 46.2% to $23.1 million for the first six months of 2017 compared to $15.8 million for the first six months of 2016. The increase in service charges on deposit accounts was primarily a result of the addition of deposit customers from our C&S and C1 acquisitions and growth in the number of transaction accounts. Effective July 1, 2017, we became subject to the provisions of the Durbin Amendment, which are applicable to financial institutions whose total assets exceed $10 billion and which limit the amount of interchange fees that may be charged for debit and prepaid card transactions. We currently estimate that the effects of the Durbin Amendment will result in a reduction of service charge income of approximately $1.95 million per quarter based on our most recent transaction volume.

BOLI income increased 67.4% to $4.6 million for the second quarter of 2017 compared to $2.7 million for the second quarter of 2016. BOLI income increased 61.6% to $9.1 million for the first six months of 2017 compared to $5.6 million for the first six months of 2016. The increase in BOLI income for the second quarter and first six months of 2017 was primarily due to income earned on the purchase of $103 million of BOLI in August 2016. BOLI income in the form of increases in cash surrender value helps to offset a portion of employee benefit costs.

Other income from purchased loans was $4.8 million in the second quarter of 2017 compared to $4.6 million in the second quarter of 2016 and $8.5 million during the first six months of 2017 compared to $7.7 million during the first six months of 2016. Other income from purchased loans consists primarily of income recognized on purchased loan prepayments and payoffs that are not considered yield adjustments. Because other income from purchased loans may be significantly affected by purchased loan payments and payoffs, this income item may vary significantly from period to period.

Other non-interest income was $6.1 million in the second quarter of 2017 compared to $2.6 million in the second quarter of 2016 and $10.9 million during the first six months of 2017 compared to $5.1 million during the first six months of 2016. The increase in non-interest income for the second quarter and first six months of 2017 compared to the same periods in 2016 was primarily attributable to an increase in loan service and maintenance fees.

The following table presents non-interest income for the periods indicated.

Non-Interest Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Service charges on deposit accounts	$ 11,764	$ 8,119	$ 23,065	$ 15,776
Mortgage lending income	1,910	2,057	3,484	3,341
Trust income	1,577	1,574	3,208	3,080
BOLI income	4,594	2,745	9,058	5,605
Other income from purchased loans, net	4,777	4,599	8,515	7,651
Net gains on investment securities	404	—	404	—
Gains on sales of other assets	672	998	2,292	2,025
Other	6,142	2,641	10,872	5,119
Total non-interest income	$ 31,840	$ 22,733	$ 60,898	$ 42,597

Non-Interest Expense

Our non-interest expense consists of salaries and employee benefits, net occupancy and equipment and other operating expenses. Non-interest expense increased 64.6% to $83.8 million for the second quarter of 2017 compared to $50.9 million for the second quarter of 2016. Non-interest expense increased 64.3% to $162.1 million for the first six months of 2017 compared to $98.6 million for the first six months of 2016. The increase in our non-interest expense is primarily attributable to our C&S and C1 acquisitions and an increase in expenses related to our continued focus on expanding and enhancing our infrastructure for information technology, cybersecurity, business resilience, enterprise risk management, internal audit, compliance and a number of other important areas.

Salaries and employee benefits, our largest component of non-interest expense, increased 60.1% to $39.9 million in the second quarter of 2017 compared to $24.9 million in the second quarter of 2016. Salaries and employee benefits increased 62.5% to $78.4 million in the first six months of 2017 compared to $48.3 million in the first six months of 2016. We had 2,395 full-time equivalent employees at June 30, 2017, an increase of 44.1%, compared to 1,662 full-time equivalent employees at June 30, 2016.

Net occupancy and equipment expense for the second quarter of 2017 increased 54.2% to $12.9 million compared to $8.4 million for the second quarter of 2016. Net occupancy and equipment expense for the first six months of 2017 increased 54.4% to $26.1 million compared to $16.9 million for the first six months of 2016. At June 30, 2017, we had 251 offices, an increase of 41.8%, compared to 177 offices at June 30, 2016.

Our aggregate other operating expenses increased 75.9% to $31.0 million for the second quarter of 2017 compared to $17.6 million for the second quarter of 2016. Our aggregate other operating expenses increased 72.1% to $57.5 million for the first six months of 2017 compared to $33.4 million for the first six months of 2016. These increases were primarily due to the growth of the Bank, including the growth added from the C&S and C1 acquisitions, and the continued focus on expanding and enhancing our infrastructure in a number of important areas.

Our efficiency ratio (non-interest expense divided by the sum of net interest income – FTE and non-interest income) was 35.3% for the second quarter and 35.2% for the first six months of 2017 compared to 35.4% for the second quarter and 35.5% for the first six months of 2016.

The following table presents non-interest expense for the periods indicated.

Non-Interest Expense

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Salaries and employee benefits	$ 39,892	$ 24,921	$ 78,446	$ 48,282
Net occupancy and equipment	12,937	8,388	26,129	16,918
Other operating expenses:				
Professional and outside services	6,816	4,342	12,154	7,563
Postage and supplies	1,934	1,073	3,853	2,131
Advertising and public relations	1,258	1,486	2,448	2,602
Telecommunication services	3,107	1,703	7,077	3,456
Software and data processing	2,289	1,087	4,762	1,593
ATM expense	1,513	830	2,651	1,709
Travel and meals	2,061	1,568	3,916	3,072
FDIC insurance	2,500	1,200	3,500	2,400
FDIC and state assessments	908	340	1,650	679
Loan collection and repossession expense	1,803	683	3,105	1,720
Writedowns of foreclosed assets	870	590	1,466	1,260
Amortization of intangibles	3,145	1,557	6,290	3,283
Other	2,795	1,160	4,648	1,946
Total non-interest expense	$ 83,828	$ 50,928	$ 162,095	$ 98,614

Income Taxes

The provision for income taxes was $53.5 million for the second quarter and $100.9 million for the first six months of 2017 compared to $31.5 million for the second quarter and $62.5 million for the first six months of 2016. The effective income tax rate was 37.1% for the second quarter and 36.0% for the first six months of 2017 compared to 36.6% for the second quarter and 37.0% for the first six months of 2016. The effective tax rates for each of these periods were affected by adjustments to the state income tax apportionment factors based on changes in lending volumes in higher income tax rate states and municipalities, changes in certain non-deductible executive compensation expenses, changes in the tax treatment of excess tax benefits pursuant to ASU 2016-09 and various other factors related to non-taxable income and non-deductible expenses.

ANALYSIS OF FINANCIAL CONDITION

Loan and Lease Portfolio

At June 30, 2017, our total loan and lease portfolio was $15.18 billion compared to $14.56 billion at December 31, 2016. Real estate loans, our largest category of loans, consist of all loans secured by real estate as evidenced by mortgages or other liens, including all loans made to finance the development of real property construction projects, provided such loans are secured by real estate. Total real estate loans were $12.66 billion at June 30, 2017 compared to $12.09 billion at December 31, 2016. The amount and type of loans and leases outstanding as of the dates indicated, and their respective percentage of the total loan and lease portfolio, are reflected in the following table.

Total Loan and Lease Portfolio

	June 30, 2017		December 31, 2016	
	(Dollars in thousands)			
Real estate:				
Residential 1-4 family	$ 1,217,973	8.0%	$ 1,259,289	8.6%
Non-farm/non-residential	4,912,604	32.4	4,665,401	32.0
Construction/land development	5,506,061	36.3	5,295,860	36.4
Agricultural	140,739	0.9	124,857	0.9
Multifamily residential	884,177	5.8	744,005	5.1
Total real estate	12,661,554	83.4	12,089,412	83.0
Commercial and industrial	423,558	2.8	440,147	3.0
Consumer	1,220,639	8.0	1,028,991	7.1
Direct financing leases	137,146	0.9	137,188	0.9
Other	741,445	4.9	867,377	6.0
Total loans and leases	$ 15,184,342	100.0%	$ 14,563,115	100.0%

Included in “other” loans at June 30, 2017 and December 31, 2016 are loans totaling $707 million and $835 million, respectively, which were originated to acquire promissory notes from non-depository financial institutions and are typically collateralized by an assignment of the promissory note and all related note documents including mortgages, deeds of trust, etc. While the loans are considered “other” loans in accordance with FDIC Call Report instructions, we underwrite these lending transactions based on the fundamentals of the underlying collateral, repayment sources and guarantors, among others, consistent with other similar lending transactions.

The amount and type of our total real estate loans at June 30, 2017, based on the metropolitan statistical area ("MSA") and other geographic areas in which the principal collateral is located, are reflected in the following table. Data for individual states and MSAs is separately presented when aggregate real estate loans in that state or MSA exceed $10.0 million.

Geographic Distribution of Total Real Estate Loans

	Residential 1-4 Family	Non-Farm/ Non-Residential	Construction/ Land Development	Agricultural	Multifamily Residential	Total
			(Dollars in thousands)			
New York:						
New York–Newark–Jersey City, NY–NJ–PA MSA	$ 6,372	$ 606,711	$ 2,062,506	$ —	$ 63,386	$2,738,975
All other New York[1]	617	8,177	1,090	—	—	9,884
Total New York	6,989	614,888	2,063,596	—	63,386	2,748,859
Florida:						
Miami–Fort Lauderdale–West Palm Beach, FL MSA	144,832	313,470	499,017	400	1,288	959,007
Tampa–St. Petersburg–Clearwater, FL MSA	63,480	249,862	65,783	300	7,209	386,634
Orlando–Kissimmee–Sanford, FL MSA	6,313	73,234	85,637	—	56	165,240
North Port–Sarasota–Bradenton, FL MSA	35,339	52,382	39,563	7,814	796	135,894
Cape Coral–Fort Myers, FL MSA	18,076	56,477	43,206	—	486	118,245
Jacksonville, FL MSA	2,804	36,164	13,522	—	28,402	80,892
Crestview–Fort Walton Beach–Destin, FL MSA	3,939	18	34,256	137	—	38,350
Deltona–Daytona Beach–Ormond Beach, FL MSA	324	11,571	7,913	—	14,837	34,645
Ocala, FL MSA	2,875	21,304	—	—	—	24,179
Pensacola–Ferry Pass–Brent, FL MSA	2,419	844	19,245	—	—	22,508
Punta Gorda, FL MSA	8,842	6,997	5,010	—	—	20,849
Sebastian–Vero Beach, FL MSA	19	18,976	—	—	1,446	20,441
Lakeland–Winter Haven, FL MSA	483	15,726	2,785	—	48	19,042
Palm Bay–Melbourne–Titusville, FL MSA	577	5,920	—	—	4,238	10,735
All other Florida[1]	6,384	106,616	1,250	972	676	115,898
Total Florida	296,706	969,561	817,187	9,623	59,482	2,152,559
Texas:						
Dallas–Fort Worth–Arlington, TX MSA	45,150	131,945	377,710	182	17,580	572,567
Houston–The Woodlands–Sugar Land, TX MSA	14,451	84,039	182,074	—	160,979	441,543
Austin–Round Rock, TX MSA	11,865	89,866	91,188	—	41,508	234,427
College Station–Bryan, TX MSA	—	1,278	23,417	—	16,522	41,217
Lubbock, TX MSA	—	4,629	—	—	17,215	21,844
Texarkana, TX–AR MSA	10,212	7,363	732	598	782	19,687
San Antonio–New Braunfels, TX MSA	1,191	6,298	5,398	—	1,147	14,034
All other Texas[1]	2,785	29,392	11,141	42	197	43,557
Total Texas	85,654	354,810	691,660	822	255,930	1,388,876
Georgia:						
Atlanta–Sandy Springs–Roswell, GA MSA	171,752	413,950	257,033	4,514	121,717	968,966
Savannah, GA MSA	4,774	43,156	13	—	—	47,943
Dalton, GA MSA	12,248	16,485	789	1,160	1,070	31,752
Gainesville, GA MSA	4,859	17,002	6,768	152	714	29,495
Athens–Clarke County, GA MSA	3,008	18,381	2,310	121	—	23,820
Brunswick, GA MSA	9,338	4,359	956	—	8,266	22,919
Macon, GA MSA	4,858	8,502	350	11	4,730	18,451
Valdosta, GA MSA	6,213	5,655	775	411	159	13,213
Augusta–Richmond County GA–SC MSA	716	10,819	—	—	16	11,551
All other Georgia[1]	59,002	52,737	25,135	4,582	16,804	158,260
Total Georgia	276,768	591,046	294,129	10,951	153,476	1,326,370

Geographic Distribution of Total Real Estate Loans (continued)

	Residential 1-4 Family	Non-Farm/ Non-Residential	Construction/ Land Development	Agricultural	Multifamily Residential	Total
	(Dollars in thousands)					
Arkansas:						
Little Rock–North Little Rock–Conway, AR MSA	155,051	267,784	51,726	16,071	20,632	511,264
Hot Springs, AR MSA	49,022	68,633	17,756	868	2,983	139,262
Fayetteville–Springdale–Rogers, AR–MO MSA	17,915	55,538	28,825	12,262	16,812	131,352
Fort Smith, AR–OK MSA	26,771	57,546	6,589	3,142	11,109	105,157
Southern Arkansas(2)	25,435	18,665	2,455	18,766	734	66,055
Western Arkansas(3)	17,334	29,176	9,327	6,984	598	63,419
Northern Arkansas(4)	30,622	11,870	2,664	11,220	2,555	58,931
All other Arkansas(1)	22,083	23,241	18,190	33,042	3,630	100,186
Total Arkansas	344,233	532,453	137,532	102,355	59,053	1,175,626
North Carolina/South Carolina:						
Charlotte–Concord–Gastonia, NC–SC MSA	49,783	134,316	86,254	1,331	11,312	282,996
Winston–Salem, NC MSA	39,485	34,668	7,143	—	1,145	82,441
North Carolina Foothills(5)	41,255	25,649	5,016	2,847	1,482	76,249
Charleston–North Charleston, SC MSA	1,257	13,239	53,936	—	5,030	73,462
Greensboro–High Point, NC MSA	15,740	17,771	9,622	817	2,226	46,176
Wilmington, NC MSA	8,065	26,775	9,231	412	—	44,483
Columbia, SC MSA	744	40,740	1,163	—	635	43,282
Raleigh, NC MSA	239	3,304	13,600	—	19,594	36,737
Hilton Head Island–Bluffton–Beaufort, SC MSA	3,643	9,768	5,054	—	—	18,465
Greenville–Anderson–Mauldin, SC MSA	5,514	2,559	3,783	—	—	11,856
Spartanburg, SC MSA	1,503	94	8,306	—	545	10,448
Myrtle Beach–Conway–North Myrtle Beach, SC–NC MSA	3,413	6,285	543	—	23	10,264
All other North Carolina(1)	8,223	27,043	79,429	—	431	115,126
All other South Carolina(1)	805	11,015	1,471	—	—	13,291
Total North Carolina / South Carolina	179,669	353,226	284,551	5,407	42,423	865,276
California:						
Los Angeles–Long Beach–Anaheim, CA MSA	—	131,616	203,851	—	—	335,467
Riverside–San Bernardino–Ontario, CA MSA	—	89,651	7,044	—	—	96,695
Sacramento–Roseville–Arden–Arcade, CA MSA	—	—	93,787	—	—	93,787
San Diego–Carlsbad, CA MSA	—	48,789	22,439	—	—	71,228
San Francisco–Oakland–Hayward, CA MSA	—	17,385	32,306	—	—	49,691
San Jose–Sunnyvale–Santa Clara, CA MSA	—	—	40,964	—	—	40,964
Stockton–Lodi, CA MSA	—	—	27,572	—	—	27,572
Oxnard–Thousand Oaks–Ventura, CA MSA	—	—	27,241	—	—	27,241
All other California(1)	—	4,761	—	—	—	4,761
Total California	—	292,202	455,204	—	—	747,406
Colorado:						
Denver–Aurora–Lakewood, CO MSA	8	172,430	68,229	—	43,199	283,866
Boulder, CO MSA	—	38,767	—	—	—	38,767
All other Colorado(1)	1,131	—	—	—	—	1,131
Total Colorado	1,139	211,197	68,229	—	43,199	323,764
Tennessee:						
Nashville–Davidson–Murfreesboro–Franklin, TN MSA	—	104,749	82,667	—	—	187,416
Chattanooga, TN–GA MSA	436	33,130	42	—	—	33,608
All other Tennessee(1)	1,534	8,270	214	—	—	10,018
Total Tennessee	1,970	146,149	82,923	—	—	231,042

Geographic Distribution of Total Real Estate Loans (continued)

	Residential 1-4 Family	Non-Farm/ Non-Residential	Construction/ Land Development	Agricultural	Multifamily Residential	Total
			(Dollars in thousands)			
Illinois:						
Chicago–Naperville–Elgin, IL–IN–WI MSA	271	1,845	205,967	—	2,158	210,241
Bloomington, IL MSA	—	11,649	—	—	—	11,649
All other Illinois[1]	—	1,962	—	—	—	1,962
Total Illinois	271	15,456	205,967	—	2,158	223,852
Seattle–Tacoma–Bellevue, WA MSA	—	145,133	45,571	—	—	190,704
Phoenix–Mesa–Scottsdale, AZ MSA	—	50,619	93,905	—	33,135	177,659
Cayman Islands	—	133,650	—	—	—	133,650
Nevada:						
Las Vegas–Henderson–Paradise, NV MSA	—	82,571	—	—	37,592	120,163
Reno, NV MSA	—	10,775	—	—	—	10,775
All other Nevada[1]	258	—	—	—	—	258
Total Nevada	258	93,346	—	—	37,592	131,196
Pennsylvania:						
Philadelphia–Camden–Wilmington, PA–NJ–DE–MD MSA	—	51,018	27,348	—	—	78,366
Lebanon, PA MSA	—	18,557	—	—	—	18,557
All other Pennsylvania[1]	—	17,877	—	—	—	17,877
Total Pennsylvania	—	87,452	27,348	—	—	114,800
Washington, DC / Maryland:						
Washington–Arlington–Alexandria, DC–VA–MD–WV MSA	316	12,153	68,650	—	—	81,119
All other Maryland[1]	—	1,369	—	—	9,018	10,387
Total Washington, DC / Maryland	316	13,522	68,650	—	9,018	91,506
Providence–Warwick, RI–MA MSA	—	88,732	—	—	—	88,732
Alabama:						
Mobile, AL MSA	4,845	16,691	356	—	718	22,610
Birmingham–Hoover, AL MSA	274	—	20,457	—	—	20,731
Huntsville, AL MSA	—	11,894	2,240	—	—	14,134
All other Alabama[1]	14,770	4,579	3,456	470	3,224	26,499
Total Alabama	19,889	33,164	26,509	470	3,942	83,974
Boston, MA MSA	—	—	66,258	—	—	66,258
Urban Honolulu, HI MSA	—	—	—	—	60,987	60,987
Oregon:						
Portland–Vancouver–Hillsboro, OR–WA MSA	—	—	—	—	35,016	35,016
Bend–Redmond, OR MSA	—	11,575	—	—	—	11,575
All other Oregon[1]	—	8,411	—	—	—	8,411
Total Oregon	—	19,986	—	—	35,016	55,002
Ohio:						
Cincinnati, OH–KY–IN MSA	—	26,753	—	—	—	26,753
Columbus, OH MSA	—	7,377	3,631	—	—	11,008
All other Ohio[1]	—	2,950	—	—	—	2,950
Total Ohio	—	37,080	3,631	—	—	40,711

Geographic Distribution of Total Real Estate Loans (continued)

	Residential 1-4 Family	Non-Farm/ Non-Residential	Construction/ Land Development	Agricultural	Multifamily Residential	Total
			(Dollars in thousands)			
Missouri:						
St. Louis, MO–IL MSA	—	392	—	—	19,370	19,762
Kansas City, MO–KS MSA	72	10,650	1,693	—	—	12,415
All other Missouri[1]	524	4,986	2,518	—	—	8,028
Total Missouri	596	16,028	4,211	—	19,370	40,205
Kansas:						
Manhattan, KS MSA	—	—	30,128	—	—	30,128
All other Kansas[1]	—	1,224	—	—	—	1,224
Total Kansas	—	1,224	30,128	—	—	31,352
Minneapolis–St. Paul–Bloomington, MN MSA	—	29,304	—	—	—	29,304
Oklahoma:						
Tulsa, OK MSA	—	8,276	—	—	1,974	10,250
All other Oklahoma[1]	799	2,825	28	10,555	3,957	18,164
Total Oklahoma	799	11,101	28	10,555	5,931	28,414
Indiana:						
Indianapolis–Carmel–Anderson, IN MSA	—	2,389	20,632	—	—	23,021
All Other Indiana	—	1,848	—	—	—	1,848
Total Indiana	—	4,237	20,632	—	—	24,869
Virginia	678	16,130	1,542	—	79	18,429
Bahamas	—	11,296	—	—	—	11,296
Mississippi	36	9,857	426	556	—	10,875
Trenton City, NJ MSA	—	—	10,865	—	—	10,865
Kentucky	171	10,080	—	—	—	10,251
All other states[6]	1,831	19,675	5,379	—	—	26,885
Total Real Estate Loans	$1,217,973	$4,912,604	$ 5,506,061	$ 140,739	$ 884,177	$12,661,554

(1) These geographic areas include all MSA and non-MSA areas that are not separately reported.
(2) This geographic area includes the following counties in southern Arkansas: Clark, Columbia, Hempstead and Hot Spring.
(3) This geographic area includes the following counties in western Arkansas: Johnson, Logan, Pope and Yell.
(4) This geographic area includes the following counties in northern Arkansas: Baxter, Boone, Marion, Newton, Searcy and Van Buren.
(5) This geographic area includes the following counties in North Carolina Foothills: Cleveland, Lincoln and Rutherford.
(6) Includes all states not separately presented above.

The amount and type of total non-farm/non-residential loans, as of the dates indicated, and their respective percentage of the total non-farm/non-residential loan portfolio are reflected in the following table.

Total Non-Farm/Non-Residential Loans

	June 30, 2017		December 31, 2016	
	(Dollars in thousands)			
Hotels and motels	$ 1,266,555	25.8%	$ 1,043,710	22.4%
Office, including medical offices	822,756	16.7	745,329	16.0
Retail, including shopping centers and strip centers	630,492	12.8	596,383	12.8
Manufacturing and industrial facilities	430,269	8.8	491,816	10.5
Nursing homes and assisted living centers	296,454	6.0	315,265	6.8
Churches and schools	236,157	4.8	241,831	5.2
Restaurants and bars	148,258	3.0	171,436	3.7
Gasoline stations and convenience stores	104,206	2.1	102,693	2.2
Hospitals, surgery centers and other medical	49,044	1.0	56,342	1.2
Office warehouse, warehouse and mini-storage	43,660	0.9	31,591	0.7
Golf courses, entertainment and recreational facilities	37,595	0.8	38,916	0.8
Other non-farm/non-residential (1)	847,158	17.3	830,089	17.7
Total	$ 4,912,604	100.0%	$ 4,665,401	100.0%

(1) Includes non-farm/non-residential loans collateralized by other miscellaneous real property, including loans totaling $393.6 million at June 30, 2017 and $428.9 million at December 31, 2016 where the collateral is “mixed use” real property.

The amount and type of total construction/land development loans, as of the dates indicated, and their respective percentage of the total construction/land development loan portfolio are reflected in the following table.

Total Construction/Land Development Loans

	June 30, 2017		December 31, 2016	
	(Dollars in thousands)			
Unimproved land	$ 235,831	4.3%	$ 291,131	5.5%
Land development and lots:				
1-4 family residential and multifamily	496,309	9.0	610,662	11.5
Non-residential	855,158	15.5	684,979	12.9
Construction:				
1-4 family residential:				
Owner occupied	24,913	0.5	123,099	2.3
Non-owner occupied:				
Pre-sold	1,603,500	29.1	1,147,198	21.7
Speculative	217,485	3.9	201,111	3.8
Multifamily	926,164	16.8	712,547	13.5
Industrial, commercial and other	1,146,701	20.9	1,525,133	28.8
Total	$ 5,506,061	100.0%	$ 5,295,860	100.0%

Many of our construction and development loans provide for the use of interest reserves. When we underwrite construction and development loans, we consider the expected total project costs, including hard costs such as land, site work and construction costs and soft costs such as architectural and engineering fees, closing costs, leasing commissions and construction period interest. For any construction and development loan with interest reserves, we also consider the construction period interest in our underwriting process (otherwise, our underwriting of such loans with and without interest reserves is virtually identical). Based on the total project costs and other factors, we determine the required borrower cash equity contribution and the maximum amount we are willing to loan. In the vast majority of cases, we require that all of the borrower’s equity and all other required subordinated elements of the capital structure be fully funded prior to any significant loan advances. This ensures that the borrower’s cash equity required to complete the project will be available for such purposes. As a result of this practice, the borrower’s cash equity typically goes toward the purchase of the land and early stage hard costs and soft costs. This results in our funding the loan later as the project progresses, and accordingly, we typically fund the majority of the construction period interest through loan advances. Generally, as part of our underwriting process, we require the borrower’s cash equity to cover a majority, or all, of the soft costs, including an amount equal to construction period interest and an appropriate portion of the hard costs. While we had advanced interest reserves as part of the funding process, we

believe that the borrowers in effect had in most cases provided for these sums as part of their initial equity contribution. During the six months ended June 30, 2017 and 2016, there were no situations where additional interest reserves were advanced on a loan to avoid such loan from becoming nonperforming, and at June 30, 2017, we had no construction and development loans with interest reserves that were nonperforming.

During the second quarter and first six months of 2017, we recognized approximately $36.9 million and $72.1 million, respectively, of interest income on construction and development loans from the advance of interest reserves. We advanced construction period interest on construction and development loans totaling $35.4 million and $79.4 million, respectively, in the second quarter and first six months of 2017.

The maximum committed balance of all construction and development loans which provide for the use of interest reserves at June 30, 2017 was approximately $15.59 billion, of which $4.97 billion was outstanding at June 30, 2017 and $10.62 billion remained to be advanced. The weighted average loan-to-cost on such loans, assuming such loans are ultimately fully advanced, will be approximately 50%, which means that the weighted average cash equity contributed on such loans, assuming such loans are ultimately fully advanced, will be approximately 50%. The weighted average final loan-to-value ratio on such loans, based on the most recent appraisals and assuming such loans are ultimately fully advanced, is expected to be approximately 43%.

The following table reflects total loans and leases as of June 30, 2017 grouped by expected amortizations, expected paydowns or the earliest repricing opportunity for floating rate loans. This cash flow or repricing schedule approximates our ability to reprice the outstanding principal of total loans and leases either by adjusting rates on existing loans and leases or reinvesting principal cash flow in new loans and leases. For non-purchased loans and leases and purchased loans without evidence of credit deterioration on the date of acquisition, the table below reflects the earliest contractual repricing period. For purchased loans with evidence of credit deterioration at the date of acquisition, the table below reflects estimated cash flows based on the most recent evaluation of each individual loan. Because income on purchased loans with evidence of credit deterioration on the date of acquisition is recognized by accretion of the discount of estimated cash flows, such loans are not considered to be floating or adjustable rate loans and are reported below as fixed rate loans.

Loan and Lease Cash Flows or Repricing

	1 Year or Less	Over 1 Through 2 Years	Over 2 Through 3 Years	Over 3 Through 5 Years	Over 5 Years	Total
			(Dollars in thousands)			
Fixed rate	$ 1,051,111	$770,947	$625,963	$ 781,561	$1,242,267	$ 4,471,849
Floating rate (not at a floor or ceiling rate)	8,082,275	57,700	113,337	137,836	34,359	8,425,507
Floating rate (at floor rate) (1)	1,842,227	40,749	115,430	171,593	40,156	2,210,155
Floating rate (at ceiling rate)	76,781	5	5	40	—	76,831
Total	$11,052,394	$869,401	$854,735	$1,091,030	$1,316,782	$15,184,342
Percentage of total	72.8%	5.7%	5.6%	7.2%	8.7%	100.0%
Cumulative percentage of total	72.8%	78.5%	84.1%	91.3%	100.0%	

(1) We have included a floor rate in many of our loans and leases. As a result of such floor rates, many loans and leases may not immediately reprice in a rising rate environment if the interest rate index and margin on such loans and leases continue to result in a computed interest rate less than the applicable floor rate. The earnings simulation model results included in this MD&A in Part 2, Item 3, "Quantitative and Qualitative Disclosures about Market Risk" include consideration of the impact of interest rate floors and ceilings in loans and leases.

At June 30, 2017, most of our floating rate loans are tied to three major benchmark interest rates, the 1-month LIBOR, 3-month LIBOR and Wall Street Journal Prime interest rate. The following table is a summary of our floating rate loan portfolio and contractual interest rate indices.

Contractual Indices of Floating Rate Loans

Contractual Interest Rate Index	Floating Rate (at floor rate)	Floating Rate (not at a floor or ceiling rate)	Floating Rate (at ceiling rate)	Total Floating Rate
	(Dollars in thousands)			
1-month LIBOR	$ 1,179,950	$ 5,993,465	$ —	$ 7,173,415
3-month LIBOR	215,260	590,701	—	805,961
Wall Street Journal Prime	585,056	1,509,197	76,831	2,171,084
Other contractual interest rate indices	229,889	332,144	—	562,033
Total	$ 2,210,155	$ 8,425,507	$ 76,831	$ 10,712,493

Purchased Loans

The following table presents the amount of unpaid principal balance, the valuation discount and the carrying value of purchased loans as of the dates indicated.

Purchased Loans

	June 30, 2017	December 31, 2016
	(Dollars in thousands)	
Loans without evidence of credit deterioration at date of acquisition:		
Unpaid principal balance	$ 4,018,584	$ 4,809,224
Valuation discount	(64,978)	(92,821)
Carrying value	3,953,606	4,716,403
Loans with evidence of credit deterioration at date of acquisition:		
Unpaid principal balance	264,403	319,733
Valuation discount	(58,870)	(78,114)
Carrying value	205,533	241,619
Total carrying value	$ 4,159,139	$ 4,958,022

The following table presents a summary, for the periods indicated, of the activity of our purchased loans with evidence of credit deterioration at the date of acquisition.

Activity in Purchased Loans With Evidence of Credit Deterioration at Date of Acquisition

	Six Months Ended June 30,	
	2017	2016
	(Dollars in thousands)	
Balance – beginning of period	$ 241,619	$ 216,786
Accretion	20,346	12,648
Transfers to foreclosed assets	(1,931)	(2,041)
Payments received	(52,787)	(51,981)
Charge-offs	(732)	(497)
Other activity, net	(982)	235
Balance – end of period	$ 205,533	$ 175,150

A summary of changes in the accretable difference on purchased loans with evidence of credit deterioration at the date of acquisition is shown below for the periods indicated.

Accretable Difference on Purchased Loans With Evidence of Credit Deterioration at Date of Acquisition

	Six Months Ended June 30,	
	2017	2016
	(Dollars in thousands)	
Accretable difference - beginning of period	$ 65,152	$ 59,176
Transfers to foreclosed assets	(264)	(248)
Purchased loans paid off	(352)	(3,818)
Cash flow revisions as a result of renewals and/or modifications	10,908	17,449
Accretion	(20,346)	(12,648)
Accretable difference - end of period	$ 55,098	$ 59,911

Nonperforming Assets

Non-Purchased Loans and Leases and Foreclosed Assets

Our nonperforming assets consist of (1) nonaccrual loans and leases, (2) accruing loans and leases 90 days or more past due, (3) certain troubled and restructured loans for which a concession has been granted by us to the borrower because of a deterioration in the financial position of the borrower and (4) real estate or other assets that have been acquired in partial or full satisfaction of loan or lease obligations or upon foreclosure. Purchased loans are not included in the following table as nonperforming assets, except for their inclusion in total assets for purposes of calculation of certain asset quality ratios, but are analyzed and discussed separately elsewhere in this MD&A.

The accrual of interest on non-purchased loans and leases is discontinued when, in management's opinion, the borrower or lessee may be unable to meet payments as they become due. We generally place a loan or lease on nonaccrual status when such loan or lease is (i) deemed impaired or (ii) 90 days or more past due, or earlier when doubt exists as to the ultimate collection of payments. At the time a loan or lease is placed on nonaccrual status, interest previously accrued but uncollected is reversed and charged against interest income. Nonaccrual loans and leases are generally returned to accrual status when payments are less than 90 days past due and we reasonably expect to collect all contractual principal and interest payments. If a loan or lease is determined to be uncollectible, the portion of the principal determined to be uncollectible is charged against the ALLL. Loans for which the terms have been modified and for which (i) the borrower is experiencing financial difficulties and (ii) we have granted a concession to the borrower are considered troubled debt restructurings ("TDRs") and are included in impaired loans and leases. Income on nonaccrual loans or leases, including impaired loans and leases but excluding certain TDRs which may continue to accrue interest, is recognized on a cash basis when and if actually collected.

The following table presents a summary of nonperforming assets, excluding purchased loans, as of the dates indicated.

Nonperforming Assets

	June 30, 2017	December 31, 2016
	(Dollars in thousands)	
Nonaccrual loans and leases[1]	$ 11,628	$ 14,371
Accruing loans and leases 90 days or more past due[1]	—	—
TDRs[1]	—	—
Total nonperforming loans and leases[1]	11,628	14,371
Foreclosed assets [2]	34,000	43,702
Total nonperforming assets [1]	$ 45,628	$ 58,073
Nonperforming loans and leases to total loans and leases [1]	0.11%	0.15%
Nonperforming assets to total assets [1]	0.23	0.31

(1) Excludes purchased loans except for their inclusion in total assets.
(2) Repossessed personal properties and real estate acquired through or in lieu of foreclosure are initially recorded at the lesser of current principal investment or estimated market value less estimated cost to sell at the date of repossession or foreclosure. Purchased foreclosed assets are initially recorded at Day 1 Fair Value. Valuations of these assets are periodically reviewed by management with the carrying value of such assets adjusted through non-interest expense to the then estimated market value net of estimated selling costs, if lower, until disposition.

If an adequate current determination of collateral value has not been performed, once a loan or lease is considered impaired, we seek to establish an appropriate value for the collateral. This assessment may include (i) obtaining an updated appraisal, (ii) obtaining one or more broker price opinions or comprehensive market analyses, (iii) internal evaluations or (iv) other methods deemed appropriate considering the size and complexity of the loan and the underlying collateral. On an ongoing basis, typically at least quarterly, we evaluate the underlying collateral on all impaired loans and leases and, if needed, due to changes in market or property conditions, the underlying collateral is reassessed and the estimated fair value is revised. The determination of collateral value includes any adjustments considered necessary related to estimated holding periods and estimated selling costs.

At June 30, 2017, we had reduced the carrying value of our non-purchased loans and leases deemed impaired (all of which were included in nonaccrual loans and leases) by $4.7 million to the estimated fair value of such loans and leases of $8.9 million. The adjustment to reduce the carrying value of such impaired loans and leases to estimated fair value consisted of $2.5 million of partial charge-offs and $2.2 million of specific loan and lease loss allocations. These amounts do not include our $11.7 million of impaired purchased loans at June 30, 2017.

The following table is a summary of the amount and type of foreclosed assets as of the dates indicated.

Foreclosed Assets

	June 30, 2017	December 31, 2016
	(Dollars in thousands)	
Real estate:		
Residential 1-4 family	$ 2,426	$ 3,762
Non-farm/non-residential	11,509	17,207
Construction/land development	19,496	21,568
Agricultural	35	473
Total real estate	33,466	43,010
Commercial and industrial	358	293
Consumer	176	399
Total foreclosed assets	$ 34,000	$ 43,702

The following table presents information concerning the geographic location of nonperforming assets, excluding purchased loans, at June 30, 2017. Nonperforming loans and leases are reported in the physical location of the principal collateral. Foreclosed assets are reported in the physical location of the asset. Repossessions are reported at the physical location where the borrower resided or had its principal place of business at the time of repossession.

Geographic Distribution of Nonperforming Assets

	Nonperforming Loans and Leases	Foreclosed Assets and Repossessions	Total Nonperforming Assets
	(Dollars in thousands)		
Arkansas	$ 8,905	$ 10,178	$ 19,083
Florida	19	11,747	11,766
Georgia	522	6,582	7,104
North Carolina	836	2,159	2,995
Texas	593	2,348	2,941
South Carolina	—	541	541
Alabama	179	135	314
All other	574	310	884
Total	$ 11,628	$ 34,000	$ 45,628

Impaired Purchased Loans

As of June 30, 2017 and December 31, 2016, we had identified purchased loans where we had determined it was probable that we would be unable to collect all amounts according to the contractual terms thereof (for purchased loans without evidence of credit deterioration at date of acquisition) or the expected performance of such loans had deteriorated from our performance expectations established in conjunction with the determination of the Day 1 Fair Values or since our most recent review of such portfolio's performance (for purchased loans with evidence of credit deterioration at date of acquisition). The following table presents a summary of such impaired purchased loans as of the dates indicated.

Impaired Purchased Loans

	June 30, 2017	December 31, 2016
	(Dollars in thousands)	
Impaired purchased loans without evidence of credit deterioration at date of acquisition (rated FV 77)	$ 6,688	$ 1,243
Impaired purchased loans with evidence of credit deterioration at date of acquisition (rated FV 88)	4,991	5,273
Total impaired purchased loans	$ 11,679	$ 6,516
Impaired purchased loans to total purchased loans	0.28%	0.13%

Allowance and Provision for Loan and Lease Losses

At June 30, 2017, our ALLL was $82.3 million, including $80.7 million allocated to our non-purchased loans and leases and $1.6 million allocated to our purchased loans, compared to $76.5 million at December 31, 2016, including $74.9 million allocated to our non-purchased loans and leases and $1.6 million allocated to our purchased loans. Our ALLL allocated to non-purchased loans and leases as a percent of total non-purchased loans and leases was 0.73% at June 30, 2017 compared to 0.78% at December 31, 2016. Our ALLL allocated to non-purchased loans and leases was equal to 694% of our total nonperforming non-purchased loans and leases at June 30, 2017 compared to 521% at December 31, 2016. The amount of ALLL and provision to the ALLL is based on our analysis of the adequacy of the ALLL utilizing the criteria discussed in the Critical Accounting Policies section of our Annual Report on Form 10-K for the year ended December 31, 2016.

In recent years, we have focused on loan transactions that include various combinations of (i) marquee properties, (ii) strong and capable sponsors or borrowers, (iii) low leverage, and (iv) defensive loan structure. At the same time, our loan portfolio has expanded throughout the United States and consists of a very diversified portfolio in terms of geographic location. We consider this geographic diversification to be a substantial source of strength in regard to portfolio credit quality. Additionally, we have continued to focus on originating high quality loans at low leverage. At June 30, 2017, our ratios of weighted-average loan-to-cost and weighted-average loan-to-value on construction loans with interest reserves, assuming such loans are ultimately fully funded, were approximately 50% and approximately 43%, respectively. Each of these factors mentioned above has contributed to our favorable asset quality ratios and net charge-off ratios in recent years. In addition, these factors have also helped to contribute to recent decreases in our ratio of ALLL to total non-purchased loans and leases.

The provision for loan and lease losses for the second quarter of 2017 was $6.1 million, including $4.8 million for non-purchased loans and leases and $1.3 million for purchased loans, compared to $4.8 million for the second quarter of 2016, including $4.4 million for non-purchased loans and leases and $0.4 million for purchased loans. The provision for loan and lease losses for the first six months of 2017 was $11.0 million, including $7.8 million for non-purchased loans and leases and $3.2 million for purchased loans, compared to $6.9 million for the first six months of 2016, including $6.4 million for non-purchased loans and leases and $0.5 million for purchased loans.

Our practice is to charge off any estimated loss as soon as we are able to identify and reasonably quantify such potential loss. Accordingly, only a small portion of our ALLL is needed for potential losses on non-performing loans. Our ALLL allocated to non-purchased loans and leases as a percent of total non-purchased loans and leases decreased to 0.73% at June 30, 2017 compared to 0.78% at December 31, 2016, primarily as a result of the low level of net charge-offs in recent quarters, our conservative underwriting practices, our general trends in recent years of lower loan-to-cost and loan-to-value ratios in our construction and development portfolio and generally improving economic conditions in many of our markets. While we believe our ALLL at June 30, 2017 and related provision for the second quarter and first six months of 2017 were appropriate, changing economic and other conditions may require future adjustments to the ALLL or the amount of provision thereto.

Activity within the allowance for loan and lease losses for the periods indicated is shown in the following table.

Activity Within the Allowance for Loan and Lease Losses

	Six Months Ended June 30,	
	2017	2016
	(Dollars in thousands)	
Balance, beginning of period	$ 76,541	$ 60,854
Charge-offs of non-purchased loans and leases:		
Real estate:		
Residential 1-4 family	(170)	(256)
Non-farm/non-residential	(12)	(12)
Construction/land development	(93)	(20)
Agricultural	(2)	(7)
Total real estate	(277)	(295)
Commercial and industrial	(269)	(42)
Consumer	(160)	(68)
Direct financing leases	(1,525)	(1,468)
Other	(969)	(692)
Total charge-offs of non-purchased loans and leases	(3,200)	(2,565)
Recoveries of non-purchased loans and leases previously charged off:		
Real estate:		
Residential 1-4 family	7	37
Non-farm/non-residential	541	—
Construction/land development	18	51
Multifamily residential	—	14
Total real estate	566	102
Commercial and industrial	93	39
Consumer	136	14
Direct financing leases	16	16
Other	368	273
Total recoveries of non-purchased loans and leases previously charged off	1,179	444
Net charge-offs of non-purchased loans and leases	(2,021)	(2,121)
Charge-offs of purchased loans	(4,720)	(535)
Recoveries of purchased loans previously charged off	1,484	84
Net charge-offs of purchased loans	(3,236)	(451)
Net charge-offs – total loans and leases	(5,257)	(2,572)
Provision for loan and lease losses:		
Non-purchased loans and leases	7,800	6,400
Purchased loans	3,236	451
Total provision	11,036	6,851
Balance, end of period	$ 82,320	$ 65,133
ALLL allocated to non-purchased loans and leases	$ 80,720	$ 63,933
ALLL allocated to purchased loans	1,600	1,200
Total ALLL	$ 82,320	$ 65,133

A summary of our net charge-off ratios and certain other ALLL ratios, as of and for the periods indicated, is presented in the following table.

Net Charge-off and ALLL Ratios

	As of and for the Six Months Ended June 30,		As of and for the Year Ended December 31,
	2017	2016	2016
Net charge-offs of non-purchased loans and leases to average non-purchased loans and leases [1][2]	0.04%	0.06%	0.06%
Net charge-offs of purchased loans to average purchased loans [1]	0.14%	0.05%	0.09%
Net charge-offs of total loans and leases to average total loans and leases [1]	0.07%	0.06%	0.07%
ALLL for non-purchased loans and leases to total non-purchased loans and leases [3]	0.73%	0.78%	0.78%
ALLL for purchased loans to total purchased loans	0.04%	0.08%	0.03%
ALLL to total loans and leases	0.54%	0.67%	0.53%
ALLL to nonperforming loans and leases [3]	694%	830%	521%

(1) Ratios for interim periods annualized.
(2) Excludes purchased loans and net charge-offs related to purchased loans.
(3) Excludes purchased loans and ALLL allocated to such loans.

Investment Securities

At June 30, 2017 and December 31, 2016, we classified all of our investment securities portfolio as AFS. Accordingly, our investment securities are stated at estimated fair value in the consolidated financial statements with the unrealized gains and losses, net of related income tax, reported as a separate component of stockholders' equity and included in accumulated other comprehensive income (loss).

The following table presents the amortized cost and estimated fair value of investment securities AFS as of the dates indicated. The Bank's investment in the "CRA qualified investment fund" includes shares held in a mutual fund that qualify under the Community Reinvestment Act of 1977 for community reinvestment purposes. Our holdings of "other equity securities" include FHLB and First National Banker's Bankshares, Inc. shares which do not have readily determinable fair values and are carried at cost.

Investment Securities

	June 30, 2017		December 31, 2016	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(Dollars in thousands)			
Obligations of state and political subdivisions	$ 853,777	$ 853,241	$ 946,886	$ 919,013
Mortgage-backed securities [1]	1,214,836	1,208,009	516,636	505,356
U.S. Government agency securities	30,540	30,243	30,661	30,134
Corporate obligations	—	—	10,086	9,915
CRA qualified investment fund	1,073	1,052	1,061	1,034
Other equity securities	9,206	9,206	6,160	6,160
Total	$ 2,109,432	$ 2,101,751	$ 1,511,490	$ 1,471,612

(1) The mortgage-backed securities included in the table above were issued by U.S. Government agencies.

Our investment securities portfolio is reported at estimated fair value, which included gross unrealized gains of $11.0 million and gross unrealized losses of $18.7 million at June 30, 2017 and gross unrealized gains of $8.7 million and gross unrealized losses of $48.6 million at December 31, 2016. We believe that all unrealized losses on individual investment securities at June 30, 2017 and December 31, 2016 are the result of fluctuations in interest rates and do not reflect deterioration in the credit quality of these investments. Accordingly, we consider these unrealized losses to be temporary in nature. We do not have the intent to sell these investment securities with unrealized losses and, more likely than not, will not be required to sell these investment securities before fair value recovers to amortized cost.

The following table presents unaccreted discounts and unamortized premiums of our investment securities as of the dates indicated.

Unaccreted Discounts and Unamortized Premiums

	Amortized Cost	Unaccreted Discount	Unamortized Premium	Par Value
	(Dollars in thousands)			
June 30, 2017:				
Obligations of states and political subdivisions	$ 853,777	$ 5,699	$ (33,325)	$ 826,151
Mortgage-backed securities [1]	1,214,836	93	(44,272)	1,170,657
U.S. Government agency securities	30,540	5	(920)	29,625
CRA qualified investment fund	1,073	—	—	1,073
Other equity securities	9,206	—	—	9,206
Total	$ 2,109,432	$ 5,797	$ (78,517)	$ 2,036,712
December 31, 2016:				
Obligations of states and political subdivisions	$ 946,886	$ 6,124	$ (36,567)	$ 916,443
Mortgage-backed securities [1]	516,636	111	(17,958)	498,789
U.S. Government agency securities	30,661	9	(1,044)	29,626
Corporate obligations	10,086	5,500	(72)	15,514
CRA qualified investment fund	1,061	—	—	1,061
Other equity securities	6,160	—	—	6,160
Total	$ 1,511,490	$ 11,744	$ (55,641)	$ 1,467,593

(1) The mortgage-backed securities included in the table above were issued by U.S. Government agencies.

For both the second quarter and first six months of 2017, we had net gains of $0.4 million on the sale of $86.6 million of investment securities. We had no net gains or sales of investment securities during the second quarter or first six months of 2016. During the second quarter of 2017 and 2016, respectively, investment securities totaling $34.3 million and $25.2 million matured, were called or were paid down by the issuer. During the first six months of 2017 and 2016, respectively, investment securities totaling $66.5 million and $83.4 million matured, were called or were paid down by the issuer. We purchased $733.9 million in investment securities during the second quarter and $755.8 million during the first six months of 2017 compared to $188.7 million during the second quarter and $268.5 million during the first six months of 2016.

We invest in securities we believe offer good relative value at the time of purchase, and we will, from time to time, reposition our investment securities portfolio. In making decisions to sell or purchase securities, we consider credit quality, call features, maturity dates, relative yields, current market factors, interest rate risk and other relevant factors.

During June 2017, we purchased approximately $728 million of highly liquid, short duration U.S. government agency mortgage-backed pass through securities that yield approximately 2.0%. These securities provide substantial on-balance sheet liquidity and carry a 20% risk weighting for regulatory capital purposes.

The following table presents the types and estimated fair values of our investment securities at June 30, 2017 based on credit ratings by one or more nationally-recognized credit rating agency.

Credit Ratings of Investment Securities

	AAA (1)	AA (2)	A (3)	BBB (4)	Non-Rated (5)	Total
	(Dollars in thousands)					
Obligations of states and political subdivisions	$ 157,250	$ 409,207	$ 123,076	$ 11,887	$ 151,821	$ 853,241
Mortgage-backed securities (6)	—	1,208,009	—	—	—	1,208,009
U.S. Government agency securities	30,243	—	—	—	—	30,243
CRA qualified investment fund	—	—	—	—	1,052	1,052
Other equity securities	—	—	—	—	9,206	9,206
Total	$ 187,493	$1,617,216	$ 123,076	$ 11,887	$ 162,079	$2,101,751
Percentage of total	9.0%	76.9%	5.9%	0.6%	7.6%	100.0%
Cumulative percentage of total	9.0%	85.9%	91.8%	92.4%	100.0%	

(1) Includes securities rated Aaa by Moody's, AAA by Fitch or Standard & Poor's ("S&P") or a comparable rating by other nationally-recognized credit rating agencies.
(2) Includes securities rated Aa1 to Aa3 by Moody's, AA+ to AA- by Fitch or S&P or a comparable rating by other nationally-recognized credit rating agencies.
(3) Includes securities rated A1 to A3 by Moody's, A+ to A- by Fitch or S&P or a comparable rating by other nationally-recognized credit rating agencies.
(4) Includes securities rated Baa1 to Baa3 by Moody's, BBB+ to BBB- by Fitch or S&P or a comparable rating by other nationally-recognized credit rating agencies.
(5) Includes all securities that are not rated or securities that are not rated but that have a rated credit enhancement where we have ignored such credit enhancement. For these securities, we have performed our own evaluation of the security and/or the underlying issuer and believe that such security or its issuer has credit characteristics equivalent to those which would warrant a credit rating of investment grade (i.e., Baa3 or better by Moody's or BBB- or better by Fitch or S&P or a comparable rating by other nationally-recognized credit rating agencies).
(6) The mortgage-backed securities included in the table above were issued by U.S. Government agencies.

Deposits

Our lending and investment activities are funded primarily by deposits. The amount and type of deposits outstanding, as of the dates indicated, and their respective percentage of the total deposits are reflected in the following table.

Deposits

	June 30, 2017		December 31, 2016	
	(Dollars in thousands)			
Non-interest bearing	$ 2,714,561	16.7%	$ 2,589,458	16.6%
Interest bearing:				
Transaction (NOW)	3,168,066	19.5	2,751,283	17.7
Savings and money market	5,609,752	34.5	5,297,072	34.0
Time deposits less than $100,000	1,548,188	9.5	1,741,307	11.2
Time deposits of $100,000 or more	3,200,873	19.8	3,195,758	20.5
Total deposits	$ 16,241,440	100.0%	$ 15,574,878	100.0%

At June 30, 2017 brokered deposits totaled $1.56 billion, or 9.7% of total deposits, compared to $1.99 billion, or 12.78% of total deposits, at December 31, 2016.

We use brokered deposits, subject to certain limitations and requirements, as a source of funding to augment deposits generated from our branch network, which are our principal source of funding. Our board of directors has established policies and procedures with respect to the use of brokered deposits. Such policies and procedures require, among other things, that (i) we limit the amount of brokered deposits as a percentage of total deposits and (ii) our ALCO Committee ("ALCO"), which reports to the board of directors, monitor our use of brokered deposits on a regular basis, including interest rates and the total volume of such deposits in relation to our total liabilities. ALCO has typically approved the use of brokered deposits when such deposits are (i) from respected and stable funding sources and (ii) less costly to the Bank than the marginal cost of additional deposits generated from our branch network.

The amount and percentage of our deposits by state of originating office, as of the dates indicated, are reflected in the following table.

Deposits by State of Originating Office

Deposits Attributable to Offices In	June 30, 2017		December 31, 2016	
	(Dollars in thousands)			
Arkansas	$ 5,786,397	35.6%	$ 6,309,230	40.5%
Georgia	3,983,939	24.5	3,714,963	23.9
Florida	2,339,786	14.4	2,056,956	13.2
Texas	2,230,503	13.7	2,015,492	12.9
North Carolina	925,408	5.7	890,091	5.7
New York	765,348	4.7	378,348	2.4
Alabama	112,447	0.8	107,458	0.7
South Carolina	97,612	0.6	102,340	0.7
Total	$ 16,241,440	100.0%	$ 15,574,878	100.0%

Other Interest Bearing Liabilities

We rely on other interest bearing liabilities to supplement the funding of our lending and investing activities. Such liabilities consist of repurchase agreements with customers, other borrowings, subordinated notes and subordinated debentures.

The following table reflects the average balance and rate paid for each category of other interest bearing liabilities for the periods indicated.

Average Balances and Rates of Other Interest Bearing Liabilities

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017		2016		2017		2016	
	Average Balance	Rate Paid	Average Balance	Rate Paid	Average Balance	Rate Paid	Average Balance	Rate Paid
	(Dollars in thousands)							
Repurchase agreements with customers	$ 76,610	0.16%	$ 58,284	0.15%	$ 78,238	0.16%	$ 63,293	0.13%
Other borrowings [(1)]	42,365	2.41	42,021	2.80	42,251	2.27	46,537	2.57
Subordinated notes	222,660	5.50	19,557	5.83	222,611	5.65	9,778	5.83
Subordinated debentures	118,449	4.19	117,887	3.68	118,375	4.12	117,818	3.64
Total other interest bearing liabilities	$460,084	3.99%	$237,749	2.84%	$461,475	4.02%	$237,426	2.59%

(1) Included in other borrowings at June 30, 2017 are FHLB advances that contain quarterly call features with weighted average interest rates which mature as follows: November 2017, $20.0 million at 3.16% and January 2018, $20.0 million at 2.53%.

CAPITAL RESOURCES AND LIQUIDITY

Capital Resources

Subordinated Notes. At June 30, 2017, we have $225 million in aggregate principal amount of 5.50% Fixed-to-Floating Rate Subordinated Notes due 2026 (the "Notes"). The Notes are unsecured, subordinated debt obligations and mature on July 1, 2026. From and including the date of issuance to, but excluding July 1, 2021, the Notes bear interest at an initial rate of 5.50% per annum. From and including July 1, 2021 to, but excluding the maturity date or earlier redemption, the Notes will bear interest at a floating rate equal to three-month LIBOR as calculated on each applicable date of determination plus a spread of 442.5 basis points; provided, however, that in the event three-month LIBOR is less than zero, then three-month LIBOR shall be deemed to be zero.

We may, beginning with the interest payment date of July 1, 2021, and on any interest payment date thereafter, redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued and unpaid interest to but excluding the date of redemption. We may also redeem the Notes at any time, including prior to July 1, 2021, at our option, in whole but not in part, if: (i) a change or prospective change in law occurs that could prevent us from deducting interest payable on the Notes for U.S. federal income tax purposes; (ii) a subsequent event occurs that could preclude the Notes from being recognized as Tier 2 capital for regulatory capital purposes; or (iii) we are required to register as an investment bank under the Investment Bank Act of 1940, as amended; in each case, at a redemption price equal to 100% of the principal amount of the Notes plus any accrued and unpaid interest to but excluding the redemption date. The Notes provide us with additional Tier 2 regulatory capital to support our expected future growth.

Subordinated Debentures. We own eight 100%-owned finance subsidiary business trusts – Ozark Capital Statutory Trust II ("Ozark II"), Ozark Capital Statutory Trust III ("Ozark III"), Ozark Capital Statutory Trust IV ("Ozark IV"), Ozark Capital Statutory Trust V ("Ozark V") (collectively, the "Ozark Trusts"), and as a result of our Intervest acquisition, Intervest Statutory Trust II ("Intervest II"), Intervest Statutory Trust III ("Intervest III"), Intervest Statutory Trust IV ("Intervest IV") and Intervest Statutory Trust V ("Intervest V"), (collectively, the "Intervest Trusts"; and together with Ozark Trusts, the "Trusts"). At June 30, 2017, we had the following issues of trust preferred securities and subordinated debentures owed to the Trusts.

	Subordinated Debentures Owed to Trust	Unamortized Discount at June 30, 2017	Carrying Value of Subordinated Debentures at June 30, 2017	Trust Preferred Securities of the Trusts	Contractual Interest Rate at June 30, 2017	Final Maturity Date
	(Dollars in thousands)					
Ozark II	$ 14,433	$ —	$ 14,433	$ 14,000	4.20%	September 29, 2033
Ozark III	14,434	—	14,434	14,000	4.11	September 25, 2033
Ozark IV	15,464	—	15,465	15,000	3.41	September 28, 2034
Ozark V	20,619	—	20,619	20,000	2.85	December 15, 2036
Intervest II	15,464	(500)	14,964	15,000	4.22	September 17, 2033
Intervest III	15,464	(580)	14,884	15,000	4.06	March 17, 2034
Intervest IV	15,464	(1,054)	14,410	15,000	3.67	September 20, 2034
Intervest V	10,310	(1,000)	9,310	10,000	2.90	December 15, 2036
	$ 121,652	$ (3,134)	$ 118,519	$ 118,000		

Our subordinated debentures and securities generally mature 30 years after issuance and may be prepaid at par, subject to regulatory approval, upon certain changes in tax laws, investment bank laws or regulatory capital requirements. These subordinated debentures and the related trust preferred securities provide us additional regulatory capital to support our expected future growth and expansion.

Other Sources of Capital. We may need to raise additional capital in the future to provide us with sufficient capital resources and liquidity to meet our commitments and business needs. As a publicly traded Bank, a likely source of additional funds is the capital markets, which can provide us with funds through the public issuance of equity, both common and preferred stock, and the issuance of senior debt and/or subordinated debentures. Our ability to raise additional capital, if needed, will depend on, among other things, conditions in the capital markets at that time, which are outside of our control, and our financial performance. Other than common stock, any issuance of equity or debt by the Bank will require the prior approval of the Arkansas State Bank Department ("ASBD"), and may be accompanied by time delays associated with obtaining such approval. If market conditions change during any time delays associated with obtaining regulatory approval, the Bank may not be able to issue equity or debt on as favorable terms as were contemplated at the time of commencement of the process, or at all.

On May 31, 2017, we completed the issuance and sale of 6,600,000 shares of our common stock which, net of stock issuance costs of $247,000, generated net proceeds of approximately $299.7 million. We expect to use the proceeds from this offering to support our organic growth, including growth in non-purchased loans and leases, for potential future acquisitions and for general corporate purposes.

Corporate Reorganization. On June 26, 2017, as the result of an internal restructuring designed to eliminate its bank holding company structure, Bank of the Ozarks, Inc., an Arkansas corporation, merged with and into the Bank, with the Bank continuing as the surviving corporation (the "Reorganization"). At the effective time of the merger, each share of Bank of the Ozarks, Inc.'s common stock issued and outstanding immediately prior to the merger was automatically converted to one share of common stock of the Bank having the same designations, rights, powers and preferences and the same qualifications, limitations and restrictions as those associated with each share of Bank of the Ozarks, Inc. As a result, Bank of the Ozarks, Inc. shareholders upon consummation of the merger became Bank shareholders. The primary purpose of the Reorganization was to create a more efficient corporate structure. The business operations, directors and executive officers of the Bank did not change as a result of the Reorganization.

The Bank continues to be subject to regulation by the ASBD. Because the Bank is an insured depository institution that is not a member bank of the FRB, our primary federal regulator is the FDIC. Following the Reorganization, we are no longer subject to the FRB's regulation and supervision (except such regulations as are made applicable to the Bank by law and regulations of the FDIC).

Upon closing of the Reorganization, the Bank's shares of common stock were listed on The NASDAQ Global Select Market ("NASDAQ") under the same ticker symbol, "OZRK." Our common stock is registered under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which vests the FDIC with the power to administer and enforce certain sections of the Exchange Act applicable to banks. Following the Reorganization, we no longer file periodic or current reports or other materials with the SEC but are required to file such periodic and current reports and other materials required under the Exchange Act with the FDIC.

Pursuant to Section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), securities issued by the Bank, including the common stock issued in connection with the Reorganization, are exempt from registration under the Securities Act.

Common Stockholders' Equity and Reconciliation of Non-GAAP Financial Measures. We use non-GAAP financial measures, specifically tangible common stockholders' equity, tangible common stockholders' equity to total tangible assets, tangible book value per common share and return on average tangible common stockholders' equity as important measures of the strength of our capital and our ability to generate earnings on tangible common equity invested by our shareholders. We believe presentation of these non-GAAP financial measures provides useful supplemental information that contributes to a proper understanding of our financial results and capital levels. These non-GAAP disclosures should not be viewed as a substitute for financial results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are included in the following tables.

Calculation of Total Tangible Common Stockholders' Equity and the Ratio of Total Tangible Common Stockholders' Equity to Total Tangible Assets

	June 30, 2017	December 31, 2016
	(Dollars in thousands)	
Total common stockholders' equity before noncontrolling interest	$ 3,260,123	$ 2,791,607
Less intangible assets:		
Goodwill	(660,789)	(660,119)
Other intangible assets, net of accumulated amortization	(54,541)	(60,831)
Total intangibles	(715,330)	(720,950)
Total tangible common stockholders' equity	$ 2,544,793	$ 2,070,657
Total assets	$ 20,064,589	$ 18,890,142
Less intangible assets:		
Goodwill	(660,789)	(660,119)
Other intangible assets, net of accumulated amortization	(54,541)	(60,831)
Total intangibles	(715,330)	(720,950)
Total tangible assets	$ 19,349,259	$ 18,169,192
Ratio of total common stockholders' equity to total assets	16.25%	14.78%
Ratio of total tangible common stockholders' equity to total tangible assets	13.15%	11.40%

Calculation of Total Tangible Common Stockholders' Equity and Tangible Book Value Per Common Share

	June 30, 2017	December 31, 2016
	(In thousands, except per share amounts)	
Total common stockholders' equity before noncontrolling interest	$ 3,260,123	$ 2,791,607
Less intangible assets:		
Goodwill	(660,789)	(660,119)
Other intangible assets, net of accumulated amortization	(54,541)	(60,831)
Total intangibles	(715,330)	(720,950)
Total tangible common stockholders' equity	$ 2,544,793	$ 2,070,657
Shares of common stock outstanding	128,190	121,268
Book value per common share	$ 25.43	$ 23.02
Tangible book value per common share	$ 19.85	$ 17.08

Calculation of Average Tangible Common Stockholders' Equity and Annualized Return on Average Tangible Common Stockholders' Equity

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(Dollars in thousands)			
Net income available to common stockholders	$ 90,532	$ 54,474	$ 179,720	$ 106,162
Average common stockholders' equity before noncontrolling interest	$ 3,014,462	$ 1,526,828	$ 2,921,165	$ 1,505,742
Less average intangible assets:				
Goodwill	(660,789)	(125,873)	(660,472)	(125,660)
Other intangible assets, net of accumulated amortization	(56,281)	(24,468)	(57,929)	(25,317)
Total average intangibles	(717,070)	(150,341)	(718,401)	(150,977)
Average tangible common stockholders' equity	$ 2,297,392	$ 1,376,487	$ 2,202,764	$ 1,354,765
Return on average common stockholders' equity (1)	12.05%	14.35%	12.41%	14.18%
Return on average tangible common stockholders' equity (1)	15.81%	15.92%	16.45%	15.76%

(1) Ratios annualized based on actual days.

Common Stock Dividend Policy. During 2016 we paid quarterly cash dividends per common share of $0.15 in the first quarter, $0.155 in the second quarter, $0.16 in the third quarter and $0.165 in the fourth quarter. During 2017 we paid quarterly cash dividends per common share of $0.17 in the first quarter and $0.175 in the second quarter. On July 3, 2017, our board of directors approved a cash dividend of $0.18 per common share that was paid on July 21, 2017. The determination of future dividends on our common stock will depend on conditions existing at that time and approval of our board of directors. In addition, the Bank's ability to pay dividends to its shareholders is subject to the restrictions set forth in Arkansas law, by the Bank's federal regulator, and by certain covenants contained in the indentures governing the trust preferred securities, the subordinated debentures and the subordinated notes.

Capital Compliance

Regulatory Capital. We are subject to various regulatory capital requirements administered by federal and state banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and discretionary actions by regulators that, if undertaken, could have a direct material effect on our financial condition and results of operations. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of our assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. Our capital amounts and classification are also subject to qualitative judgments by the regulators about component risk weightings and other factors.

The FDIC and other federal banking regulators revised the risk-based capital requirements applicable to insured depository institutions, including the Bank, to make them consistent with agreements that were reached by the Basel Committee on Banking Supervision ("Basel III") and certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Basel III Rules"). The Basel III Rules became effective for the the Bank on January 1, 2015 (subject to a phase-in period for certain provisions). The Basel III Rules require the maintenance of minimum amounts and ratios of common equity tier 1 capital, tier 1 capital and total capital to risk-weighted assets, and of tier 1 capital to adjusted quarterly average assets.

Under the Basel III Rules, common equity tier 1 capital consists of common stock and paid-in capital (net of treasury stock) and retained earnings. Common equity tier 1 capital is reduced by goodwill, certain intangible assets, net of associated deferred tax liabilities, deferred tax assets that arise from tax credit and net operating loss carryforwards, net of any valuation allowance, and certain other items as specified by the Basel III Rules.

Tier 1 capital includes common equity tier 1 capital and certain additional tier 1 items as provided under the Basel III Rules. The tier 1 capital for the Bank consists of common equity tier 1 capital and, prior to the third quarter of 2016, $118 million of trust preferred securities issued by the Trusts. The Basel III Rules include certain provisions that require trust preferred securities to be phased out of, or no longer be considered, qualifying tier 1 capital for certain institutions depending on the size of the institution as measured by total assets. As a result of our acquisitions of C&S on July 20, 2016 and C1 on July 21, 2016, our total assets exceeded $15 billion. Accordingly, pursuant to the Basel III Rules, our trust preferred securities are no longer included in tier 1 capital as of September 30, 2016, but continue to be included in total capital.

Basel III Rules allow for insured depository institutions to make a one-time election not to include most elements of accumulated other comprehensive income in regulatory capital and instead effectively use the existing treatment under the general risk-based capital rules. We made this opt-out election to avoid significant variations in the level of capital depending upon the impact of interest rate fluctuations on the fair value of our investments securities portfolio.

Total capital includes tier 1 capital and tier 2 capital. Tier 2 capital includes, among other things, the allowable portion of the ALLL, the trust preferred securities and the subordinated notes.

The common equity tier 1 capital, tier 1 capital and total capital ratios are calculated by dividing the respective capital amounts by risk-weighted assets. The leverage ratio is calculated by dividing tier 1 capital by adjusted quarterly average total assets.

The Basel III Rules limit capital distributions and certain discretionary bonus payments if the banking organization does not hold a "capital conservation buffer" in addition to the amount necessary to meet minimum risk-based capital requirements for common equity tier 1 capital, tier 1 capital and total capital to risk-weighted assets. The capital conservation buffer began phasing in January 1, 2016 at 0.625% of risk-weighted assets, and increases each year until fully implemented at 2.5% on January 1, 2019. When fully phased in on January 1, 2019, the Basel III Rules will require us to maintain (i) a minimum ratio of common equity tier 1 capital to risk-weighted assets of at least 4.5%, plus a 2.5% capital conservation buffer, which effectively results in a minimum ratio of 7.0% upon full implementation, (ii) a minimum ratio of tier 1 capital to risk-weighted assets of at least 6.0%, plus a 2.5% capital conservation buffer, which effectively results in a minimum ratio of 8.5% upon full implementation, (iii) a minimum ratio of total capital to risk-weighted assets of at least 8.0%, plus a 2.5% capital conservation buffer, which effectively results in a minimum ratio of 10.5% upon full implementation and (iv) a minimum leverage ratio of 4.0%. Additionally, in order to be considered well-capitalized under the Basel III Rules, we must maintain (i) a ratio of common equity tier 1 capital to risk-weighted assets of at least 6.5%, (ii) a ratio of tier 1 capital to risk-weighted assets of at least 8.0%, (iii) a ratio of total capital to risk-weighted assets of at least 10.0% and (iv) a leverage ratio of at least 5.0%.

The following table presents actual and required capital ratios at June 30, 2017 and December 31, 2016 under the Basel III Rules. The minimum required capital amounts presented include the minimum required capital levels based on the current phase-in provisions of the Basel III Rules and the minimum required capital levels as of January 1, 2019 when the Basel III Rules are fully phased-in. Capital levels required to be considered well capitalized are based upon prompt corrective action regulations, as amended to reflect the changes under the Basel III Rules. At June 30, 2017 and December 31, 2016, capital levels exceed all minimum capital requirements under the Basel III Rules on a fully phased-in basis.

Regulatory Capital Ratios

	Actual		Minimum Capital Required – Basel III Phase-In Schedule		Minimum Capital Required – Basel III Fully Phased-In		Required to be Considered Well Capitalized	
	Capital Amount	Ratio	Capital Amount	Ratio	Capital Amount	Ratio	Capital Amount	Ratio
	(Dollars in thousands)							
June 30, 2017[(1)]:								
Common equity tier 1 to risk-weighted assets	$2,534,404	11.14%	$1,308,415	5.75%	$1,592,853	7.00%	$1,479,078	6.50%
Tier 1 capital to risk-weighted assets	2,534,404	11.14	1,649,741	7.25	1,934,179	8.50	1,820,403	8.00
Total capital to risk-weighted assets	2,959,724	13.01	2,104,841	9.25	2,389,280	10.50	2,275,504	10.00
Tier 1 leverage to average assets	2,534,404	13.81	734,177	4.00	734,177	4.00	917,721	5.00
December 31, 2016[(1)]:								
Common equity tier 1 to risk-weighted assets	$2,093,548	9.99%	$1,074,382	5.125%	$1,467,448	7.00%	$1,362,631	6.50%
Tier 1 capital to risk-weighted assets	2,093,548	9.99	1,388,835	6.625	1,781,902	8.50	1,677,083	8.00
Total capital to risk-weighted assets	2,513,089	11.99	1,808,106	8.625	2,201,173	10.50	2,096,355	10.00
Tier 1 leverage to average assets	2,093,548	11.99	698,438	4.00	698,438	4.00	873,048	5.00

(1) On June 26, 2017, we completed an internal restructuring that eliminated our bank holding company. As a result, the prior period regulatory capital ratios have been adjusted to reflect this internal restructuring as if the restructuring had occurred as of December 31, 2016.

Liquidity

General. Liquidity represents an institution's ability to provide funds to satisfy demands from depositors, borrowers and other creditors by either converting assets into cash or accessing new or existing sources of incremental funds. Liquidity risk arises from the possibility we may be unable to satisfy current or future funding requirements and needs. ALCO has primary responsibility for oversight of our liquidity, funds management, asset/liability (interest rate risk) position and capital.

The objective of managing liquidity risk is to ensure the cash flow requirements resulting from depositor, borrower and other creditor demands are met, as well as operating cash needs of the Bank, and the cost of funding such requirements and needs is reasonable. We maintain an asset/liability and interest rate risk policy and a liquidity and funds management policy, including a contingency funding plan that, among other things, include policies and procedures for managing liquidity risk. Generally we rely on deposits, repayments of loans and leases, and repayments of our investment securities as our primary sources of funds. Our principal deposit sources include consumer, commercial and public funds customers in our markets. We have used these funds, together with wholesale deposit sources such as brokered deposits, along with FHLB advances, federal funds purchased and other sources of short-term borrowings, to make loans and leases, acquire investment securities and other assets and to fund continuing operations.

Deposit levels may be affected by a number of factors including rates paid by competitors, general interest rate levels, returns available to customers on alternative investments, general economic and market conditions and other factors. Loan and lease repayments are generally a relatively stable source of funds but are subject to the borrowers' and lessees' ability to repay the loans and leases, which can be adversely affected by a number of factors including changes in general economic conditions, adverse trends or events affecting business industry groups or specific businesses, declines in real estate values or markets, business closings or lay-offs, inclement weather, natural disasters and other factors. Furthermore, loans and leases generally are not readily convertible to cash. Accordingly, we may be required from time to time to rely on secondary sources of liquidity to meet growth in loans and leases and deposit withdrawal demands or otherwise fund operations. Such secondary sources include wholesale deposit sources, FHLB advances, secured and unsecured federal funds lines of credit from correspondent banks, FRB borrowing programs and/or accessing the capital markets.

At June 30, 2017, we had $11.88 billion in unfunded balances on loans already closed, the vast majority of which is attributable to construction loans for which construction has commenced. In most cases the borrower's equity and all other required subordinated elements of the capital structure must be fully funded before we advance funds. Typically we are the last to advance funds and the first to be repaid. In many cases we do not advance funds on loans for many months after closing because the borrower's equity and other funding sources must fund first. This conservative practice for handling construction loans has led to the large unfunded balance of closed loans. As a result, we maintain a detailed 36-month forward funding forecast projecting all loan fundings and loan pay downs and pay offs. Our ability to project monthly net portfolio growth with a substantial degree of accuracy is an important part of our liquidity management process.

At June 30, 2017, we had substantial unused borrowing availability. This availability was primarily comprised of the following four options: (1) $3.90 billion of available blanket borrowing capacity with the FHLB, (2) $1.43 billion of investment securities available to pledge for federal funds or other borrowings, (3) $230 million of available unsecured federal funds borrowing lines and (4) up to $164 million of available borrowing capacity from borrowing programs of the FRB.

We anticipate we will continue to rely primarily on deposits, repayments of loans and leases and cash flows from our investment securities portfolio to provide liquidity, as well as other funding sources as appropriate. Additionally, where necessary, the sources of borrowed funds described above will be used to augment our primary funding sources.

During June 2017, we purchased approximately $728 million of highly liquid, short duration U.S. government agency mortgage-backed pass through securities that yield approximately 2.0%. These securities provide substantial on-balance sheet liquidity and carry a 20% risk-weighting for regulatory capital purposes.

Sources and Uses of Funds. Operating activities provided net cash of $201 million for the first six months of 2017 and $68 million for the first six months of 2016. Net cash provided by operating activities is comprised primarily of net income, adjusted for non-cash items and for changes in various operating assets and liabilities. The increase in cash provided by operating activities during the first six months of 2017 compared to the first six months of 2016 is due, in part, to the increase in net income.

Investing activities used net cash of $1.17 billion in the first six months of 2017 and $1.60 billion in the first six months of 2016. The decrease in net cash used by investing activities was primarily the result of the lower growth rate of our non-purchased loans and leases during the first six months of 2017 compared to the same period in 2016 and the increase in net payments received on our purchased loan portfolio.

Financing activities provided $930 million in the first six months of 2017 and $2.25 billion in the first six months of 2016. The decrease in cash provided by financing activities is primarily the result of a lower growth rate of deposits needed to fund growth of interest earning assets during the first six months of 2017 compared to the first six months of 2016.

Off-Balance Sheet Commitments. We are party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of our customers. These financial instruments primarily include commitments to extend credit (most of which are in the form of unfunded balances on loans already closed) and standby letters of credit. See Note 7 to the Consolidated Financial Statements for more information about our outstanding guarantees and commitments as of June 30, 2017.

Growth and Expansion

De Novo Growth. In January 2017, we consolidated our New York, New York RESG loan production office in with our retail banking office in New York, New York, and in February 2017, we opened a loan production office in Atlanta, Georgia for our mortgage lending team. In May 2017, we replaced leased facilities with Bank-owned facilities in Miami Beach, Florida and Harrisburg, North Carolina. In June 2017, we opened a loan production office in Little Rock, Arkansas for our mortgage lending team. We expect to open a retail banking office in McKinney, Texas during the third quarter of 2017. In 2018, we expect to (i) relocate our RESG team in Dallas, Texas to a nearby larger facility, (ii) open retail banking offices in Dallas, Texas and Ft. Worth, Texas and (iii) replace an existing leased facility with a Bank-owned facility in Winston-Salem, North Carolina. We also acquired property in Little Rock, Arkansas in 2016 where we expect to construct a new corporate headquarters facility that is currently projected to be completed in late 2019.

We intend to continue our growth and *de novo* branching strategy in the future years through the opening of additional retail banking and loan production offices. Opening new offices is subject to local banking market conditions, availability of suitable sites, hiring qualified personnel, obtaining regulatory and other approvals and many other conditions and contingencies that we cannot predict with certainty. We may increase or decrease our expected number of new office openings as a result of a variety of factors including our financial results, changes in economic or competitive conditions, strategic opportunities or other factors.

During the first six months of 2017, we spent approximately $23.1 million on capital expenditures for premises and equipment. Our capital expenditures for the full year 2017 are expected to be in the range of $35 million to $50 million, including progress payments on construction projects expected to be completed in future periods, furniture and equipment costs and acquisition of sites for future development. Actual expenditures may vary significantly from those expected, depending on the number and cost of additional offices acquired or constructed and sites acquired for future development, progress or delays encountered on ongoing and new construction projects, delays in or inability to obtain required approvals, potential premises and equipment expenditures associated with acquisitions, if any, and other factors.

Future Growth Strategy. We expect to continue growing through both our *de novo* branching strategy and traditional acquisitions. With respect to our *de novo* branching strategy, future *de novo* branches are expected to be focused in states where we currently have banking offices and in larger markets and MSAs across the U.S. where we currently do not have retail banking offices and believe we can generate significant growth from one or two strategically located offices in each such market. Future RESG loan production offices are expected to be focused in strategically important markets (most likely offices in Seattle, Washington, D.C., Boston and Chicago). With respect to acquisitions, we are seeking acquisitions that are either immediately accretive to book value, tangible book value, and diluted earnings per share, or strategic to our business, or both.

RECENTLY ISSUED ACCOUNTING STANDARDS

See Note 15 to the Consolidated Financial Statements for a discussion of certain recently issued and recently adopted accounting pronouncements.

Item 3. **Quantitative and Qualitative Disclosures about Market Risk**

Interest rate risk results from timing differences in the repricing of assets and liabilities or from changes in relationships between interest rate indexes. Our interest rate risk management is the responsibility of ALCO.

We regularly review our exposure to changes in interest rates. Among the factors considered are changes in the mix of interest earning assets and interest bearing liabilities, interest rate spreads and repricing periods. Typically, ALCO reviews on at least a quarterly basis our relative ratio of rate sensitive assets (“RSA”) to rate sensitive liabilities (“RSL”) and the related cumulative gap for different time periods. However, the primary tool used by ALCO to analyze our interest rate risk and interest rate sensitivity is an earnings simulation model.

This earnings simulation modeling process projects a baseline net interest income (assuming no changes in interest rate levels) and estimates changes to that baseline net interest income resulting from changes in interest rate levels. We rely primarily on the

results of this model in evaluating our interest rate risk. This model incorporates a number of additional factors including: (1) the expected exercise of call features on various assets and liabilities, (2) the expected rates at which various RSA and RSL will reprice, (3) the expected growth in various interest earning assets and interest bearing liabilities and the expected interest rates on new assets and liabilities, (4) the expected relative movements in different interest rate indexes which are used as the basis for pricing or repricing various assets and liabilities, (5) existing and expected contractual cap and floor rates on various assets and liabilities, (6) expected changes in administered rates on interest bearing transaction, savings, money market and time deposit accounts and the expected impact of competition on the pricing or repricing of such accounts, (7) the timing and amount of cash flows expected to be received on purchased loans, (8) the need for additional capital and/or debt to support continued growth and (9) other relevant factors. Inclusion of these factors in the model is intended to more accurately project our expected changes in net interest income resulting from interest rate changes. We typically model our change in net interest income assuming interest rates go up 100 bps, up 200 bps, up 300 bps, up 400 bps, up 500 bps, down 100 bps, down 200 bps, down 300 bps, down 400 bps and down 500 bps. Based on current conditions, we believe that modeling our change in net interest income assuming interest rates go down 100 bps, down 200 bps, down 300 bps, down 400 bps and down 500 bps is not meaningful. For purposes of this model, we have assumed that the change in interest rates phases in over a 12-month period. While we believe this model provides a reasonably accurate projection of our interest rate risk, the model includes a number of assumptions and predictions which may or may not be correct and may impact the model results. These assumptions and predictions include inputs to compute baseline net interest income, growth rates, expected changes in administered rates on interest bearing deposit accounts, competition and a variety of other factors that are difficult to accurately predict. Accordingly, there can be no assurance the earnings simulation model will accurately reflect future results.

The following table presents the earnings simulation model's projected impact of a change in interest rates on our projected baseline net interest income for the 12-month period commencing July 1, 2017. This change in interest rates assumes parallel shifts in the yield curve and does not take into account changes in the slope of the yield curve or the impact of any possible future acquisitions.

Shift in Interest Rates (in bps)	**% Change in Projected Baseline Net Interest Income**
+500	19.1%
+400	15.4
+300	11.5
+200	7.6
+100	3.8
-100	Not meaningful
-200	Not meaningful
-300	Not meaningful
-400	Not meaningful
-500	Not meaningful

In the event of a shift in interest rates, management may take certain actions intended to mitigate the negative impact to net interest income or to maximize the positive impact to net interest income. These actions may include, but are not limited to, restructuring of interest earning assets and interest bearing liabilities, seeking alternative funding sources or investment opportunities and modifying the pricing or terms of loans, leases and deposits.

Item 4. **Controls and Procedures**

(a) Evaluation of Disclosure Controls and Procedures.

As of the end of the period covered by this report, our management carried out an evaluation, under the supervision and with the participation of the Bank's Chairman and Chief Executive Officer (principal executive officer) and its Chief Financial Officer and Chief Accounting Officer (principal financial officer), of the effectiveness of the design and operation of our disclosure controls and procedures as defined in SEC Rule 13a-15(e) under the Exchange Act. Disclosure controls and procedures are controls and other procedures designed to ensure that the information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our principal executive and principal financial officers, as appropriate, to allow for timely decisions regarding required disclosure. Based on that evaluation, the principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, the Bank's disclosure controls and procedures were effective.

(b) Changes in Internal Control over Financial Reporting.

Our management, including our Chairman and Chief Executive Officer and our Chief Financial Officer and Chief Accounting Officer, has evaluated any changes in our internal control over financial reporting that occurred during the quarterly period covered by this report and has concluded that there were no changes during the quarterly period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. **Legal Proceedings**

On December 19, 2011, Bank of the Ozarks' former parent holding company, Bank of the Ozarks, Inc., and Bank of the Ozarks (the "Bank") were named as defendants in a purported class action lawsuit filed in the Circuit Court of Lonoke County, Arkansas, Division III, styled *Robert Walker, Ann B. Hines and Judith Belk vs. Bank of the Ozarks, Inc. and Bank of the Ozarks*. On December 20, 2012, the Bank was named as a defendant in a purported class action lawsuit filed in the Circuit Court of Pulaski County, Arkansas, Ninth Division, styled *Audrey Muzingo v. Bank of the Ozarks*. Subsequently, counsel for the plaintiffs in the *Walker* case and counsel for the plaintiff in the *Muzingo* case have reached an agreement whereby Ms. Muzingo is now considered a member of the class in the *Walker* case. The complaint challenged the manner in which overdraft fees were charged and the policies related to the posting order of payments. In addition, the complaint alleged violations of the Arkansas Deceptive Trade Practices Act. The complaint seeks to have the case certified by the court as a class action for all Bank account holders located in the State of Arkansas similarly situated, and seeks (1) a declaratory judgment as to the wrongful nature of the Bank's overdraft fee policies, (2) restitution of overdraft fees paid by the plaintiffs and the putative class as a result of the actions cited in the complaint, (3) disgorgement of profits as a result of the alleged wrongful actions, (4) unspecified compensatory and statutory or punitive damages, and (5) pre-judgment interest, costs, and plaintiffs' attorneys' fees. The parties participated in a mediation on May 11, 2017, at which time the parties reached a settlement in principle. The parties are negotiating the form of the settlement documents at this time. The terms of the settlement that were agreed to on May 11, 2017, which must be approved by the court presiding over the *Walker* case, will not have a material adverse effect on the Bank's financial condition, results of operations or liquidity. The *Muzingo* case has been dismissed with prejudice.

The Bank is party to various other claims and legal proceedings, as both plaintiff and defendant, arising in the ordinary course of business. While the ultimate resolution of these various claims and legal proceedings cannot be determined at this time, management of the Bank believes that such claims and proceedings, individually or in the aggregate, will not have a material adverse effect on the future results of operations, financial condition, or liquidity of the Bank.

Item 1A. **Risk Factors**

There are no material changes from the risk factors set forth under Part 1, Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC on March 1, 2017.

Item 2. **Unregistered Sales of Equity Securities and Use of Proceeds**

On June 26, 2017, as the result of an internal restructuring designed to eliminate its bank holding company structure, Bank of the Ozarks, Inc. merged with and into the Bank, with the Bank continuing as the surviving corporation (the "Reorganization").

In connection with the Reorganization, the Bank assumed all of the former holding company's rights and obligations under each of its equity incentive plans, equity compensation plans, and other compensation plans, including all issued and outstanding stock options, unvested time-based and performance-based restricted common stock, and any other equity or equity-based awards issued thereunder. All outstanding equity awards were automatically converted into an option, or other right to acquire or vest in the same number and type of equity interests of the Bank as of the holding company immediately prior to the consummation of the Reorganization. Prior to the Reorganization, the shares of the former holding company's common stock that were reserved for equity awards were registered under the Securities Act of 1933 ("Securities Act"). Pursuant to Section 3(a)(2) of the Securities Act, securities issued by the Bank are exempt from registration under the Securities Act.

Subsequent to the Reorganization during the second quarter of 2017, the Bank issued an aggregate of 4,000 shares of common stock in connection with the exercise of stock options issued to certain participants under the Amended and Restated Stock Option Plan. The shares were issued in reliance on the exemption provided by Section 3(a)(2) of the Securities Act.

Item 3. **Defaults Upon Senior Securities**

Not Applicable.

Item 4. **Mine Safety Disclosures**

Not Applicable.

Item 5. **Other Information**

None.

Item 6. **Exhibits**

Reference is made to the Exhibit Index set forth immediately following the signature page of this report.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Bank of the Ozarks

DATE: August 8, 2017

/s/ Greg McKinney
Greg McKinney
Chief Financial Officer and
Chief Accounting Officer
(Principal Financial Officer and Authorized Officer)

Bank of the Ozarks

Exhibit Index

Exhibit Number	
2.1	Agreement and Plan of Merger among Bank of the Ozarks, Inc., Bank of the Ozarks, Community & Southern Holdings, Inc. and Community & Southern Bank, dated as of October 19, 2015.
2.2	Agreement and Plan of Merger among Bank of the Ozarks, Inc., Bank of the Ozarks, C1 Financial, Inc. and C1 Bank, dated as of November 9, 2015.
2.3	Agreement and Plan of Merger, dated April 10, 2017, by and between Bank of the Ozarks, Inc. and Bank of the Ozarks (previously filed as Exhibit 2.1 to the Bank's Current Report on Form 8-K filed with the FDIC on June 26, 2017 and incorporated herein by reference).
3.1	Amended and Restated Articles of Incorporation of Bank of the Ozarks (previously filed as Exhibit 3.1 to the Bank's Form 8-K filed with the FDIC on June 26, 2017 and incorporated herein by reference).
3.2	Amended and Restated Bylaws of Bank of the Ozarks (previously filed as Exhibit 3.2 to the Bank's Current Report on Form 8-K filed with the FDIC on June 26, 2017, and incorporated herein by this reference).
4.1	Instruments defining the rights of security holders, including indentures. The Bank hereby agrees to furnish to the FDIC upon request copies of instruments defining the rights of holders of long-term debt of the Bank and its consolidated subsidiaries; no issuance of debt exceeds ten percent of the assets of the Bank and its subsidiaries on a consolidated basis.
11.1	Earnings Per Share Computation (included in Note 4 to the Consolidated Financial Statements).
12.1	Computation of Ratios of Earnings to Fixed Charges, filed herewith.
31.1	Certification of Chairman and Chief Executive Officer, pursuant to Section 302 of the Sarbanes Oxley Act of 2002, filed herewith.
31.2	Certification of Chief Financial Officer and Chief Accounting Officer, pursuant to Section 302 of the Sarbanes Oxley Act of 2002, filed herewith.
32.1	Certification of Chairman and Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.
32.2	Certification of Chief Financial Officer and Chief Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished herewith.

Exhibit 2.1

AGREEMENT AND PLAN OF MERGER

DATED AS OF OCTOBER 19, 2015

BY AND AMONG

BANK OF THE OZARKS, INC.,

BANK OF THE OZARKS,

COMMUNITY & SOUTHERN HOLDINGS, INC.

AND

COMMUNITY & SOUTHERN BANK

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Exhibit A-1 – Form of Voting Agreement (Company)
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Exhibit B – Plan of Bank Merger

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this "***Agreement***") is dated as of October 19, 2015, by and among Bank of the Ozarks, Inc., an Arkansas corporation ("***Buyer***"), Bank of the Ozarks, an Arkansas state banking corporation and a wholly-owned subsidiary of Buyer ("***Buyer Bank***"), Community & Southern Holdings, Inc., a Delaware corporation ("***Company***"), and Community & Southern Bank, a Georgia state bank and wholly-owned subsidiary of Company ("***Company Bank***").

W I T N E S S E T H

WHEREAS, the respective boards of directors of each of Buyer, Buyer Bank, Company and Company Bank have (i) determined that this Agreement and the business combination and related transactions contemplated hereby are in the best interests of their respective entities and stockholders; and (ii) determined that this Agreement and the transactions contemplated hereby are consistent with and in furtherance of their respective business strategies;

WHEREAS, in accordance with the terms of this Agreement, (i) Company will merge with and into Buyer, with Buyer as the surviving entity (the "***Merger***"), and immediately thereafter (ii) Company Bank will merge with and into Buyer Bank, with Buyer Bank as the surviving entity (the "***Bank Merger***");

WHEREAS, as a material inducement for each of the parties to enter into this Agreement, each of the directors and certain officers and principal holders of the Company Common Stock have entered into a voting agreement dated as of the date hereof, the form of which is attached hereto as Exhibit A-1 and Buyer's Chairman and Chief Executive Officer has entered into a voting agreement dated as of the date hereof, the form of which is attached hereto as Exhibit A-2 (each a "***Voting Agreement***" and collectively, the "***Voting Agreements***"), pursuant to which each such person has agreed, among other things, to vote in favor of the approval of this Agreement and the transactions contemplated hereby, upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the parties desire to make certain representations, warranties and agreements in connection with the transactions described in this Agreement and to prescribe certain conditions thereto; and

WHEREAS, the parties desire that capitalized terms used herein shall have the definitions ascribed to such terms when they are first used herein or as otherwise specified in ARTICLE VIII hereof.

NOW, THEREFORE, in consideration of the mutual promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

THE MERGER

Section 1.01 The Merger. Subject to the terms and conditions of this Agreement, at the Effective Time, Company shall merge with and into Buyer in accordance with the DGCL and the ABCA. Upon consummation of the Merger, at the Effective Time the separate corporate existence of Company shall cease and Buyer shall survive and continue to exist as a corporation incorporated under the laws of the ABCA (Buyer, as the surviving entity in the Merger, sometimes being referred to herein as the "***Surviving Entity***").

Section 1.02 Articles of Incorporation and Bylaws. The Articles of Incorporation and Bylaws of the Surviving Entity upon consummation of the Merger at the Effective Time shall be the Articles of Incorporation and Bylaws of Buyer as in effect immediately prior to the Effective Time.

Section 1.03 Directors and Officers of Surviving Entity. The directors and officers of the Surviving Entity immediately after the Effective Time of the Merger shall be the directors and officers of Buyer in office immediately prior to the Effective Time. Each of the directors and officers of the Surviving Entity immediately after the Effective Time of the Merger shall hold office until his or her successor is elected and qualified or otherwise in accordance with the Articles of Incorporation and Bylaws of the Surviving Entity.

Section 1.04 Bank Merger. Immediately following the Effective Time or as promptly as practicable thereafter, Company Bank will be merged with and into Buyer Bank upon the terms and with the effect set forth in the Plan of Bank Merger, substantially in the form attached hereto as Exhibit B.

Section 1.05 Effective Time; Closing.

(a) Subject to the terms and conditions of this Agreement, Buyer, Buyer Bank, Company and Company Bank will make all such filings as may be required to consummate the Merger and the Bank Merger by applicable Laws. The Merger shall become effective as set forth in the certificate of merger (the "***Certificate of Merger***") and the articles of merger (the "***Articles of Merger***") related to the Merger that shall be filed with the Delaware Secretary of State and the Arkansas Secretary of State, respectively, on the Closing Date. The "***Effective Time***" of the Merger shall be the later of (i) the date and time of filing of the Certificate of Merger or the Articles of Merger (whichever is later filed), or (ii) the date and time when the Merger becomes effective as set forth in the Certificate of Merger and the Articles of Merger, which shall be no later than five (5) Business Days after all of the conditions to the Closing set forth in ARTICLE VI (other than conditions to be satisfied at the Closing, which shall be satisfied or waived at the Closing) have been satisfied or waived in accordance with the terms hereof.

(b) The Bank Merger shall become effective as set forth in the articles of merger providing for the Bank Merger (the "***Articles of Bank Merger***") that shall be filed with the Arkansas State Bank Department and, if applicable, the Georgia Department of Banking and

Finance, at the later of immediately following the Effective Time or as promptly as practicable thereafter.

(c) The closing of the transactions contemplated by this Agreement (the "***Closing***") shall take place beginning immediately prior to the Effective Time (such date, the "***Closing Date***") at the offices of Kutak Rock LLP, 124 W. Capitol Ave., Suite 2000, Little Rock, AR 72201, or such other place as the parties may mutually agree. At the Closing, there shall be delivered to Buyer and Company the Articles of Merger, the Certificate of Merger, the Articles of Bank Merger and such other certificates and other documents required to be delivered under ARTICLE VI hereof.

Section 1.06 Additional Actions. If, at any time after the Effective Time, Buyer shall consider or be advised that any further deeds, documents, assignments or assurances in Law or any other acts are necessary or desirable to carry out the purposes of this Agreement, Company, Company Bank, their respective Subsidiaries and their respective officers and directors shall be deemed to have granted to Buyer and Buyer Bank, and each or any of them, an irrevocable power of attorney to execute and deliver, in such official corporate capacities, all such deeds, assignments or assurances in Law or any other acts as are necessary or desirable to carry out the purposes of this Agreement, and the officers and directors of Buyer and Buyer Bank, as applicable, are authorized in the name of Company, Company Bank and their respective Subsidiaries or otherwise to take any and all such action.

Section 1.07 Reservation of Right to Revise Structure. Buyer may at any time and without the approval of Company change the method of effecting the business combination contemplated by this Agreement if and to the extent that it deems such a change to be desirable; *provided, however*, that no such change shall (i) alter or change the amount of the consideration to be issued to (x) Holders as Merger Consideration or (y) holders of Company Stock Options, Company RSUs, Company DSUs or Company Warrants, each as currently contemplated in this Agreement, (ii) reasonably be expected to materially impede or delay consummation of the Merger, (iii) adversely affect the federal income tax treatment of Holders in connection with the Merger, or (iv) require submission to or approval of Company's stockholders after the plan of merger set forth in this Agreement has been approved by Company's stockholders. In the event that Buyer elects to make such a change, the parties agree to execute appropriate documents to reflect the change.

ARTICLE II

MERGER CONSIDERATION; EXCHANGE PROCEDURES

Section 2.01 Merger Consideration. Subject to the provisions of this Agreement, at the Effective Time, automatically by virtue of the Merger and without any action on the part of Buyer, Buyer Bank, Company Bank, Company or any stockholder of Company:

(a) Each share of Buyer Common Stock that is issued and outstanding immediately prior to the Effective Time shall remain outstanding following the Effective Time and shall be unchanged by the Merger.

(b) Each share of Company Common Stock owned directly by Buyer, Company or any of their respective Subsidiaries (other than shares in trust accounts, managed accounts and the like for the benefit of customers or shares held as collateral for outstanding debt previously contracted) immediately prior to the Effective Time shall be cancelled and retired at the Effective Time without any conversion thereof, and no payment shall be made with respect thereto.

(c) Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than Dissenting Shares, treasury stock and shares described in Section 2.01(b) above) shall automatically and without any further action on the part of the Holder thereof be converted into the right to receive the per share Merger Consideration and cash in lieu of fractional shares of Buyer Common Stock.

(d) Each share of Company Stock issued and outstanding immediately prior to the Effective Time, the Holder of which has not voted in favor of nor consented in writing to the approval of the Merger and who has properly perfected such Holder's dissenter's rights of appraisal by following the exact procedure required by Section 262 of the DGCL is referred to herein as a "***Dissenting Share***." Each Dissenting Share shall not be converted into or represent the right to receive the Merger Consideration pursuant to this Article II and shall be entitled only to such rights as are available to such Holder pursuant to the applicable provisions of the DGCL. Each Holder of Dissenting Shares (hereinafter called a "***Dissenting Stockholder***") shall be entitled to receive the value of such Dissenting Shares held by the Dissenting Stockholder in accordance with the applicable provisions of the DGCL; *provided*, such Holder complies with the procedures contemplated by and set forth in the applicable provisions of the DGCL. If any Dissenting Stockholder shall effectively withdraw or lose such Holder's dissenter's rights under the applicable provisions of the DGCL, each such Dissenting Share shall be deemed to have been converted into and to have become exchangeable for, the right to receive the per share Merger Consideration, without any interest thereon, in accordance with the applicable provisions of this Agreement.

Section 2.02 Company Stock-Based Awards. Company Stock Options, Company RSUs, Company DSUs and Company Warrants will be treated in accordance with Section 5.21.

Section 2.03 Rights as Stockholders; Stock Transfers. At the Effective Time, all shares of Company Common Stock, when converted in accordance with Section 2.01(c) above, shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each Certificate or Book-Entry Share previously evidencing such shares shall thereafter represent only the right to receive for each such share of Company Common Stock, the per share Merger Consideration and any cash in lieu of fractional shares of Buyer Common Stock in accordance with this ARTICLE II. At the Effective Time, holders of Company Common Stock shall cease to be, and shall have no rights as, stockholders of Company, other than the right to receive the per share Merger Consideration and cash in lieu of fractional shares of Buyer Common Stock as provided under this ARTICLE II. After the Effective Time, there shall be no registration of transfers on the stock transfer books of Company of shares of Company Common Stock.

Section 2.04 Fractional Shares. Notwithstanding any other provision hereof, no fractional shares of Buyer Common Stock and no certificates or scrip therefor, or other evidence

of ownership thereof, will be issued in the Merger. In lieu thereof, Buyer shall pay or cause to be paid to each holder of a fractional share of Buyer Common Stock, rounded to the nearest one hundredth of a share, an amount of cash (without interest and rounded to the nearest whole cent) determined by multiplying the fractional share interest in Buyer Common Stock to which such holder would otherwise be entitled by the Buyer Average Stock Price.

Section 2.05 Plan of Reorganization. It is intended that the Merger shall constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "***Code***"), and that this Agreement shall constitute a "plan of reorganization" as that term is used in Sections 354 and 361 of the Code. The business purpose of the Merger and the Bank Merger is to combine two financial institutions to create a strong community-based commercial banking franchise.

Section 2.06 Exchange Procedures. As promptly as practicable after the Effective Time but in no event later than one (1) Business Day after the Closing Date, and provided that Company has delivered, or caused to be delivered, to the Exchange Agent all information that is necessary for the Exchange Agent to perform its obligations as specified herein, the Exchange Agent shall mail or otherwise cause to be delivered to each Holder appropriate and customary transmittal materials, which shall specify that delivery shall be effected, and risk of loss and title to the Certificates or Book-Entry Shares shall pass, only upon delivery of the Certificates or Book-Entry Shares to the Exchange Agent, as well as instructions for use in effecting the surrender of the Certificates or Book-Entry Shares in exchange for the Merger Consideration as provided for in this Agreement (the "***Letter of Transmittal***").

Section 2.07 Deposit of Merger Consideration.

(a) Prior to the Effective Time, Buyer shall (i) deposit, or shall cause to be deposited, with the Exchange Agent stock certificates representing the number of shares of Buyer Common Stock sufficient to deliver the Merger Consideration (together with, to the extent then determinable, any cash payable in lieu of fractional shares pursuant to Section 2.04, and if applicable, cash in an aggregate amount sufficient to make the appropriate payment to the holders of Dissenting Shares) (collectively, the "***Exchange Fund***"), and (ii) instruct the Exchange Agent to promptly pay such Merger Consideration and cash in lieu of fractional shares within two (2) Business Days, or as promptly as practicable thereafter, upon receipt of a properly completed Letter of Transmittal in accordance with this Agreement.

(b) Any portion of the Exchange Fund that remains unclaimed by the stockholders of Company for one (1) year after the Effective Time (as well as any interest or proceeds from any investment thereof) shall be delivered by the Exchange Agent to Buyer. Any stockholders of Company who have not theretofore complied with this Section 2.07 and Section 2.08(a) shall thereafter look only to Buyer for the Merger Consideration deliverable in respect of each share of Company Common Stock such stockholder held as of immediately prior to the Effective Time, as determined pursuant to this Agreement, in each case without any interest thereon. If outstanding Certificates or Book-Entry Shares for shares of Company Common Stock are not surrendered or the payment for them is not claimed prior to the date on which such shares of Buyer Common Stock or cash would otherwise escheat to or become the property of any governmental unit or agency, the unclaimed items shall, to the extent permitted by the law of

abandoned property and any other applicable Law, become the property of Buyer (and to the extent not in its possession shall be delivered to it), free and clear of all claims or interest of any Person previously entitled to such property. Neither the Exchange Agent nor any party to this Agreement shall be liable to any Holder represented by any Certificate or Book-Entry Share for any Merger Consideration (or any dividends or distributions with respect thereto) paid to a public official pursuant to applicable abandoned property, escheat or similar Laws. Buyer and the Exchange Agent shall be entitled to rely upon the stock transfer books of Company to establish the identity of those Persons entitled to receive the Merger Consideration specified in this Agreement, which books shall be conclusive with respect thereto. In the event of a dispute with respect to ownership of any shares of Company Common Stock represented by any Certificate or Book-Entry Share, Buyer and the Exchange Agent shall be entitled to tender to the custody of any court of competent jurisdiction any Merger Consideration represented by such Certificate or Book-Entry Share and file legal proceedings interpleading all parties to such dispute, and will thereafter be relieved with respect to any claims thereto.

Section 2.08 Delivery of Merger Consideration.

(a) Upon surrender to the Exchange Agent of its Certificate(s) or Book-Entry Share(s), accompanied by a properly completed Letter of Transmittal timely delivered to the Exchange Agent, a Holder will be entitled to receive such Holder’s pro rata portion of the Merger Consideration and any cash in lieu of fractional shares of Buyer Common Stock to be issued or paid in consideration therefor (with such cash rounded to the nearest whole cent) in respect of the shares of Company Common Stock represented by such Holder’s Certificates or Book-Entry Shares. The Exchange Agent and Buyer, as the case may be, shall not be obligated to deliver cash and/or shares of Buyer Common Stock to a Holder to which such Holder would otherwise be entitled as a result of the Merger until such Holder surrenders the Certificates or Book-Entry Shares representing the shares of Company Common Stock for exchange as provided in this ARTICLE II, or, an appropriate affidavit of loss and indemnity agreement and/or a bond in such amount as may be required in each case by Buyer or the Exchange Agent.

(b) All shares of Buyer Common Stock to be issued pursuant to the Merger, including shares issued with respect to Company Stock Options, Company RSUs, Company DSUs and Company Warrants in accordance with Section 5.21, shall be deemed issued and outstanding as of the Effective Time and if ever a dividend or other distribution is declared by Buyer in respect of the Buyer Common Stock, the record date for which is at or after the Effective Time, that declaration shall include dividends or other distributions in respect of all shares of Buyer Common Stock issuable pursuant to this Agreement. No dividends or other distributions in respect of the Buyer Common Stock shall be paid to any holder of any unsurrendered Certificate or Book-Entry Share until such Certificate or Book-Entry Share is surrendered for exchange in accordance with this ARTICLE II. Subject to the effect of applicable Laws, following surrender of any such Certificate or Book-Entry Share, there shall be issued and/or paid to the holder of the certificates representing whole shares of Buyer Common Stock issued in exchange therefor, without interest, (i) at the time of such surrender, the dividends or other distributions with a record date after the Effective Time theretofore payable with respect to such whole shares of Buyer Common Stock and not paid and (ii) at the appropriate payment date, the dividends or other distributions payable with respect to such whole shares of Buyer Common Stock with a record date after the Effective Time but with a payment date subsequent to surrender.

(c) Buyer (through the Exchange Agent, if applicable) shall be entitled to deduct and withhold from any amounts otherwise payable pursuant to this Agreement to any Holder such amounts as Buyer is required to deduct and withhold under applicable Law. Any amounts so deducted and withheld shall be remitted to the appropriate Governmental Authority and upon such remittance shall be treated for all purposes of this Agreement as having been paid to the Holder in respect of which such deduction and withholding was made by Buyer or the Exchange Agent, as applicable.

Section 2.09 Anti-Dilution Provisions. In the event that on or after the first trading day used in determining the Buyer Average Stock Price and before the Effective Time Buyer changes (or establishes a record date for changing) the number of, or provides for the exchange of, shares of Buyer Common Stock issued and outstanding prior to the Effective Time as a result of a stock split, reverse stock split, stock dividend, recapitalization, reclassification, or similar transaction with respect to the outstanding Buyer Common Stock, the Exchange Ratio (and correspondingly the Option Payment, the Warrant Payment, the DSU Payment and the RSU Payment) shall be equitably adjusted; *provided that*, for the avoidance of doubt, no such adjustment shall be made with regard to the Buyer Common Stock if (i) Buyer issues additional shares of Buyer Common Stock and receives consideration for such shares in a bona fide third party transaction, or (ii) Buyer issues employee or director stock options, restricted stock awards, grants or similar equity awards or Buyer issues Buyer Common Stock upon exercise or vesting of any such options, grants or awards.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF COMPANY AND COMPANY BANK

Section 3.01 Making of Representations and Warranties.

(a) On or prior to the date hereof, Company and Company Bank have delivered to Buyer and Buyer Bank a schedule (the "***Company Disclosure Schedule***") setting forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more representations or warranties contained in ARTICLE III or to one or more of its covenants contained in ARTICLE V; *provided, however*, that nothing in the Company Disclosure Schedule shall be deemed adequate to disclose an exception to a representation or a warranty unless such schedule identifies the exception with reasonable particularity and describes the relevant facts in reasonable detail.

(b) Except as set forth in the Company Disclosure Schedule, Company and Company Bank hereby represent and warrant, jointly and severally, to Buyer that the statements contained in this ARTICLE III are correct as of the date of this Agreement and will be correct as of the Closing Date (as though made on and as of the Closing Date), except as to any representation or warranty which specifically speaks as of an earlier date (including without limitation representations made as of "the date hereof"), which only need be correct as of such earlier date.

Section 3.02 Organization, Standing and Authority.

(a) Company is a Delaware corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware, and is duly registered as a financial holding company under the Bank Holding Company Act of 1956, as amended. Company is duly licensed or qualified to do business as a foreign corporation or other entity in each jurisdiction where its ownership or leasing of property or the conduct of its business requires such qualification, except where the failure to be so licensed or qualified has not had, and is not reasonably likely to have, a Material Adverse Effect on Company.

(b) Company Bank is a Georgia state-chartered bank duly organized, validly existing and in good standing under the Laws of the State of Georgia. Company Bank is duly licensed or qualified to do business in Georgia and each other jurisdiction where its ownership or leasing of property or the conduct of its business requires such qualification, except where the failure to be so licensed or qualified has not had, and is not reasonably likely to have, a Material Adverse Effect on Company Bank. Company Bank is a member of the Federal Home Loan Bank of Atlanta.

Section 3.03 Capital Stock.

(a) The authorized capital stock of Company consists solely of 100,000,000 shares of Company Common Stock, of which 36,949,266 shares are issued and outstanding and 208 shares of Company Common Stock held in treasury. As of the date hereof, there are 169,300 outstanding Company RSUs, 30,926 outstanding Company DSUs, 3,450,818 outstanding Company Stock Options with a weighted average exercise price of $10.37 per share, and 285,970 outstanding Company Warrants with an exercise price of $10.00 per share. As of the date hereof, 484,330 shares of Company Common Stock are available for issuance under the Company Stock Plans. There are no shares of Company Common Stock held by any of Company's Subsidiaries. Company Disclosure Schedule 3.03(a) sets forth the name and address, as reflected on the books and records of Company, of each Holder, and the number of shares of Company Common Stock held by each such Holder. The outstanding shares of Company Common Stock are duly authorized and validly issued and fully paid and non-assessable and have not been issued in violation of nor are they subject to preemptive rights of any Company stockholder. All shares of Company's capital stock issued and outstanding have been issued in compliance with and not in violation of any applicable federal or state securities Laws.

(b) Company Disclosure Schedule 3.03(b) sets forth for each grant or award of Company Stock Options, Company RSUs, Company DSUs, Company Warrants or other outstanding Rights of Company the (i) name of the grantee, (ii) date of the grant, (iii) expiration date, (iv) the vesting schedule, (v) exercise price, (vi) number of shares of Company Common Stock, or any other security of Company, subject to such award, (vii) the number of shares subject to such award that are exercisable or have vested as of the date of this Agreement, and (viii) the name of the Company Stock Plan under which such award was granted, if applicable. Except as set forth in Company Disclosure Schedule 3.03(b), all shares of Company Common Stock issuable upon exercise (or settlement, as applicable) of Company Stock Options, Company Warrants, Company DSUs and Company RSUs, upon their issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, will be duly authorized, validly

issued, fully paid, non-assessable and free of preemptive rights and will not be issued in violation of preemptive rights or any Law. Each Company Stock Option, Company RSU, and Company DSU was properly accounted for on the books and records of Company and qualifies for the tax and accounting treatment afforded thereto in Company's Tax Returns and Financial Statements, respectively. Each grant of Company Stock Options, Company DSUs, Company RSUs and Company Warrants was appropriately authorized by the Company Board or the compensation committee thereof, was made in accordance with the terms of the Company Stock Plans and any applicable Law and regulatory rules or requirements and has a grant date identical to (or later than) the date on which it was actually granted or awarded by the Company Board or the compensation committee thereof. The per share exercise price of each Company Stock Option was determined in accordance with the Company Stock Plans and was not less than the fair market value of a share of Company Common Stock on the applicable date on which the related grant was by its terms to be effective. There are no outstanding shares of capital stock of any class, or any options, warrants or other similar rights, convertible or exchangeable securities, "phantom stock" rights, stock appreciation rights, stock based performance units, agreements, arrangements, commitments or understandings to which Company or any of its Subsidiaries is a party, whether or not in writing, of any character relating to the issued or unissued capital stock or other securities of Company or any of Company's Subsidiaries or obligating Company or any of Company's Subsidiaries to issue (whether upon conversion, exchange or otherwise) or sell any share of capital stock of, or other equity interests in or other securities of, Company or any of Company's Subsidiaries other than those listed in Company Disclosure Schedule 3.03(b). There are no obligations, contingent or otherwise, of Company or any of Company's Subsidiaries to repurchase, redeem or otherwise acquire any shares of Company Common Stock or capital stock of any of Company's Subsidiaries or any other securities of Company or any of Company's Subsidiaries or to provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in any such Subsidiary or any other entity. Except for the Stockholder Agreement and the Voting Agreements, there are no agreements, arrangements or other understandings with respect to the voting of Company's capital stock. Except for the Registration Rights Agreement dated as of January 20, 2010 between Company and the holders a party thereto, which such agreement will be terminated immediately prior to the Effective Time, there are no agreements or arrangements under which Company is obligated to register the sale of any of its securities under the Securities Act.

(c) All of the outstanding shares of capital stock of each of Company's Subsidiaries are duly authorized, validly issued, fully paid and non-assessable and not subject to preemptive rights, and all such shares are owned by Company or another Subsidiary of Company free and clear of all security interests, liens, claims, pledges, taking actions, agreements, limitations in Company's voting rights, charges or other encumbrances of any nature whatsoever, except as set forth in the Stockholder Agreement. Neither Company nor any of its Subsidiaries has any trust preferred securities or other similar securities outstanding.

Section 3.04 Subsidiaries.

(a) Company Disclosure Schedule 3.04(a) sets forth a complete and accurate list of all Subsidiaries of Company and Company Bank, including the jurisdiction of organization and all jurisdictions that such entity is qualified to do business. Except as set forth in Company Disclosure Schedule 3.04(a), (i) Company owns, directly or indirectly, all of the issued and

outstanding equity securities of each Company Subsidiary, (ii) no equity securities of any of Company's Subsidiaries are or may become required to be issued (other than to Company) by reason of any contractual right or otherwise, (iii) there are no contracts, commitments, understandings or arrangements by which any of such Subsidiaries is or may be bound to sell or otherwise transfer any of its equity securities (other than to Company or a wholly-owned Subsidiary of Company), (iv) there are no contracts, commitments, understandings or arrangements relating to Company's rights to vote or to dispose of such securities, (v) all of the equity securities of each such Subsidiary are held by Company, directly or indirectly, are validly issued, fully paid and non-assessable, are not subject to preemptive or similar rights, and (vi) all of the equity securities of each Subsidiary that is owned, directly or indirectly, by Company or any Subsidiary thereof, are free and clear of all Liens, other than restrictions on transfer under applicable securities Laws.

(b) In the case of Company, except for its ownership of Company Bank, it does not own, beneficially or of record, either directly or indirectly, any stock or equity interest in any depository institution (as defined in 12 U.S.C. Section 1813(c)(1)) other than as collateral for any Loan. Neither Company nor any of Company's Subsidiaries beneficially owns, directly or indirectly (other than in a bona fide fiduciary capacity or in satisfaction of a debt previously contracted), any equity securities or similar interests of any Person, or any interest in a partnership or joint venture of any kind, except as set forth in Company Disclosure Schedule 3.04(b).

(c) Each of Company's Subsidiaries has been duly organized and qualified and is in good standing under the Laws of the jurisdiction of its organization and is duly qualified to do business and is in good standing in the jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified, except where the failure to be so qualified has not had, and is not reasonably expected to have, a Material Adverse Effect. A complete and accurate list of all such jurisdictions is set forth in Company Disclosure Schedule 3.04(a).

Section 3.05 Corporate Power; Minute Books.

(a) Company and each of its Subsidiaries has the corporate power and authority to carry on its business as it is now being conducted and to own all of its properties and assets; and each of Company and Company Bank has the corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby, subject to receipt of all necessary approvals of Governmental Authorities, the Regulatory Approvals and the Requisite Company Stockholder Approval.

(b) Company has made available to Buyer a complete and correct copy of its Certificate of Incorporation and Bylaws or equivalent organizational documents, each as amended to date, of Company and each of its Subsidiaries, the minute books of Company and each of its Subsidiaries, and the stock ledgers and stock transfer books of Company and each of its Subsidiaries. Neither Company nor any of its Subsidiaries is in violation of any of the terms of its Certificate of Incorporation, Bylaws or equivalent organizational documents. The minute books of Company and each of its Subsidiaries contain records of all meetings held by, and all other corporate actions of, their respective stockholders and boards of directors (including

committees of their respective boards of directors) or other governing bodies, which records are complete and accurate in all material respects. The stock ledgers and the stock transfer books of Company and each of its Subsidiaries contain complete and accurate records of the ownership of the equity securities of Company and each of its Subsidiaries.

Section 3.06 Corporate Authority. Subject only to the receipt of the Requisite Company Stockholder Approval at the Company Meeting, this Agreement and the transactions contemplated hereby have been authorized by all necessary corporate action of Company and Company Bank and Company's and Company Bank's respective boards of directors on or prior to the date hereof. Company, as the sole shareholder of Company Bank, has approved this Agreement, the Plan of Bank Merger and the Bank Merger. Company Board has directed that this Agreement be submitted to Company's stockholders for approval at a meeting of such stockholders and, except for the receipt of the Requisite Company Stockholder Approval in accordance with the DGCL and Company's Certificate of Incorporation and Bylaws, no other vote of the stockholders of Company or shareholders of Company Bank is required by Law, the Certificate of Incorporation of Company and Company Bank, the Bylaws of Company and Company Bank or otherwise to approve this Agreement and the transactions contemplated hereby. Each of Company and Company Bank has duly executed and delivered this Agreement and, assuming due authorization, execution and delivery by Buyer and Buyer Bank, this Agreement is a valid and legally binding obligation of Company and Company Bank, enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar Laws of general applicability relating to or affecting creditors' rights or by general equity principles).

Section 3.07 Regulatory Approvals; No Defaults.

(a) No consents or approvals of, or waivers by, or filings or registrations with, any Governmental Authority are required to be made or obtained by Company or any of its Subsidiaries in connection with the execution, delivery or performance by Company and Company Bank of this Agreement or to consummate the transactions contemplated by this Agreement, except for filings of applications or notices with, and consents, approvals or waivers by the FRB, the FDIC (including with respect to the transfer of the FDIC Agreements to Buyer, if such agreements have not been terminated prior to the Closing Date), the Arkansas State Bank Department, the Georgia Department of Banking and Finance, the filing of the Articles of Merger and Certificate of Merger with the Arkansas Secretary of State and the Delaware Secretary of State, respectively, the filing of the Articles of Bank Merger with the Arkansas State Bank Department, the Georgia Department of Banking and Finance and the Georgia Secretary of State, and the filing with the SEC of the Proxy Statement-Prospectus and the Registration Statement and declaration of effectiveness of the Registration Statement. Subject to the receipt of the approvals referred to in the preceding sentence and the Requisite Company Stockholder Approval, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby (including, without limitation, the Merger and the Bank Merger) by Company and Company Bank do not and will not (i) constitute a breach or violation of, or a default under, the Certificate of Incorporation, Bylaws or similar governing documents of Company, Company Bank, or any of their respective Subsidiaries, (ii) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Company or any of its Subsidiaries, or any of their respective properties or assets, (iii) conflict with, result in

a breach or violation of any provision of, or the loss of any benefit under, or a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the creation of any Lien under, result in a right of termination or the acceleration of any right or obligation under, any permit, license, credit agreement, indenture, loan, note, bond, mortgage, reciprocal easement agreement, lease, instrument, concession, contract, franchise, agreement or other instrument or obligation of Company or any of its Subsidiaries or to which Company or any of its Subsidiaries, or their respective properties or assets is subject or bound, or (iv) require the consent or approval of any third party or Governmental Authority under any such Law, rule or regulation or any judgment, decree, order, permit, license, credit agreement, indenture, loan, note, bond, mortgage, reciprocal easement agreement, lease, instrument, concession, contract, franchise, agreement or other instrument or obligation.

(b) As of the date hereof, Company has no Knowledge of any reason (i) why the Regulatory Approvals referred to in Section 6.01(b) will not be received in customary time frames from the applicable Governmental Authorities having jurisdiction over the transactions contemplated by this Agreement or (ii) why any Burdensome Condition would be imposed.

Section 3.08 Financial Statements; Internal Controls.

(a) Company has previously delivered or made available to Buyer copies of Company's (i) audited consolidated financial statements (including the related notes and schedules thereto) for the years ended December 31, 2014, 2013 and 2012, accompanied by the unqualified audit reports of PricewaterhouseCoopers LLP, independent registered accountants (collectively, the "***Audited Financial Statements***") and (ii) unaudited interim consolidated financial statements for the nine months ended September 30, 2014 and 2015 (the "***Unaudited Financial Statements***;" and collectively with the Audited Financial Statements, the "***Financial Statements***"). The Financial Statements (including any related notes and schedules thereto) are accurate and complete in all material respects and fairly present in all material respects the financial condition and the results of operations, changes in stockholders' equity, and cash flows of Company and its consolidated Subsidiaries as of the respective dates of and for the periods referred to in such financial statements, all in accordance with GAAP, consistently applied, subject, in the case of the Unaudited Financial Statements, to normal, recurring year-end adjustments (the effect of which has not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect) and the absence of notes and schedules (that, if presented, would not differ materially from those included in the Audited Financial Statements). No financial statements of any entity or enterprise other than the Company's Subsidiaries are required by GAAP to be included in the consolidated financial statements of Company. The audits of Company have been conducted in accordance with GAAP. Since September 30, 2015, neither Company nor any of its Subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) required by GAAP to be set forth on its consolidated balance sheet except for liabilities reflected or reserved against in the Financial Statements and current liabilities incurred in Company's Ordinary Course of Business since September 30, 2015. True, correct and complete copies of the Financial Statements are set forth in Company Disclosure Schedule 3.08(a).

(b) The records, systems, controls, data and information of Company and its Subsidiaries are recorded, stored, maintained and operated under means (including any

electronic, mechanical or photographic process, whether computerized or not) that are under the exclusive ownership and direct control of Company or its Subsidiaries or accountants (including all means of access thereto and therefrom), except for any non-exclusive ownership and non-direct control that would not reasonably be expected to have a Material Adverse Effect on the system of internal account controls described in the following sentence. Company and its Subsidiaries have devised and maintain a system of internal accounting controls sufficient to provide reasonable assurances regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. Company has disclosed based on its most recent evaluations, to its outside auditors and the audit committee of the Company Board (A) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect Company's ability to record, process, summarize and report financial data and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in Company's internal control over financial reporting.

(c) Since January 1, 2010, neither Company nor any of its Subsidiaries nor, to Company's Knowledge, any director, officer, employee, auditor, accountant or representative of Company or any of its Subsidiaries has received or otherwise had or obtained Knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of Company or any of its Subsidiaries or their respective internal accounting controls, including any material complaint, allegation, assertion or claim that Company or any of its Subsidiaries has engaged in questionable accounting or auditing practices.

(d) Company Disclosure Schedule 3.08(d) contains an unaudited pro forma balance sheet reflecting the un-marked, stated book values of the assets and liabilities purchased and assumed by Company Bank on October 9, 2015 pursuant to the CertusBank Transaction.

Section 3.09 Regulatory Reports. Since January 1, 2010, Company and its Subsidiaries have duly filed with the FRB, the FDIC, and any other applicable Governmental Authority, in correct form, the material reports and other documents required to be filed under applicable Laws and regulations and have paid all fees and assessments due and payable in connection therewith, and such reports were complete and accurate and in compliance with the requirements of applicable Laws and regulations. Except as set forth in Company Disclosure Schedule 3.09, other than normal examinations conducted by a Governmental Authority in the Ordinary Course of Business of Company and its Subsidiaries, no Governmental Authority has notified Company or any of its Subsidiaries that it has initiated any proceeding or, to Company's Knowledge, threatened an investigation into the business or operations of Company or any of its Subsidiaries since January 1, 2010. There is no unresolved violation, criticism, or exception by any Governmental Authority with respect to any report or statement relating to any examinations or inspections of Company or any of its Subsidiaries. Except as set forth in Company Disclosure Schedule 3.09, there have been no formal or informal inquiries by, or disagreements or disputes with, any Governmental Authority with respect to the business, operations, policies or procedures of Company or any of its Subsidiaries since January 1, 2010.

Section 3.10 Absence of Certain Changes or Events. Except as set forth in Company Disclosure Schedule 3.10, or as otherwise expressly contemplated by this Agreement, since

December 31, 2014, there has not been (a) any change or development in the business, operations, assets, liabilities, condition (financial or otherwise), results of operations, cash flows or properties of Company or any of its Subsidiaries which has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to Company or any of its Subsidiaries, and to Company's Knowledge, no fact or condition exists which is reasonably likely to cause a Material Adverse Effect with respect to Company or any of its Subsidiaries in the future; (b) any change by Company or any of its Subsidiaries in its accounting methods, principles or practices, other than changes required by applicable Law or GAAP or regulatory accounting as concurred by Company's independent accountants; (c) any entry by Company or any of its Subsidiaries into any contract or commitment of (i) more than $100,000 or (ii) $50,000 per annum with a term of more than one year, other than purchases or sales of Company Investment Securities, and loans and loan commitments, all in the Ordinary Course of Business; (d) any declaration, setting aside or payment of any dividend or distribution in respect of any capital stock of Company or any of its Subsidiaries or any redemption, purchase or other acquisition of any of its securities, other than in the Ordinary Course of Business; (e) any increase in or establishment of any bonus, insurance, severance, deferred compensation, pension, retirement, profit sharing, stock option, stock purchase or other employee benefit plan, or any other increase in the compensation payable or to become payable to any directors, officers or employees of Company or any of its Subsidiaries (other than normal salary adjustments to employees made in the Ordinary Course of Business), or the granting of stock options, stock appreciation rights, performance awards, restricted stock awards, restricted stock unit awards, deferred stock unit awards or any other stock-based award (other than any such awards granted in the Ordinary Course of Business and set forth in Company Disclosure Schedule 3.03(b)), any grant of severance or termination pay (other than individual severance or termination payments of less than $20,000 each that have been paid by Company or any of its Subsidiaries as of the date hereof), or any contract or arrangement entered into to make or grant any severance or termination pay, any payment of any bonus, or the taking of any action not in the Ordinary Course of Business with respect to the compensation or employment of directors, officers or employees of Company or any of its Subsidiaries; (f) any material election or material changes in existing elections made by Company or any of its Subsidiaries for federal or state Tax purposes; (g) any material change in the credit policies or procedures of Company or any of its Subsidiaries, the effect of which was or is to make any such policy or procedure less restrictive in any material respect; (h) other than the CertusBank Transaction, any material acquisition or disposition of any assets or properties, or any contract for any such acquisition or disposition entered into other than Company Investment Securities or loans and loan commitments purchased, sold, made or entered into in the Ordinary Course of Business; or (i) any lease of real or personal property entered into, other than in connection with foreclosed property or in the Ordinary Course of Business.

Section 3.11 Legal Proceedings.

(a) Other than as set forth in Company Disclosure Schedule 3.11(a), there are no civil, criminal, administrative or regulatory actions, suits, demand letters, demands for indemnification, claims, hearings, notices of violation, arbitrations, investigations, orders to show cause, market conduct examinations, notices of non-compliance or other proceedings of any nature pending or, to Company's Knowledge, threatened against Company or any of its Subsidiaries or to which Company or any of its Subsidiaries is a party, including without

limitation, any such actions, suits, demand letters, demands for indemnification, claims, hearings, notices of violation, arbitrations, investigations, orders to show cause, market conduct examinations, notices of non-compliance or other proceedings of any nature that would challenge the validity or propriety of the transactions contemplated by this Agreement.

(b) Other than as set forth on Company Disclosure Schedule 3.11(b), there is no injunction, order, judgment or decree imposed upon Company or any of its Subsidiaries, or the assets of Company or any of its Subsidiaries, and neither Company nor any of its Subsidiaries has been advised of, or has Knowledge of, the threat of any such action.

Section 3.12 Compliance With Laws.

(a) Company and each of its Subsidiaries is, and have been since January 1, 2010, in compliance in all material respects with all applicable federal, state, local and foreign Laws, rules, judgments, orders or decrees applicable thereto or to the employees conducting such businesses, including, without limitation, Laws related to data protection or privacy, the USA PATRIOT Act, the Bank Secrecy Act, the Equal Credit Opportunity Act, the Fair Housing Act, the Home Mortgage Disclosure Act, the Community Reinvestment Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Dodd-Frank Act, Sections 23A and 23B of the Federal Reserve Act, the Sarbanes-Oxley Act or the regulations implementing such statutes, all other applicable anti-money laundering Laws, fair lending Laws and other Laws relating to discriminatory lending, financing, leasing or business practices and all agency requirements relating to the origination, sale and servicing of mortgage loans. Neither Company nor any of its Subsidiaries has been advised of any supervisory criticisms regarding their compliance with the Bank Secrecy Act or related state or federal anti-money laundering laws, regulations and guidelines, including without limitation those provisions of federal regulations requiring (i) the filing of reports, such as Currency Transaction Reports and Suspicious Activity Reports, (ii) the maintenance of records and (iii) the exercise of due diligence in identifying customers.

(b) Company and each of its Subsidiaries have all permits, licenses, authorizations, orders and approvals of, and each has made all filings, applications and registrations with, all Governmental Authorities that are required in order to permit it to own or lease its properties and to conduct its business as presently conducted. All such permits, licenses, certificates of authority, orders and approvals are in full force and effect and, to Company's Knowledge, no suspension or cancellation of any of them is threatened.

(c) Neither Company nor any of its Subsidiaries has received, since January 1, 2010, written or, to Company's Knowledge, oral notification from any Governmental Authority (i) asserting that it is not in compliance with any of the Laws which such Governmental Authority enforces or (ii) threatening to revoke any license, franchise, permit or governmental authorization (nor do any grounds for any of the foregoing exist).

Section 3.13 Company Material Contracts; Defaults.

(a) Except as set forth in Company Disclosure Schedule 3.13(a), neither Company nor any of its Subsidiaries is a party to, bound by or subject to any agreement, contract, arrangement, commitment or understanding (whether written or oral) (i) with respect to the

employment of any directors, officers, employees or consultants, including any bonus, stock option, restricted stock, stock appreciation right or other employee benefit agreements or arrangements; (ii) which would entitle any present or former director, officer, employee, consultant or agent of Company or any of its Subsidiaries to indemnification from Company or any of its Subsidiaries; (iii) which, upon the execution or delivery of this Agreement, stockholder adoption of this Agreement or the consummation of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional acts or events) result in any payment (whether change-of-control, severance pay or otherwise) becoming due from Company, Company Bank, the Surviving Entity, or any of their respective Subsidiaries to any officer, employee or director thereof; (iv) the benefits of which will be increased, or the vesting of benefits of which will be accelerated, by the occurrence of any of the transactions contemplated by this Agreement, or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement; (v) which grants any right of first refusal, right of first offer or similar right with respect to any assets or properties of Company, each Company Bank or their respective Subsidiaries; (vi) related to the borrowing by Company or any of its Subsidiaries of money other than those entered into in the Ordinary Course of Business and any guaranty of any obligation for the borrowing of money, excluding endorsements made for collection, repurchase or resell agreements, letters of credit and guaranties made in the Ordinary Course of Business; (vii) which provides for payments to be made by Company or any of its Subsidiaries upon a change in control thereof; (viii) relating to the lease of personal property having a value in excess of $25,000 individually or $50,000 in the aggregate; (ix) relating to any joint venture, partnership, limited liability company agreement or other similar agreement or arrangement, or to the formation, creation or operation, management or control of any partnership or joint venture with any third parties or which limits payments of dividends; (x) which relates to capital expenditures and involves future payments in excess of $50,000 individually or $100,000 in the aggregate; (xi) which relates to the disposition or acquisition of assets or any interest in any business enterprise outside the Ordinary Course of Business of Company or any of its Subsidiaries; (xii) which is not terminable on sixty (60) days or less notice and involving the payment of more than $100,000 per annum; (xiii) which contains a non-compete or client or customer non-solicit requirement or any other provision that materially restricts the conduct of any line of business by Company, Company Bank or any of their respective Affiliates or upon consummation of the Merger will materially restrict the ability of the Surviving Entity or any of its Affiliates to engage in any line of business or which grants any right of first refusal, right of first offer or similar right or that limits or purports to limit the ability of Company or any of its Subsidiaries (or, following consummation of the transactions contemplated hereby, Buyer or any of its Subsidiaries) to own, operate, sell, transfer, pledge or otherwise dispose of any assets or business; or (xiv) pursuant to which Company or any of its Subsidiaries may become obligated to invest in or contribute capital to any entity. Each contract, arrangement, commitment or understanding of the type described in this Section 3.13(a), is set forth in Company Disclosure Schedule 3.13(a), and is referred to herein as a "***Company Material Contract***." Company has previously made available to Buyer true, complete and correct copies of each such Company Material Contract, including any and all amendments and modifications thereto.

(b) (i) Each Company Material Contract is valid and binding on Company and any of its Subsidiaries to the extent such Subsidiary is a party thereto, as applicable, and to the Knowledge of Company, each other party thereto, and is in full force and effect and enforceable

in accordance with its terms, except to the extent that validity and enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar Laws affecting the enforcement of creditors' rights generally or by general principles of equity or by principles of public policy and except where the failure to be valid, binding, enforceable and in full force and effect, individually or in the aggregate, has not had, a Material Adverse Effect; and (ii) neither Company nor any of its Subsidiaries is in default under any Company Material Contract or other material agreement, commitment, arrangement, Lease, Insurance Policy or other instrument to which it is a party, by which its assets, business, or operations may be bound or affected, or under which it or its assets, business, or operations receives benefits, and there has not occurred any event that, with the lapse of time or the giving of notice or both, would constitute such a default, except to the extent that such default or event of default has not had, and is not reasonably likely to have, a Material Adverse Effect. No power of attorney or similar authorization given directly or indirectly by Company or any of its Subsidiaries is currently outstanding.

(c) Company Disclosure Schedule 3.13(c) sets forth a true and complete list of all Company Material Contracts pursuant to which consents, waivers or notices are or may be required to be given thereunder, in each case, prior to the performance by Company or Company Bank of this Agreement and the consummation of the Merger, the Bank Merger and the other transactions contemplated hereby and thereby.

Section 3.14 Agreements with Regulatory Agencies. Except as set forth in Company Disclosure Schedule 3.14, neither Company nor any of its Subsidiaries is subject to any cease-and-desist or other order issued by, or is a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is a recipient of any extraordinary supervisory letter from, or is subject to any order or directive by, or has adopted any board resolutions at the request of any Governmental Authority (each, whether or not set forth in Company Disclosure Schedule 3.14, a "***Company Regulatory Agreement***") that restricts, or by its terms will in the future restrict, the conduct of Company's or any of its Subsidiaries' business or that in any manner relates to their capital adequacy, credit or risk management policies, dividend policies, management, business or operations, nor has Company or any of its Subsidiaries been advised by any Governmental Authority that it is considering issuing or requesting (or is considering the appropriateness of issuing or requesting) any Company Regulatory Agreement. To Company's Knowledge, there are no investigations relating to any material regulatory matters pending before any Governmental Authority with respect to Company or any of its Subsidiaries.

Section 3.15 Brokers; Fairness Opinion. Neither Company, Company Bank nor any of its officers, directors or any of its Subsidiaries has employed any broker or finder or incurred, nor will it incur, any liability for any broker's fees, commissions or finder's fees in connection with any of the transactions contemplated by this Agreement, except that Company has engaged, and will pay a fee or commission to Sandler O'Neill & Partners, L.P. ("***Company Financial Advisor***"), in accordance with the terms of a letter agreement between Company Financial Advisor and Company, a true, complete and correct copy of which has been previously delivered by Company to Buyer. Company has received the opinion of the Company Financial Advisor (and, when it is delivered in writing, a copy of such opinion will be promptly provided to Buyer) to the effect that, as of the date of this Agreement and based upon and subject to the

qualifications and assumptions set forth therein, the Merger Consideration is fair, from a financial point of view, to the holders of shares of Company Common Stock, and, as of the date of this Agreement, such opinion has not been withdrawn, revoked or modified.

Section 3.16 Employee Benefit Plans.

(a) All benefit and compensation plans, contracts, policies or arrangements (i) covering current or former employees of Company, any of its Subsidiaries or any of Company's related organizations described in Code Sections 414(b), (c) or (m), or any entity which is considered one employer with Company, any of its Subsidiaries or Controlled Group Members under Section 4001 of ERISA or Section 414 of the Code ("***ERISA Affiliates***") (such current employees collectively, the "***Company Employees***"), (ii) covering current or former directors of Company, any of its Subsidiaries, or ERISA Affiliates, or (iii) with respect to which Company or any of its Subsidiaries has or may have any liability or contingent liability (including liability arising from ERISA Affiliates) including, but not limited to, "employee benefit plans" within the meaning of Section 3(3) of ERISA, health/welfare, change-of-control, fringe benefit, deferred compensation, defined benefit plan, defined contribution plan, stock option, stock purchase, stock appreciation rights, stock based, incentive, bonus plans, retirement plans and other policies, plans or arrangements whether or not subject to ERISA (all such plans, contracts, policies or arrangements in (i)-(iii) hereof, with the exception of plans, contracts, policies or arrangements sponsored or maintained by an ERISA Affiliate, are collectively referred to as the "***Company Benefit Plans***"), are identified and described in Company Disclosure Schedule 3.16(a). Neither Company nor any of its Subsidiaries or ERISA Affiliates has any stated plan, intention or commitment to establish any new company benefit plan or has made any specific commitment to modify any Company Benefit Plan (except to the extent required by Law).

(b) Company has made available to Buyer true and complete copies of all Company Benefit Plans including, but not limited to, any trust instruments and insurance contracts forming a part of any Company Benefit Plans and all amendments thereto, summary plan descriptions and summary of material modifications, IRS Form 5500 (for the three (3) most recently completed plan years), the most recent IRS determination, opinion, notification and advisory letters, with respect thereto and including any correspondence from any regulatory agency. In addition, with respect to the Company Benefit Plans for the three (3) most recently completed plan years, any plan financial statements and accompanying accounting reports,, service contracts, fidelity bonds and employee and participant annual QDIA notice, safe harbor notice, or fee disclosures notices under ERISA 404(a)(5) have been made available to Buyer.

(c) All Company Benefit Plans are in compliance in form and operation with all applicable Laws, including ERISA and the Code in all material respects. Each Company Benefit Plan which is intended to be qualified under Section 401(a) of the Code ("***Company 401(a) Plan***"), has received a favorable determination letter from the IRS, or is maintained under a prototype or volume submitter document and is entitled to rely on a favorable opinion or advisory letter from the IRS, and neither Company nor Company Bank is aware of any circumstance that could reasonably be expected to result in revocation of any such favorable determination, opinion, or advisory letter or the loss of the qualification of such Company 401(a) Plan under Section 401(a) of the Code, and nothing has occurred that would reasonably be expected to result in the Company 401(a) Plan ceasing to be qualified under Section 401(a) of

the Code. All Company Benefit Plans have been administered in accordance with their terms in all material respects. There is no pending or, to Company's Knowledge, threatened litigation or regulatory action relating to the Company Benefit Plans. Neither Company nor any of its Subsidiaries has engaged in a transaction with respect to any Company Benefit Plan, including a Company 401(a) Plan that could reasonably be expected to subject Company or any of its Subsidiaries to a material tax or material penalty under any Law including, but not limited to, Section 4975 of the Code or Section 502(i) of ERISA. No Company 401(a) Plan has been submitted under or been the subject of an IRS voluntary compliance program submission that is still outstanding or that has not been fully corrected in accordance with a compliance statement issued by the IRS with respect to any applicable failures. There are no audits, investigations, inquiries or proceedings pending or, to Company's knowledge, threatened by the IRS or the Department of Labor with respect to any Company Benefit Plan.

(d) No liability under Subtitle C or D of Title IV of ERISA has been or is expected to be incurred by Company, any of its Subsidiaries or any ERISA Affiliates with respect to any ongoing, frozen or terminated "single employer plan," within the meaning of Section 4001(a)(15) of ERISA, currently or formerly maintained by Company, any of its Subsidiaries or any ERISA Affiliates. Neither Company, Company Bank nor any ERISA Affiliate has ever maintained a plan subject to Title IV of ERISA or Section 412 of the Code. None of Company, Company Bank, or any ERISA Affiliate has contributed to (or been obligated to contribute to) a "multiemployer plan" within the meaning of Section 3(37) of ERISA at any time and neither Company, any of its Subsidiaries or ERISA Affiliates have incurred, and do not expect to incur, any withdrawal liability with respect to a multiemployer plan under Subtitle E of Title IV of ERISA (regardless of whether based on contributions of an ERISA Affiliate). No notice of a "reportable event," within the meaning of Section 4043 of ERISA has been required to be filed for any Company Benefit Plan or by any ERISA Affiliate or will be required to be filed in connection with the transactions contemplated by this Agreement.

(e) All contributions required to be made with respect to all Company Benefit Plans have been timely made or have been reflected on the consolidated financial statements of Company.

(f) Except as set forth in Company Disclosure Schedule 3.16(f), no Company Benefit Plan provides and Company has not proposed or promised any arrangement that provides for any liability to provide life insurance, medical or other employee welfare benefits to any Company Employee, or any of their affiliates, upon his or her retirement or termination of employment for any reason, except as may be required by Law.

(g) Except as set forth in Company Disclosure Schedule 3.16(g) or otherwise provided for in this Agreement, neither the execution of this Agreement, stockholder approval of this Agreement or consummation of any of the transactions contemplated by this Agreement will (i) entitle any Company Employee to severance pay or any increase in severance pay upon any termination of employment, (ii) accelerate the time of payment or vesting (except as required by Law) or trigger any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or trigger any other material obligation pursuant to, any of the Company Benefit Plans, (iii) result in any breach or violation of, or a default under, any of the Company Benefit Plans, (iv) result in any payment that would be an excess "parachute

payment" to a "disqualified individual" as those terms are defined in Section 280G of the Code, or (v) limit or restrict the right of Company or Company Bank or, after the consummation of the transactions contemplated hereby, Buyer or any of its Subsidiaries, to merge, amend or terminate any of the Company Benefit Plans.

(h) Each Company Benefit Plan that is a non-qualified deferred compensation plan or arrangement within the meaning of Section 409A of the Code, and any underlying award, is in compliance in all material respects with Section 409A of the Code. No payment or award that has been made to any participant under a Company Benefit Plan is subject to the interest and penalties specified in Section 409A(a)(1)(B) of the Code. Neither Company nor any of its Subsidiaries (i) has agreed to reimburse or indemnify any participant in a Company Benefit Plan for any of the interest and the penalties specified in Section 409A(a)(1)(B) of the Code that may be currently due or triggered in the future, or (ii) has been required to report to any Government Authority any correction or taxes due as a result of a failure to comply with Section 409A of the Code.

(i) Company Disclosure Schedule 3.16(i) contains a schedule showing the monetary amounts payable as of the date specified in such schedule, whether individually or in the aggregate (including good faith estimates of all amounts not subject to precise quantification as of the date of this Agreement, such as change-in-control payments based, in part, upon incentive payments earned in 2015 but payable in January 2016), under any employment, change-in-control, severance or similar contract, plan or arrangement with or which covers any present or former director, officer, employee or consultant of Company or any of its Subsidiaries who may be entitled to any such amount and identifying the types and estimated amounts of the in-kind benefits due under any Company Benefit Plans (other than a plan qualified under Section 401(a) of the Code) for each such person, specifying the assumptions in such schedule and providing estimates of other required contributions to any trusts for any related fees or expenses.

(j) Company and its Subsidiaries have correctly classified all individuals who directly or indirectly perform services for Company or any of its Subsidiaries for purposes of each Company Benefit Plan, ERISA, and the Code.

Section 3.17 Labor Matters. Neither Company nor any of its Subsidiaries is a party to or bound by any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor is there any proceeding pending or, to Company's Knowledge threatened, asserting that Company or any of its Subsidiaries has committed an unfair labor practice (within the meaning of the National Labor Relations Act) or seeking to compel Company or any of its Subsidiaries to bargain with any labor organization as to wages or conditions of employment, nor is there any strike or other labor dispute involving it pending or, to Company's Knowledge, threatened, nor is Company or Company Bank aware of any activity involving Company Employees seeking to certify a collective bargaining unit or engaging in other organizational activity. Company and its Subsidiaries have correctly classified all individuals who directly or indirectly perform services for Company or any of its Subsidiaries for purposes of federal and state unemployment compensation Laws, workers' compensation Laws and the rules and regulations of the U.S. Department of Labor.

Section 3.18 Environmental Matters.

(a) To Company's Knowledge, there has been no release of Hazardous Substances at, on, or under any Company Loan Property, real property currently owned, operated or leased by Company or any of its Subsidiaries (including buildings or other structures) or formerly owned, operated or leased by Company or any of its Subsidiaries or any predecessor, that has formed or that could reasonably be expected to form the basis of any Environmental Claim against Company or any of its Subsidiaries.

(b) Neither Company nor any of its Subsidiaries has acquired, nor is any of them now in the process of acquiring, any real property through foreclosure or deed in lieu of foreclosure which has been contaminated with, or has had any release of, any Hazardous Substance in a manner that violates Environmental Law or requires reporting, investigation, remediation or monitoring under Environmental Law.

(c) Neither Company nor any of its Subsidiaries has previously been nor is any of them now in violation of or noncompliant with applicable Environmental Law.

(d) To Company's Knowledge, neither Company nor any of its Subsidiaries could be deemed the owner or operator of, or to have participated in the management of, any Company Loan Property which has been contaminated with, or has had any release of, any Hazardous Substance in a manner that violates Environmental Law or requires reporting, investigation, remediation or monitoring under Environmental Law.

(e) Neither Company nor any of its Subsidiaries has received (i) any written notice, demand letter, or claim alleging any violation of, or liability under, any Environmental Law or (ii) any written request for information reasonably indicating an investigation or other inquiry by any Governmental Authority concerning a possible violation of, or liability under, any Environmental Law.

(f) Neither Company nor any of its Subsidiaries has received notice of any Lien or encumbrance having been imposed on any Company Loan Property or any property owned, operated or leased by Company or its Subsidiaries in connection with any liability or potential liability arising from or related to Environmental Law, and there is no action, proceeding, writ, injunction or claim pending or, to Company's Knowledge, threatened which could result in the imposition or any such Lien or encumbrance on any Company Loan Property or property owned, operated or leased by Company or any of its Subsidiaries.

(g) Neither Company nor any of its Subsidiaries is, or has been, subject to any order, decree or injunction relating to a violation of or allegation of liability under any Environmental Law.

(h) There are no circumstances or conditions (including the presence of asbestos, underground storage tanks, lead products, polychlorinated biphenyls, prior manufacturing operations, dry-cleaning, or automotive services) involving Company, any of its Subsidiaries, or any currently or, to Company's Knowledge, formerly owned, operated or leased property, or any Company Loan Property that could reasonably be expected pursuant to applicable Environmental Law to (i) result in any claim, liability or investigation against Company or any of its

Subsidiaries, or (ii) result in any restriction on the ownership, use, or transfer of any such property.

(i) Company has delivered to Buyer copies of all environmental reports, studies, sampling data, correspondence, filings and other information known to Company or Company Bank and in their possession or reasonably available to them relating to environmental conditions at or on any real property (including buildings or other structures) currently owned, operated or leased by Company or any of its Subsidiaries. Company Disclosure Schedule 3.18(i) includes a list of the environmental reports and other information provided.

(j) There is no litigation pending or, to Company's Knowledge, threatened against Company or any of its Subsidiaries, or affecting any property now owned or, to Company's Knowledge, formerly owned, used or leased by Company or any of its Subsidiaries or any predecessor, before any court, or Governmental Authority (i) for alleged noncompliance (including by any predecessor) with any Environmental Law or (ii) relating to the presence or release into the environment of any Hazardous Substance.

(k) To the Company's Knowledge, there are no underground storage tanks on, in or under any property currently owned, operated or leased by Company or any of its Subsidiaries, except as set forth in Company Disclosure Schedule 3.18(k).

Section 3.19 Tax Matters.

(a) Each of Company and its Subsidiaries has filed all material Tax Returns that it was required to file under applicable Laws, other than Tax Returns that are not yet due or for which a request for extension was timely filed consistent with requirements of applicable Law. All such Tax Returns were correct and complete in all material respects and have been prepared in substantial compliance with all applicable Laws. Except as set forth in Company Disclosure Schedule 3.19(a), all material Taxes due and owing by Company or any of its Subsidiaries (whether or not shown on any Tax Return) have been paid other than Taxes that have been reserved or accrued on the balance sheet of Company and which Company is contesting in good faith. Except as set forth in Company Disclosure Schedule 3.19(a), Company is not currently the beneficiary of any extension of time within which to file any Tax Return and neither Company nor any of its Subsidiaries currently has any open tax years. Since January 1, 2010, no claim has been made to Company by any Governmental Authority in a jurisdiction where Company does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of Company or any of its Subsidiaries.

(b) Company and each of its Subsidiaries, as applicable, have withheld and paid all material Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, stockholder or other third party.

(c) No foreign, federal, state, or local Tax audits or administrative or judicial Tax proceedings are currently being conducted or, to Company's Knowledge, pending with respect to Company or any of its Subsidiaries. Other than with respect to audits that have already been completed and resolved, neither Company nor any of its Subsidiaries has received in writing

from any foreign, federal, state, or local taxing authority (including jurisdictions where Company and or any of its Subsidiaries have not filed Tax Returns) any (i) notice indicating an intent to open an audit or other review, (ii) request for information related to Tax matters, or (iii) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any taxing authority against Company or any of its Subsidiaries.

(d) Company has made available to Buyer true and complete copies of the United States federal, state, local, and foreign consolidated income Tax Returns filed with respect to Company for taxable periods ended December 31, 2014, 2013, 2012 and 2011. Company has delivered to Buyer correct and complete copies of all examination reports and statements of deficiencies assessed against or agreed to by Company with respect to income Taxes filed for the years ended December 31, 2014, 2013, 2012 and 2011. Company has timely and properly taken such actions in response to and in compliance with notices that Company has received from the IRS in respect of information reporting and backup and nonresident withholding as are required by Law.

(e) Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(f) Company has not been a United States real property holding corporation within the meaning of Code Section 897(c)(2) during the applicable period specified in Code Section 897(c)(1)(A)(ii). Company has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Code Section 6662. Other than a Tax allocation or sharing agreement between Company and Company Bank, neither Company nor Company Bank is a party to or bound by any Tax allocation or sharing agreement. Company (i) has not been a member of an affiliated group filing a consolidated federal income Tax Return (other than a group the common parent of which was Company), and (ii) has no liability for the Taxes of any individual, bank, corporation, partnership, association, joint stock company, business trust, limited liability company, or unincorporated organization (other than Company and its Subsidiaries) under Regulations Section 1.1502-6 (or any similar provision of state, local, or foreign Law), as a transferee or successor, by contract, or otherwise.

(g) The unpaid Taxes of Company (i) do not exceed the reserve for Tax liability (which reserve is distinct and different from any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Financial Statements delivered to Buyer (rather than in any notes thereto), and (ii) do not exceed that reserve as adjusted for the passage of time in accordance with the past custom and practice of Company in filing its Tax Returns. Since December 31, 2014, Company has not incurred any liability for Taxes arising from extraordinary gains or losses, as that term is used in GAAP, outside the Ordinary Course of Business.

(h) Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Effective Time as a result of any: (i) change in method of accounting for a taxable period ending on or prior to the Closing Date; (ii) "closing agreement" as described in Code Section 7121 (or any corresponding or similar provision of state, local or foreign income Tax

Law) executed on or prior to the Closing Date; (iii) intercompany transactions or any excess loss account described in Regulations under Code Section 1502 (or any corresponding or similar provision of state, local or foreign income Tax Law); (iv) installment sale or open transaction disposition made on or prior to the Closing Date; or (v) prepaid amount received on or prior to the Closing Date.

(i) Company has not distributed stock of another Person nor had its stock distributed by another Person in a transaction that was purported or intended to be nontaxable and governed in whole or in part by Section 355 or Section 361 of the Code.

Section 3.20 Investment Securities. Company Disclosure Schedule 3.20(a) sets forth as of September 30, 2015, the Company Investment Securities, as well as any purchases or sales of Company Investment Securities between September 30, 2015 to and including the date hereof, reflecting with respect to all such securities, whenever purchased or sold, descriptions thereof, CUSIP numbers, designations as securities "available for sale" or securities "held to maturity" (as those terms are used in ASC 320), book values, fair values and coupon rates, and any gain or loss with respect to any Company Investment Securities sold during such time period after September 30, 2015. Neither Company nor any of its Subsidiaries owns any of the outstanding equity of any savings bank, savings and loan association, savings and loan holding company, credit union, bank or bank holding company, insurance company, mortgage or loan broker or any other financial institution other than Company Bank.

Section 3.21 Derivative Transactions.

(a) All Derivative Transactions entered into by Company or any of its Subsidiaries or for the account of any of its customers were entered into in accordance with applicable Laws and regulatory policies of any Governmental Authority, and in accordance with the investment, securities, commodities, risk management and other policies, practices and procedures employed by Company or any of its Subsidiaries, and were entered into with counterparties believed at the time to be financially responsible and able to understand (either alone or in consultation with its advisers) and to bear the risks of such Derivative Transactions. Company and each of its Subsidiaries have duly performed all of their obligations under the Derivative Transactions to the extent that such obligations to perform have accrued, and, to Company's Knowledge, there are no breaches, violations or defaults or allegations or assertions of such by any party thereunder.

(b) Each Derivative Transaction is listed in Disclosure Schedule Section 3.21(b), and the financial position of Company or Company Bank under or with respect to each has been reflected in the books and records of Company or Company Bank in accordance with GAAP, and no open exposure of Company or Company Bank with respect to any such instrument (or with respect to multiple instruments with respect to any single counterparty) exists, except as set forth in Disclosure Schedule Section 3.21(b).

(c) No Derivative Transaction, were it to be a Loan held by Company or any of its Subsidiaries, would be classified as "Special Mention," "Substandard," "Doubtful," "Loss," "Classified," "Criticized," "Credit Risk Assets," "Concerned Loans," "Watch List," as such terms are defined by the FDIC's uniform loan classification standards, or words of similar import.

Section 3.22 Regulatory Capitalization. Company Bank is “well-capitalized,” as such term is defined in the rules and regulations promulgated by the FDIC and the Georgia Department of Banking and Finance. Company is “well-capitalized,” as such term is defined in the rules and regulations promulgated by the FRB.

Section 3.23 Loans; Nonperforming and Classified Assets.

(a) Company Disclosure Schedule 3.23(a) identifies any written loan, loan agreement, note or borrowing arrangement and other extensions of credit (including, without limitation, leases, credit enhancements, commitments, guarantees and interest-bearing assets) to which Company, Company Bank or any of their respective Subsidiaries is a party (collectively, “***Loans***”), under the terms of which the obligor was over sixty (60) days delinquent in payment of principal or interest as of September 30, 2015 and such list as of the date hereof.

(b) Company Disclosure Schedule 3.23(b) identifies each Loan that was classified as “Special Mention,” “Substandard,” “Doubtful,” “Loss,” “Classified,” “Criticized,” “Credit Risk Assets,” “Concerned Loans,” “Watch List” or words of similar import by Company, Company Bank or any bank examiner, together with the principal amount of and accrued and unpaid interest on each such Loan and the identity of the borrower thereunder as of September 30, 2015 and such list as of the date hereof.

(c) Company Disclosure Schedule 3.23(c) identifies each asset of Company or any of its Subsidiaries that as of September 30, 2015 was classified as other real estate owned (“***OREO***”) and the book value thereof as of the date of this Agreement as well as any assets classified as OREO since September 30, 2015 and any sales of OREO between September 30, 2015 and the date hereof, reflecting any gain or loss with respect to any OREO sold.

(d) Each Loan held in Company’s, Company Bank’s or any of their respective Subsidiaries’ loan portfolio (each a “***Company Loan***”) (i) is evidenced by notes, agreements or other evidences of indebtedness that are true, genuine and what they purport to be, (ii) to the extent secured, is and has been secured by valid Liens which have been perfected and (iii) to Company’s and Company Bank’s Knowledge, is a legal, valid and binding obligation of the obligor named therein, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and other Laws of general applicability relating to or affecting creditors’ rights and to general equity principles.

(e) All currently outstanding Company Loans (to the extent such loans were not originated by Company Bank, to Company’s Knowledge) were solicited, originated and, currently exist in material compliance with all applicable requirements of Law and, to the extent originated by Company Bank, Company Bank’s lending policies at the time of origination of such Company Loans, and the notes or other credit or security documents with respect to each such outstanding Company Loan are complete and correct. There are no oral modifications or amendments or additional agreements related to the Company Loans that are not reflected in the written records of Company or Company Bank, as applicable. All such Company Loans are owned by Company or Company Bank free and clear of any Liens (other than blanket Liens by the Federal Home Loan Bank of Atlanta). No claims of defense as to the enforcement of any Company Loan have been asserted in writing against Company or Company Bank for which

there is a reasonable possibility of an adverse determination, and neither Company nor Company Bank has any Knowledge of any acts or omissions which would give rise to any claim or right of rescission, set-off, counterclaim or defense for which there is a reasonable possibility of an adverse determination to Company Bank. Except as set forth in Company Disclosure Schedule 3.23(e), no Company Loans are presently serviced by third parties, and there is no obligation which could result in any Company Loan becoming subject to any third party servicing.

(f) Neither Company nor any of its Subsidiaries is a party to any agreement or arrangement with (or otherwise obligated to) any Person which obligates Company or any of its Subsidiaries to repurchase from any such Person any Loan or other asset of Company or any of its Subsidiaries, unless there is a material breach of a representation or covenant by Company or any of its Subsidiaries, and none of the agreements pursuant to which Company or any of its Subsidiaries has sold Loans or pools of Loans or participations in Loans or pools of Loans contains any obligation to repurchase such Loans or interests therein solely on account of a payment default by the obligor on any such Loan.

(g) Neither Company nor any of its Subsidiaries is now nor has it ever been since January 1, 2010, subject to any fine, suspension, settlement or other contract or other administrative agreement or sanction by, or any reduction in any loan purchase commitment from, any Governmental Entity or Regulatory Agency relating to the origination, sale or servicing of mortgage or consumer Loans.

Section 3.24 Allowance for Loan and Lease Losses. Company's allowance for loan and lease losses as reflected in each of (i) the latest balance sheet included in the Audited Financial Statements and (ii) in the balance sheet as of September 30, 2015 included in the Unaudited Financial Statements, were, in the opinion of management, as of each of the dates thereof, in compliance with Company's and Company Bank's existing methodology for determining the adequacy of its allowance for loan and lease losses as well as the standards established by applicable Governmental Authority, the Financial Accounting Standards Board and GAAP.

Section 3.25 Trust Business; Administration of Fiduciary Accounts. Except as set forth on Company Disclosure Schedule 3.25, neither Company nor any of its Subsidiaries has offered or engaged in providing any individual or corporate trust services or administers any accounts for which it acts as a fiduciary, including, but not limited to, any accounts in which it serves as a trustee, agent, custodian, personal representative, guardian, conservator or investment advisor.

Section 3.26 Investment Management and Related Activities. Except as set forth in Company Disclosure Schedule 3.26, none of Company, any Company Subsidiary or any of their respective directors, officers or employees is required to be registered, licensed or authorized under the Laws of any Governmental Authority as an investment adviser, a broker or dealer, an insurance agency or company, a commodity trading adviser, a commodity pool operator, a futures commission merchant, an introducing broker, a registered representative or associated person, investment adviser, representative or solicitor, a counseling officer, an insurance agent, a sales person or in any similar capacity with a Governmental Authority.

Section 3.27 Repurchase Agreements. With respect to all agreements pursuant to which Company or any of its Subsidiaries has purchased securities subject to an agreement to resell, if any, Company or any of its Subsidiaries, as the case may be, has a valid, perfected first lien or security interest in the government securities or other collateral securing the repurchase agreement, and the value of such collateral equals or exceeds the amount of the debt secured thereby.

Section 3.28 Deposit Insurance. The deposits of Company Bank are insured by the FDIC in accordance with the Federal Deposit Insurance Act ("***FDIA***") to the full extent permitted by Law, and Company Bank has paid all premiums and assessments and filed all reports required by the FDIA. No proceedings for the revocation or termination of such deposit insurance are pending or, to Company's and Company Bank's Knowledge, threatened.

Section 3.29 Community Reinvestment Act, Anti-money Laundering and Customer Information Security. Except as set forth in Company Disclosure Schedule 3.29, neither Company nor any of its Subsidiaries is a party to any agreement with any individual or group regarding Community Reinvestment Act matters and neither Company nor any of its Subsidiaries is aware of or has Knowledge (because of Company Bank's Home Mortgage Disclosure Act data for the year ended December 31, 2014, filed with the FDIC, or otherwise), that any facts or circumstances exist, which would cause Company or Company Bank: (i) to be deemed not to be in satisfactory compliance with the Community Reinvestment Act, and the regulations promulgated thereunder, or to be assigned a rating for Community Reinvestment Act purposes by federal or state bank regulators of lower than "satisfactory"; or (ii) to be deemed to be operating in violation of the Bank Secrecy Act and its implementing regulations (31 C.F.R. Part 103), the USA PATRIOT Act, any order issued with respect to anti-money laundering by the U.S. Department of the Treasury's Office of Foreign Assets Control, or any other applicable anti-money laundering statute, rule or regulation; or (iii) to be deemed not to be in satisfactory compliance with the applicable privacy of customer information requirements contained in any federal and state privacy Laws and regulations, including, without limitation, in Title V of the Gramm-Leach-Bliley Act of 1999 and regulations promulgated thereunder, as well as the provisions of the information security program adopted by Company Bank pursuant to 12 C.F.R. Part 364. Furthermore, the board of directors of Company Bank has adopted and Company Bank has implemented an anti-money laundering program that contains adequate and appropriate customer identification verification procedures that has not been deemed ineffective by any Governmental Authority and that meets the requirements of Sections 352 and 326 of the USA PATRIOT Act.

Section 3.30 Transactions with Affiliates. Except as set forth in Company Disclosure Schedule 3.30, there are no outstanding amounts payable to or receivable from, or advances by Company or any of its Subsidiaries to, and neither Company nor any of its Subsidiaries is otherwise a creditor or debtor to (a) any director, executive officer, five percent (5%) or greater stockholder of Company or any of its Subsidiaries or to any of their respective Affiliates or Associates or other Affiliate of Company or any of its Subsidiaries, other than part of the normal and customary terms of such persons' employment or service as a director with Company or any of its Subsidiaries and other than deposits held by Company Bank in the Ordinary Course of Business. Except as set forth in Company Disclosure Schedule 3.30, neither Company nor any of its Subsidiaries is a party to any transaction or agreement with any of its respective directors,

executive officers or other Affiliates. All agreements between Company or any of Company's Subsidiaries and any of their respective Affiliates comply, to the extent applicable, with Regulation W of the FRB.

Section 3.31 Tangible Properties and Assets.

(a) Company Disclosure Schedule 3.31(a) sets forth a true, correct and complete list of all real property owned by Company and each of its Subsidiaries. Except as set forth in Company Disclosure Schedule 3.31(a), Company or its Subsidiaries has good, valid and marketable title to, valid leasehold interests in or otherwise legally enforceable rights to use all of the real property, personal property and other assets (tangible or intangible), used, occupied and operated or held for use by it in connection with its business as presently conducted in each case, free and clear of any Lien, except for (i) statutory Liens for amounts not yet delinquent, and (ii) easements, rights of way, and other similar encumbrances that do not materially affect the value or use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties. Except as set forth on Company Disclosure Schedule 3.31(a), there is no pending or, to Company's Knowledge, threatened legal, administrative, arbitral or other proceeding, claim, action or governmental or regulatory investigation of any nature with respect to the real property that Company or any of its Subsidiaries owns, uses or occupies or has the right to use or occupy, now or in the future, including without limitation a pending or threatened taking of any of such real property by eminent domain. True and complete copies of all deeds or other documentation evidencing ownership of the real properties set forth in Company Disclosure Schedule 3.31(a), and complete copies of the title insurance policies and surveys for each property, together with any mortgages, deeds of trust and security agreements to which such property is subject have been furnished or made available to Buyer.

(b) Company Disclosure Schedule 3.31(b) sets forth a true, correct and complete schedule of all leases, subleases, licenses and other agreements under which Company or any of its Subsidiaries uses or occupies or has the right to use or occupy, now or in the future, real property (the "***Leases***"). Each of the Leases is valid, binding and in full force and effect and neither Company nor any of its Subsidiaries has received a written notice of, and otherwise has no Knowledge of any, default or termination with respect to any Lease. There has not occurred any event and no condition exists that would constitute a termination event or a material breach by Company or any of its Subsidiaries of, or material default by Company or any of its Subsidiaries in, the performance of any covenant, agreement or condition contained in any Lease. To Company's and Company Bank's Knowledge, no lessor under a Lease is in material breach or default in the performance of any material covenant, agreement or condition contained in such Lease. Company and each of its Subsidiaries have paid all rents and other charges to the extent due under the Leases. True and complete copies of all leases for, or other documentation evidencing ownership of or a leasehold interest in, the properties listed in Company Disclosure Schedule 3.31(b), have been furnished or made available to Buyer.

(c) All buildings, structures, fixtures, building systems and equipment, and all components thereof, including the roof, foundation, load-bearing walls and other structural elements thereof, heating, ventilation, air conditioning, mechanical, electrical, plumbing and other building systems, environmental control, remediation and abatement systems, sewer, storm

and waste water systems, irrigation and other water distribution systems, parking facilities, fire protection, security and surveillance systems, and telecommunications, computer, wiring and cable installations, included in the owned real property or the subject of the Leases are in good condition and repair (normal wear and tear excepted) and sufficient for the operation of the business of Company and its Subsidiaries except where such condition has not had, nor is reasonably likely to have, a Material Adverse Effect on Company or any of its Subsidiaries.

Section 3.32 Intellectual Property. Company Disclosure Schedule 3.32 sets forth a true, complete and correct list of all Company Intellectual Property. Company or its Subsidiaries owns or has a valid license to use all Company Intellectual Property, free and clear of all Liens, royalty or other payment obligations (except for royalties or payments with respect to off-the-shelf Software at standard commercial rates). The Company Intellectual Property constitutes all of the Intellectual Property necessary to carry on the business of Company and its Subsidiaries as currently conducted. The Company Intellectual Property is valid and enforceable and has not been cancelled, forfeited, expired or abandoned, and neither Company nor any of its Subsidiaries has received notice challenging the validity or enforceability of Company Intellectual Property. None of Company or any of its Subsidiaries is, nor will any of them be as a result of the execution and delivery of this Agreement or the performance by Company of its obligations hereunder, in violation of any licenses, sublicenses and other agreements as to which Company or any of its Subsidiaries is a party and pursuant to which Company or any of its Subsidiaries is authorized to use any third-party patents, trademarks, service marks, copyrights, trade secrets or computer software and neither Company nor any of its Subsidiaries has received notice challenging Company's or any of its Subsidiaries' license or legally enforceable right to use any such third-party intellectual property rights. The consummation of the transactions contemplated hereby will not result in the loss or impairment of the right of Company or any of its Subsidiaries to own or use any of Company Intellectual Property.

Section 3.33 Insurance.

(a) Company Disclosure Schedule 3.33(a) identifies all of the insurance policies, binders, or bonds currently maintained by Company and its Subsidiaries (the "***Insurance Policies***"), including the insurer, policy numbers, amount of coverage, effective and termination dates and any pending claims thereunder involving more than $10,000. Company and each of its Subsidiaries is insured with reputable insurers against such risks and in such amounts as the management of Company and Company Bank reasonably have determined to be prudent in accordance with industry practices. All the Insurance Policies are in full force and effect, neither Company nor any Subsidiary has received notice of cancellation of any of the Insurance Policies or is otherwise aware that any insurer under any of the Insurance Policies has expressed an intent to cancel any such Insurance Policies, and neither Company nor any of its Subsidiaries is in default thereunder and all claims thereunder have been filed in due and timely fashion.

(b) Company Disclosure Schedule Section 3.33(b) sets forth a true, correct and complete description of all bank owned life insurance ("***BOLI***") owned by Company or its Subsidiaries, including the value of its BOLI as of the end of the month prior to the date hereof. The value of such BOLI is and has been fairly and accurately reflected in the most recent balance sheet included in the Financial Statements in accordance with GAAP. All BOLI is owned solely by Company Bank, no other Person has any ownership claims with respect to such BOLI or

proceeds of insurance derived therefrom and there is no split dollar or similar benefit under Company's BOLI. Neither Company nor any of Company's Subsidiaries has any outstanding borrowings secured in whole or part by its BOLI.

Section 3.34 Antitakeover Provisions. No "control share acquisition," "business combination moratorium," "fair price" or other form of antitakeover statute or regulation is applicable to this Agreement and the transactions contemplated hereby.

Section 3.35 Company Information. The information relating to Company and its Subsidiaries that is provided by or on behalf of Company for inclusion in the Proxy Statement-Prospectus and the Registration Statement, or for inclusion in any Regulatory Approval or other application, notification or document filed with any other Governmental Authority in connection with the Merger, Bank Merger or other transactions contemplated herein, will not (with respect to the Proxy Statement-Prospectus, as of the date the Proxy Statement-Prospectus is first mailed to Company's stockholders and as of the date of the Company Meeting, with respect to the Registration Statement, as of the time the Registration Statement or any amendment or supplement thereto is declared effective under the Securities Act, and with respect to any application or other document filed or submitted to any Governmental Authority, as of the date filed or submitted, as applicable) contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading. The portions of the Proxy Statement-Prospectus relating to Company and Company's Subsidiaries and other portions thereof within the reasonable control of Company and its Subsidiaries will comply in all material respects with the provisions of the Exchange Act, and the rules and regulations thereunder.

Section 3.36 Transaction Costs. Company Disclosure Schedule 3.36 sets forth attorneys' fees, investment banking fees, accounting fees and other costs or fees of Company and its Subsidiaries that, based upon reasonable inquiry, are expected to be paid or accrued through the Closing Date in connection with the Merger and the other transactions contemplated by this Agreement.

Section 3.37 No Knowledge of Breach. Neither Company nor any of its Subsidiaries has any Knowledge of any facts or circumstances that would result in Buyer or Buyer Bank being in breach on the date of execution of this Agreement of any representations and warranties of Buyer or Buyer Bank set forth in ARTICLE IV.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER AND BUYER BANK

Section 4.01 Making of Representations and Warranties.

(a) On or prior to the date hereof, Buyer has delivered to Company a schedule (the "***Buyer Disclosure Schedule***") setting forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more representations or warranties contained in ARTICLE IV; *provided, however*, that nothing in the Buyer Disclosure Schedule shall be

deemed adequate to disclose an exception to a representation or a warranty unless such schedule identifies the exception with reasonable particularity and describes the relevant facts in reasonable detail.

(b) Except as set forth in the Buyer Disclosure Schedule, Buyer and Buyer Bank hereby represent and warrant, jointly and severally, to Company that the statements contained in this ARTICLE IV are correct as of the date of this Agreement and will be correct as of the Closing Date (as though made on and as of the Closing Date), except as to any representation or warranty which specifically speaks as of an earlier date (including without limitation representations made as of "the date hereof"), which only need be correct as of such earlier date.

Section 4.02 Organization, Standing and Authority.

(a) Buyer is an Arkansas corporation duly organized, validly existing and in good standing under the Laws of the State of Arkansas, and is duly registered as a bank holding company under the Bank Holding Company Act of 1956, as amended. True, complete and correct copies of the Articles of Incorporation, as amended (the "***Buyer Articles***") and Bylaws of Buyer, as amended (the "***Buyer Bylaws***"), as in effect as of the date of this Agreement, have previously been made available to Company. Buyer is duly licensed or qualified to do business in the State of Arkansas and each jurisdiction where its ownership or leasing of property or the conduct of its business requires such qualification, except where the failure to be so licensed or qualified has not had, and is not reasonably likely to have, a Material Adverse Effect on Buyer.

(b) Buyer Bank is an Arkansas state banking corporation duly organized, validly existing and in good standing under the Laws of the State of Arkansas. Buyer Bank is duly licensed or qualified to do business in the State of Arkansas and each other jurisdiction where its ownership or leasing of property or the conduct of its business requires such qualification, except where the failure to be so licensed or qualified has not had, and is not reasonably likely to have, a Material Adverse Effect on Buyer Bank. Buyer Bank's deposits are insured by the FDIC in the manner and to the full extent provided by applicable Law, and all premiums and assessments required to be paid in connection therewith have been paid by Buyer Bank when due. Buyer Bank is a member in good standing of the Federal Home Loan Bank of Dallas.

Section 4.03 Capital Stock. The authorized capital stock of Buyer consists of (a) 1,000,000 shares of preferred stock, $0.01 par value per share, of which, as of September 30, 2015 no shares were outstanding and (b) 125,000,000 shares of Buyer Common Stock, of which, as of September 30, 2015, 88,264,627 shares were issued and outstanding. The outstanding shares of Buyer Common Stock have been duly authorized and validly issued and are fully paid and non-assessable and have not been issued in violation of nor are they subject to preemptive rights of any Buyer shareholder. The shares of Buyer Common Stock to be issued pursuant to this Agreement, when issued in accordance with the terms of this Agreement, will be duly authorized, validly issued, fully paid and non-assessable and will not be subject to preemptive rights. All shares of Buyer's capital stock issued and outstanding (and in the case of shares of capital stock issued prior to January 1, 2010, to Buyer's Knowledge) have been issued in compliance with and not in violation of any applicable federal or state securities Laws.

Section 4.04 Corporate Power. Buyer and Buyer Bank have the corporate power and authority to carry on their business as it is now being conducted and to own all their properties and assets; and each of Buyer and Buyer Bank has the corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby, subject to receipt of all necessary approvals of Governmental Authorities.

Section 4.05 Corporate Authority. Subject only to the receipt of the Requisite Buyer Shareholder Approval at the Buyer Meeting, this Agreement and the transactions contemplated hereby have been authorized by all necessary corporate action of Buyer and Buyer Bank on or prior to the date hereof. Buyer and Buyer Bank have duly executed and delivered this Agreement and, assuming due authorization, execution and delivery by Company and Company Bank, this Agreement is a valid and legally binding obligation of Buyer and Buyer Bank, enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar Laws of general applicability relating to or affecting creditors' rights or by general equity principles).

Section 4.06 SEC Documents; Financial Statements.

(a) Buyer has filed all required reports, forms, schedules, registration statements and other documents with the SEC that it has been required to file since December 31, 2012 (the "***Buyer Reports***"), and has paid all fees and assessments due and payable in connection therewith. As of their respective dates of filing with the SEC (or, if amended or superseded by a subsequent filing prior to the date hereof, as of the date of such subsequent filing), the Buyer Reports complied as to form in all material respects with the requirements of the Securities Act or the Exchange Act, as the case may be, and the rules and regulations of the SEC thereunder applicable to such Buyer Reports, and none of the Buyer Reports when filed with the SEC, or if amended prior to the date hereof, as of the date of such amendment, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. As of the date hereof, there are no outstanding comments from or unresolved issues raised by the SEC, as applicable, with respect to any of the Buyer Reports.

(b) The consolidated financial statements of Buyer (including any related notes and schedules thereto) included in the Buyer Reports complied as to form, as of their respective dates of filing with the SEC (or, if amended or superseded by a subsequent filing prior to the date hereof, as of the date of such subsequent filing), in all material respects, with all applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto (except, in the case of unaudited statements, as permitted by the rules of the SEC), have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be disclosed therein), and fairly present, in all material respects, the consolidated financial position of Buyer and its Subsidiaries and the consolidated results of operations, changes in stockholders' equity and cash flows of such companies as of the dates and for the periods shown.

(c) Buyer (x) has established and maintained disclosure controls and procedures and internal control over financial reporting (as such terms are defined in paragraphs (e) and (f), respectively, of Rule 13a-15 under the Exchange Act) as required by Rule 13a-15 under the

Exchange Act, and (y) has disclosed, based on its most recent evaluation, to its outside auditors and the audit committee of Buyer's board of directors (A) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) which are reasonably likely to adversely affect Buyer's ability to record, process, summarize and report financial data and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in Buyer's internal control over financial reporting.

Section 4.07 Regulatory Reports. Since January 1, 2010, Buyer and Buyer Bank have filed with the FDIC, the FRB, the Arkansas State Bank Department and any other applicable Governmental Authority, all material reports and other documents, that they were required to file under applicable Law (other than Buyer Reports) and have paid all fees and assessments due and payable in connection therewith. Except for normal examinations conducted by a Governmental Authority in the regular course of the business of Buyer and its Subsidiaries, no Governmental Authority has notified Buyer that it has initiated any proceeding or, to the Knowledge of Buyer, threatened an investigation into the business or operations of Buyer or any of its Subsidiaries since January 1, 2010 which would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Buyer. There is no material unresolved violation or exception by any Governmental Authority with respect to any report filed by, or relating to any examinations by any such Governmental Authority of Buyer or any of its Subsidiaries which would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Buyer.

Section 4.08 Regulatory Approvals; No Defaults. Subject to the receipt of the Requisite Buyer Shareholder Approval, the Regulatory Approvals and any required filings under federal and state securities Laws, the execution, delivery and performance of this Agreement by Buyer, and the consummation of the transactions contemplated hereby do not and will not, (i) constitute a breach or violation of, or a default under, the Buyer Articles or Buyer Bylaws, (ii) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Buyer or any of its Subsidiaries, or any of their respective properties or assets or (iii) violate, result in a breach of any provision of or the loss of any benefit under, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the respective properties or assets of Buyer or any of its Subsidiaries under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, lease, contract, agreement or other instrument or obligation to which Buyer or any of its Subsidiaries is a party, or by which they or any of their respective properties or assets may be bound.

Section 4.09 Buyer Information. As of the date of the Proxy Statement-Prospectus and the date of the Buyer Meeting to which such Proxy Statement-Prospectus relates, none of the information supplied or to be supplied by Buyer for inclusion or incorporation by reference in the Proxy Statement-Prospectus and the Registration Statement prepared pursuant to the Securities Act and the regulations thereunder, will contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided, however*, that any

information contained in any Buyer Report as of a later date shall be deemed to modify information as of an earlier date.

Section 4.10 Absence of Certain Changes or Events. Except as reflected or disclosed in Buyer's Annual Report on Form 10-K for the year ended December 31, 2014 or in the Buyer Reports since December 31, 2014, as filed with the SEC, there has been no change or development with respect to Buyer and its assets and business or combination of such changes or developments which, individually or in the aggregate, has had or is reasonably likely to have a Material Adverse Effect with respect to Buyer.

Section 4.11 Compliance with Laws. Buyer and each of its Subsidiaries is and since January 1, 2010 has been in compliance in all material respects with all applicable federal, state, and local Laws, rules, judgments, orders or decrees applicable thereto or to the employees conducting such businesses, including, without limitation, Laws related to data protection or privacy, the USA PATRIOT Act, the Bank Secrecy Act, the Equal Credit Opportunity Act, the Fair Housing Act, the Home Mortgage Disclosure Act, the Community Reinvestment Act, the Fair Credit Reporting Act, the Truth in Lending Act and any other Law relating to discriminatory lending, financing or leasing practices, Sections 23A and 23B of the Federal Reserve Act, the Sarbanes-Oxley Act, and the Dodd-Frank Act, except where the failure to be in such compliance would not have a Material Adverse Effect with respect to Buyer.

Section 4.12 Brokers. No broker, investment banker, financial advisor or other Person, other than FIG Partners, LLC, the fees and expenses of which will be paid by Buyer, is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer or any of its Affiliates.

Section 4.13 Tax Matters. Buyer and each of its Subsidiaries have filed all material Tax Returns that they were required to file under applicable Laws and regulations, other than Tax Returns that are not yet due or for which a request for extension was filed consistent with requirements of applicable Law or regulation. All such Tax Returns were correct and complete in all material respects and have been prepared in substantial compliance with all applicable Laws. All material Taxes due and owing by Buyer or any of its Subsidiaries (whether or not shown on any Tax Return) have been paid other than Taxes that have been reserved or accrued on the balance sheet of Buyer and which Buyer is contesting in good faith. Neither Buyer nor any of its Subsidiaries currently has any open tax years prior to 2012. Since January 1, 2010, no claim has been made by an authority in a jurisdiction where Buyer does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of Buyer or any of its Subsidiaries.

Section 4.14 Regulatory Capitalization. Buyer Bank is, and will be upon consummation of the transactions contemplated by this Agreement, "well-capitalized," as such term is defined in the rules and regulations promulgated by the FDIC. Buyer is, and will be upon consummation of the transactions contemplated by this Agreement, "well-capitalized" as such term is defined in the rules and regulations promulgated by the FRB.

Section 4.15 No Financing. Buyer has and will have as of the Effective Time, without having to resort to external sources, sufficient capital to effect the transactions contemplated by this Agreement.

Section 4.16 No Knowledge of Breach. Neither Buyer nor Buyer Bank has any Knowledge of any facts or circumstances that would result in Company or Company Bank being in breach on the date of execution of this Agreement of any representations and warranties of Company or Company Bank set forth in ARTICLE III.

ARTICLE V

COVENANTS

Section 5.01 Covenants of Company. During the period from the date of this Agreement and continuing until the Effective Time, except as expressly contemplated or permitted by this Agreement or with the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed), Company shall carry on its business, including the business of each of its Subsidiaries, only in the Ordinary Course of Business and consistent with prudent banking practice, and in compliance in all material respects with all applicable Laws. Without limiting the generality of the foregoing, Company and each of its Subsidiaries shall, in respect of loan loss provisioning, securities, portfolio management, compensation and other expense management and other operations which might impact Company's equity capital, operate only in the Ordinary Course of Business and in accordance with the limitations set forth in this Section 5.01 unless otherwise consented to in writing by Buyer, which for purposes of requesting and giving consent under this Section 5.01, Company's and Company Bank's representative shall be Company's General Counsel and Chief Strategy Officer (or such other person or persons designated in writing by such General Counsel and Chief Strategy Officer) and Buyer's representative shall be Buyer's Director of Mergers and Acquisitions (or such other person or persons designated in writing by such Director of Mergers and Acquisitions); *provided, however*, that with respect to Section 5.01(q)(i), Section 5.01(r) and Section 5.01(s), if Buyer shall not have disapproved of Company's request in writing within two (2) Business Days upon receipt of such written request from Company or Company Bank, then such request shall be deemed to be approved by Buyer. Company and Company Bank will use commercially reasonable efforts to (i) preserve its business organizations and assets intact, (ii) keep available to itself and Buyer the present services of the current officers and employees of Company and its Subsidiaries, (iii) preserve for itself and Buyer the goodwill of its customers, employees, lessors and others with whom business relationships exist, (iv) continue diligent collection efforts with respect to any delinquent loans and, to the extent within its control, not allow any material increase in delinquent loans. Without limiting the generality of and in furtherance of the foregoing, from the date of this Agreement until the Effective Time, except (x) as set forth in Company Disclosure Schedule 5.01, (y) as otherwise expressly required by this Agreement, or (y) consented to in writing by Buyer, the Company shall not and shall not permit its Subsidiaries to:

(a) Stock. (i) Except as set forth in Company Disclosure Schedule 5.01(a), issue, sell, grant, pledge, dispose of, encumber, or otherwise permit to become outstanding, or authorize the creation of, any additional shares of its stock (except for issuances of Company Common Stock

upon the exercise of Company Stock Options and Company Warrants or the vesting and/or settling of Company RSUs or Company DSUs outstanding on the date hereof and included in Company Disclosure Schedule 3.03(b)), any Rights, any new award or grant under the Company Stock Plans or otherwise, or any other securities (including units of beneficial ownership interest in any partnership or limited liability company), or enter into any agreement with respect to the foregoing, (ii) except as expressly permitted by this Agreement, accelerate the vesting of any existing Rights, or (iii) except as expressly permitted by this Agreement, directly or indirectly change (or establish a record date for changing), adjust, split, combine, redeem, reclassify, exchange, purchase or otherwise acquire any shares of its capital stock, or any other securities (including units of beneficial ownership interest in any partnership or limited liability company) convertible into or exchangeable for any additional shares of stock, any Rights issued and outstanding prior to the Effective Time (other than the acquisition of shares of Company Common Stock from a holder of Company RSUs, Company DSUs or Company Stock Options in satisfaction of withholding obligations or in payment of the exercise price, as may be permitted pursuant to Company Stock Plans or the applicable award agreements).

(b) Dividends; Other Distributions. Make, declare, pay or set aside for payment of dividends payable in cash, stock or property on or in respect of, or declare or make any distribution on, any shares of its capital stock, except for payments from Company Bank to Company.

(c) Compensation; Employment Agreements, Etc. Enter into or amend or renew any employment, consulting, compensatory, severance, retention or similar agreements or arrangements with any director, officer or employee of Company or any of its Subsidiaries, or grant any salary, wage or fee increase or increase any employee benefit or pay any incentive or bonus payments, except (i) normal increases in base salary to employees in the Ordinary Course of Business and pursuant to policies currently in effect, *provided that,* such increases shall not result in an annual adjustment in base compensation (which includes base salary and any other compensation other than bonus payments) of more than 5% for any individual or 3% in the aggregate for all employees of Company or any of its Subsidiaries other than as disclosed in Company Disclosure Schedule 5.01(c), (ii) as may be required by Law, (iii) to satisfy contractual obligations existing or contemplated as of the date hereof, as previously disclosed to Buyer and set forth in Company Disclosure Schedule 5.01(c), and (iv) bonus payments in the Ordinary Course of Business and pursuant to plans in effect on the date hereof, *provided that*, such payments shall not exceed the aggregate amount set forth in Company Disclosure Schedule 5.01(c) and shall not be paid to any individual for whom such payment would be an “excess parachute payment” as defined in Section 280G of the Code.

(d) Hiring. Hire any person as an employee of Company or any of its Subsidiaries, except for at-will employees at an annual rate of salary not to exceed $50,000 to fill vacancies that may arise from time to time in the Ordinary Course of Business.

(e) Benefit Plans. Enter into, establish, adopt, amend, modify or terminate (except (i) as may be required by or to make consistent with applicable Law, subject to the provision of prior written notice to and consultation with respect thereto with Buyer, (ii) to satisfy contractual obligations existing as of the date hereof and set forth in Company Disclosure Schedule 5.01(e), (iii) as previously disclosed to Buyer and set forth in Company Disclosure Schedule 5.01(e), or

(iv) as may be required pursuant to the terms of this Agreement) any Company Benefit Plan or other pension, retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, consulting, bonus, group insurance or other employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement (or similar arrangement) related thereto, in respect of any current or former director, officer or employee of Company or any of its Subsidiaries.

(f) Transactions with Affiliates. Except pursuant to agreements or arrangements in effect on the date hereof and set forth in Company Disclosure Schedule 5.01(f), pay, loan or advance any amount to, or sell, transfer or lease any properties or assets (real, personal or mixed, tangible or intangible) to, or enter into any agreement or arrangement with, any of its officers or directors or any of their immediate family members or any Affiliates or Associates of any of its officers or directors other than compensation or business expense advancements or reimbursements in the Ordinary Course of Business.

(g) Dispositions. Except as set forth on Company Disclosure Schedule 5.01(g) or in the Ordinary Course of Business, sell, license, lease, transfer, mortgage, pledge, encumber or otherwise dispose of or discontinue any of its rights, assets, deposits, business or properties or cancel or release any indebtedness owed to Company or any of its Subsidiaries.

(h) Acquisitions. Acquire (other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, in each case in the Ordinary Course of Business) all or any portion of the assets, debt, business, deposits or properties of any other entity or Person, except for purchases specifically approved by Buyer pursuant to any other applicable paragraph of this Section 5.01.

(i) Capital Expenditures. Make any capital expenditures in amounts exceeding $50,000 individually, or $100,000 in the aggregate.

(j) Governing Documents. Amend Company's Certificate of Incorporation or Bylaws or any equivalent documents of Company's Subsidiaries.

(k) Accounting Methods. Implement or adopt any change in its accounting principles, practices or methods, other than as may be required by applicable Laws or GAAP.

(l) Contracts. Except as set forth in Company Disclosure Schedule 5.01(l), enter into, amend, modify, terminate, extend, or waive any material provision of, any Company Material Contract, Lease or Insurance Policy, or make any change in any instrument or agreement governing the terms of any of its securities, or material lease or contract, other than normal renewals of contracts and leases without material adverse changes of terms with respect to Company or any of its Subsidiaries, or enter into any contract that would constitute a Company Material Contract if it were in effect on the date of this Agreement, except for any amendments, modifications or terminations requested by Buyer.

(m) Claims. Other than settlement of foreclosure actions in the Ordinary Course of Business, (i) enter into any settlement or similar agreement with respect to any action, suit, proceeding, order or investigation to which Company or any of its Subsidiaries is or becomes a party after the date of this Agreement, which settlement or agreement involves payment by

Company or any of its Subsidiaries of an amount which exceeds $25,000 individually or $100,000 in the aggregate and/or would impose any material restriction on the business of Company or any of its Subsidiaries or (ii) waive or release any material rights or claims, or agree or consent to the issuance of any injunction, decree, order or judgment restricting or otherwise affecting its business or operations.

(n) Banking Operations. (i) Enter into any material new line of business, introduce any material new products or services, any material marketing campaigns or any material new sales compensation or incentive programs or arrangements; (ii) change in any material respect its lending, investment, underwriting, risk and asset liability management and other banking and operating policies, except as required by applicable Law, regulation or policies imposed by any Governmental Authority; or (iii) make any material changes in its policies and practices with respect to underwriting, pricing, originating, acquiring, selling, servicing, or buying or selling rights to service Loans, its hedging practices and policies.

(o) Derivative Transactions. Enter into any Derivative Transaction.

(p) Indebtedness. Incur, modify, extend or renegotiate any indebtedness of Company or Company Bank or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person (other than creation of deposit liabilities, purchases of federal funds, purchases of Federal Home Loan Bank advances that have a maturity under twelve (12) months and a cost less than 0.5%, and purchases of brokered certificates of deposit that have a maturity under twelve (12) months and a cost less than 0.5%, which are in each case in the Ordinary Course of Business), *provided* any consent requested of Buyer will not be unreasonably withheld or delayed.

(q) Investment Securities. (i) Acquire (other than (x) by way of foreclosures or acquisitions in a bona fide fiduciary capacity or (y) in satisfaction of debts previously contracted in good faith), sell or otherwise dispose of any debt security or equity investment or any certificates of deposits issued by other banks, nor (ii) change the classification method for any of the Company Investment Securities from "held to maturity" to "available for sale" or from "available for sale" to "held to maturity," as those terms are used in ASC 320.

(r) Deposits. Other than in connection with the CertusBank Transaction, make any changes to deposit pricing (other than immaterial changes on an individual customer basis, consistent with past practices).

(s) Loans. Except for loans or extensions of credit approved and/or committed as of the date hereof that are listed in Company Disclosure Schedule 5.01(s), (i) make, renew, renegotiate, increase, extend or modify any (A) unsecured loan, if the amount of such unsecured loan, together with any other outstanding unsecured loans made by Company or any of its Subsidiaries to such borrower or its Affiliates would be in excess of $100,000, in the aggregate, (B) loan secured by other than a first lien in excess of $200,000, (C) loan in excess of FFIEC regulatory guidelines relating to loan to value ratios, (D) secured loan over $5,000,000, (E) any loan that is not made in conformity with Company's ordinary course lending policies and guidelines in effect as of the date hereof, or (F) loan, whether secured or unsecured, if the amount of such loan, together with any other outstanding loans (without regard to whether such

other loans have been advanced or remain to be advanced), would result in the aggregate outstanding loans to any borrower of Company or any of its Subsidiaries (without regard to whether such other loans have been advanced or remain to be advanced) to exceed $8,000,000, (ii) sell any loan or loan pools in excess of $5,000,000 in principal amount or sale price, or (iii) acquire any servicing rights, or sell or otherwise transfer any loan where the Company or any of its Subsidiaries retains any servicing rights. The limits set forth in this Section 5.01(s) may be increased upon mutual agreement of the parties, provided such adjustments shall be memorialized in writing by all parties thereto.

(t) Investments or Developments in Real Estate. Make any investment or commitment to invest in real estate or in any real estate development project other than by way of foreclosure or deed in lieu thereof or make any investment or commitment to develop, or otherwise take any actions to develop any real estate owned by Company or its Subsidiaries.

(u) Taxes. Except as required by applicable Law, make, in any manner different from Company's prior custom and practice, or change any material Tax election, file any material amended Tax Return, enter into any material closing agreement, settle or compromise any material liability with respect to Taxes, agree to any material adjustment of any Tax attribute, file any claim for a material refund of Taxes, or consent to any extension or waiver of the limitation period applicable to any material Tax claim or assessment, *provided that*, for purposes of this subsection (u), "material" shall mean affecting or relating to $10,000 or more in Taxes or $25,000 or more of taxable income.

(v) Compliance with Agreements. Commit any act or omission which constitutes a material breach or default by Company or any of its Subsidiaries under any agreement with any Governmental Authority or under any Company Material Contract, Lease or other material agreement or material license to which Company or any of its Subsidiaries is a party or by which any of them or their respective properties are bound or under which any of them or their respective assets, business, or operations receives benefits.

(w) Environmental Assessments. Foreclose on or take a deed or title to any real estate other than single-family residential properties without first conducting an ASTM International ("***ASTM***") E1527-13 Phase I Environmental Site Assessment (or any applicable successor standard) of the property that satisfies the requirements of 40 C.F.R. Part 312 ("***Phase I***"), or foreclose on or take a deed or title to any real estate other than single-family residential properties if such environmental assessment indicates the presence or likely presence of any Hazardous Substances under conditions that indicate an existing release, a past release, or a material threat of a release of any Hazardous Substances into structures on the property or into the ground, ground water, or surface water of the property.

(x) Adverse Actions. Except as expressly contemplated or permitted by this Agreement, without the prior written consent of Buyer, Company will not, and will cause each of its Subsidiaries not to take any action or knowingly fail to take any action not contemplated by this Agreement that is intended or is reasonably likely to (i) prevent, delay or impair Company's ability to consummate the Merger or the transactions contemplated by this Agreement, (ii) prevent the Merger or Bank Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code, or (iii) agree to take, make any commitment to take, or adopt any

resolutions of its board of directors in support of, any of the actions prohibited by this Section 5.01.

(y) Capital Stock Purchase. Directly or indirectly repurchase, redeem or otherwise acquire any shares of its capital stock or any securities convertible into or exercisable for any shares of its capital stock.

(z) Facilities. Except as set forth in Company Disclosure Schedule 5.01(z) or as required by Law, file any application or make any contract or commitment for the opening, relocation or closing of any, or open, relocate or close any, branch office, loan production or servicing facility or automated banking facility, except for any change that may be requested by Buyer.

(aa) Restructure. Merge or consolidate itself or any of its Subsidiaries with any other Person, or restructure, reorganize or completely or partially liquidate or dissolve it or any of its Subsidiaries.

(bb) Commitments. (i) Enter into any contract with respect to, or otherwise agree or commit to do, or adopt any resolutions of its board of directors or similar governing body in support of, any of the foregoing or (ii) take any action that is intended or expected to result in any of its representations and warranties set forth in this Agreement being or becoming untrue in any material respect at any time prior to the Effective Time, or in any of the conditions to the Merger not being satisfied or in a violation of any provision of this Agreement, except, in every case, as may be required by applicable Law.

Section 5.02 Covenants of Buyer.

(a) Affirmative Covenants. From the date hereof until the Effective Time, Buyer will carry on its business consistent with prudent banking practices and in compliance in all material respects with all applicable Laws.

(b) Negative Covenants. From the date hereof until the Effective Time, except as expressly contemplated or permitted by this Agreement, without the prior written consent of Company, Buyer will not, and will cause each of its Subsidiaries not to take any action or knowingly fail to take any action not contemplated by this Agreement that is intended or is reasonably likely to (i) prevent, delay or impair Buyer's ability to consummate the Merger or the transactions contemplated by this Agreement, (ii) prevent the Merger or Bank Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code, or (iii) agree to take, make any commitment to take, or adopt any resolutions of its board of directors in support of, any of the actions prohibited by this Section 5.02.

Section 5.03 Commercially Reasonable Efforts. Subject to the terms and conditions of this Agreement, each of the parties to the Agreement agrees to use commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws, so as to permit consummation of the transactions contemplated hereby as promptly as practicable, including the satisfaction of the conditions set forth in ARTICLE VI hereof, and shall cooperate fully with the other parties hereto to that end.

Section 5.04 Stockholder Approval.

(a) Company Stockholder Approval.

(i) Following the execution of this Agreement, Company shall take, in accordance with applicable Law and the Certificate of Incorporation and Bylaws of Company, all action necessary to convene a special meeting of its stockholders as promptly as practicable (and in any event within forty-five (45) days following the time when the Registration Statement becomes effective, subject to extension with the consent of Buyer) to consider and vote upon the approval of this Agreement and the transactions contemplated hereby (including the Merger) and any other matters required to be approved by Company's stockholders in order to permit consummation of the Merger and the transactions contemplated hereby (including any adjournment or postponement thereof, the "***Company Meeting***") and shall take all lawful action to solicit such approval by such stockholders. Company shall use its commercially reasonable efforts to obtain the Requisite Company Stockholder Approval to consummate the Merger and the other transactions contemplated hereby, and shall ensure that the Company Meeting is called, noticed, convened, held and conducted, and that all proxies solicited by Company in connection with the Company Meeting are solicited in compliance with the DGCL, the Certificate of Incorporation and Bylaws of Company, and all other applicable legal requirements. Except with the prior approval of Buyer, no other matters shall be submitted for the approval of Company stockholders at the Company Meeting.

(ii) Except to the extent provided otherwise in Section 5.09, the Company Board shall at all times prior to and during the Company Meeting recommend approval of this Agreement by the stockholders of Company and the transactions contemplated hereby (including the Merger) and any other matters required to be approved by Company's stockholders for consummation of the Merger and the transactions contemplated hereby (the "***Company Recommendation***") and shall not withhold, withdraw, amend, modify, change or qualify such recommendation in a manner adverse in any respect to the interests of Buyer or take any other action or make any other public statement inconsistent with such recommendation and the Proxy Statement-Prospectus shall include the Company Recommendation. In the event that there is present at such meeting, in person or by proxy, sufficient favorable voting power to secure the Requisite Company Stockholder Approval, Company will not adjourn or postpone the Company Meeting unless Company is advised by counsel that failure to do so would result in a breach of the fiduciary duties of Company Board. Company shall keep Buyer updated with respect to the proxy solicitation results in connection with the Company Meeting as reasonably requested by Buyer.

(b) Buyer Shareholder Approval.

(i) Following the execution of this Agreement, Buyer shall take, in accordance with applicable Law, applicable rules of NASDAQ and the Buyer Articles and Buyer Bylaws, all action necessary to convene a meeting of its shareholders as promptly as practicable (and in any event within forty-five (45) days following the time when the Registration Statement becomes effective, subject to extension with the consent of Company) to consider and vote upon the approval of this Agreement and the transactions contemplated hereby (including the Merger) and any other matter required to be approved by the shareholders of Buyer in order to

consummate the Merger and the transactions contemplated hereby (including any adjournment or postponement thereof, the "***Buyer Meeting***").

(ii) Buyer shall use its commercially reasonable efforts to obtain the Requisite Buyer Shareholder Approval to consummate the Merger and the other transactions contemplated hereby, and shall ensure that the Buyer Meeting is called, noticed, convened, held and conducted, and that all proxies solicited by Buyer in connection with the Buyer Meeting are solicited in compliance with the ABCA, Buyer Articles and Buyer Bylaws, and all other applicable legal requirements. Buyer shall keep Company updated with respect to the proxy solicitation results in connection with the Buyer Meeting as reasonably requested by Company. Buyer's board of directors shall recommend that Buyer's shareholders vote to approve this Agreement and the transactions contemplated hereby (including the Merger) and any other matters required to be approved by Buyer's shareholders for consummation of the Merger and the transactions contemplated hereby (the "***Buyer Recommendation***"), and the Proxy Statement-Prospectus shall include the Buyer Recommendation.

Section 5.05 Registration Statement; Proxy Statement-Prospectus; NASDAQ Listing.

(a) Buyer and Company agree to cooperate in the preparation of the Registration Statement to be filed by Buyer with the SEC in connection with the issuance of Buyer Common Stock in the transactions contemplated by this Agreement (including the Proxy Statement-Prospectus and all related documents). Company shall use its commercially reasonable efforts to deliver to Buyer such financial statements and related analysis of the Company, including Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company, as may be required in order to file the Registration Statement, and any other report required to be filed by Buyer with the SEC, in each case, in compliance with applicable Laws, and shall, as promptly as practicable following execution of this Agreement, prepare and deliver drafts of such information to Buyer to review. Each of Buyer and Company agree to use commercially reasonable efforts to cause the Registration Statement to be declared effective by the SEC as promptly as reasonably practicable after the filing thereof. Buyer also agrees to use commercially reasonable efforts to obtain any necessary state securities Law or "blue sky" permits and approvals required to carry out the transactions contemplated by this Agreement. Company agrees to cooperate with Buyer and Buyer's counsel and accountants in requesting and obtaining appropriate opinions, consents and letters from Company's independent auditors in connection with the Registration Statement and the Proxy Statement-Prospectus. After the Registration Statement is declared effective under the Securities Act, Company, at its own expense, shall promptly mail or cause to be mailed the Proxy Statement-Prospectus to its stockholders.

(b) Buyer will advise Company, promptly after Buyer receives notice thereof, of the time when the Registration Statement has become effective or any supplement or amendment has been filed, of the issuance of any stop order or the suspension of the qualification of Buyer Common Stock for offering or sale in any jurisdiction, of the initiation or threat of any proceeding for any such purpose, or of any request by the SEC for the amendment or supplement of the Registration Statement or upon the receipt of any comments (whether written or oral) from the SEC or its staff. Buyer will provide Company and its counsel with a reasonable opportunity to review and comment on the Registration Statement and the Proxy Statement-Prospectus, and

all responses to requests for additional information by and replies to comments of the SEC prior to filing such with, or sending such to, the SEC, and Buyer will provide Company and its counsel with a copy of all such filings made with the SEC. If at any time prior to the Company Meeting there shall occur any event that should be disclosed in an amendment or supplement to the Proxy Statement-Prospectus or the Registration Statement, Buyer shall use its commercially reasonable efforts to promptly prepare and file such amendment or supplement with the SEC (if required under applicable Law) and cooperate with Company to mail such amendment or supplement to Company stockholders (if required under applicable Law).

(c) Buyer agrees to use its commercially reasonable efforts to cause the shares of Buyer Common Stock to be issued in connection with the transactions contemplated by this Agreement to be approved for listing on NASDAQ, subject to official notice of issuance, prior to the Effective Time.

Section 5.06 Regulatory Filings; Consents.

(a) Each of Buyer and Company and their respective Subsidiaries shall cooperate and use their respective commercially reasonable efforts (i) to prepare all documentation (including the Proxy Statement-Prospectus), to effect all filings, to obtain all permits, consents, approvals and authorizations of all third parties and Governmental Authorities necessary to consummate the transactions contemplated by this Agreement, the Regulatory Approvals and all other consents and approvals of a Governmental Authority required to consummate the Merger in the manner contemplated herein, including, without limitation, the final consent of the FDIC to the assignment, assumption and transfer of all purchase and assumption and related loss-share agreements, that have not been terminated, between Company Bank and the FDIC, as receiver and acting in its corporate capacity (collectively, the "***FDIC Agreements***"), to Buyer and Buyer Bank, (ii) to comply with the terms and conditions of such permits, consents, approvals and authorizations and (iii) to cause the transactions contemplated by this Agreement to be consummated as expeditiously as practicable; *provided, however*, that in no event shall Buyer be required to agree to any prohibition, limitation, or other requirement which would prohibit or materially limit the ownership or operation by Company or any of its Subsidiaries, or by Buyer or any of its Subsidiaries, of all or any material portion of the business or assets of Company or any of its Subsidiaries or Buyer or its Subsidiaries, or compel Buyer or any of its Subsidiaries to dispose of all or any material portion of the business or assets of Company or any of its Subsidiaries or Buyer or any of its Subsidiaries or continue any portion of any Company Regulatory Agreement against Buyer after the Merger except as set forth on Company Disclosure Schedule 5.06(a) (together, the "***Burdensome Conditions***"). Buyer and Company will furnish each other and each other's counsel with all information concerning themselves, their Subsidiaries, directors, trustees, officers and stockholders and such other matters as may be necessary or advisable in connection with any application, petition or any other statement or application made by or on behalf of Buyer or Company to any Governmental Authority in connection with the transactions contemplated by this Agreement. Each party hereto shall have the right to review and approve in advance all characterizations of the information relating to such party and any of its Subsidiaries that appear in any filing made in connection with the transactions contemplated by this Agreement with any Governmental Authority. In addition, Buyer and Company shall each furnish to the other for review a copy of each such filing made in

connection with the transactions contemplated by this Agreement with any Governmental Authority prior to its filing.

(b) Company will use its commercially reasonable efforts, and Buyer shall reasonably cooperate with Company at Company's request, to obtain all consents, approvals, authorizations, waivers or similar affirmations described on Company Disclosure Schedule 3.13(c). Each party will notify the other party promptly and shall promptly furnish the other party with copies of notices or other communications received by such party or any of its Subsidiaries of any communication from any Person alleging that the consent of such Person (or another Person) is or may be required in connection with the transactions contemplated by this Agreement (and the response thereto from such party, its Subsidiaries or its representatives). Company will consult with Buyer and its representatives as often as practicable under the circumstances so as to permit Company and Buyer and their respective representatives to cooperate to take appropriate measures to obtain such consents and avoid or mitigate any adverse consequences that may result from the foregoing.

Section 5.07 Publicity. Buyer and Company shall consult with each other before issuing any press release with respect to this Agreement or the transactions contemplated hereby and shall not issue any such press release or make any such public statement without the prior consent of the other party, which shall not be unreasonably delayed or withheld; *provided, however*, that a party may, without the prior consent of the other party (but after such consultation, to the extent practicable in the circumstances), issue such press release or make such public statements as may upon the advice of counsel be required by Law or the rules and regulations of any stock exchanges. It is understood that Buyer shall assume primary responsibility for the preparation of joint press releases relating to this Agreement, the Merger and the other transactions contemplated hereby.

Section 5.08 Access; Current Information.

(a) For the purposes of verifying the representations and warranties of the other and preparing for the Merger and the other matters contemplated by this Agreement, upon reasonable notice and subject to applicable Laws relating to the exchange of information, Company agrees to afford Buyer and its officers, employees, counsel, accountants and other authorized representatives such access during normal business hours at any time and from time to time throughout the period prior to the Effective Time to Company's and Company's Subsidiaries' books, records (including, without limitation, Tax Returns and work papers of independent auditors), information technology systems, properties and personnel and to such other information relating to them as Buyer may reasonably request and Company shall use commercially reasonable efforts to provide any appropriate notices to employees and/or customers in accordance with applicable Law and Company's privacy policy and, during such period, Company shall furnish to Buyer, upon Buyer's reasonable request, all such other information concerning the business, properties and personnel of Company and its Subsidiaries that is substantially similar in scope to the information provided to Buyer in connection with its diligence review prior to the date of this Agreement.

(b) As soon as reasonably practicable after they become available, Company will furnish to Buyer copies of the board packages distributed to the Company Board or board of

directors of Company Bank, or any of their respective Subsidiaries, and minutes from the meetings thereof, copies of any internal management financial control reports showing actual financial performance against plan and previous period, and copies of any reports provided to the Company Board or any committee thereof relating to the financial performance and risk management of Company.

(c) During the period from the date of this Agreement to the Effective Time, each of Company and Buyer will cause one or more of its designated representatives to confer on a regular basis with representatives of the other party and to report the general status of the ongoing operations of Company and its Subsidiaries and Buyer and its Subsidiaries, respectively. Without limiting the foregoing, Company agrees to provide to Buyer (i) a copy of each report filed by Company or any of its Subsidiaries with a Governmental Authority within one (1) Business Day following the filing thereof, (ii) a copy of Company's monthly loan trial balance within one (1) Business Day of the end of the month, and (iii) a copy of Company's monthly statement of condition and profit and loss statement within five (5) Business Days of the end of the month and, if requested by Buyer, a copy of Company's daily statement of condition and daily profit and loss statement, which shall be provided within two (2) Business Days of such request.

(d) Not later than five (5) Business Days prior to the Closing Date, Company shall obtain and cause to be delivered simultaneously to Company and Buyer for their respective review and approval a current valuation, as of a date not more than ten (10) Business Days prior to the Closing Date, of all securities in the investment portfolio of Company and its Subsidiaries. Such valuation shall initially be prepared by Interactive Data Corporation ("***IDC***"), and shall follow the methodology, procedures and approach consistent with those employed in the September 30, 2015 investment portfolio valuation prepared by IDC for Company and its Subsidiaries. Neither party will discuss the valuation with IDC or attempt to influence IDC's valuation in any way. Each party shall have one (1) Business Day after receipt to evaluate the IDC report, including the Closing Date Mark-to-Market Valuation, and either accept it or request a second valuation. If either party requests a second valuation then both Buyer and Company will jointly present a request for a second Closing Date Mark-to-Market Valuation (the "***Second Valuation***") to Standard & Poor's Securities Evaluations, Inc. ("***S&P***"). To the extent any of the securities in Company and its Subsidiaries' investment portfolio are not valued by S&P, a third nationally recognized valuation service to be selected by mutual agreement of the parties shall value those specific securities, such valuation to comprise part of the Second Valuation. If the resulting Closing Date Mark-to-Market Valuation arrived at using the Second Valuation differs from the resulting Closing Date Mark-to-Market Valuation determined using the IDC valuation by one percent (1%) or less, the resulting Closing Date Mark-to-Market valuation provided by IDC will be used by the parties in connection with the Closing of the transactions contemplated by this Agreement. If the resulting Closing Date Mark-to-Market Valuation arrived at using the Second Valuation differs from the resulting Closing Date Mark-to-Market Valuation using the IDC valuation by more than one percent (1%), the mean average of the Closing Date Mark-to-Market Valuations in the IDC valuation and the Second Valuation will be used by the parties in connection with the Closing of the transactions contemplated by this Agreement. The (i) IDC Closing Date Mark-to-Market Valuation or (ii) mean average of such valuation and the Closing Date Mark-to-Market Valuation contained as part of the Second Valuation, whichever is applicable, is referred to in this Agreement as the "***Closing Securities Valuation***."

(e) No investigation by Buyer or its representatives shall be deemed to modify or waive any representation, warranty, covenant or agreement of Company or Company Bank set forth in this Agreement, or the conditions to the respective obligations of Buyer and Company to consummate the transactions contemplated hereby.

(f) Company shall not be required to copy Buyer on any documents that disclose confidential discussions of this Agreement or the transactions contemplated hereby or any other matter that Company's or Company Bank's board of directors has been advised by counsel that such distribution to Buyer may violate a confidentiality obligation or fiduciary duty or any Law or regulation, or may result in a waiver of Company's attorney-client privilege. In the event any of the restrictions in this Section 5.08(f) shall apply, Company shall use its reasonable best efforts to provide appropriate consents, waivers, decrees and approvals necessary to satisfy any confidentiality issues relating to documents prepared or held by third parties (including work papers), the parties will make appropriate alternate disclosure arrangements, including adopting additional specific procedures to protect the confidentiality of sensitive material and to ensure compliance with applicable Laws.

Section 5.09 No Solicitation by Company; Superior Proposals.

(a) Company shall not, and shall cause its Subsidiaries and each of their respective officers, directors and employees not to, and will not authorize any investment bankers, financial advisors, attorneys, accountants, consultants, affiliates or other agents of Company or any of Company's Subsidiaries (collectively, the "***Company Representatives***") to, directly or indirectly, (i) initiate, solicit, induce or knowingly encourage, or take any action to facilitate the making of, any inquiry, offer or proposal which constitutes, or could reasonably be expected to lead to, an Acquisition Proposal; (ii) participate in any discussions or negotiations regarding any Acquisition Proposal or furnish, or otherwise afford access, to any Person (other than Buyer) any information or data with respect to Company or any of its Subsidiaries or otherwise relating to an Acquisition Proposal; (iii) release any Person from, waive any provisions of, or fail to enforce any confidentiality agreement or standstill agreement to which Company is a party; or (iv) enter into any agreement, agreement in principle or letter of intent with respect to any Acquisition Proposal or approve or resolve to approve any Acquisition Proposal or any agreement, agreement in principle or letter of intent relating to an Acquisition Proposal. Any violation of the foregoing restrictions by any of the Company Representatives, whether or not such Company Representative is so authorized and whether or not such Company Representative is purporting to act on behalf of Company or otherwise, shall be deemed to be a breach of this Agreement by Company. Company and its Subsidiaries shall, and shall cause each of the Company Representatives to, immediately cease and cause to be terminated any and all existing discussions, negotiations, and communications with any Persons with respect to any existing or potential Acquisition Proposal.

For purposes of this Agreement, "***Acquisition Proposal***" shall mean any inquiry, offer or proposal (other than an inquiry, offer or proposal from Buyer), whether or not in writing, contemplating, relating to, or that could reasonably be expected to lead to, an Acquisition Transaction.

For purposes of this Agreement, "***Acquisition Transaction***" shall mean (A) any transaction or series of transactions involving any merger, consolidation, recapitalization, share exchange, liquidation, dissolution or similar transaction involving Company or any of its Subsidiaries; (B) any transaction pursuant to which any third party or group acquires or would acquire (whether through sale, lease or other disposition), directly or indirectly, a significant portion of the assets of Company or any of its Subsidiaries; (C) any issuance, sale or other disposition of (including by way of merger, consolidation, share exchange or any similar transaction) securities (or options, rights or warrants to purchase or securities convertible into, such securities) representing 20% or more of the votes attached to the outstanding securities of Company or any of its Subsidiaries; (D) any tender offer or exchange offer that, if consummated, would result in any third party or group beneficially owning 20% or more of any class of equity securities of Company or any of its Subsidiaries; or (E) any transaction which is similar in form, substance or purpose to any of the foregoing transactions, or any combination of the foregoing.

For purposes of this Agreement, "***Superior Proposal***" means a bona fide, unsolicited Acquisition Proposal (i) that if consummated would result in a third party (or in the case of a direct merger between such third party and Company or Company Bank, the stockholders of such third party) acquiring, directly or indirectly, more than 50% of the outstanding Company Common Stock or more than 50% of the assets of Company and its Subsidiaries, taken as a whole, for consideration consisting of cash and/or securities and (ii) that Company Board reasonably determines in good faith, after consultation with its outside financial advisor and outside legal counsel, (A) is reasonably capable of being completed, taking into account all financial, legal, regulatory and other aspects of such proposal, including all conditions contained therein and the person making such Acquisition Proposal, and (B) taking into account any changes to this Agreement proposed by Buyer in response to such Acquisition Proposal, as contemplated by paragraph (c) of this Section 5.09, and all financial, legal, regulatory and other aspects of such takeover proposal, including all conditions contained therein and the person making such proposal, is more favorable to the stockholders of Company from a financial point of view than the Merger.

(b) Notwithstanding Section 5.09(a) or any other provision of this Agreement, prior to the date of the Company Meeting, Company may take any of the actions described in Section 5.09(a) if, but only if, (i) Company has received a bona fide unsolicited written Acquisition Proposal that did not result from a breach of this Section 5.09; (ii) the Company Board reasonably determines in good faith, after consultation with and having considered the advice of its outside financial advisor and outside legal counsel, that (A) such Acquisition Proposal constitutes or is reasonably likely to lead to a Superior Proposal and (B) it is reasonably necessary to take such actions to comply with its fiduciary duties to Company's stockholders under applicable Law; (iii) Company has provided Buyer with at least three (3) Business Days' prior notice of such determination; and (iv) prior to furnishing or affording access to any information or data with respect to Company or any of its Subsidiaries or otherwise relating to an Acquisition Proposal, Company receives from such Person a confidentiality agreement with terms no less favorable to Company than those contained in the confidentiality agreement with Buyer. Company shall promptly provide to Buyer any non-public information regarding Company or its Subsidiaries provided to any other Person which was not previously provided to Buyer, such additional information to be provided no later than the date of provision of such information to such other party.

(c) Company shall promptly (and in any event within 48 hours) notify Buyer in writing if any proposals or offers are received by, any information is requested from, or any negotiations or discussions are sought to be initiated or continued with, Company or the Company Representatives, in each case in connection with any Acquisition Proposal, and such notice shall indicate the name of the Person initiating such discussions or negotiations or making such proposal, offer or information request and the material terms and conditions of any proposals or offers (and, in the case of written materials relating to such proposal, offer, information request, negotiations or discussion, providing copies of such materials (including e-mails or other electronic communications) except to the extent that such materials constitute confidential information of the party making such offer or proposal under an effective confidentiality agreement). Company agrees that it shall keep Buyer informed, on a reasonably current basis, of the status and terms of any such proposal, offer, information request, negotiations or discussions (including any amendments or modifications to such proposal, offer or request).

(d) Neither the Company Board nor any committee thereof shall (i) withdraw, qualify, amend or modify, or propose to withdraw, qualify, amend or modify, in a manner adverse to Buyer in connection with the transactions contemplated by this Agreement (including the Merger), the Company Recommendation, fail to reaffirm the Company Recommendation within five (5) Business Days following a request by Buyer, or make any statement, filing or release, in connection with the Company Meeting or otherwise, inconsistent with the Company Recommendation (it being understood that taking a neutral position or no position with respect to an Acquisition Proposal shall be considered an adverse modification of the Company Recommendation); (ii) approve or recommend, or propose to approve or recommend, any Acquisition Proposal; or (iii) enter into (or cause Company or any of its Subsidiaries to enter into) any letter of intent, agreement in principle, acquisition agreement or other agreement (A) related to any Acquisition Transaction (other than a confidentiality agreement entered into in accordance with the provisions of Section 5.09(b)) or (B) requiring Company to abandon, terminate or fail to consummate the Merger or any other transaction contemplated by this Agreement.

(e) Notwithstanding Section 5.09(d), prior to the date of the Company Meeting, the Company Board may withdraw, qualify, amend or modify the Company Recommendation (a "***Company Subsequent Determination***") after the fifth (5th) Business Day following Buyer's receipt of a notice (the "***Notice of Superior Proposal***") from Company advising Buyer that the Company Board has decided that a bona fide unsolicited written Acquisition Proposal that it received (that did not result from a breach of this Section 5.09) constitutes a Superior Proposal if, but only if, (i) the Company Board has determined in good faith, after consultation with and having considered the advice of outside legal counsel and its financial advisor, that it is reasonably necessary to take such actions to comply with its fiduciary duties to Company's stockholders under applicable Law, (ii) during the five (5) Business Day period after receipt of the Notice of Superior Proposal by Buyer (the "***Notice Period***"), Company and the Company Board shall have cooperated and negotiated in good faith with Buyer to make such adjustments, modifications or amendments to the terms and conditions of this Agreement as would enable Company to proceed with the Company Recommendation without a Company Subsequent Determination; *provided, however*, that Buyer shall not have any obligation to propose any adjustments, modifications or amendments to the terms and conditions of this Agreement and

(iii) at the end of the Notice Period, after taking into account any such adjusted, modified or amended terms as may have been proposed by Buyer since its receipt of such Notice of Superior Proposal, the Company Board has again in good faith made the determination (A) in clause (i) of this Section 5.09(e) and (B) that such Acquisition Proposal constitutes a Superior Proposal. In the event of any material revisions to the Superior Proposal, Company shall be required to deliver a new Notice of Superior Proposal to Buyer and again comply with the requirements of this Section 5.09(e), except that the Notice Period shall be reduced to three (3) Business Days.

(f) Notwithstanding any Company Subsequent Determination, this Agreement shall be submitted to Company's stockholders at the Company Meeting for the purpose of voting on the approval of this Agreement and the transactions contemplated hereby (including the Merger) and nothing contained herein shall be deemed to relieve Company of such obligation; *provided, however*, that if the Company Board shall have made a Company Subsequent Determination with respect to a Superior Proposal, then the Company Board may recommend approval of such Superior Proposal by the stockholders of Company and may submit this Agreement to Company's stockholders without recommendation, in which event the Company Board shall communicate the basis for its recommendation of such Superior Proposal and the basis for its lack of a recommendation with respect to this Agreement and the transactions contemplated hereby to Company's stockholders in the Proxy Statement-Prospectus or an appropriate amendment or supplement thereto.

(g) Nothing contained in this Section 5.09 shall prohibit Company or the Company Board from complying with Company's obligations required under Rule 14e-2(a) promulgated under the Exchange Act; *provided, however*, that any such disclosure relating to an Acquisition Proposal (other than a "stop, look and listen" or similar communication of the type contemplated by Rule 14d-9(f) under the Exchange Act) shall be deemed a change in the Company Recommendation unless the Company Board reaffirms the Company Recommendation in such disclosure.

Section 5.10 Indemnification.

(a) For a period of six (6) years from and after the Effective Time, and in any event subject to the provisions of Section 5.10(b)(iv), Buyer shall indemnify and hold harmless the present and former directors and officers of Company and Company Bank (the "***Indemnified Parties***"), against all costs or expenses (including reasonable attorney's fees), judgments, fines, losses, claims, damages, or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative arising out of actions or omissions of such persons in the course of performing their duties for Company or Company Bank occurring at or before the Effective Time (including the transactions contemplated by this Agreement) (each a "***Claim***"), to the same extent as such persons have the right to be indemnified pursuant to the Certificate of Incorporation and Bylaws of Company or Company Bank in effect on the date of this Agreement, to the extent permitted by applicable Law.

(b) Any Indemnified Party wishing to claim indemnification under this Section 5.10 shall promptly notify Buyer upon learning of any Claim, *provided that*, failure to so notify shall not affect the obligation of Buyer under this Section 5.10, unless, and only to the extent that,

Buyer is materially prejudiced in the defense of such Claim as a consequence. In the event of any such Claim (whether asserted or claimed prior to, at or after the Effective Time), (i) Buyer shall have the right to assume the defense thereof and Buyer shall not be liable to such Indemnified Parties for any legal expenses or other counsel or any other expenses subsequently incurred by such Indemnified Parties in connection with the defense thereof, (ii) the Indemnified Parties will cooperate in the defense of any such matter, (iii) Buyer shall not be liable for any settlement effected without its prior written consent and (iv) Buyer shall have no obligation hereunder to any Indemnified Party if such indemnification would be in violation of any applicable federal or state banking Laws or regulations, or in the event that a federal or state banking agency or a court of competent jurisdiction shall determine that indemnification of an Indemnified Party in the manner contemplated hereby is prohibited by applicable Laws and regulations, whether or not related to banking Laws.

(c) For a period of six (6) years following the Effective Time, Buyer will use its commercially reasonable efforts to provide director's and officer's liability insurance (herein, "***D&O Insurance***") that serves to reimburse the present and former officers and directors of Company or its Subsidiaries (determined as of the Effective Time) with respect to claims against such directors and officers arising from facts or events occurring before the Effective Time (including the transactions contemplated hereby), which insurance will contain at least the same coverage and amounts, and contain terms and conditions no less advantageous to the Indemnified Party, as that coverage currently provided by Company; *provided that*, if Buyer is unable to maintain or obtain the insurance called for by this Section 5.10, Buyer will provide as much comparable insurance as is reasonably available (subject to the limitations described below in this Section 5.10(c)); and *provided, further,* that officers and directors of Company or its Subsidiaries may be required to make application and provide customary representations and warranties to the carrier of the D&O Insurance for the purpose of obtaining such insurance. In no event shall Buyer be required to expend for such tail insurance a premium amount in excess of an amount equal to 200% of the annual premiums paid by Company for D&O Insurance in effect as of the date of this Agreement (the "***Maximum D&O Tail Premium***"). If the cost of such tail insurance exceeds the Maximum D&O Tail Premium, Buyer shall obtain tail insurance coverage or a separate tail insurance policy with the greatest coverage available for a cost not exceeding the Maximum D&O Tail Premium.

(d) If Buyer or any of its successors and assigns (i) shall consolidate with or merge into any other corporation or entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) shall transfer all or substantially all of its property and assets to any individual, corporation or other entity, then, in each such case, proper provision shall be made so that the successors and assigns of Buyer and its Subsidiaries shall assume the obligations set forth in this Section 5.10.

Section 5.11 Employees; Benefit Plans.

(a) Employees of Company and Company Bank shall be retained as "at will" employees after the Effective Time as employees of Buyer or Buyer Bank; *provided*, that continued retention by Buyer Bank of such employees subsequent to the Effective Time shall be subject to Buyer Bank's normal and customary employment procedures and practices, including customary background screening and evaluation procedures, and satisfactory employment

performance. In addition, Company and Company Bank agree, upon Buyer's reasonable request, to facilitate discussions between Buyer and Company Employees a reasonable time in advance of the Closing Date regarding employment, consulting or other arrangements to be effective prior to or following the Effective Time. Prior to the Effective Time, any interaction between Buyer and Company Employees shall be coordinated by Company or Company Bank.

(b) Company Employees (other than those listed in Company Disclosure Schedule 5.11(b) who are parties to an employment, change-of-control or other type of agreement which provides for severance) as of the date of the Agreement who remain employed by Company or any of its Subsidiaries as of the Effective Time, who become employees of Buyer Bank at the Effective Time and whose employment is terminated by Buyer or Buyer Bank (absent termination for cause as determined by the employer) within one hundred eighty (180) days after the Effective Time shall receive severance pay in accordance with Buyer's standard practices (which may include a severance agreement and general release of claims to be provided by the terminated employee) equal to one (1) week of base weekly pay for each completed year of employment service commencing with any such employee's most recent hire date with Company or any of its Subsidiaries (including service with any predecessor companies or banks as set forth in Company's records) and ending with such employee's termination date with Buyer, with a minimum payment equal to two (2) weeks of base pay and a maximum payment equal to twelve (12) weeks of base pay (unless otherwise agreed in a separate written agreement between such employee and Buyer Bank). Subject to the terms and execution of the severance agreement and general release of claims by such employee, such severance payment will be made in accordance with the terms stated in the severance document and such severance payments will be in lieu of any severance pay plans that may be in effect at Company or any of its Subsidiaries prior to the Effective Time. No officer or employee of Company or any of its Subsidiaries is, or shall be, entitled to receive duplicative severance payments and benefits under (i) an employment or severance agreement; (ii) a severance or change-of-control plan; (iii) this Section 5.11; or (iv) any other program or arrangement.

(c) Effective as of no later than the day immediately preceding the Effective Time, Company shall provide Buyer with a copy of the appropriate board resolutions and plan amendments, if applicable, evidencing that all Company Benefit Plans intended to qualify under Section 401(a) and 401(k) of the Code are in the process of being terminated effective as of no later than the day immediately preceding the Effective Time. The form and substance of such resolutions or plan amendment shall be subject to the review and reasonable and timely approval of Buyer. Company shall take such additional actions that may be necessary or appropriate, including but not limited to any necessary amendments and notices, to terminate the Company Stock Plans, the Community & Southern Bank Annual Incentive Compensation Plan and the Community & Southern Bank Severance Plan as of the Effective Time and shall take any additional actions necessary to terminate the remaining Company Benefit Plans as Buyer may reasonably request.

(d) Company Employees who are retained by Buyer or Buyer Bank shall be entitled to participate in Buyer Benefit Plans to the same extent as similarly-situated employees of Buyer or Buyer Bank (it being understood that inclusion of Company Employees in the Buyer Benefit Plans may occur at different times with respect to different plans due to reasonable administrative requirements to enroll such Company Employees in such Buyer Benefit Plans).

To the extent allowable under any of such plans, Company Employees shall be given credit for prior service or employment with Company or Company Bank, including service with any predecessor companies or banks, and eligible for any increased benefits under such plans that would apply to such employees as if they had been eligible for such benefits as of the Effective Time, based on the length of service or employment with Company or Company Bank, including service with any predecessor companies or banks. Notwithstanding the foregoing, Buyer may amend or terminate any Buyer Benefit Plan at any time in its sole discretion.

(e) If employees of Company or any of its Subsidiaries become eligible to participate in a medical, dental or health plan of Buyer or Buyer Bank upon termination of such plan of Company or any of its Subsidiaries, Buyer shall use commercially reasonable efforts to cause each such plan to (i) waive any pre-existing condition limitations to the extent such conditions are covered under the applicable medical, health, or dental plans of Buyer or Buyer Bank, (ii) subject to approval from Buyer's insurance carrier, provide full credit under such plans for any deductible or out-of-pocket expenses incurred by the employees and their beneficiaries during the portion of the calendar year prior to such participation, and (iii) waive any waiting period limitation or evidence of insurability requirement which would otherwise be applicable to such employee on or after the Effective Time, in each case to the extent such employee had satisfied any similar limitation or requirement under an analogous plan prior to the Effective Time for the plan year in which the Effective Time occurs.

(f) Except to the extent otherwise expressly provided in this Section 5.11, Buyer shall assume and honor, and Buyer shall be obligated to perform, all employment, severance, deferred compensation, retirement or "change-in-control" agreements, plans or policies of Company or Company Bank, but only if such obligations, rights, agreements, plans or policies are set forth in Company Disclosure Schedule 5.11(f). Buyer acknowledges that the consummation of the Merger and Bank Merger will constitute a "change-in-control" of Company and Company Bank for purposes of any benefit plans, agreements and arrangements of Company and Company Bank. Nothing herein shall limit the ability of Buyer or Buyer Bank to amend or terminate any of the Company Benefit Plans or Buyer Benefit Plans in accordance with their terms at any time, subject to vested rights of employees and directors that may not be terminated pursuant to the terms of such Company Benefit Plans.

(g) Immediately prior to the Effective Time, Company and/or Company Bank, as applicable, will terminate the employment agreements set forth in Company Disclosure Schedule 5.11(g) and pay to each of the parties thereto the amounts set forth in Company Disclosure Schedule 5.11(g).

(h) Buyer will establish a stay bonus pool in an amount to be developed in consultation with Company, the precise amount to be determined in the sole discretion of Buyer, in order to encourage and reward Company Employees to remain with Buyer after the consummation of the transactions contemplated by this Agreement. Participants in such pool shall be determined in Buyer's sole discretion after consultation with Company.

(i) Nothing in this Section 5.11, expressed or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Section 5.11. Without limiting the foregoing, no provision of this Section 5.11 will create any third party

beneficiary rights in any current or former employee, director or consultant of Company or its Subsidiaries, any beneficiary or dependent thereof, or any collective bargaining representative thereof, in respect of continued employment (or resumed employment), compensation, terms and conditions of employment and/or benefits or any other matter. Nothing in this Section 5.11 is intended (i) to amend any Company Benefit Plan or any Buyer Benefit Plan, (ii) interfere with Buyer's right from and after the Closing Date to amend or terminate any Company Benefit Plan that is not terminated prior to the Effective Time or Buyer Benefit Plan, (iii) interfere with Buyer's right from and after the Effective Time to terminate the employment or provision of services by any director, employee, independent contractor or consultant or (iv) interfere with Buyer's indemnification obligations set forth in Section 5.10.

Section 5.12 Notification of Certain Changes. Buyer and Company shall promptly advise the other party of any change or event having, or which could reasonably be expected to have, a Material Adverse Effect or which it believes would, or which could reasonably be expected to, cause or constitute a material breach of any of its or its respective Subsidiaries' representations, warranties or covenants contained herein. From time to time prior to the Effective Time (and on the date prior to the Closing Date), Company will supplement or amend the Company Disclosure Schedules delivered in connection with the execution of this Agreement to reflect any matter which, if existing, occurring or known at the date of this Agreement, would have been required to be set forth or described in such Company Disclosure Schedule or which is necessary to correct any information in such Company Disclosure Schedule which has been rendered materially inaccurate thereby. No supplement or amendment to any Company Disclosure Schedule or provision of information relating to the subject matter of any Company Disclosure Schedule after the date of this Agreement shall operate to cure any breach of a representation or warranty made herein or have any effect for the purpose of determining satisfaction of the conditions set forth in Section 6.02(a) or Section 6.03(b) hereof, as the case may be, or compliance by Buyer or Company with the respective covenants and agreements of such parties set forth herein.

Section 5.13 Transition; Informational Systems Conversion. From and after the date hereof, Buyer and Company shall use their commercially reasonable efforts to facilitate the integration of Company with the business of Buyer following consummation of the transactions contemplated hereby, and shall meet on a regular basis to discuss and plan for the conversion of the data processing and related electronic informational systems of Company and each of its Subsidiaries (the "***Informational Systems Conversion***") to those used by Buyer, which planning shall include, but not be limited to, (a) discussion of third-party service provider arrangements of Company and each of its Subsidiaries; (b) non-renewal or changeover, after the Effective Time, of personal property leases and software licenses used by Company and each of its Subsidiaries in connection with the systems operations; (c) retention of outside consultants and additional employees to assist with the conversion; (d) outsourcing, as appropriate after the Effective Time, of proprietary or self-provided system services; and (e) any other actions necessary and appropriate to facilitate the conversion, as soon as practicable following the Effective Time. Buyer shall promptly reimburse Company on request (within seven (7) Business Days of such request) for any reasonable and documented out-of-pocket fees, expenses or charges that Company may incur as a result of taking, at the request of Buyer, any action prior to the Effective Time to facilitate the Informational Systems Conversion.

Section 5.14 No Control of Other Party's Business. Nothing contained in this Agreement shall give Buyer, directly or indirectly, the right to control or direct the operations of Company or its Subsidiaries prior to the Effective Time, and nothing contained in this Agreement shall give Company, directly or indirectly, the right to control or direct the operations of Buyer or its Subsidiaries prior to the Effective Time. Prior to the Effective Time, each of Company and Buyer shall exercise, consistent with the terms and conditions of this Agreement, control and supervision over its and its Subsidiaries' respective operations.

Section 5.15 Environmental Assessments.

(a) No later than forty-five (45) Business Days after the date hereof, Company shall cooperate with and grant access to an environmental consulting firm selected and paid for by Company and reasonably acceptable to Buyer (the "***Environmental Consultant***"), during normal business hours (or at such other times as may be agreed to by Company), to any property set forth in Company Disclosure Schedule 3.31(a), for the purpose of conducting an ASTM Phase I and an asbestos and lead base paint survey, as it relates to providing an environmental site assessment to determine whether any such property may be impacted by a "recognized environmental condition," as that term is defined by ASTM. Each Phase I (including the asbestos and lead base paint surveys) shall be delivered in counterpart copies to Buyer and Company, and will include customary language allowing both Buyer and Company to rely upon its findings and conclusions. The Environmental Consultant will provide a draft of any Phase I to Company and Buyer for review and comment prior to the finalization of such report.

(b) To the extent the final version of any Phase I identifies any "recognized environmental condition," Company shall cooperate with and grant access to the Environmental Consultant, during normal business hours (or at such other times as may be agreed by Company), to the property covered by such Phase I for the purpose of conducting a Phase II limited site assessment, including subsurface investigation of soil, soil vapor, and groundwater, designed to further investigate and evaluate any "recognized environmental condition" identified in the Phase I, the cost of which shall be shared equally between Buyer and Company.

(c) Where any Phase I, asbestos or lead base paint survey identifies the presence or potential presence of radon, asbestos containing materials, mold, microbial matter, or polychlorinated biphenyls ("***Non-scope Issues***"), Company shall cooperate with and grant access to the Environmental Consultant, during normal business hours (or at such other times as may be agreed by Company) to the property covered by such Phase I, for the purpose of conducting surveys and sampling of indoor air and building materials designed to investigate such identified Non-scope Issue, paid for by Company.

(d) Any work conducted by the Environmental Consultant pursuant to subsections (b) and (c) ("***Additional Environmental Assessment***") will be pursuant to a scope of work prepared by the Environmental Consultant and reasonably acceptable to Company and Buyer. The reports of any Additional Environmental Assessment will be given directly to Buyer and to Company by the Environmental Consultant.

(e) To the extent that Buyer identified any past or present events, conditions or circumstances that would require further investigation, remedial or cleanup action under

Environmental Laws, Company shall use commercially reasonable efforts to take and complete any such reporting, remediation or other response actions prior to Closing; *provided, however*, that, to the extent any such response actions have not been completed prior to Closing ("***Unresolved Response Action***"), Company shall include the amount of the costs expected to be incurred by the Surviving Entity on or after the Closing Date, as determined by an independent third party with recognized expertise in environmental clean-up matters, to fully complete all Unresolved Response Actions in determining its Closing Consolidated Net Book Value.

Section 5.16 Certain Litigation. Each party shall promptly advise the other party orally and in writing of any actual or threatened stockholder litigation against such party and/or the members of the Company Board or Buyer's board of directors related to this Agreement or the Merger and the other transactions contemplated by this Agreement. Company shall: (i) permit Buyer to review and discuss in advance, and consider in good faith the views of Buyer in connection with, any proposed written or oral response to such stockholder litigation; (ii) furnish Buyer's outside legal counsel with all non-privileged information and documents which outside counsel may reasonably request in connection with such stockholder litigation; (iii) consult with Buyer regarding the defense or settlement of any such stockholder litigation, shall give due consideration to Buyer's advice with respect to such stockholder litigation and shall not settle any such litigation prior to such consultation and consideration; *provided, however*, that Company shall not settle any such stockholder litigation if such settlement requires the payment of money damages, without the written consent of Buyer (such consent not to be unreasonably withheld) unless the payment of any such damages by Company is reasonably expected by Company, following consultation with outside counsel, to be fully covered (disregarding any deductible to be paid by Company) under Company's existing director and officer insurance policies, including any tail policy.

Section 5.17 Director Resignations. Company shall use commercially reasonable efforts to cause to be delivered to Buyer resignations of all the directors of Company and its Subsidiaries, such resignations to be effective as of the Effective Time.

Section 5.18 Coordination.

(a) Prior to the Effective Time, Company and its Subsidiaries shall take any actions Buyer may reasonably request from time to time to better prepare the parties for integration of the operations of Company and Company Bank with Buyer and Buyer Bank, respectively. Without limiting the foregoing, senior officers of Company and Buyer shall meet from time to time as Buyer may reasonably request, and in any event not less frequently than monthly, to review the financial and operational affairs of Company and its Subsidiaries, and Company shall give due consideration to Buyer's input on such matters, with the understanding that, notwithstanding any other provision contained in this Agreement, neither Buyer nor Buyer Bank shall under any circumstance be permitted to exercise control of Company or any of its Subsidiaries prior to the Effective Time. Company shall permit representatives of Buyer Bank to be onsite at Company to facilitate integration of operations and assist with any other coordination efforts as necessary.

(b) Upon Buyer's reasonable request, prior to the Effective Time and consistent with GAAP, the rules and regulations of the SEC and applicable banking Laws and regulations, each

of Company and its Subsidiaries shall modify or change its loan, OREO, accrual, reserve, tax, litigation and real estate valuation policies and practices (including loan classifications and levels of reserves) so as to be applied, on a basis that is consistent with that of Buyer. In order to promote a more efficient and orderly integration of operation of Company Bank with Buyer Bank, Company shall use commercially reasonable efforts to cause Company Bank, or any of its Subsidiaries, to sell or otherwise divest itself of such Company Investment Securities and loans as are identified by Buyer and agreed to in writing between Company and Buyer from time to time prior to the Closing Date, such identification to include a statement as to Buyer's business reasons for such divestitures, if requested. The economic impact of such divestitures to Company's earning shall be quantified and included in the calculation of Closing Consolidated Net Book Value. Notwithstanding the foregoing, no such modifications, changes or divestitures of the type described in this Section 5.18(b) need be made prior to the satisfaction of the conditions set forth in Section 6.01(b).

(c) Company shall, consistent with GAAP and regulatory accounting principles, use its commercially reasonable efforts to adjust, at Buyer's reasonable request, internal control procedures which are consistent with Buyer's and Buyer Bank's current internal control procedures to allow Buyer to fulfill its reporting requirement under Section 404 of the Sarbanes-Oxley Act, *provided, however*, that no such adjustments need be made prior to the satisfaction of the conditions set forth in Section 6.01(b).

(d) Prior to the Effective Time, Company and its Subsidiaries shall take any actions Buyer may reasonably request in connection with negotiating any amendments, modifications or terminations of any Leases or Company Material Contracts that Buyer may request, including but not limited to, actions necessary to cause any such amendments, modifications or terminations to become effective prior to, or immediately upon, the Closing, and shall cooperate with Buyer and use commercially reasonable efforts to negotiate specific provisions that may be requested by Buyer in connection with any such amendment, modification or termination.

(e) Subject to Section 5.18(b), Buyer and Company shall cooperate (i) to minimize any potential adverse impact to Buyer under Financial Accounting Standards Board Accounting Standards Codification Topic 805 (Business Combinations), and (ii) to maximize potential benefits to Buyer and its Subsidiaries under Code Section 382 in connection with the transactions contemplated by this Agreement, in each case consistent with GAAP, the rules and regulations of the SEC and applicable banking Laws and regulations.

(f) From and after the date hereof, Company shall, upon Buyer's reasonable request, introduce Buyer and its representatives to suppliers of Company and its Subsidiaries for the purpose of facilitating the integration of Company and its business into that of Buyer. In addition, after satisfaction of the conditions set forth in Section 6.01(a) and Section 6.01(b), Company shall, upon Buyer's reasonable request, introduce Buyer and its representatives to customers of Company and its Subsidiaries for the purpose of facilitating the integration of Company and its business into that of Buyer. Any interaction between Buyer and Company's and any of its Subsidiaries' customers and suppliers shall be coordinated by Company. Company shall have the right to participate in any discussions between Buyer and Company's customers and suppliers.

(g) Buyer and Company agree to take all action necessary and appropriate to cause Company Bank to merge with Buyer Bank in accordance with applicable Laws and the terms of the Plan of Bank Merger immediately following the Effective Time or as promptly as practicable thereafter.

Section 5.19 Transactional Expenses. Company has provided in Company Disclosure Schedule 3.36 a reasonable good faith estimate of costs and fees that Company and its Subsidiaries expect to pay to retained representatives in connection with the transactions contemplated by this Agreement (collectively, "***Company Expenses***"). Company shall use its commercially reasonable efforts to cause the aggregate amount of all Company Expenses to not exceed the total expenses disclosed in Company Disclosure Schedule 3.36. Company shall promptly notify Buyer if or when it determines that it expects to exceed its budget for Company Expenses. Notwithstanding anything to the contrary in this Section 5.19, Company shall not incur any investment banking, brokerage, finders or other similar financial advisory fees in connection with the transactions contemplated by this Agreement other than those expressly set forth in Company Disclosure Schedule 3.36.

Section 5.20 Confidentiality. Prior to the execution of this Agreement and prior to the consummation of the Merger, each of Company and Buyer, and their respective subsidiaries, affiliates, officers, directors, agents, employees, consultants and advisors have provided, and will continue to provide one another with information which may be deemed by the party providing the information to be non-public, proprietary and/or confidential, including but not limited to trade secrets of the disclosing party. Each party hereto agrees that it will, and will cause its representatives to, hold any information obtained pursuant to this ARTICLE V in accordance with the terms of the confidentiality and non-disclosure agreement, dated as of August 7, 2015 between Buyer and Company.

Section 5.21 Company Stock Options; Company RSUs; Company DSUs; and Company Warrants.

(a) Immediately prior to the Effective Time, each option to acquire shares of Company Common Stock (a "***Company Stock Option***") granted under the Company Stock Plans that is outstanding and unexercised, shall become fully vested and exercisable to the extent unvested. Pursuant to election forms received by Company at least thirty (30) days prior to the Effective Time, holders of Company Stock Options shall be given the opportunity to exercise their Company Stock Options, effective immediately prior to the Effective Time, and thereby to become stockholders of the Company, entitled to receive the Merger Consideration for each share of Company Common Stock at the same time and in the same manner as the other Company stockholders pursuant to Article II. Company may provide for cashless exercise of the Company Stock Options; *provided that* any adjustment to allow for cashless exercise of any Company Stock Options which are "incentive stock options" under Section 422 of the Code shall be and is intended to be effected in a manner which is consistent with Section 424(a) of the Code. Notwithstanding the terms of the Company Stock Plans or the applicable award agreement, Company shall not reduce the number of shares of Company Common Stock deliverable upon exercise of Company Stock Options by applicable Taxes required to be withheld, it being understand that any such amount required to be withheld shall be paid to Company by the holder thereof with cash. At the Effective Time, all Company Stock Options not

exercised pursuant to the foregoing shall be cancelled and converted into only the right to receive, within two (2) Business Days after the Closing Date, or as promptly as practicable thereafter, a number of shares of Buyer Common Stock equal to the quotient obtained by dividing (1) the product of (x) the number of shares of Company Common Stock subject to such Company Stock Option and (y) the excess, if any, of the Fully Diluted Company Stock Price over the per share exercise price, as set forth in such holder's award agreement with respect to such Company Stock Option by (2) the Buyer Average Stock Price (the "***Option Payment***"). Notwithstanding the foregoing, the holder of any such Company Stock Option shall be entitled to receive a cash payment (without interest and rounded to the nearest cent) in lieu of any fractional shares of Buyer Common Stock that become issuable to the holder pursuant to this Section 5.21, which payment shall be determined by multiplying (1) the Buyer Average Stock Price by (2) the fractional share of Buyer Common Stock (rounded to the nearest one hundredth of a share) which such holder would otherwise be entitled to receive, less applicable Taxes required to be withheld ("***Fractional Share Payment***").

(b) As of the Effective Time, each restricted stock unit award (each a "***Company RSU***") granted under the Company Stock Plans, that is outstanding immediately prior to the Effective Time, whether or not vested, shall vest in full and be cancelled and shall only entitle the holder of such Company RSU to receive, within two (2) Business Days after the Closing Date, or as promptly as practicable thereafter, a number of shares of Buyer Common Stock equal to the product of (i) the number of shares of Company Common Stock underlying such Company RSU, multiplied by (ii) the Exchange Ratio (the "***RSU Payment***"). Notwithstanding the foregoing, the holder of any such Company RSU shall be entitled to receive a Fractional Share Payment in lieu of any fractional shares of Buyer Common Stock that become issuable to the holder pursuant to this Section 5.21.

(c) As of the Effective Time, each deferred stock unit award (each a "***Company DSU***") granted under the Company Stock Plans, that is outstanding immediately prior to the Effective Time, shall be cancelled and shall only entitle the holder of such Company DSU to receive, within two (2) Business Days after the Closing Date, or as promptly as practicable thereafter, a number of shares of Buyer Common Stock equal to the product of (i) the number of shares of Company Common Stock underlying such Company DSU, multiplied by (ii) the Exchange Ratio (the "***DSU Payment***"). Notwithstanding the foregoing, the holder of any such Company DSU shall be entitled to receive a Fractional Share Payment in lieu of any fractional shares of Buyer Common Stock that become issuable to the holder pursuant to this Section 5.21.

(d) As of the Effective Time, each warrant to acquire shares of Company Common Stock (a "***Company Warrant***") that is outstanding and unexercised immediately prior to the Effective Time, shall vest as of the Effective Time to the extent unvested and shall be cancelled and converted into only the right to receive, within two (2) Business Days after the Closing Date, or as promptly as practicable thereafter, a number of shares of Buyer Common Stock equal to the quotient obtained by dividing (1) the product of (x) the number of shares of Company Common Stock subject to such Company Warrant and (y) the excess, if any, of the Fully Diluted Company Stock Price over the per share exercise price, as set forth in such holder's award agreement with respect to such Company Warrant, by (2) the Buyer Average Stock Price (the "***Warrant Payment***"). Notwithstanding the foregoing, the holder of any such Company Warrants shall be

entitled to receive a Fractional Share Payment in lieu of any fractional shares of Buyer Common Stock that become issuable to the holder pursuant to this Section 5.21.

(e) If so elected by the holder of a Company Stock Option, Company RSU or Company DSU, as applicable, pursuant to election forms received by Company at least thirty (30) days prior to the Effective Time, the Option Payment, the RSU Payment and the DSU Payment and any Fractional Share Payments otherwise deliverable pursuant to Section 5.21(a), (b) and (c) to the holder of any such awards, shall be reduced by applicable Taxes required to be withheld. For purposes of the satisfaction of any Tax withholding that is satisfied at the Effective Time through a reduction in the number of shares of Buyer Common Stock otherwise deliverable to the holder of Company Stock Options, Company RSUs and Company DSUs under this Section 5.21(a), (b) and (c), (i) the value of the shares of Buyer Common Stock so withheld shall be based on the Buyer Average Stock Price, and (ii) cash equal to the amount required to be withheld shall be remitted by Buyer (through the Exchange Agent, if applicable) to the applicable Governmental Authority and for all purposes of this Agreement such amount shall be treated as having been paid to the holder of Company Stock Options, Company RSUs and Company DSUs in respect of which such Tax withholding was made.

(f) Company shall take all requisite action so that, as of the Effective Time, all Company Stock Options, Company RSUs, Company DSUs, Company Warrants and any other Rights, contingent or accrued, to acquire or receive Company Common Stock or benefits measured by the value of such shares, and each award of any kind consisting of Company Common Stock that may be held, awarded, outstanding, payable or reserved for issuance under the Company Stock Plans, or otherwise, immediately prior to the Effective Time, whether or not then vested or exercisable, shall be, terminated and cancelled as of the Effective Time.

(g) Prior to the Effective Time, the Company Board (or, if appropriate, any committee thereof administering the Company Stock Plans) shall adopt such resolutions or take such other actions, including obtaining any necessary consents or amendments to the applicable award agreements and equity plans, as may be required to effectuate the provisions of this Section 5.21. Prior to the receipt of shares of Buyer Common Stock pursuant to this Section 5.21, each holder of a Company Stock Option, Company RSU, Company DSU and Company Warrant, shall execute and deliver such consents, documents or other acknowledgements as Buyer may reasonably request, in such forms reasonably acceptable to Buyer and Company.

Section 5.22 Tax Matters. The parties intend that the Merger qualify as a reorganization within the meaning of Section 368(a) of the Code and that this Agreement constitute a "plan of reorganization" within the meaning of Section 1.368-2(g) of the Regulations. Except as expressly contemplated or permitted by this Agreement, from and after the date of this Agreement and until the Effective Time, each of Buyer and Company shall use commercially reasonable efforts to cause the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Code, and will not knowingly take any action, cause any action to be taken, fail to take any action or cause any action to fail to be taken which action or failure to act is intended or is reasonably likely to prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

Section 5.23 Notice of Non-Renewal. To avoid the costs and expenses associated with terminating certain Company Material Contracts, Company shall have provided written notice to the vendors set forth in Company Disclosure Schedule 5.23, notifying such vendors, by the date specified, of the Company's intent not to renew the applicable agreement as set forth in such schedule and shall negotiate with such vendor, in coordination with Buyer, any necessary continued use agreements needed until conversion. In the event that (w) Company has provided the written notices required under this Section 5.23 in a timely manner as set forth in Company Disclosure Schedule 5.23, (x) the Merger has not been consummated by the Expiration Date (provided that the failure of the Closing to occur by such date shall not be due to any material breach of this Agreement by Company or Company Bank), (y) Company or any of its Subsidiaries, in coordination with Buyer, have negotiated and entered into extensions or amendments to the agreements identified in Company Disclosure Schedule 5.23 necessary in order to continue to receive the services of the applicable vendor until conversion, and (z) such extensions, amendments or continued use agreements increase Company's or Company Bank's current monthly cost, as set forth on Company Disclosure Schedule 5.23 as of the date hereof, then to the extent that such increased monthly costs are directly related to the continued use of such agreements after their respective expiration date, Buyer agrees to reimburse Company, up to a maximum amount of $250,000 in the aggregate, for the additional cost incurred by Company during the period beginning after the Expiration Date through the Closing Date or the date this Agreement is terminated, whichever is earlier. Notwithstanding the foregoing, Buyer shall have no obligation to make any payments or reimbursements to Company or Company Bank under this Section 5.23 if Company or Company Bank terminates this Agreement for any reason.

Section 5.24 Termination of Stockholders' Agreement. The Company agrees to use its commercially reasonable efforts to obtain from each stockholder who is a party to the Stockholders Agreement dated January 20, 2010 (the "***Stockholder Agreement***") with respect to shares of Company Common Stock, and deliver to Buyer as soon as practicable, but in no event later than ten (10) days prior to the Closing, an executed counterpart to a termination agreement that provides for the termination of the Stockholder Agreement. Such termination agreement shall be in form and substance satisfactory to Buyer and shall provide that if this Agreement is terminated prior to the Effective Time, the Stockholder Agreement will again be in effect.

ARTICLE VI

CONDITIONS TO CONSUMMATION OF THE MERGER

Section 6.01 Conditions to Obligations of the Parties to Effect the Merger. The respective obligations of Buyer and Company to consummate the Merger are subject to the fulfillment or, to the extent permitted by applicable Law, written waiver by the parties hereto prior to the Closing Date of each of the following conditions:

(a) Stockholder Vote. This Agreement and the transactions contemplated hereby shall have received the Requisite Company Stockholder Approval at the Company Meeting and the Requisite Buyer Shareholder Approval at the Buyer Meeting.

(b) Regulatory Approvals; No Burdensome Condition. All Regulatory Approvals required to consummate the Merger and the Bank Merger in the manner contemplated herein

shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof, if any, shall have expired or been terminated. None of such Regulatory Approvals shall impose any term, condition or restriction upon Buyer or any of its Subsidiaries that Buyer reasonably determines is a Burdensome Condition.

(c) No Injunctions or Restraints; Illegality. No judgment, order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of any of the transactions contemplated hereby shall be in effect. No statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any Governmental Authority that prohibits or makes illegal the consummation of any of the transactions contemplated hereby.

(d) Effective Registration Statement. The Registration Statement shall have become effective and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC or any other Governmental Authority.

(e) Tax Opinions Relating to the Merger. Buyer and Company, respectively, shall have received opinions from Kutak Rock LLP and Alston & Bird LLP, respectively, each dated as of the Closing Date, in substance and form reasonably satisfactory to Company and Buyer to the effect that, on the basis of the facts, representations and assumptions set forth in such opinion, the Merger will be treated for federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Code. In rendering their opinions, Kutak Rock LLP and Alston & Bird LLP may require and rely upon representations as to certain factual matters contained in certificates of officers of each of Company and Buyer, in form and substance reasonably acceptable to such counsel.

Section 6.02 Conditions to Obligations of Company. The obligations of Company to consummate the Merger also are subject to the fulfillment or written waiver by Company prior to the Closing Date of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects at and as of the Closing Date, except to the extent that such representations and warranties are qualified by the term "material," or contain terms such as "Material Adverse Effect" in which case such representations and warranties (as so written, including the term "material" or "Material") shall be true and correct in all respects at and as of the Closing Date. Company shall have received a certificate dated as of the Closing Date, signed on behalf of Buyer by its Chief Executive Officer and Chief Financial Officer to such effect.

(b) Performance of Obligations of Buyer. Buyer shall have performed and complied with all of its obligations under this Agreement in all material respects at or prior to the Closing Date except where the failure of the performance of, or compliance with, such obligation has not had and does not have a Material Adverse Effect on Buyer, and Company shall have received a certificate, dated the Closing Date, signed on behalf of Buyer by its Chief Executive Officer and the Chief Financial Officer to such effect.

(c) Other Actions. Buyer shall have furnished Company with such certificates of its officers and such other documents to evidence fulfillment of the conditions set forth in Section 6.01 and this Section 6.02 as Company may reasonably request. Buyer's board of directors shall have approved this Agreement and the transactions contemplated herein and shall not have withheld, withdrawn or modified (or publicly proposed to withhold, withdraw or modify), in a manner adverse to Company, the Buyer Recommendation referred to in Section 5.04(b).

(d) No Material Adverse Effect. Since the date of this Agreement (i) no change or event has occurred which has resulted in Buyer or Buyer Bank being subject to a Material Adverse Effect and (ii) no condition, event, fact, circumstance or other occurrence has occurred that may reasonably be expected to have or result in such parties being subject to a Material Adverse Effect.

Section 6.03 Conditions to Obligations of Buyer. The obligations of Buyer to consummate the Merger also are subject to the fulfillment or written waiver by Buyer prior to the Closing Date of each of the following conditions:

(a) Company Common Stock. The number of shares of Company Common Stock outstanding as of the Closing Date of this Agreement shall not exceed 36,949,266 shares (plus (i) up to 3,736,788 shares of Company Common Stock that may be issued in connection with the exercise of Company Stock Options and Company Warrants that are outstanding as of the date hereof and (ii) up to 200,226 shares of Company Common Stock that may be issued upon vesting or settlement of Company RSUs and Company DSUs that are outstanding as of the date hereof).

(b) Representations and Warranties. The representations and warranties of Company and its Subsidiaries set forth in this Agreement shall be true and correct in all material respects at and as of the Closing Date, except to the extent that such representations and warranties are qualified by the term "material," or contain terms such as "Material Adverse Effect" in which case such representations and warranties (as so written, including the term "material" or "Material") shall be true and correct in all respects at and as of the Closing Date. Buyer shall have received a certificate dated as of the Closing Date, signed on behalf of Company and its Subsidiaries by Company's Chief Executive Officer and Chief Financial Officer, or equivalent officer performing the duties of a chief financial officer, to such effect.

(c) Performance of Obligations of Company. Company and Company Bank shall have performed and complied with all of their respective obligations under this Agreement in all material respects at or prior to the Closing Date, and Buyer shall have received a certificate, dated the Closing Date, signed on behalf of Company by Company's Chief Executive Officer and Chief Financial Officer and signed on behalf of Company Bank by the Chief Executive Officer, Chief Financial Officer and the President of Company Bank, to such effect.

(d) Plan of Bank Merger. The Plan of Bank Merger shall have been executed and delivered.

(e) Other Actions. Company's and Company Bank's board of directors shall have approved this Agreement and the transactions contemplated herein and shall not have

(i) withheld, withdrawn or modified (or publicly proposed to withhold, withdraw or modify), in a manner adverse to Buyer, the Company Recommendation referred to in Section 5.04(a), (ii) approved or recommended (or publicly proposed to approve or recommend) any Acquisition Proposal, or (iii) allowed Company or any Company Representative to, enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other agreement relating to any Acquisition Proposal. Company and Company Bank shall have furnished Buyer with such certificates of its officers or others and such other documents to evidence fulfillment of the conditions set forth in Section 6.01 and this Section 6.03 as Buyer may reasonably request.

(f) No Material Adverse Effect. Since the date of this Agreement (i) no change or event has occurred which has resulted in Company or Company Bank being subject to a Material Adverse Effect and (ii) no condition, event, fact, circumstance or other occurrence has occurred that may reasonably be expected to have or result in such parties being subject to a Material Adverse Effect.

(g) Assumption of Loss Share Agreements. If not terminated prior to the Effective Time, Company and Company Bank shall have secured written consents from the FDIC, as receiver, with respect to all of the FDIC Agreements (without any compensation, cost or fees therefor) to ensure that there will be no adverse change in loss coverage under any of the FDIC Agreements by reason of the consummation of any of the transactions contemplated by this Agreement and shall have taken all steps necessary to effect the final and complete assignment of the FDIC Agreements to Buyer and Buyer Bank, on or before the Effective Time, and no event shall have occurred that has resulted in or is reasonably likely to result in the loss of a material amount of loss share coverage from the FDIC under any FDIC Agreement to which Company or Company Bank is a party or otherwise bound. If not terminated prior to the Effective Time, Buyer and Buyer Bank shall succeed fully to all rights and obligations of Company and Company Bank under the FDIC Agreements on and after the Effective Time.

(h) Consents and Approvals. Company has received. in form and substance satisfactory to Company and Buyer, all (i) consents, approvals, waivers and other assurances from all non-governmental third parties which are required to be obtained under the terms of any contract, agreement or instrument to which the Company or any of its Subsidiaries is a party or by which any of their respective properties is bound in order to prevent the consummation of the transactions contemplated by this Agreement from constituting a default under such contract, agreement or instrument or creating any lien, claim or charge upon any of the assets of the Company or any of its Subsidiaries and (ii) consents, approvals, amendments or cancellation agreements necessary to terminate all outstanding Company Stock Options, Company RSUs, Company DSUs and Company Warrant from the respective holders thereof in accordance with Section 5.21.

Section 6.04 Frustration of Closing Conditions. Neither Buyer nor Company may rely on the failure of any condition set forth in Section 6.01, Section 6.02 or Section 6.03, as the case may be, to be satisfied if such failure was caused by such party's failure to use commercially reasonable efforts to consummate any of the transactions contemplated hereby, as required by and subject to Section 5.03.

ARTICLE VII

TERMINATION

Section 7.01 Termination. This Agreement may be terminated, and the transactions contemplated hereby may be abandoned:

(a) Mutual Consent. At any time prior to the Effective Time, by the mutual consent, in writing, of Buyer and Company if the board of directors of Buyer and the Company Board each so determines by vote of a majority of the members of its entire board.

(b) No Regulatory Approval. By Buyer or Company, if either of their respective boards of directors so determines by a vote of a majority of the members of its entire board, in the event any Regulatory Approval required for consummation of the transactions contemplated by this Agreement shall have been denied by final, non-appealable action by such Governmental Authority or an application therefor shall have been permanently withdrawn at the request of a Governmental Authority.

(c) No Stockholder Approval. By either Buyer or Company (provided, in the case of Company, that it shall not be in breach of any of its obligations under Section 5.04(a) and, in the case of Buyer, that it shall not be in breach of any of its obligations under Section 5.04(b)), if the Requisite Company Stockholder Approval at the Company Meeting or the Requisite Buyer Shareholder Approval at the Buyer Meeting shall not have been obtained by reason of the failure to obtain the required vote at a duly held meeting of such stockholders or at any adjournment or postponement thereof.

(d) Breach of Representations and Warranties. By either Buyer or Company (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained herein in a manner that would entitle the other party to not consummate this Agreement) if there shall have been (i) with respect to representations and warranties set forth in this Agreement that are not qualified by the term "material" or do not contain terms such as "Material Adverse Effect", a material breach of any of such representations or warranties by the other party and (ii) with respect to representations and warranties set forth in this Agreement that are qualified by the term "material" or contain terms such as "Material Adverse Effect", any breach of any of such representations or warranties by the other party; which breach is not cured prior to the earlier of (y) thirty (30) days following written notice to the party committing such breach from the other party hereto or (z) two (2) Business Days prior to the Expiration Date, or which breach, by its nature, cannot be cured prior to the Closing.

(e) Breach of Covenants. By either Buyer or Company (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained herein in a manner that would entitle the other party not to consummate the agreement) if there shall have been a material breach of any of the covenants or agreements set forth in this Agreement on the part of the other party, which breach shall not have been cured prior to the earlier of (i) thirty (30) days following written notice to the party committing such

breach from the other party hereto or (ii) two (2) Business Days prior to the Expiration Date, or which breach, by its nature, cannot be cured prior to the Closing.

(f) Delay. By either Buyer or Company if the Merger shall not have been consummated on or before June 30, 2016, *provided, however*, that such date will be automatically extended to August 31, 2016 if the only outstanding condition to Closing under Article VI is the receipt of all Regulatory Approvals (the "***Expiration Date***"), unless the failure of the Closing to occur by such date shall be due to a material breach of this Agreement by the party seeking to terminate this Agreement.

(g) Failure to Recommend; Etc. In addition to and not in limitation of Buyer's termination rights under Section 7.01(e), by Buyer if (i) there shall have been a material breach of Section 5.09, or (ii) the Company Board (A) withdraws, qualifies, amends, modifies or withholds the Company Recommendation, or makes any statement, filing or release, in connection with the Company Meeting or otherwise, inconsistent with the Company Recommendation (it being understood that taking a neutral position or no position with respect to an Acquisition Proposal shall be considered an adverse modification of the Company Recommendation), (B) materially breaches its obligation to call, give notice of and commence the Company Meeting under Section 5.04(a), (C) approves or recommends an Acquisition Proposal, (D) fails to publicly recommend against a publicly announced Acquisition Proposal within five (5) Business Days of being requested to do so by Buyer, (E) fails to publicly reconfirm the Company Recommendation within five (5) Business Days of being requested to do so by Buyer, or (F) resolves or otherwise determines to take, or announces an intention to take, any of the foregoing actions.

Section 7.02 Termination Fee; Liquidated Damages.

(a) In recognition of the efforts, expenses and other opportunities foregone by Buyer while structuring and pursuing the Merger, Company shall pay to Buyer a termination fee equal to $23.9 million ("***Termination Fee***"), by wire transfer of immediately available funds to an account specified by Buyer in the event of any of the following: (i) in the event Buyer terminates this Agreement pursuant to Section 7.01(g), Company shall pay Buyer the Termination Fee within two (2) Business Days after receipt of Buyer's notification of such termination; and (ii) in the event that after the date of this Agreement and prior to the termination of this Agreement, an Acquisition Proposal shall have been made known to senior management of Company or has been made directly to its stockholders generally or any Person shall have publicly announced (and not withdrawn) an Acquisition Proposal with respect to Company and (A) thereafter this Agreement is terminated (x) by either Buyer or Company pursuant to Section 7.01(c) because the Requisite Company Stockholder Approval shall not have been obtained or (y) by Buyer pursuant to Section 7.01(d) or Section 7.01(e) and (B) prior to the date that is twelve (12) months after the date of such termination, Company enters into any agreement or consummates a transaction with respect to an Acquisition Proposal (whether or not the same Acquisition Proposal as that referred to above), then Company shall, on the earlier of the date it enters into such agreement and the date of consummation of such transaction, pay Buyer the Termination Fee, *provided*, that for purposes of this Section 7.02(a)(ii), all references in the definition of Acquisition Proposal to "20%" shall instead refer to "50%".

(b) The parties hereto agree and acknowledge that if a party terminates this Agreement pursuant to Section 7.01(d) or Section 7.01(e) by reason of the other party's material breach of the provisions of this Agreement contemplated by Section 7.01(d) or Section 7.01(e) that is not timely cured as provided in such sections, the actual damages sustained by the terminating party, including the expenses incurred by the terminating party preparatory to entering into this Agreement and in connection with the performance of its obligations under this Agreement, would be significant and difficult to ascertain, gauged by the circumstances existing at the time this Agreement is executed, and that in lieu of the terminating party being required to pursue its damage claims in costly litigation proceedings in such event, the parties agree that the non-terminating party shall pay a reasonable estimate of the amount of such damages, which the parties agree is the sum of $2,000,000 (the "***Liquidated Damages Payment***"), as liquidated damages to the terminating party, which payment is not intended as a penalty, within two (2) Business Days after the terminating party's notification of such termination.

(c) Company and Buyer each agree that the agreements contained in this Section 7.02 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, Buyer would not enter into this Agreement; accordingly, if Company fails promptly to pay any amounts due under this Section 7.02, Company shall pay interest on such amounts from the date payment of such amounts were due to the date of actual payment at the rate of interest equal to the sum of (i) the rate of interest published from time to time in The Wall Street Journal, Eastern Edition (or any successor publication thereto), designated therein as the prime rate on the date such payment was due, plus (ii) 200 basis points, together with the costs and expenses of Buyer (including reasonable legal fees and expenses) in connection with such suit.

(d) Notwithstanding anything to the contrary set forth in this Agreement, the parties agree that if Company pays or causes to be paid to Buyer or to Buyer Bank the Termination Fee in accordance with Section 7.02(a), or, if applicable, the Liquidated Damages Payment in accordance with Section 7.02(b), Company (or any successor in interest of Company) will not have any further obligations or liabilities to Buyer or Buyer Bank with respect to this Agreement or the transactions contemplated by this Agreement.

Section 7.03 Effect of Termination. Except as set forth in Section 7.02(d), termination of this Agreement will not relieve a breaching party from liability for any breach of any covenant, agreement, representation or warranty of this Agreement giving rise to such termination.

ARTICLE VIII

DEFINITIONS

Section 8.01 Definitions. The following terms are used in this Agreement with the meanings set forth below:

"***ABCA***" means the Arkansas Business Corporation Act of 1987, as amended.

"***Acquisition Proposal***" has the meaning set forth in Section 5.09(a).

"***Acquisition Transaction***" has the meaning set forth in Section 5.09(a).

"***Additional Environmental Assessment***" has the meaning set forth in Section 5.15(d).

"***Affiliate***" means, with respect to any Person, any other Person controlling, controlled by or under common control with such Person. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") means the possession, directly or indirectly, of power to direct or cause the direction of the management and policies of a Person whether through the ownership of voting securities, by contract or otherwise.

"***Agreement***" has the meaning set forth in the preamble to this Agreement.

"***Articles of Bank Merger***" has the meaning set forth in Section 1.05(b).

"***Articles of Merger***" has the meaning set forth in Section 1.05(a).

"***ASC 320***" means GAAP Accounting Standards Codification Topic 320.

"***Associate***" when used to indicate a relationship with any Person means (1) any corporation or organization (other than Company or any of its Subsidiaries) of which such Person is an officer or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities, (2) any trust or other estate in which such Person has a substantial beneficial interest or serves as trustee or in a similar fiduciary capacity, or (3) any relative or family member of such Person.

"***ASTM***" has the meaning set forth in Section 5.01(w).

"***Audited Financial Statements***" has the meaning set forth in Section 3.08(a).

"***Bank Merger***" has the meaning set forth in the recitals.

"***Bank Secrecy Act***" means the Bank Secrecy Act of 1970, as amended.

"***BOLI***" has the meaning set forth in Section 3.33(b).

"***Book-Entry Shares***" means any non-certificated share held by book entry in the Company's stock transfer book, which immediately prior to the Effective Time represents an outstanding share of Company Common Stock.

"***Burdensome Conditions***" has the meaning set forth in Section 5.06(a).

"***Business Day***" means Monday through Friday of each week, except a legal holiday recognized as such by the U.S. government or any day on which banking institutions in the State of Delaware are authorized or obligated to close.

"***Buyer***" has the meaning set forth in the preamble to this Agreement.

"***Buyer Articles***" has the meaning set forth in Section 4.02(a).

"***Buyer Average Stock Price***" means the volume weighted average price of Buyer's Common Stock on NASDAQ, as reported by Bloomberg L.P. for the fifteen (15) consecutive trading days ending on the second (2nd) Business Day prior to the Closing Date, rounded to three decimal places; *provided*, that the Buyer Average Stock Price shall be not less than $34.10 nor greater than $56.84, in either of which case the Exchange Ratio shall be fixed based upon such upper or lower level, as the case may be.

"***Buyer Bank***" has the meaning set forth in the preamble to this Agreement.

"***Buyer Benefit Plans***" means all benefit and compensation plans, contracts, policies or arrangements (i) covering current or former employees of Buyer or any of its Subsidiaries, (ii) covering current or former directors of Buyer or any of its Subsidiaries, or (iii) with respect to which Buyer or any Subsidiary has or may have any liability or contingent liability (including liability arising from affiliation under Section 414 of the Code or Section 4001 of ERISA) including, but not limited to, "employee benefit plans" within the meaning of Section 3(3) of ERISA, and deferred compensation, stock option, stock purchase, stock appreciation rights, stock based, incentive and bonus plans.

"***Buyer Bylaws***" has the meaning set forth in Section 4.02(a).

"***Buyer Common Stock***" means the common stock, $0.01 par value per share, of Buyer.

"***Buyer Disclosure Schedule***" has the meaning set forth in Section 4.01(a).

"***Buyer Meeting***" has the meaning set forth in Section 5.04(b).

"***Buyer Recommendation***" has the meaning set forth in Section 5.04(b).

"***Buyer Reports***" has the meaning set forth in Section 4.06(a).

"***Certificate***" means any outstanding certificate, which immediately prior to the Effective Time, represents an outstanding share of Company Common Stock.

"***Certificate of Merger***" has the meaning set forth in Section 1.05(a).

"***CertusBank Transaction***" means Company Bank's purchase and assumption of the certain assets and liabilities of CertusBank, N.A., pursuant to that certain Purchase & Assumption Agreement by and between Company Bank and CertusBank, N.A. dated as of June 1, 2015, as amended.

"***Claim***" has the meaning set forth in Section 5.10(a).

"***Closing***" and "***Closing Date***" have the meanings set forth in Section 1.05(c).

"***Closing Consolidated Net Book Value***" means the unaudited consolidated net stockholders' equity of Company as of the Determination Date, determined in accordance with GAAP, but without giving effect to the following items: (i) the after-tax impact of any negative provision for loan and lease losses related to Non-Purchased Credit-Impaired Loans for the

period between June 30, 2015 and the Determination Date, which provision would otherwise have the effect of decreasing the allowance for loan and lease losses; *provided, however*, any negative provision resulting from the resolution of a loan for which a specific allowance for loan and lease losses has been calculated as of June 30, 2015 and set forth in Company Disclosure Schedule 8.01(a)(i) hereto, where the resolution creates a reduction of such specific calculated allowance in excess of the loss actually incurred on the loan, shall be reflected in the Closing Consolidated Net Book Value; (ii) the after-tax impact of any negative provision for loan and lease losses related to a pool of Purchased Credit-Impaired Loans net of any related adjustment to the FDIC Receivable for such loan pool for the period between June 30, 2015 and the Determination Date, which negative provision would otherwise have the effect of decreasing the allowance for loan and lease losses for such loan pool and decreasing the FDIC Receivable for such loan pool as set forth on Company Disclosure Schedule 8.01(a)(ii) hereto; (iii) the after-tax impact of any of the actions or changes taken only to comply with coordination procedures pursuant to Section 5.18 which would otherwise not have been taken or required to be taken as such actions or changes occur, all as mutually agreed between Company and Buyer; (iv) up to $7.5 million (before any tax impact) of accruals for any change-of-control payments pursuant to the employment, retention and change-of-control agreements currently in effect and set forth in Company Disclosure Schedule 8.01(b); (v) any increase in Company's consolidated net stockholders equity resulting from the issuance of Company Common Stock after June 30, 2015; (vi) up to $4.0 million (before any tax impact) of losses relating to the termination of all FDIC Agreements; (vii) up to $4.0 million (before any tax impact) of transaction expenses incurred in connection with the CertusBank Transaction; and (viii) up to $12.0 million (before any tax impact) of decreases in the fair market value of Company's aggregate "available for sale" investment securities after June 30, 2015. For purposes of calculating the Closing Consolidated Net Book Value, Company shall include, without duplication, reductions for: (A) any fees and commissions payable to any broker, finder, financial advisor or investment banking firm in connection with this Agreement, the Merger, the Bank Merger and the transactions contemplated hereby; (B) any legal and accounting fees incurred in connection with this Agreement, the Merger, the Bank Merger and the transactions contemplated hereby and any related SEC and regulatory filings, including any printing expenses and SEC filing fees; (C) the costs expected to be incurred by the Surviving Entity on or after the Closing Date to fully complete all Unresolved Response Actions in accordance with Section 5.15(e); (D) the Closing Date Mark-to-Market Valuation; and (E) the costs, expenses or other payments in excess of the monetary limits listed in items (iv), (vi), (vii) and (viii) above. For the avoidance of doubt, in calculating the Closing Consolidated Net Book Value, Company shall be required to include reductions for any and all (1) costs, expenses, payments or other amounts paid or payable pursuant to any existing employment, change-in-control, salary continuation, deferred compensation or other similar agreements or severance, noncompetition, or retention arrangements between Company or any of its Subsidiaries and any other Person in excess of $7.5 million, (2) losses relating to the termination of the FDIC Agreements over $4.0 million, (3) transaction costs and expenses in connection with the CertusBank Transaction over $4.0 million, and (4) decreases over $12.0 million in the fair market value of Company's aggregate "available for sale" investment securities. The Closing Consolidated Net Book Value may be further adjusted upon the mutual agreement of the parties, provided such adjustment shall be memorialized in a writing signed by all of the parties thereto. Beginning on December 31, 2015, within ten (10) Business Days of the end of each calendar month, Company shall prepare sample calculation of the Closing

Consolidated Net Book Value as of the end of such calendar month and provide such sample calculation to Buyer for the parties to discuss in good faith. In addition, if the parties are unable to resolve any dispute related to the final calculation of the Closing Consolidated Net Book Value within five (5) Business Days after the date Company submits such calculation to Buyer, Company and Buyer shall submit the calculation of the Closing Consolidated Net Book Value to an independent accounting firm as shall be mutually agreed in writing by the parties for review and resolution of any and all matters which remain in dispute. The independent accounting firm shall reach a final resolution of all matters and shall furnish such resolution in writing to Company and Buyer as soon as practicable, but in no event more than ten (10) Business Days after such matters have been referred to the independent accounting firm. Such resolution shall be made in accordance with this Agreement and will be conclusive and binding upon Company and Buyer. The resolution reached by the independent accounting firm will constitute the final calculation of the Closing Consolidated Net Book Value. The costs for the independent accounting firm to reach such resolution shall be shared equally by Company and Buyer.

"***Closing Date Mark-to-Market Valuation***" means the aggregate amount of the "mark-to-market" unrealized gain or loss with respect to Company Investment Securities classified as "held to maturity", as if such securities were classified as "available for sale," as such terms are used in ASC 320, and as reflected in the Closing Securities Valuation.

"***Closing Securities Valuation***" has the meaning set forth in Section 5.08(d).

"***Code***" has the meaning set forth in Section 2.05.

"***Community Reinvestment Act***" means the Community Reinvestment Act of 1977, as amended.

"***Company***" has the meaning set forth in the preamble to this Agreement.

"***Company 401(a) Plan***" has the meaning set forth in Section 3.16(c).

"***Company Bank***" has the meaning set forth in the preamble to this Agreement.

"***Company Benefit Plans***" has the meaning set forth in Section 3.16(a).

"Company Board" means the Board of Directors of Company.

"***Company Common Stock***" means the common stock, $0.01 par value per share, of Company.

"***Company Disclosure Schedule***" has the meaning set forth in Section 3.01(a).

"***Company DSU***" has the meaning set forth in Section 5.21(c).

"***Company Employees***" has the meaning set forth in Section 3.16(a).

"***Company Expenses***" has the meaning set forth in Section 5.19.

"***Company Financial Advisor***" has the meaning set forth in Section 3.15.

"***Company Intellectual Property***" means the Intellectual Property used in or held for use in the conduct of the business of Company and its Subsidiaries.

"***Company Investment Securities***" means the investment securities of the Company, Company Bank and their respective Subsidiaries.

"***Company Loan***" has the meaning set forth in Section 3.23(d).

"***Company Loan Property***" means any real property (including buildings or other structures) in which Company or any of its Subsidiaries holds a security interest, Lien or a fiduciary or management role.

"***Company Material Contracts***" has the meaning set forth in Section 3.13(a).

"***Company Meeting***" has the meaning set forth in Section 5.04(a).

"***Company Recommendation***" has the meaning set forth in Section 5.04(a).

"***Company Regulatory Agreement***" has the meaning set forth in Section 3.14.

"***Company Representatives***" has the meaning set forth in Section 5.09(a).

"Company RSU" has the meaning set forth in Section 5.21(b).

"***Company Stock Option***" has the meaning set forth in Section 5.21(a).

"***Company Stock Plans***" means all equity plans of Company or any Subsidiary, including the 2010 Long-Term Incentive Plan, and any sub-plans adopted thereunder, each as amended to date.

"***Company Subsequent Determination***" has the meaning set forth in Section 5.09(e).

"***Company Warrant***" has the meaning set forth in Section 5.21(d).

"***Controlled Group Members***" shall mean any of Company's related organizations described in Code Sections 414(b), (c) or (m).

"***D&O Insurance***" has the meaning set forth in Section 5.10(c).

"***Derivative Transaction***" means any swap transaction, option, warrant, forward purchase or sale transaction, futures transaction, cap transaction, floor transaction or collar transaction relating to one or more currencies, commodities, bonds, equity securities, loans, interest rates, catastrophe events, weather-related events, credit-related events or conditions or any indexes, or any other similar transaction (including any option with respect to any of these transactions) or combination of any of these transactions, including collateralized mortgage obligations or other similar instruments or any debt or equity instruments evidencing or embedding any such types of

transactions, and any related credit support, collateral or other similar arrangements related to any such transaction or transactions.

"***Determination Date***" means the Business Day that is closest to ten (10) calendar days prior to the Closing Date.

"***DGCL***" means the General Corporation Law of the State of Delaware.

"***Dissenting Stockholder***" has the meaning set forth in Section 2.01(d).

"***Dissenting Shares***" has the meaning set forth in Section 2.01(d).

"***Dodd-Frank Act***" means the Dodd-Frank Wall Street Reform and Consumer Protection Act.

"***DSU Payment***" has the meaning set forth in Section 5.21(c).

"***Effective Time***" has the meaning set forth in Section 1.05(a).

"***Environmental Claim***" means any written complaint, summons, action, citation, notice of violation, directive, order, claim, litigation, investigation, judicial or administrative proceeding or action, judgment, lien, demand, letter or communication alleging non-compliance with any Environmental Law relating to any actual or threatened release of a Hazardous Substance.

"***Environmental Consultant***" has the meaning set forth in Section 5.15(a).

"***Environmental Law***" means any federal, state or local Law, regulation, order, decree, permit, authorization, opinion or agency requirement relating to: (a) pollution, the protection or restoration of the indoor or outdoor environment, human health and safety, or natural resources, (b) the handling, use, presence, disposal, release or threatened release of any Hazardous Substance, or (c) any injury or threat of injury to persons or property in connection with any Hazardous Substance. The term Environmental Law includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: (a) Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986, as amended, 42 U.S.C. § 9601 et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, et seq.; the Clean Air Act, as amended, 42 U.S.C. § 7401, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601, et seq.; the Emergency Planning and Community Right to Know Act, 42 U.S.C. § 1101, et seq.; the Safe Drinking Water Act; 42 U.S.C. § 300f, et seq.; the Occupational Safety and Health Act, 29 U.S.C. § 651, et seq.; (b) common Law that may impose liability (including without limitation strict liability) or obligations for injuries or damages due to the presence of or exposure to any Hazardous Substance.

"***Equal Credit Opportunity Act***" means the Equal Credit Opportunity Act, as amended.

"***ERISA***" means the Employee Retirement Income Security Act of 1974, as amended.

"***ERISA Affiliate***" has the meaning set forth in Section 3.16(a).

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"***Exchange Agent***" means such exchange agent as may be designated by Buyer (which shall be Buyer's transfer agent), and reasonably acceptable to Company, to act as agent for purposes of conducting the exchange procedures described in ARTICLE II.

"***Exchange Fund***" has the meaning set forth in Section 2.07(a).

"***Exchange Ratio***" means the quotient (rounded to the fourth decimal place) of the Fully Diluted Company Stock Price divided by the Buyer Average Stock Price.

"***Expiration Date***" has the meaning set forth in Section 7.01(f).

"***Fair Credit Reporting Act***" means the Fair Credit Reporting Act, as amended.

"***Fair Housing Act***" means the Fair Housing Act, as amended.

"***FDIA***" has the meaning set forth in Section 3.28.

"***FDIC***" means the Federal Deposit Insurance Corporation.

"***FDIC Agreements***" has the meaning set forth in Section 5.06(a).

"***FFIEC***" means the Federal Financial Institutions Examination Council.

"***Financial Statements***" has the meaning set forth in Section 3.08(a).

"***Fractional Share Payment***" has the meaning set forth in Section 5.21(a).

"***FRB***" means the Board of Governors of the Federal Reserve System.

"***Fully Diluted Company Stock Price***" means a cash value, rounded to two decimal places, equal to the quotient of (i) the sum of (A) the Purchase Price and (B) the aggregate exercise price of all Company Stock Options and Company Warrants outstanding immediately prior to the Effective Time, *divided by* (ii) the sum of (X) the number of shares of Company Common Stock issued and outstanding immediately prior to the Effective Time and (Y) the number of shares of Company Common Stock subject to outstanding Company Stock Options, Company RSUs, Company DSUs and Company Warrants immediately prior to the Effective Time.

"***GAAP***" means generally accepted accounting principles in the United States of America, applied consistently with past practice, including with respect to quantity and frequency.

"***Governmental Authority***" means any U.S. or foreign federal, state or local governmental commission, board, body, bureau or other regulatory authority or agency,

including, without limitation, courts and other judicial bodies, bank regulators, insurance regulators, applicable state securities authorities, the SEC, the IRS or any self-regulatory body or authority, including any instrumentality or entity designed to act for or on behalf of the foregoing.

"***Hazardous Substance***" means any and all substances (whether solid, liquid or gas) defined, listed, or otherwise regulated as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes, flammable or explosive materials, radioactive materials or words of similar meaning or regulatory effect under any present or future Environmental Law or that may have a negative impact on human health or the environment, including but not limited to petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls, lead, radon, radioactive materials, flammables and explosives, mold, mycotoxins, microbial matter and airborne pathogens (naturally occurring or otherwise). Hazardous Substance does not include substances of kinds and in amounts ordinarily and customarily used or stored for the purposes of cleaning or other maintenance or operations.

"***Holder***" means the holder of record of shares of Company Common Stock.

"***Home Mortgage Disclosure Act***" means Home Mortgage Disclosure Act of 1975, as amended.

"***IDC***" has the meaning set forth in Section 5.08(d).

"***Indemnified Parties***" and "***Indemnifying Party***" have the meanings set forth in Section 5.10(a).

"***Informational Systems Conversion***" has the meaning set forth in Section 5.13.

"***Insurance Policies***" has the meaning set forth in Section 3.33(a).

"***Intellectual Property***" means (a) trademarks, service marks, trade names, Internet domain names, designs, logos, slogans, and general intangibles of like nature, together with all goodwill, registrations and applications related to the foregoing; (b) patents and industrial designs (including any continuations, divisionals, continuations-in-part, renewals, reissues, and applications for any of the foregoing); (c) copyrights (including any registrations and applications for any of the foregoing); (d) Software; and (e) technology, trade secrets and other confidential information, know-how, proprietary processes, formulae, algorithms, models, and methodologies.

"***IRS***" means the United States Internal Revenue Service.

"***Knowledge***" means, with respect to Company and Company Bank, the actual knowledge, after reasonable inquiry under the circumstances, of the Persons set forth in Company Disclosure Schedule 3.01(b), and with respect to Buyer and Buyer Bank, the actual knowledge, after reasonable inquiry under the circumstances, of the Persons set forth in Buyer Disclosure Schedule 4.01(a).

"***Law***" means any federal, state, local or foreign Law, statute, ordinance, rule, regulation, judgment, order, injunction, decree, arbitration award, agency requirement, license or permit of any Governmental Authority that is applicable to the referenced Person.

"***Leases***" has the meaning set forth in Section 3.31(b).

"***Letter of Transmittal***" has the meaning set forth in Section 2.06.

"***Liens***" means any charge, mortgage, pledge, security interest, restriction, claim, lien or encumbrance, conditional and installment sale agreement, charge, claim, option, rights of first refusal, encumbrances, or security interest of any kind or nature whatsoever (including any limitation on voting, sale, transfer or other disposition or exercise of any other attribute of ownership).

"***Liquidated Damages Payment***" has the meaning set forth in Section 7.02(b).

"***Loans***" has the meaning set forth in Section 3.23(a).

"***Material Adverse Change***" or "***Material Adverse Effect***" with respect to any party means (i) any change, development or effect that individually or in the aggregate is, or is reasonably likely to be, material and adverse to the condition (financial or otherwise), results of operations, liquidity, assets or deposit liabilities, properties, or business of such party and its Subsidiaries, taken as a whole, or (ii) any change, development or effect that individually or in the aggregate would, or would be reasonably likely to, materially impair the ability of such party to perform its obligations under this Agreement or otherwise materially impairs, or is reasonably likely to materially impair, the ability of such party to consummate the Merger and the transactions contemplated hereby; *provided, however*, that, in the case of clause (i) only, a Material Adverse Effect shall not be deemed to include the impact of (A) changes after the date of this Agreement in banking and similar Laws of general applicability or interpretations thereof by Governmental Authorities (except to the extent that such change disproportionately adversely affects Company and its Subsidiaries or Buyer and its Subsidiaries, as the case may be, compared to other companies of similar size operating in the same industry in which Company and Buyer operate, in which case only the disproportionate effect will be taken into account), (B) changes after the date of this Agreement in GAAP or regulatory accounting requirements applicable to banks or bank holding companies generally (except to the extent that such change disproportionately adversely affects Company and its Subsidiaries or Buyer and its Subsidiaries, as the case may be, compared to other companies of similar size operating in the same industry in which Company and Buyer operate, in which case only the disproportionate effect will be taken into account), (C) changes after the date of this Agreement in general economic or capital market conditions affecting financial institutions, including, but not limited to, changes in levels of interest rates generally (except to the extent that such change disproportionately adversely affects Company and its Subsidiaries or Buyer and its Subsidiaries, as the case may be, compared to other companies of similar size operating in the same industry in which Company and Buyer operate, in which case only the disproportionate effect will be taken into account), (D) the effects of any action or omission taken by Company with the prior consent of Buyer, and vice versa, or as otherwise expressly permitted or contemplated by this Agreement, (E) any failure by Company or Buyer to meet any internal or published industry analyst projections or

forecasts or estimates of revenues or earnings for any period (it being understood and agreed that the facts and circumstances giving rise to such failure that are not otherwise excluded from the definition of Material Adverse Effect may be taken into account in determining whether there has been a Material Adverse Effect), (F) changes in the trading price or trading volume of Buyer Common Stock, and (G) the impact of the Agreement and the transactions contemplated hereby on relationships with customers or employees (including the loss of personnel subsequent to the date of this Agreement).

"***Maximum D&O Tail Premium***" has the meaning set forth in Section 5.10(c).

"***Merger***" has the meaning set forth in the recitals.

"***Merger Consideration***" means the number of shares of Buyer Common Stock to be issued in the Merger in respect of each share of Company Common Stock held by a Holder immediately prior to the Effective Time, determined on the basis of the Exchange Ratio.

"***NASDAQ***" means The NASDAQ Global Select Market.

"***Non-Purchased Credit-Impaired Loans"*** means those loans for which Company Bank accounts for outside of Accounting Standards Codification 310-30.

"***National Labor Relations Act***" means the National Labor Relations Act, as amended.

"***Non-scope Issues***" has the meaning set forth in Section 5.15(c).

"***Notice of Superior Proposal***" has the meaning set forth in Section 5.09(e).

"***Notice Period***" has the meaning set forth in Section 5.09(e).

"***Option Payment***" has the meaning set forth in Section 5.21(a).

"***Ordinary Course of Business***" means the ordinary, usual and customary course of business of Company, Company Bank and Company's Subsidiaries consistent with past practice, including with respect to frequency and amount.

"***OREO***" has the meaning set forth in Section 3.23(c).

"***Person***" means any individual, bank, corporation, partnership, association, joint-stock company, business trust, limited liability company, unincorporated organization or other organization or firm of any kind or nature.

"***Phase I***" has the meaning set forth in Section 5.01(w).

"***Plan of Bank Merger***" means that certain plan of bank merger between Company Bank and Buyer Bank pursuant to which Company Bank will be merged with and into Buyer Bank in accordance with the provisions of and with the effect provided in the Financial Institutions Code of Georgia, as well as Arkansas Code Annotated §§ 23-48-503, 23-48-902 et seq. and

Subchapter 11 of the Arkansas Business Corporation Act, with the effect provided in Arkansas Code Annotated § 4-27-1110.

"***Proxy Statement-Prospectus***" means the joint proxy statement and prospectus and other proxy solicitation materials of Buyer and Company relating to the Company Meeting and the Buyer Meeting, as applicable.

"***Purchased Credit-Impaired Loans"*** means those loans for which Company Bank accounts for in accordance with Accounting Standards Codification 310-30.

"***Purchase Price***" shall mean $799,595,013, subject to a decrease, on a dollar-for-dollar basis, by the amount that the Closing Consolidated Net Book Value, determined in accordance with this Agreement, is less than $437,000,000.

"***Registration Statement***" means the Registration Statement on Form S-4 to be filed with the SEC by Buyer in connection with the issuance of shares of Buyer Common Stock in the Merger (including the Proxy Statement-Prospectus constituting a part thereof).

"***Regulations***" means the final and temporary regulations promulgated under the Code by the United States Department of the Treasury.

"***Regulatory Approval***" shall mean any consent, approval, authorization or non-objection from any Governmental Authority necessary to consummate the Merger, Bank Merger and the other transactions contemplated by this Agreement.

"***Requisite Buyer Shareholder Approval***" means the adoption of this Agreement by a vote of the majority of the outstanding shares of Buyer Common Stock entitled to vote thereon at the Buyer Meeting.

"***Requisite Company Stockholder Approval***" means the adoption of this Agreement by a vote of the majority of the outstanding shares of Company Common Stock entitled to vote thereon at the Company Meeting.

"***Rights***" means, with respect to any Person, warrants, options, rights, convertible securities and other arrangements or commitments which obligate the Person to issue or dispose of any of its capital stock or other ownership interests.

"***RSU Payment***" has the meaning set forth in Section 5.21(b).

"***S&P***" has the meaning set forth in Section 5.08(d).

"***Sarbanes-Oxley Act***" means the Sarbanes-Oxley Act of 2002, as amended.

"***SEC***" means the Securities and Exchange Commission.

"***Second Valuation***" has the meaning set forth in Section 5.08(d).

"***Securities Act***" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"***Software***" means computer programs, whether in source code or object code form (including any and all software implementation of algorithms, models and methodologies), databases and compilations (including any and all data and collections of data), and all documentation (including user manuals and training materials) related to the foregoing.

"***Stockholders Agreement***" has the meaning set forth in Section 5.25.

"***Subsidiary***" means, with respect to any party, any corporation or other entity of which a majority of the capital stock or other ownership interest having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such party. Any reference in this Agreement to a Subsidiary of Company means, unless the context otherwise requires, any current or former Subsidiary of Company and any Subsidiary of Company Bank.

"***Superior Proposal***" has the meaning set forth in Section 5.09(a).

"***Surviving Entity***" has the meaning set forth in Section 1.01.

"***Tax***" and "***Taxes***" mean all federal, state, local or foreign income, gross income, gains, gross receipts, sales, use, ad valorem, goods and services, capital, production, transfer, franchise, windfall profits, license, withholding, payroll, employment, disability, employer health, excise, estimated, severance, stamp, occupation, property, environmental, custom duties, unemployment or other taxes of any kind whatsoever, together with any interest, additions or penalties thereto and any interest in respect of such interest and penalties.

"***Tax Returns***" means any return, amended return, declaration or other report (including elections, declarations, schedules, estimates and information returns) required to be filed with any taxing authority with respect to any Taxes.

"***Termination Fee***" has the meaning set forth in Section 7.02(a).

"***The date hereof***" or "***the date of this Agreement***" shall mean the date first set forth above in the preamble to this Agreement.

"***Truth in Lending Act***" means the Truth in Lending Act of 1968, as amended.

"***Unaudited Financial Statements***" has the meaning set forth in Section 3.08(a).

"***Unresolved Response Action***" has the meaning set forth in Section 5.15(e).

"***USA PATRIOT Act***" means the USA PATRIOT Act of 2001, Public Law 107-56, and the regulations promulgated thereunder.

"***Voting Agreement***" or "***Voting Agreements***" shall have the meaning set forth in the recitals to this Agreement.

"***Warrant Payment***" has the meaning set forth in Section 5.21(d).

ARTICLE IX

MISCELLANEOUS

Section 9.01 Survival. No representations, warranties, agreements or covenants contained in this Agreement shall survive the Effective Time other than this Section 9.01 and any other agreements or covenants contained herein that by their express terms are to be performed after the Effective Time, including, without limitation, Section 5.10 of this Agreement.

Section 9.02 Waiver; Amendment. Prior to the Effective Time and to the extent permitted by applicable Law, any provision of this Agreement may be (a) waived by the party benefited by the provision, provided such waiver is in writing and signed by such party, or (b) amended or modified at any time, by an agreement in writing among the parties hereto executed in the same manner as this Agreement, except that after the Company Meeting and the Buyer Meeting no amendment shall be made which by Law requires further approval by the stockholders of Buyer or Company without obtaining such approval.

Section 9.03 Governing Law; Waiver of Right to Trial by Jury.

(a) This Agreement shall be governed by, and interpreted and enforced in accordance with, the internal, substantive laws of the State of Arkansas, without regard for conflict of law provisions.

(b) Each party acknowledges and agrees that any controversy which may arise under this Agreement is likely to involve complicated and difficult issues, and therefore each such party hereby irrevocably and unconditionally waives any right such party may have to a trial by jury in respect of any litigation directly or indirectly arising out of or relating to this Agreement, or the transactions contemplated by this Agreement. Each party certifies and acknowledges that (i) no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver, (ii) each party understands and has considered the implications of this waiver, (iii) each party makes this waiver voluntarily, and (iv) each party has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 9.03.

Section 9.04 Expenses. Except as otherwise provided in Section 7.02, each party hereto will bear all expenses incurred by it in connection with this Agreement and the transactions contemplated hereby, including fees and expenses of its own financial consultants, accountants and counsel. Nothing contained in this Agreement shall limit either party's rights to recover any liabilities or damages arising out of the other party's willful breach of any provision of this Agreement.

Section 9.05 Notices. All notices, requests and other communications hereunder to a party, shall be in writing and shall be deemed properly given if delivered (a) personally, (b) by registered or certified mail (return receipt requested), with adequate postage prepaid thereon, (c) by properly addressed electronic mail delivery (with confirmation of delivery receipt), or (d) by reputable courier service to such party at its address set forth below, or at such other address or

addresses as such party may specify from time to time by notice in like manner to the parties hereto. All notices shall be deemed effective upon delivery.

If to Buyer or Buyer Bank:

Bank of the Ozarks, Inc.
17901 Chenal Parkway
Little Rock, Arkansas 72223
Attn: Executive Vice President and Director of Mergers and Acquisitions

With a copy (which shall not constitute notice) to:

Kutak Rock LLP
124 W. Capitol Ave., Suite 2000
Little Rock, Arkansas 72201
Attn: H. Watt Gregory, III

If to Company or Company Bank:

Community & Southern Holdings, Inc.
3333 Riverwood Parkway, Suite 350
Atlanta, Georgia 30339
Attn: Chief Strategy Officer and General Counsel

With a copy (which shall not constitute notice) to:

Alston & Bird LLP
1201 West Peachtree Street
Atlanta, Georgia 30309-3424
Attn: Mark C. Kanaly

Section 9.06 Entire Understanding; No Third Party Beneficiaries. This Agreement represents the entire understanding of the parties hereto and thereto with reference to the transactions contemplated hereby, and this Agreement supersedes any and all other oral or written agreements heretofore made. Except for the Indemnified Parties' rights under Section 5.10, Buyer and Company hereby agree that their respective representations, warranties and covenants set forth herein are solely for the benefit of the other party hereto, in accordance with and subject to the terms of this Agreement, and this Agreement is not intended to, and does not, confer upon any Person (including any person or employees who might be affected by Section 5.11), other than the parties hereto, any rights or remedies hereunder, including, the right to rely upon the representations and warranties set forth herein. The representations and warranties in this Agreement are the product of negotiations among the parties hereto and are for the sole benefit of the parties hereto. Consequently, Persons other than the parties hereto may not rely upon the representations and warranties in this Agreement as characterizations of actual facts or circumstances as of the date of this Agreement or as of any other date.

Section 9.07 Severability. In the event that any one or more provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, by any court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement and the parties shall use their commercially reasonable efforts to substitute a valid, legal and enforceable provision which, insofar as practical, implements the purposes and intents of this Agreement.

Section 9.08 Enforcement of the Agreement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state having jurisdiction without having to show or prove economic

damages and without the requirement of posting a bond, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 9.09 Interpretation.

(a) When a reference is made in this Agreement to sections, exhibits or schedules, such reference shall be to a section of, or exhibit or schedule to, this Agreement unless otherwise indicated. The table of contents and captions and headings contained in this Agreement are included solely for convenience of reference; if there is any conflict between a caption or heading and the text of this Agreement, the text shall control. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

(b) The parties hereto have participated jointly in the negotiation and drafting of this Agreement and the other agreements and documents contemplated herein. In the event an ambiguity or question of intent or interpretation arises under any provision of this Agreement or any other agreement or document contemplated herein, this Agreement and such other agreements or documents shall be construed as if drafted jointly by the parties thereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authorizing any of the provisions of this Agreement or any other agreements or documents contemplated herein.

(c) Any reference contained in this Agreement to specific statutory or regulatory provisions or to any specific Governmental Authority shall include any successor statute or regulation, or successor Governmental Authority, as the case may be. Unless the context clearly indicates otherwise, the masculine, feminine, and neuter genders will be deemed to be interchangeable, and the singular includes the plural and vice versa.

(d) Unless otherwise specified, the references to "Section" and "ARTICLE" in this Agreement are to the Sections and ARTICLES of this Agreement. When used in this Agreement, words such as "herein", "hereinafter", "hereof", "hereto", and "hereunder" refer to this Agreement as a whole, unless the context clearly requires otherwise.

Section 9.10 Assignment. No party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other party, and any purported assignment in violation of this Section 9.10 shall be void. Subject to the preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 9.11 Counterparts. This Agreement may be executed and delivered by facsimile or by electronic data file and in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that all parties need not sign the same counterpart. Signatures delivered by facsimile or by electronic data file shall have the same effect as originals.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in counterparts by their duly authorized officers, all as of the day and year first above written.

BANK OF THE OZARKS, INC.

By: /s/ Dennis James
Name: Dennis James
Title: Executive Vice President and Director of Mergers and Acquisitions

BANK OF THE OZARKS

By: /s/ Dennis James
Name: Dennis James
Title: Executive Vice President and Director of Mergers and Acquisitions

COMMUNITY & SOUTHERN HOLDINGS, INC.

By: /s/ Pat Frawley
Name: Pat Frawley
Title: Chief Executive Officer

COMMUNITY & SOUTHERN BANK

By: /s/ Pat Frawley
Name: Pat Frawley
Title: Chief Executive Officer

Exhibit A

FORM OF VOTING AGREEMENT

THIS VOTING AGREEMENT (this "Agreement") is dated as of October 19, 2015, by and between the undersigned holder ("Stockholder") of Common Stock, $0.01 par value per share, of Community & Southern Holdings, Inc., a Delaware corporation ("Company"), and Bank of the Ozarks, Inc., an Arkansas corporation ("Buyer"). All capitalized terms used but not defined herein shall have the meanings assigned to them in the Merger Agreement (defined below).

WHEREAS, concurrently with the execution of this Agreement, Buyer, Buyer's wholly owned bank subsidiary, Bank of the Ozarks, an Arkansas state banking corporation ("Buyer Bank"), Company and Company's wholly owned bank subsidiary, Community & Southern Bank ("Company Bank"), a Georgia state banking corporation, are entering into an Agreement and Plan of Merger (as such agreement may be subsequently amended or modified, the "Merger Agreement"), pursuant to which (i) Company will merge with and into Buyer, with Buyer as the surviving entity and (ii) Company Bank will merge with and into Buyer Bank, with Buyer Bank as the surviving entity (collectively, the "Merger"), and in connection with the Merger, each outstanding share of Company Common Stock will be converted into the right to receive per share Merger Consideration and cash in lieu of fractional shares of Buyer Common Stock;

WHEREAS, Stockholder beneficially owns and/or has, directly or indirectly, the sole voting power with respect to the number of shares of Company Common Stock as indicated on the signature page of this Agreement under the heading "Total Number of Shares of Company Common Stock Subject to this Agreement" (such shares, together with any additional shares of Company Common Stock subsequently acquired by Stockholder during the term of this Agreement, including through the exercise of any stock option or other equity award, warrant or similar instrument, being referred to collectively as the "Shares"); and

WHEREAS, it is a material inducement to the willingness of Buyer to enter into the Merger Agreement that Stockholder execute and deliver this Agreement.

NOW, THEREFORE, in consideration of, and as a material inducement to, Buyer entering into the Merger Agreement and proceeding with the transactions contemplated thereby, and in consideration of the expenses incurred and to be incurred by Buyer in connection therewith, Stockholder and Buyer agree as follows:

Section 1. Agreement to Vote Shares. Stockholder agrees that, while this Agreement is in effect, at any meeting of stockholders of Company, however called, or at any adjournment thereof, or in any other circumstances in which Stockholder is entitled to vote, consent or give any other approval, except as otherwise agreed to in writing in advance by Buyer, Stockholder shall:

(a) appear at each such meeting in person or by proxy; and

(b) vote (or cause to be voted), in person or by proxy, all the Shares, (i) in favor of adoption and approval of the Merger Agreement and the transactions

contemplated thereby (including any amendments or modifications of the terms thereof approved by the board of directors of Company and adopted in accordance with the terms thereof); (ii) in favor of any proposal to adjourn or postpone such meeting, if necessary, to solicit additional proxies to approve the Merger Agreement; (iii) against any action or agreement that would result in a breach of any covenant, representation or warranty or any other obligation or agreement of Company contained in the Merger Agreement or of Stockholder contained in this Agreement; and (iv) against any Acquisition Proposal or any other action, agreement or transaction that is intended, or could reasonably be expected, to impede, interfere or be inconsistent with, delay, postpone, discourage or materially and adversely affect consummation of the transactions contemplated by the Merger Agreement or this Agreement.

Stockholder further agrees not to vote or execute any written consent to rescind or amend in any manner any prior vote or written consent, as a stockholder of Company, to approve or adopt the Merger Agreement unless this Agreement shall have been terminated in accordance with its terms.

Section 2. No Transfers. While this Agreement is in effect, Stockholder agrees not to, directly or indirectly, sell, transfer, pledge, assign or otherwise dispose of, or enter into any contract option, commitment or other arrangement or understanding with respect to the sale, transfer, pledge, assignment or other disposition of, any of the Shares, except the following transfers shall be permitted: (a) transfers by will or operation of Law (as such term is defined in the Merger Agreement), in which case this Agreement shall bind the transferee, (b) transfers pursuant to any pledge agreement, subject to the pledgee agreeing in writing, prior to such transfer, to be bound by the terms of this Agreement, (c) transfers in connection with estate and tax planning purposes, including transfers to relatives, trusts and charitable organizations, subject to each transferee agreeing in writing, prior to such transfer, to be bound by the terms of this Agreement, and (d) such transfers as Buyer may otherwise permit in its sole discretion. Any transfer or other disposition in violation of the terms of this Section 2 shall be null and void.

Section 3. Representations and Warranties of Stockholder. Stockholder represents and warrants to and agrees with Buyer as follows:

(a) Stockholder has all requisite capacity and authority to enter into and perform his, her or its obligations under this Agreement.

(b) This Agreement has been duly executed and delivered by Stockholder, and assuming the due authorization, execution and delivery by Buyer, constitutes the valid and legally binding obligation of Stockholder enforceable against Stockholder in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) The execution and delivery of this Agreement by Stockholder does not, and the performance by Stockholder of his, her or its obligations hereunder and the

consummation by Stockholder of the transactions contemplated hereby will not, violate or conflict with, or constitute a default under, any agreement, instrument, contract or other obligation or any order, arbitration award, judgment or decree to which Stockholder is a party or by which Stockholder is bound, or any statute, rule or regulation to which Stockholder is subject or, in the event that Stockholder is a corporation, partnership, trust or other entity, any charter, bylaw or other organizational document of Stockholder.

(d) Stockholder is the record and beneficial owner of, or is the trustee that is the record holder of, and whose beneficiaries are the beneficial owners of, and has good title to all of the Shares, and the Shares are owned free and clear of any liens, security interests, charges or other encumbrances. The Shares do not include shares over which Stockholder exercises control in a fiduciary capacity for any other person or entity that is not an Affiliate of Stockholder, and no representation by Stockholder is made with respect thereto. Stockholder has the right to vote the Shares, and none of the Shares is subject to any voting trust or other agreement, arrangement or restriction with respect to the voting of the Shares, except as contemplated by this Agreement.

Section 4. No Solicitation. From and after the date hereof until the termination of this Agreement pursuant to Section 7 hereof, Stockholder, in his, her or its capacity as a stockholder of Company, shall not, nor shall such Stockholder authorize any partner, officer, director, advisor or representative of, such Stockholder or any of his, her or its affiliates to (and, to the extent applicable to Stockholder, such Stockholder shall use commercially reasonable efforts to prohibit any of his, her or its representatives or affiliates to), (a) initiate, solicit, induce or knowingly encourage, or knowingly take any action to facilitate the making of, any inquiry, offer or proposal which constitutes, or could reasonably be expected to lead to, an Acquisition Proposal, (b) participate in any discussions or negotiations regarding any Acquisition Proposal, or furnish, or otherwise afford access, to any person (other than Buyer) any information or data with respect to Company or otherwise relating to an Acquisition Proposal, (c) enter into any agreement, agreement in principle, letter of intent, memorandum of understanding or similar arrangement with respect to an Acquisition Proposal, (d) solicit proxies with respect to an Acquisition Proposal (other than the Merger Agreement) or otherwise encourage or assist any party in taking or planning any action that would compete with, restrain or otherwise serve to interfere with or inhibit the timely consummation of the Merger in accordance with the terms of the Merger Agreement, or (e) initiate a stockholders' vote or action by consent of Company's stockholders with respect to an Acquisition Proposal.

Section 5. Proxy. Stockholder hereby revokes any proxy previously granted by Stockholder with respect to the Shares. Subject to the last sentence of this Section 5, by execution of this Agreement, Stockholder hereby grants, or agrees to cause the applicable record holder to grant, a revocable proxy appointing Buyer with full power of substitution, as the Stockholder's attorney-in-fact and proxy, for and in the Stockholder's name, to be counted as present, vote, express consent or dissent with respect to the Shares in the manner contemplated by Section 1 as such proxy or its proxies or substitutes shall, in their sole discretion, deem proper with respect to the Shares. The proxy granted by the Stockholder pursuant to this Section 5 is granted in consideration of Buyer entering into this Agreement and the Merger Agreement and

incurring the obligations therein. If the Stockholder fails for any reason to be counted as present, consent or vote the Shares in accordance with the requirements of Section 1 (or anticipatorily breaches such section), then Buyer shall have the right to cause to be present, consent or vote the Shares in accordance with the provisions of Section 1. Notwithstanding the foregoing, the holder of such proxy shall not exercise such proxy on any matter other than as set forth in Section 1. This proxy shall automatically terminate upon the termination of this Agreement in accordance with its terms.

Section 6. Specific Performance; Remedies; Attorneys' Fees. Stockholder acknowledges that it is a condition to the willingness of Buyer to enter into the Merger Agreement that Stockholder execute and deliver this Agreement and that it will be impossible to measure in money the damage to Buyer if Stockholder fails to comply with the obligations imposed by this Agreement and that, in the event of any such failure, Buyer will not have an adequate remedy at law. Accordingly, Stockholder agrees that injunctive relief or other equitable remedy is the appropriate remedy for any such failure and will not oppose the granting of such relief on the basis that Buyer has an adequate remedy at law. Stockholder further agrees that Stockholder will not seek, and agrees to waive any requirement for, the securing or posting of a bond in connection with Buyer's seeking or obtaining such equitable relief. In addition, after discussing the matter with Stockholder, Buyer shall have the right to inform any third party that Buyer reasonably believes to be, or to be contemplating, participating with Stockholder or receiving from Stockholder assistance in violation of this Agreement, of the terms of this Agreement and of the rights of Buyer hereunder, and that participation by any such persons with Stockholder in activities in violation of Stockholder's agreement with Buyer set forth in this Agreement may give rise to claims by Buyer against such third party.

Section 7. Term of Agreement; Termination. The term of this Agreement shall commence on the date hereof. This Agreement may be terminated at any time prior to consummation of the transactions contemplated by the Merger Agreement by the mutual written agreement of the parties hereto, and shall be automatically terminated upon the earlier to occur of (i) the Effective Time, or (ii) termination of the Merger Agreement. Upon such termination, no party shall have any further obligations or liabilities hereunder; *provided, however*, that such termination shall not relieve any party from liability for any breach of this Agreement prior to such termination.

Section 8. Entire Agreement; Amendments. This Agreement supersedes all prior agreements, written or oral, among the parties hereto with respect to the subject matter hereof and contains the entire agreement among the parties with respect to the subject matter hereof. This Agreement may not be amended, supplemented or modified, and no provisions hereof may be modified or waived, except by an instrument in writing signed by each party hereto. No waiver of any provisions hereof by either party shall be deemed a waiver of any other provision hereof by any such party, nor shall any such waiver be deemed a continuing waiver of any provision hereof by such party.

Section 9. Severability. In the event that any one or more provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, by any court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement and the parties shall use their commercially reasonable efforts

to substitute a valid, legal and enforceable provision which, insofar as practical, implements the purposes and intents of this Agreement.

Section 10. Capacity as Stockholder. This Agreement shall apply to Stockholder solely in his or her capacity as a stockholder of Company and it shall not apply in any manner to Stockholder in his or her capacity as a director of Company. Nothing contained in this Agreement shall be deemed to apply to, or limit in any manner, the obligations of Stockholder to comply with his or her fiduciary duties as a director of Company, if applicable.

Section 11. Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the internal, substantive laws of the State of Arkansas, without regard for the law or principles of conflict of laws.

Section 12. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT. EACH OF THE PARTIES HERETO (A) CERTIFIES THAT NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 12.

Section 13. Waiver of Appraisal Rights; Further Assurances. Provided that the Merger is consummated in compliance with the terms of the Merger Agreement, that the consideration offered pursuant to the Merger is not less than that specified in the Merger Agreement executed on or about the date hereof, and that this Agreement has not been terminated in accordance with its terms, to the extent permitted by applicable law, Stockholder hereby waives any rights of appraisal or rights to dissent from the Merger or demand fair value for his or her Shares in connection with the Merger, in each case, that Stockholder may have under applicable law. From time to time prior to the termination of this Agreement, at Buyer's request and without further consideration, Stockholder shall execute and deliver such additional documents and take all such further action as may be reasonably necessary or desirable to effect the actions and consummate the transactions contemplated by this Agreement. Stockholder further agrees not to commence or participate in, and to take all actions necessary to opt out of any class in any class action with respect to, any claim, derivative or otherwise, against Buyer, Buyer Bank, Company, Company Bank or any of their respective successors relating to the negotiation, execution or delivery of this Agreement or the Merger Agreement or the consummation of the Merger.

Section 14. Disclosure. Stockholder hereby authorizes Company and Buyer to publish and disclose in any announcement or disclosure required by the Securities and Exchange

Commission and in the Proxy Statement-Prospectus such Stockholder's identity and ownership of the Shares and the nature of Stockholder's obligations under this Agreement.

Section 15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

[*Signature Page Follows.*]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first written above.

BANK OF THE OZARKS, INC.

By:______________________________________
Name: Dennis James
Title: Executive Vice President and Director of Mergers and Acquisitions

STOCKHOLDER

____
Printed or Typed Name of Stockholder

By:_______________________________________
Name:
Title:

(*NOTE*: *If Other than an Individual Stockholder, Print or Type Name of Individual Signing the Voting Agreement and Representative Capacity)*

Total Number of Shares of Company Common Stock Subject to this Agreement:

____

Exhibit A-2

FORM OF VOTING AGREEMENT

THIS VOTING AGREEMENT (this "Agreement") is dated as of October 19, 2015, by and between the undersigned holder ("Shareholder") of common stock, $0.01 par value per share, of Bank of the Ozarks, Inc., an Arkansas corporation ("Buyer") and Community & Southern Holdings, Inc., a Delaware corporation ("Company"). All capitalized terms used but not defined herein shall have the meanings assigned to them in the Merger Agreement (defined below).

WHEREAS, concurrently with the execution of this Agreement, Buyer, Buyer's wholly owned bank subsidiary, Bank of the Ozarks, an Arkansas state banking corporation ("Buyer Bank"), Company and Company's wholly owned bank subsidiary, Community & Southern Bank ("Company Bank"), a Georgia state banking corporation, are entering into an Agreement and Plan of Merger (as such agreement may be subsequently amended or modified, the "Merger Agreement"), pursuant to which (i) Company will merge with and into Buyer, with Buyer as the surviving entity and (ii) Company Bank will merge with and into Buyer Bank, with Buyer Bank as the surviving entity (collectively, the "Merger");

WHEREAS, Shareholder beneficially owns and/or has, directly or indirectly, the sole voting power with respect to the number of shares of Buyer Common Stock as indicated on the signature page of this Agreement under the heading "Total Number of Shares of Buyer Common Stock Subject to this Agreement" (such shares, together with any additional shares of Buyer Common Stock subsequently acquired by Shareholder during the term of this Agreement, including through the exercise of any stock option or other equity award, warrant or similar instrument, being referred to collectively as the "Shares"); and

WHEREAS, it is a material inducement to the willingness of Company to enter into the Merger Agreement that Shareholder execute and deliver this Agreement.

NOW, THEREFORE, in consideration of, and as a material inducement to, Company entering into the Merger Agreement and proceeding with the transactions contemplated thereby, and in consideration of the expenses incurred and to be incurred by Company in connection therewith, Shareholder and Company agree as follows:

Section 1. Agreement to Vote Shares. Shareholder agrees that, while this Agreement is in effect, at any meeting of shareholders of Buyer, however called, or at any adjournment thereof, or in any other circumstances in which Shareholder is entitled to vote, consent or give any other approval, except as otherwise agreed to in writing in advance by Company, Shareholder shall:

(a) appear at each such meeting in person or by proxy; and

(b) vote (or cause to be voted), in person or by proxy, all the Shares, (i) in favor of adoption and approval of the Merger Agreement and the transactions contemplated thereby (including any amendments or modifications of the terms thereof approved by the board of directors of Buyer and adopted in accordance

with the terms thereof); (ii) in favor of any proposal to adjourn or postpone such meeting, if necessary, to solicit additional proxies to approve the Merger Agreement; (iii) against any action or agreement that would result in a breach of any covenant, representation or warranty or any other obligation or agreement of Buyer contained in the Merger Agreement or of Shareholder contained in this Agreement; and (iv) against any other action, agreement or transaction that is intended, or could reasonably be expected, to impede, interfere or be inconsistent with, delay, postpone, discourage or materially and adversely affect consummation of the transactions contemplated by the Merger Agreement or this Agreement.

Shareholder further agrees not to vote or execute any written consent to rescind or amend in any manner any prior vote or written consent, as a shareholder of Buyer, to approve or adopt the Merger Agreement unless this Agreement shall have been terminated in accordance with its terms.

Section 2. Representations and Warranties of Shareholder. Shareholder represents and warrants to and agrees with Buyer as follows:

(a) Shareholder has all requisite capacity and authority to enter into and perform his obligations under this Agreement.

(b) This Agreement has been duly executed and delivered by Shareholder, and assuming the due authorization, execution and delivery by Company, constitutes the valid and legally binding obligation of Shareholder enforceable against Shareholder in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors’ rights and to general equity principles.

(c) The execution and delivery of this Agreement by Shareholder does not, and the performance by Shareholder of his obligations hereunder and the consummation by Shareholder of the transactions contemplated hereby will not, violate or conflict with, or constitute a default under, any agreement, instrument, contract or other obligation or any order, arbitration award, judgment or decree to which Shareholder is a party or by which Shareholder is bound, or any statute, rule or regulation to which Shareholder is subject.

(d) Shareholder is the record and beneficial owner of, or is the trustee that is the record holder of, and whose beneficiaries are the beneficial owners of, and has good title to all of the Shares, and the Shares are owned free and clear of any liens, security interests, charges or other encumbrances. The Shares do not include shares over which Shareholder exercises control in a fiduciary capacity for any other person or entity that is not an Affiliate of Shareholder, and no representation by Shareholder is made with respect thereto. Shareholder has the right to vote the Shares, and none of the Shares is subject to any voting trust or other agreement,

arrangement or restriction with respect to the voting of the Shares, except as contemplated by this Agreement.

Section 3. Proxy. Subject to the last sentence of this Section 3, by execution of this Agreement, Shareholder hereby grants a revocable proxy appointing Company with full power of substitution, as the Shareholder's attorney-in-fact and proxy, for and in the Shareholder's name, to be counted as present, vote, express consent or dissent with respect to the Shares in the manner contemplated by Section 1 as such proxy or its proxies or substitutes shall, in their sole discretion, deem proper with respect to the Shares. The proxy granted by the Shareholder pursuant to this Section 3 is granted in consideration of Company entering into the Merger Agreement and incurring the obligations therein. If the Shareholder fails for any reason to be counted as present, consent or vote the Shares in accordance with the requirements of Section 1 (or anticipatorily breaches such section), then Company shall have the right to cause to be present, consent or vote the Shares in accordance with the provisions of Section 1. Notwithstanding the foregoing, the holder of such proxy shall not exercise such proxy on any matter other than as set forth in Section 1. This proxy shall automatically terminate upon the termination of this Agreement in accordance with its terms.

Section 4. Specific Performance; Remedies; Attorneys' Fees. Shareholder acknowledges that it is a condition to the willingness of Company to enter into the Merger Agreement that Shareholder execute and deliver this Agreement and that it will be impossible to measure in money the damage to Company if Shareholder fails to comply with the obligations imposed by this Agreement and that, in the event of any such failure, Company will not have an adequate remedy at law. Accordingly, Shareholder agrees that injunctive relief or other equitable remedy is the appropriate remedy for any such failure and will not oppose the granting of such relief on the basis that Company has an adequate remedy at law. Shareholder further agrees that Shareholder will not seek, and agrees to waive any requirement for, the securing or posting of a bond in connection with Company's seeking or obtaining such equitable relief. In addition, after discussing the matter with Shareholder, Company shall have the right to inform any third party that Company reasonably believes to be, or to be contemplating, participating with Shareholder or receiving from Shareholder assistance in violation of this Agreement, of the terms of this Agreement and of the rights of Company hereunder, and that participation by any such persons with Shareholder in activities in violation of Shareholder's agreement with Company set forth in this Agreement may give rise to claims by Company against such third party.

Section 5. Term of Agreement; Termination. The term of this Agreement shall commence on the date hereof. This Agreement may be terminated at any time prior to consummation of the transactions contemplated by the Merger Agreement by the mutual written agreement of the parties hereto, and shall be automatically terminated upon the earlier to occur of (i) the Effective Time, or (ii) termination of the Merger Agreement. Upon such termination, no party shall have any further obligations or liabilities hereunder; *provided, however*, that such termination shall not relieve any party from liability for any breach of this Agreement prior to such termination.

Section 6. Entire Agreement; Amendments. This Agreement supersedes all prior agreements, written or oral, among the parties hereto with respect to the subject matter hereof and contains the entire agreement among the parties with respect to the subject matter hereof.

This Agreement may not be amended, supplemented or modified, and no provisions hereof may be modified or waived, except by an instrument in writing signed by each party hereto. No waiver of any provisions hereof by either party shall be deemed a waiver of any other provision hereof by any such party, nor shall any such waiver be deemed a continuing waiver of any provision hereof by such party.

Section 7. Severability. In the event that any one or more provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, by any court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement and the parties shall use their commercially reasonable efforts to substitute a valid, legal and enforceable provision which, insofar as practical, implements the purposes and intents of this Agreement.

Section 8. Capacity as Shareholder. This Agreement shall apply to Shareholder solely in his capacity as a shareholder of Buyer and it shall not apply in any manner to Shareholder in his capacity as a director of Buyer. Nothing contained in this Agreement shall be deemed to apply to, or limit in any manner, the obligations of Shareholder to comply with his fiduciary duties as a director of Buyer, if applicable.

Section 9. Governing Law. This Agreement shall be governed by, and interpreted in accordance with, the internal, substantive laws of the State of Arkansas, without regard for the law or principles of conflict of laws.

Section 10. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT. EACH OF THE PARTIES HERETO (A) CERTIFIES THAT NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.

Section 11. Disclosure. Shareholder hereby authorizes Company and Buyer to publish and disclose in any announcement or disclosure required by the Securities and Exchange Commission and in the Proxy Statement-Prospectus such Shareholder’s identity and ownership of the Shares and the nature of Shareholder’s obligations under this Agreement.

Section 12. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first written above.

COMMUNITY & SOUTHERN HOLDINGS, INC.

By:_______________________________________
Name:
Title:

SHAREHOLDER

____
Name: George Gleason

Total Number of Shares of Buyer Common Stock Subject to this Agreement:

____

Exhibit B

AGREEMENT AND PLAN OF BANK MERGER BY AND BETWEEN COMMUNITY & SOUTHERN BANK AND BANK OF THE OZARKS

THIS AGREEMENT AND PLAN OF BANK MERGER (this "Plan of Bank Merger") is made and entered into as of the ____ day of _____, 2016, by and between Bank of the Ozarks ("Buyer Bank") an Arkansas state banking corporation and wholly-owned subsidiary of Bank of the Ozarks, Inc. ("Buyer"), and Community & Southern Bank ("Company Bank"), a Georgia state-chartered bank and wholly-owned subsidiary of Community & Southern Holdings, Inc. ("Company").

PREAMBLE

Each of the Boards of Directors of Company Bank and Buyer Bank deems it advisable and in the best interest of each of their respective institutions and, subject to the merger of Company with and into Buyer (the "Holding Company Merger") as contemplated in that certain Agreement and Plan of Merger dated as of October 19, 2015 by and among Buyer, Buyer Bank, Company and Company Bank (the "Holding Company Merger Agreement"), for Company Bank to be merged with and into Buyer Bank (the "Bank Merger") on the terms and conditions provided in this Plan of Bank Merger. At the Effective Time of the Bank Merger, the outstanding shares of common stock of Company Bank shall be cancelled, and Buyer Bank shall continue to conduct its business and operations as a wholly-owned, first-tier subsidiary of Buyer. It is intended that the Bank Merger for federal income tax purposes shall qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended.

NOW THEREFORE in consideration of the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Company Bank and Buyer Bank hereby make, adopt and approve this Plan of Bank Merger in order to set forth the terms and conditions of the merger of Company Bank with and into Buyer Bank.

ARTICLE ONE
TERMS OF MERGER

1.1 **Merger.** Subject to the terms and conditions of this Plan of Bank Merger, at the time the Bank Merger becomes effective under applicable law (the "Effective Time"), Company Bank shall be merged with and into Buyer Bank in accordance with the provisions of and with the effect provided in Financial Institutions Code of Georgia, as well as Arkansas Code Annotated §§ 23-48-503, 23-48-902 et seq. and Subchapter 11 of the Arkansas Business Corporation Act, with the effect provided in Arkansas Code Annotated § 4-27-1110. Buyer Bank shall be the surviving bank resulting from the Bank Merger (the "Surviving Bank") and shall continue to be a state bank governed by the laws of the state of Arkansas. The name of the Surviving Bank shall be Bank of the Ozarks. The Bank Merger shall be consummated pursuant to the terms of this Plan of Bank Merger. The Bank Merger shall not be consummated unless

and until the Holding Company Merger has been consummated and all required regulatory approvals and stockholder approvals have been received.

1.2 **Business of Surviving Bank.** The business of the Surviving Bank from and after the Effective Time shall be that of a state banking corporation organized under the laws of the state of Arkansas. The business of the Surviving Bank shall be conducted from its main office and at its legally established branches, which shall also include all branches, whether in operation or approved but unopened, at the Effective Time.

1.3 **Charter.** The Articles of Incorporation of Buyer Bank in effect immediately prior to the Effective Time shall be the Articles of Incorporation of the Surviving Bank immediately following the Effective Time, until otherwise amended or repealed.

1.4 **Bylaws.** The bylaws of Buyer Bank in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Bank immediately following the Effective Time, until otherwise amended or repealed.

1.5 **Directors and Officers.**

(a) The directors of the Surviving Bank from and after the Effective Time shall consist of the incumbent directors of Buyer Bank, who shall serve as directors of the Surviving Bank from and after the Effective Time in accordance with the bylaws of the Surviving Bank.

(b) The principal officers of the Surviving Bank upon the Effective Time shall be the incumbent principal officers of Buyer Bank, who shall serve as officers of the Surviving Bank from and after the Effective Time in accordance with the bylaws and at the pleasure of the board of directors of the Surviving Bank.

ARTICLE TWO
MANNER OF CONVERTING SHARES

2.1 **Conversion of Shares.** At the Effective Time, by virtue of the Bank Merger and without any action on the part of the holders thereof, the shares of the constituent bank shall be converted as follows:

(a) Each share of Buyer Bank common stock issued and outstanding at the Effective Time shall remain issued and outstanding from and after the Effective Time.

(b) Each share of Company Bank common stock issued and outstanding at the Effective Time shall be cancelled upon the Effective Time, and no consideration shall be delivered in exchange therefor.

2.2 **Exchange Procedures.** Promptly after the Effective Time, the sole stockholder of Company Bank shall surrender the certificate or certificates representing the common stock of Company Bank owned by it to the Surviving Bank.

ARTICLE THREE
TERMINATION

3.1 **Termination.** Notwithstanding any other provision of this Plan of Bank Merger, and notwithstanding the approval of this Plan of Bank Merger by the stockholders of Buyer Bank and Company Bank, this Plan of Bank Merger shall be terminated and the Bank Merger shall be abandoned automatically and without the necessity of any further action by any party in the event of the termination of the Holding Company Merger Agreement, and this Plan of Bank Merger may be terminated and the Bank Merger abandoned at any time prior to the Effective Time:

(a) By mutual consent of the Board of Directors of Buyer Bank and the Board of Directors of Company Bank; or

(b) By the Board of Directors of either Buyer Bank or Company Bank in the event that the Bank Merger shall not have been consummated by June 30, 2016; or

(c) By the Board of Directors of either Buyer Bank or Company Bank in the event that any of the conditions precedent to the consummation of the Bank Merger cannot, through no fault of the terminating party, be satisfied or fulfilled by June 30, 2016.

3.2 **Effect of Termination.** In the event of the termination and abandonment of this Plan of Bank Merger pursuant to Section 3.1 immediately preceding, this Plan of Bank Merger shall become void and have no effect.

IN WITNESS WHEREOF, Company Bank and Buyer Bank have entered into this Plan of Bank Merger as of the date first set forth above.

COMMUNITY & SOUTHERN BANK
a Georgia banking corporation

By: ______________________________
Name: Pat Frawley
Title: Chief Executive Officer

BANK OF THE OZARKS
an Arkansas banking corporation

By: ______________________________
Name: Dennis James
Title: Executive Vice President and Director of Mergers and Acquisitions

AGREEMENT AND PLAN OF MERGER

DATED AS OF NOVEMBER 9, 2015

BY AND AMONG

BANK OF THE OZARKS, INC.,

BANK OF THE OZARKS,

C1 FINANCIAL, INC.

AND

C1 BANK

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this "**Agreement**") is dated as of November 9, 2015, by and among Bank of the Ozarks, Inc., an Arkansas corporation ("**Buyer**"), Bank of the Ozarks, an Arkansas state banking corporation and a wholly-owned subsidiary of Buyer ("**Buyer Bank**"), C1 Financial, Inc., a Florida corporation ("**Company**"), and C1 Bank, a Florida state bank and wholly-owned subsidiary of Company ("**Company Bank**").

W I T N E S S E T H

WHEREAS, the respective boards of directors of each of Buyer, Buyer Bank, Company and Company Bank have (i) determined that this Agreement and the business combination and related transactions contemplated hereby are in the best interests of their respective entities and shareholders; and (ii) determined that this Agreement and the transactions contemplated hereby are consistent with and in furtherance of their respective business strategies;

WHEREAS, in accordance with the terms, and subject to the conditions, of this Agreement, (i) Company will merge with and into Buyer, with Buyer as the surviving entity (the "**Merger**"), and immediately thereafter (ii) Company Bank will merge with and into Buyer Bank, with Buyer Bank as the surviving entity (the "**Bank Merger**");

WHEREAS, as a material inducement and as additional consideration to Buyer to enter into this Agreement, each of the directors and certain officers and principal holders of the Company Common Stock have entered into a voting agreement with Buyer dated as of the date hereof, the form of which is attached hereto as Exhibit A (each a "**Voting Agreement**" and collectively, the "**Voting Agreements**"), pursuant to which each such person has agreed, among other things, to vote all shares of Company Common Stock owned by such person in favor of the approval of this Agreement and the transactions contemplated hereby, upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, concurrently with the execution and delivery of this Agreement, Company's Chief Executive Officer is entering into a retention and non-compete arrangement with Buyer Bank, the form of which is attached hereto as Exhibit B (the "**Retention and Non-Compete Agreement**");

WHEREAS, as a material inducement and as additional consideration to Buyer to enter into this Agreement, promptly after the execution and delivery of this Agreement, the Brazilian Standby Purchaser is entering into a Brazilian Standby Purchase Agreement, the form of which is attached hereto as Exhibit D, with Buyer pursuant to which the Brazilian Standby Purchaser is agreeing, on the terms and subject to the conditions set forth therein, to purchase the Brazilian Loans on a standby basis;

WHEREAS, the parties desire to make certain representations, warranties and agreements in connection with the transactions described in this Agreement and to prescribe certain conditions thereto; and

WHEREAS, the parties desire that capitalized terms used herein shall have the definitions ascribed to such terms when they are first used herein or as otherwise specified in Article 8 hereof.

NOW, THEREFORE, in consideration of the mutual promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1
THE MERGER

Section 1.01. *The Merger.* Subject to the terms and conditions of this Agreement, at the Effective Time, Company shall merge with and into Buyer in accordance with the FBCA and the ABCA.

Upon consummation of the Merger, at the Effective Time the separate corporate existence of Company shall cease and Buyer shall survive and continue to exist as a corporation incorporated under the laws of the ABCA (Buyer, as the surviving entity in the Merger, sometimes being referred to herein as the "**Surviving Entity**").

Section 1.02. *Articles of Incorporation and Bylaws*. The Articles of Incorporation and Bylaws of the Surviving Entity upon consummation of the Merger at the Effective Time shall be the Articles of Incorporation and Bylaws of Buyer as in effect immediately prior to the Effective Time.

Section 1.03. *Directors and Officers of Surviving Entity*. The directors and officers of the Surviving Entity immediately after the Effective Time of the Merger shall be the directors and officers of Buyer in office immediately prior to the Effective Time. Each of the directors and officers of the Surviving Entity immediately after the Effective Time of the Merger shall hold office until his or her successor is elected and qualified or otherwise in accordance with the Articles of Incorporation and Bylaws of the Surviving Entity.

Section 1.04. *Bank Merger*. Immediately following the Effective Time or as promptly as practicable thereafter, Company Bank will be merged with and into Buyer Bank upon the terms and with the effect set forth in the Plan of Bank Merger, substantially in the form attached hereto as Exhibit C.

Section 1.05. *Effective Time; Closing*.

(a) Subject to the terms and conditions of this Agreement, Buyer, Buyer Bank, Company and Company Bank will make all such filings as may be required to consummate the Merger and the Bank Merger by applicable Laws. The Merger shall become effective as set forth in the articles of merger (the "**Articles of Merger**") related to the Merger that shall be filed with the Florida Secretary of State and the Arkansas Secretary of State on the Closing Date. The "**Effective Time**" of the Merger shall be the later of (i) the date and time of filing of the Articles of Merger, or (ii) the date and time when the Merger becomes effective as set forth in the Articles of Merger, which Effective Time shall be no later than five (5) Business Days after all of the conditions to the Closing set forth in Article 6 (other than conditions to be satisfied at the Closing, which shall be satisfied or waived at the Closing) have been satisfied or waived in accordance with the terms hereof.

(b) The Bank Merger shall become effective as set forth in the articles of merger providing for the Bank Merger (the "**Articles of Bank Merger**") that shall be filed with the Arkansas State Bank Department and, if applicable, the Florida Office of Financial Regulation, at the later of immediately following the Effective Time or as promptly as practicable thereafter.

(c) The closing of the transactions contemplated by this Agreement (the "**Closing**") shall take place beginning immediately prior to the Effective Time (such date, the "**Closing Date**") at the offices of Kutak Rock LLP, 124 W. Capitol Ave., Suite 2000, Little Rock, AR 72201, or such other place as the parties may mutually agree. At the Closing, there shall be delivered to Buyer and Company the Articles of Merger, the Articles of Bank Merger and such other certificates and other documents required to be delivered under Article 6 hereof.

Section 1.06. *Additional Actions*. If, at any time after the Effective Time, Buyer shall consider or be advised that any further deeds, documents, assignments or assurances in Law or any other acts are necessary or desirable to carry out the purposes of this Agreement, Company, Company Bank and their respective Subsidiaries shall be deemed to have granted to Buyer and Buyer Bank, and each or any of them, an irrevocable power of attorney to execute and deliver, in such official corporate capacities, all such deeds, assignments or assurances in Law or any other acts as are necessary or desirable to carry out the purposes of this Agreement, and the officers and directors of Buyer and Buyer Bank, as applicable, are authorized in the name of Company, Company Bank and their respective Subsidiaries to take any and all such action.

Section 1.07. *Reservation of Right to Revise Structure*. Buyer may at any time and without the approval of Company change the method of effecting the business combination contemplated by this Agreement if and to the extent that it deems such a change to be desirable; provided, however, that no such change shall (i) alter or change the amount of the consideration to be issued to any holder of Company Common Stock as Merger Consideration, (ii) impede or delay consummation of the Merger, (iii) adversely or alter or change the federal income tax treatment of holders of Company Common Stock in connection with the Merger from what such treatment would have been absent such change, (iv) require submission to or approval of Company's shareholders after the plan of merger set forth in this Agreement has been approved by Company's shareholders, or (v) otherwise adversely affect Company, Company Bank or any shareholder of Company. In the event that Buyer elects to make such a change, the parties agree to execute appropriate documents to reflect the change.

ARTICLE 2
MERGER CONSIDERATION; EXCHANGE PROCEDURES

Section 2.01. *Merger Consideration*. Subject to the provisions of this Agreement, at the Effective Time, automatically by virtue of the Merger and without any action on the part of Buyer, Buyer Bank, Company Bank, Company or any shareholder of Company:

(a) Each share of Buyer Common Stock that is issued and outstanding immediately prior to the Effective Time shall remain outstanding following the Effective Time and shall be unchanged by the Merger.

(b) Each share of Company Common Stock owned directly by Buyer, Company or any of their respective Subsidiaries (other than shares in trust accounts, managed accounts and the like for the benefit of customers) immediately prior to the Effective Time shall be cancelled and retired at the Effective Time without any conversion thereof, and no payment shall be made with respect thereto.

(c) Each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than treasury stock and shares described in Section 2.01(b) above) shall automatically and without any further action on the part of the holder thereof be converted into the right to receive the Merger Consideration (and cash in lieu of shares of Buyer Common Stock as set forth in Section 2.03) in accordance with this Article 2.

Section 2.02. *Rights as Shareholders; Stock Transfers*. At the Effective Time, all shares of Company Common Stock, when converted in accordance with Section 2.01(c) above, shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each Certificate or Book-Entry Share previously evidencing such shares shall thereafter represent only the right to receive for each such share of Company Common Stock, the Merger Consideration (and any cash in lieu of shares of Buyer Common Stock as set forth in Section 2.03) in accordance with this Article 2. At the Effective Time, holders of Company Common Stock shall cease to be, and shall have no rights as, shareholders of Company, other than the right to receive the Merger Consideration (and any cash in lieu of shares of Buyer Common Stock as set forth in Section 2.03) in accordance with this Article 2. After the Effective Time, there shall be no registration of transfers on the stock transfer books of Company of shares of Company Common Stock.

Section 2.03. *Fractional and De Minimis Shares*.

(a) Notwithstanding any other provision hereof, no fractional shares of Buyer Common Stock and no certificates or scrip therefor, or other evidence of ownership thereof, will be issued in the Merger. In lieu thereof, Buyer shall pay or cause to be paid to each holder of a fractional share of Buyer Common Stock, rounded to the nearest one hundredth of a share, an amount of cash (without interest and rounded to the nearest whole cent) determined by multiplying the fractional share interest in Buyer Common Stock to which such holder would otherwise be entitled by the Buyer Average Stock Price.

(b) Notwithstanding any other provision in this Agreement to the contrary, a holder who will receive aggregate Merger Consideration consisting of less than ten (10) whole shares of Buyer Common Stock shall instead receive an amount of cash (without interest and rounded to the nearest whole cent) determined by multiplying the Buyer Common Stock to which such holder would otherwise be entitled (including any fraction thereof as if Section 2.03(a) was not applicable) by the Buyer Average Stock Price.

Section 2.04. *Plan of Reorganization*. It is intended that the Merger shall constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "**Code**"), and that this Agreement shall constitute a "plan of reorganization" as that term is used in Sections 354 and 361 of the Code. The business purpose of the Merger and the Bank Merger is to combine two financial institutions to create a strong community-based commercial banking franchise. From and after the date of this Agreement and until the Closing, each party hereto shall use its commercially reasonable efforts to cause the Merger to qualify as a reorganization under Section 368(a) of the Code.

Section 2.05. *Exchange Procedures*. As promptly as practicable after the Effective Time but in no event later than five (5) Business Days after the Closing Date, and provided that Company has delivered, or caused to be delivered, to the Exchange Agent all information that is reasonably required under the terms of the Exchange Agent Agreement, the Exchange Agent shall mail or otherwise cause to be delivered to each holder of record of shares of Company Common Stock immediately prior to the Effective Time ("**Holder**") appropriate and customary transmittal materials in a form reasonably satisfactory to Company and the Exchange Agent, which shall specify that delivery shall be effected, and risk of loss and title to the Certificates or Book-Entry Shares shall pass, only upon delivery of the Certificates (or affidavits of loss and/or bonds in such amounts as may be required in each case by Buyer or the Exchange Agent in lieu of such Certificate(s)) or Book-Entry Shares to the Exchange Agent, as well as instructions for use in effecting the surrender of the Certificates or Book-Entry Shares in exchange for the Merger Consideration (and any cash in lieu of shares of Buyer Common Stock as set forth in Section 2.03) in accordance with this Article 2 as provided for in this Agreement (the "**Letter of Transmittal**"). Buyer and the Exchange Agent shall be entitled to rely upon the stock transfer books of Company to establish the identity of the Holders of shares of Company Common Stock, which books shall be conclusive with respect thereto.

Section 2.06. *Deposit of Merger Consideration*.

(a) At or before the Effective Time, Buyer shall deposit, or shall cause to be deposited, with the Exchange Agent stock certificates representing the number of shares of Buyer Common Stock sufficient to deliver the aggregate Merger Consideration payable under the terms hereof (together with, to the extent then determinable any cash payable in lieu of shares of Buyer Common Stock as set forth in Section 2.03) in accordance with this Article 2 (collectively, the "**Exchange Fund**"), and Buyer shall instruct the Exchange Agent to timely pay such consideration in accordance with this Agreement.

(b) Any portion of the Exchange Fund that remains unclaimed by the shareholders of Company for one (1) year after the Effective Time (as well as any interest or proceeds from any investment thereof) shall be delivered by the Exchange Agent to Buyer. Any shareholders of Company who have not theretofore complied with this Section 2.06 and Section 2.07(a) shall thereafter look only to Buyer for the Merger Consideration (and any cash in lieu of shares of Buyer Common Stock as set forth in Section 2.03) in accordance with this Article 2 deliverable in respect of each share of Company Common Stock such shareholder held as of immediately prior to the Effective Time, as determined pursuant to this Agreement, in each case without any interest thereon. If outstanding Certificates or Book-Entry Shares for shares of Company Common Stock are not surrendered or the payment for them is not claimed prior to the date on which such shares of Buyer Common Stock or cash would otherwise escheat to or become the property of any governmental unit or agency, the unclaimed items shall, to the extent permitted by the law of abandoned property and any other applicable Law, become the property of Buyer (and to the extent not in its possession shall be delivered to it), free and clear of all claims or interest of any Person previously entitled to such property. Neither the Exchange Agent nor any party to this Agreement shall be liable to any Holder represented by any Certificate or Book-Entry Share for any Merger Consideration (or any

dividends or distributions with respect thereto) paid to a public official pursuant to applicable abandoned property, escheat or similar Laws.

Section 2.07. *Delivery of Merger Consideration*.

(a) Upon surrender to the Exchange Agent of its Certificate(s) or Book-Entry Share(s), accompanied by a properly completed Letter of Transmittal timely delivered to the Exchange Agent, a Holder will be entitled to receive as promptly as practicable thereafter the aggregate Merger Consideration (and any cash in lieu of shares of Buyer Common Stock as set forth in Section 2.03) in accordance with this Article 2 to be issued or paid in respect of the shares of Company Common Stock represented by such Holder's Certificates or Book-Entry Shares. The Exchange Agent and Buyer, as the case may be, shall not be obligated to deliver cash and/or shares of Buyer Common Stock to a Holder to which such Holder would otherwise be entitled as a result of the Merger until such Holder surrenders the Certificates or Book-Entry Shares representing the shares of Company Common Stock for exchange as provided in this Article 2, or, an appropriate affidavit of loss and indemnity agreement and/or a bond in such amount as may be reasonably required in each case by Buyer or the Exchange Agent.

(b) In the event of a transfer of ownership of a Certificate or Book-Entry Shares for Company Common Stock that is not registered in the stock transfer records of Company, the Merger Consideration (and any cash in lieu of shares of Buyer Common Stock as set forth in Section 2.03) in accordance with this Article 2 shall be issued or paid in exchange therefor to a person other than the person in whose name the Certificate or Book-Entry Share so surrendered is registered if the Certificate or Book-Entry Share formerly representing such Company Common Stock shall be properly endorsed or otherwise be in proper form for transfer and the person requesting such payment or issuance shall pay any transfer or other similar taxes required by reason of the payment or issuance to a person other than the registered holder of the Certificate or Book-Entry Shares, or establish to the reasonable satisfaction of Buyer that the tax has been paid or is not applicable, and the person requesting payment for such Certificate or Book-Entry Share shall have complied with the provisions of the Letter of Transmittal. In the event of a dispute with respect to ownership of any shares of Company Common Stock represented by any Certificate or Book-Entry Share, Buyer and Exchange Agent shall be entitled to tender to the custody of any court of competent jurisdiction any Merger Consideration (and any cash in lieu of shares of Buyer Common Stock as set forth in Section 2.03) represented by such Certificate or Book-Entry Share and file legal proceedings interpleading all parties to such dispute, and will thereafter be relieved with respect to any claims thereto.

(c) All shares of Buyer Common Stock to be issued pursuant to the Merger shall be deemed issued and outstanding as of the Effective Time and if ever a dividend or other distribution is declared by Buyer in respect of the Buyer Common Stock, the record date for which is at or after the Effective Time, that declaration shall include dividends or other distributions in respect of all shares of Buyer Common Stock issuable pursuant to this Agreement. No dividends or other distributions in respect of the Buyer Common Stock shall be paid to any holder of any unsurrendered Certificate or Book-Entry Share until such Certificate (or affidavit of loss and/or a bond in such amount as may be required in each case by Buyer or the Exchange Agent in lieu of such Certificate) or Book-Entry Share is surrendered for exchange in accordance with this Article 2. Subject to the effect of applicable Laws, following surrender of any such Certificate (or affidavit of loss and/or a bond in such amount as may be required in each case by Buyer or the Exchange Agent in lieu of such Certificate(s)) or Book-Entry Share, there shall be issued and/or paid to the holder of the certificates representing whole shares of Buyer Common Stock issued in exchange therefor, without interest, (i) at the time of such surrender, the dividends or other distributions with a record date after the Effective Time theretofore payable with respect to such whole shares of Buyer Common Stock and not paid and (ii) at the appropriate payment date, the dividends or other distributions payable with respect to such whole shares of Buyer Common Stock with a record date after the Effective Time but with a payment date subsequent to surrender.

(d) Buyer (through the Exchange Agent, if applicable) shall be entitled to deduct and withhold from any amounts otherwise payable pursuant to this Agreement to any Holder such amounts as Buyer is required to deduct and withhold under applicable Law. Any amounts so deducted and withheld

shall be remitted to the appropriate Governmental Authority and upon such remittance shall be treated for all purposes of this Agreement as having been paid to the Holder in respect of which such deduction and withholding was made by Buyer or the Exchange Agent, as applicable.

Section 2.08. *Anti-Dilution Provisions*. In the event that on or after the first trading day used in determining the Buyer Average Stock Price and before the Effective Time (i) Buyer changes (or establishes a record date for changing) the number of, or provides for the exchange of, shares of Buyer Common Stock issued and outstanding prior to the Effective Time as a result of a stock split, reverse stock split, stock dividend or distribution, recapitalization, reclassification, exchange or similar transaction with respect to the outstanding Buyer Common Stock, or (ii) in the event that during the Measurement Period Buyer declares or pays a special dividend on the outstanding Buyer Common Stock, the Exchange Ratio shall be equitably adjusted; *provided*, that in the case of clause (ii) such adjustment shall be made only in the event and to the extent that the closing prices of Buyer Common Stock used in determining the Buyer Average Stock Price do not reflect or take into account the effect on such closing prices of any such special dividend; *provided further*, that for the avoidance of doubt, no such adjustment under clause (i) above shall be made with regard to the Buyer Common Stock if (x) Buyer issues additional shares of Buyer Common Stock and receives consideration for such shares in a bona fide third party transaction, or (y) Buyer issues employee or director stock options, restricted stock awards, grants or similar equity awards or Buyer issues Buyer Common Stock upon exercise or vesting of any such options, grants or awards. For purposes of this Section 2.08, the term "special dividend" shall mean any dividend paid or payable in cash or other property that is in excess of the regular quarterly dividend payable on Buyer Common Stock by more than a *de minimis* amount, in the ordinary course of Buyer's business, consistent with past practice.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF COMPANY AND COMPANY BANK

Section 3.01. *Making of Representations and Warranties*.

(a) On or prior to the date hereof, Company and Company Bank have delivered to Buyer and Buyer Bank a schedule (the "**Company Disclosure Schedule**") setting forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more representations or warranties contained in Article 3 or to one or more of its covenants contained in Article 5; *provided*, *however*, that nothing in the Company Disclosure Schedule shall be deemed adequate to disclose an exception to a representation or a warranty unless such schedule identifies the exception with reasonable particularity and summarizes the relevant facts giving rise to the inclusion of such item in the particular section of the Company Disclosure Schedule.

(b) Except as set forth in (i) any of the Company SEC Documents filed prior to the date hereof (but disregarding risk factor disclosures contained under the heading "Risk Factors," or disclosures of risk set forth in any "forward-looking statements" disclaimer or any other statements that are similarly non-specific or cautionary, predictive or forward-looking in nature) or (ii) the Company Disclosure Schedule (subject to Section 9.12), Company and Company Bank hereby represent and warrant, jointly and severally, to Buyer as follows:

Section 3.02. *Organization, Standing and Authority*.

(a) Company is a Florida corporation duly organized, validly existing and in good standing under the Laws of the State of Florida, and is duly registered as a bank holding company under the Bank Holding Company Act of 1956, as amended. Company has full corporate power and authority to carry on its business as now conducted. Company is duly licensed or qualified to do business as a foreign corporation or other entity in each jurisdiction where its ownership or leasing of property or the conduct of its business requires such qualification, except where the failure to be so licensed or qualified has not had, and is not reasonably likely to have, a Material Adverse Effect on Company.

(b) Company Bank is a Florida state-chartered bank duly organized, validly existing and in good standing under the Laws of the State of Florida. Company Bank has full corporate power and authority to own, lease and operate its properties and to engage in the business and activities now conducted by it. Company Bank is duly licensed or qualified to do business in Florida and each other jurisdiction where its ownership or leasing of property or the conduct of its business requires such qualification, except where the failure to be so licensed or qualified has not had, and is not reasonably likely to have, a Material Adverse Effect on Company. Company Bank is a member of the Federal Home Loan Bank of Atlanta.

Section 3.03. *Capital Stock.*

(a) The authorized capital stock of Company consists solely of (i) 100,000,000 shares of Company Common Stock, of which, 16,100,966 shares are issued and outstanding and (ii) 10,000,000 shares of preferred stock, par value $1.00 per share, none of which is issued and outstanding. There are no shares of Company Common Stock held by any of Company's Subsidiaries. The outstanding shares of Company Common Stock are duly authorized and validly issued and fully paid and non-assessable and have not been issued in violation of nor are they subject to preemptive rights of any Company shareholder. All shares of Company's capital stock issued and outstanding have been issued in compliance with and not in violation of any applicable federal or state securities Laws. The Closing Date Share Certification will accurately set forth the number of shares of Company Common Stock issued and outstanding immediately prior to the Effective Time.

(b) Except as set forth in Section 3.03(a), there are no outstanding shares of capital stock of any class of Company, or any options, warrants or other similar rights, convertible or exchangeable securities, "phantom stock" rights, stock appreciation rights, stock based performance units, agreements, arrangements, commitments or understandings, in each case, to which Company or any of its Subsidiaries is a party, whether or not in writing, of any character relating to the issued or unissued capital stock or other securities of Company or any of Company's Subsidiaries or obligating Company or any of Company's Subsidiaries to issue (whether upon conversion, exchange or otherwise) or sell any share of capital stock of, or other equity interests in or other securities of, Company or any of Company's Subsidiaries. Other than Company Common Stock acquired in the Ordinary Course of Business in connection with debt previously contracted or foreclosure proceeding, there are no obligations, contingent or otherwise, of Company or any of Company's Subsidiaries to repurchase, redeem or otherwise acquire any shares of Company Common Stock or capital stock of any of Company's Subsidiaries or any other securities of Company or any of Company's Subsidiaries or to provide funds to or make any investment (in the form of a loan, capital contribution or otherwise) in any such Subsidiary. Other than the Voting Agreements, there are no agreements, arrangements or other understandings with respect to the voting of Company's capital stock to which Company or any of its Subsidiaries is a party and to the Knowledge of Company as of the date hereof, no such agreements between any Persons exist. There are no other agreements or arrangements under which Company is obligated to register the sale of any of its securities under the Securities Act.

(c) All of the outstanding shares of capital stock of each of Company's Subsidiaries are duly authorized, validly issued, fully paid and non-assessable and not subject to preemptive rights, and all such shares are owned by Company or another Subsidiary of Company free and clear of all security interests, liens, claims, pledges, taking actions, agreements, limitations in Company's voting rights, charges or other encumbrances of any nature whatsoever, other than restrictions on transfers under applicable securities Laws. Neither Company nor any of its Subsidiaries has any trust preferred securities or other similar securities outstanding.

Section 3.04. *Subsidiaries.*

(a) Company Disclosure Schedule 3.04(a) sets forth a complete and accurate list of all Subsidiaries of Company and Company Bank, including the jurisdiction of organization and all jurisdictions in which such entity is qualified to do business. Except as set forth in Company Disclosure

Schedule 3.04(a), (i) Company owns, directly or indirectly, all of the issued and outstanding equity securities of each Company Subsidiary, (ii) no equity securities of any of Company's Subsidiaries are or may become required to be issued (other than to Company) by reason of any contractual right or otherwise, (iii) there are no contracts, commitments, understandings or arrangements by which any of such Subsidiaries is or may be bound to sell or otherwise transfer any of its equity securities (other than to Company or a wholly-owned Subsidiary of Company), (iv) there are no contracts, commitments, understandings or arrangements relating to Company's rights to vote or to dispose of such securities, (v) all of the equity securities of each such Subsidiary are held by Company, directly or indirectly, are validly issued, fully paid and non-assessable, are not subject to preemptive or similar rights, and (vi) all of the equity securities of each Subsidiary that is owned, directly or indirectly, by Company or any Subsidiary thereof, are free and clear of all Liens, other than restrictions on transfer under applicable securities Laws.

(b) In the case of Company, except for its ownership of Company Bank, it does not own, beneficially or of record, either directly or indirectly, any stock or equity interest in any depository institution (as defined in 12 U.S.C. Section 1813(c)(1)). Neither Company nor any of Company's Subsidiaries beneficially owns, directly or indirectly (other than in a bona fide fiduciary capacity or in satisfaction of a debt previously contracted), any equity securities or similar interests of any Person, or any interest in a partnership or joint venture of any kind, except as set forth in Company Disclosure Schedule 3.04(b).

(c) Each of Company's Subsidiaries has been duly organized and qualified and is in good standing under the Laws of the jurisdiction of its organization and is duly qualified to do business and is in good standing in the jurisdictions where its ownership or leasing of property or the conduct of its business requires it to be so qualified, except where the failure to be so qualified or in good standing has not had, and would not reasonably be expected to have, a Material Adverse Effect on Company. A complete and accurate list of all such jurisdictions is set forth in Company Disclosure Schedule 3.04(a).

Section 3.05. *Corporate Power.*

(a) Company and each of its Subsidiaries has the corporate power and authority to carry on its business as it is now being conducted and to own all of its properties and assets; and each of Company and Company Bank has the corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby, subject to receipt of all necessary approvals of Governmental Authorities, the Regulatory Approvals, the Requisite Company Shareholder Approval and the Company Bank Shareholder Approval.

(b) Company has made available to Buyer a complete and correct copy of its Certificate of Incorporation and Bylaws or equivalent organizational documents, each as amended to date, of Company and each of its Subsidiaries, the minute books of Company and each of its Subsidiaries, and the stock ledgers and stock transfer books of Company and each of its Subsidiaries. Neither Company nor any of its Subsidiaries is in violation of any of the terms of its Certificate of Incorporation, Bylaws or equivalent organizational documents. The minute books of Company and each of its Subsidiaries contain records of all meetings held by, and all other corporate actions of, their respective shareholders and boards of directors (including committees of their respective boards of directors) or other governing bodies, which records are complete and accurate in all material respects. The stock ledgers and the stock transfer books of Company and each of its Subsidiaries contain complete and accurate records of the ownership of the equity securities of Company and each of its Subsidiaries, subject to any pending transfers of Company Common Stock.

Section 3.06. *Corporate Authority.* Subject only to the receipt of the Requisite Company Shareholder Approval at the Company Meeting, this Agreement and the transactions contemplated hereby have been authorized by all necessary corporate action of Company and Company Bank and Company's and Company Bank's respective boards of directors on or prior to the date hereof. Immediately following the execution of this Agreement, in accordance with Section 5.26, Company, as the sole shareholder of Company Bank, shall approve this Agreement, the Plan of Bank Merger and the Bank Merger (the "**Company Bank Shareholder Approval**"). Company Board has directed that this Agreement be

submitted to Company's shareholders for approval at a meeting of such shareholders and, except for the receipt of the Requisite Company Shareholder Approval in accordance with the FBCA and Company's Certificate of Incorporation and Bylaws and the receipt of the Company Bank Shareholder Approval, no other vote of the shareholders of Company or Company Bank is required by Law, any applicable exchange listing requirements, the Certificate of Incorporation of Company and Company Bank, the Bylaws of Company and Company Bank or otherwise to approve this Agreement and the transactions contemplated hereby. Each of Company and Company Bank has duly executed and delivered this Agreement and, assuming due authorization, execution and delivery by Buyer and Buyer Bank, this Agreement is a valid and legally binding obligation of Company and Company Bank, enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar Laws of general applicability relating to or affecting creditors' rights or by general equity principles).

Section 3.07. *Regulatory Approvals; No Defaults.*

(a) Except as would not be material, no consents or approvals of, or waivers by, or filings or registrations with, any Governmental Authority are required to be made or obtained by Company or any of its Subsidiaries in connection with the execution, delivery or performance by Company and Company Bank of this Agreement or to consummate the transactions contemplated by this Agreement, except for filings of applications or notices with, and consents, approvals or waivers by the FRB, the FDIC, the Arkansas State Bank Department, the Florida Office of Financial Regulation, the filing of the Articles of Merger with the Arkansas Secretary of State and the Florida Secretary of State, respectively, the filing of the Articles of Bank Merger with the Arkansas State Bank Department, and the filing with the SEC of the Proxy Statement-Prospectus and the Registration Statement and declaration of effectiveness of the Registration Statement, compliance with the applicable requirements of the Exchange Act, and such filings and approvals as are required to be made or obtained under the securities or "Blue Sky" laws of various states in connection with the issuance of the shares of Buyer Common Stock pursuant to this Agreement. Subject to the receipt of the approvals referred to in the preceding sentence and the Requisite Company Shareholder Approval, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby (including, without limitation, the Merger and the Bank Merger) by Company and Company Bank do not and will not (i) constitute a breach or violation of, or a default under, the Certificate of Incorporation, Bylaws or similar governing documents of Company, Company Bank, or any of their respective Subsidiaries, (ii) except as would not be material, violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Company or any of its Subsidiaries, or any of their respective properties or assets, (iii) conflict with, result in a breach or violation of any provision of, or the loss of any benefit under, or a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the creation of any Lien under, result in a right of termination or the acceleration of any right or obligation under, any permit, license, credit agreement, indenture, loan, note, bond, mortgage, reciprocal easement agreement, lease, instrument, concession, contract, franchise, agreement or other instrument or obligation of Company or any of its Subsidiaries or to which Company or any of its Subsidiaries, or their respective properties or assets is subject or bound, or (iv) require the consent or approval of any third party or Governmental Authority under any such Law, rule or regulation or any judgment, decree, order, permit, license, credit agreement, indenture, loan, note, bond, mortgage, reciprocal easement agreement, lease, instrument, concession, contract, franchise, agreement or other instrument or obligation, with only such exceptions in the case of each of clauses (iii) and (iv), as would not reasonably be expected to have, a Material Adverse Effect on Company or Company Bank.

(b) As of the date hereof, Company has no Knowledge of any reason (i) why the Regulatory Approvals referred to in Section 6.01(b) will not be received in customary time frames from the applicable Governmental Authorities having jurisdiction over the transactions contemplated by this Agreement or (ii) why any Burdensome Condition would be imposed.

Section 3.08. *SEC Reports; Financial Statements*.

(a) The Company has filed (or furnished, as applicable) all reports, registration statements, definitive proxy statements or documents required to be filed by the Company with the SEC or furnished by the Company to the SEC since January 1, 2014 by the Company or any of its Subsidiaries under the Securities Act, or under Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act (collectively, the "**Company SEC Documents**"), and has paid all fees and assessments due and payable in connection therewith, except where the failure to file or furnish such report, registration statement, definitive proxy statements or documents required to be filed with the SEC or to pay such fees and assessments would not be material. All of such Company SEC Documents in the form filed, at the time of filing thereof (or, if amended or superseded by a subsequent filing prior to the date hereof, as of the date of such subsequent filing or, in the case of filings under the Securities Act, at the time the relevant document was declared effective), (i) complied in all material respects as to form with the applicable requirements under the Securities Act or the Exchange Act, as the case may be, and the rules and regulations of the SEC thereunder applicable to such Company SEC Documents, and (ii) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. As of the date of this Agreement, there are no unresolved outstanding comments from or unresolved issues raised by the SEC, as applicable, with respect to any of the Company SEC Documents. The consolidated financial statements of Company (including any related notes and schedules thereto) included in the Company SEC Documents complied as to form, as of their respective dates of filing with the SEC (or, if amended or superseded by a subsequent filing prior to the date hereof, as of the date of such subsequent filing), in all material respects, with all applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto (except, in the case of unaudited statements, as permitted by the rules of the SEC), have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be disclosed therein), and fairly present in all material respects the consolidated financial position of Company and its Subsidiaries and the consolidated results of operations, changes in shareholders' equity and cash flows, as the case may be, of such companies as of the dates and for the periods shown, subject, in the case of unaudited statements, only to year-end audit adjustments not material in nature and amount, and to the absence of footnote disclosure. Except for those liabilities to the extent reflected or reserved against in the most recent audited consolidated balance sheet of Company and its Subsidiaries contained in Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (the "**Company 2014 Form 10-K**") and, except for liabilities reflected in Company SEC Documents filed prior to the date hereof or incurred in the Ordinary Course of Business consistent with past practices or in connection with this Agreement, since December 31, 2014, and except where any such liabilities or obligations have not had, and would not reasonably be expected to have, a Material Adverse Effect on Company, neither the Company nor any of its Subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) required by GAAP to be set forth on its consolidated balance sheet or in the notes thereto.

(b) Company and each of its Subsidiaries, officers and directors are in compliance in all material respects with, and have complied in all material respects, with (i) the applicable provisions of the Sarbanes-Oxley Act and the related rules and regulations promulgated under such act and the Exchange Act and (ii) the applicable listing and corporate governance rules and regulations of the NYSE. Except as has not been and would not reasonably be expected to be material to Company and its Subsidiaries, taken as a whole, Company (x) has established and maintained disclosure controls and procedures and internal control over financial reporting (as such terms are defined in paragraphs (e) and (f), respectively, of Rule 13a-15 under the Exchange Act) as required by Rule 13a-15 under the Exchange Act, and (y) has disclosed based on its most recent evaluations, to its outside auditors and the audit committee of the Company Board (A) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) which are reasonably likely to adversely affect Company's ability to record, process, summarize and report financial data and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in Company's internal control over financial reporting.

(c) Since January 1, 2012, neither Company nor any of its Subsidiaries nor, to Company's Knowledge, any director, officer, employee, auditor, accountant or representative of Company or any of its Subsidiaries has received or otherwise had or obtained Knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of Company or any of its Subsidiaries or their respective internal accounting controls, including any material complaint, allegation, assertion or claim that Company or any of its Subsidiaries has engaged in questionable accounting or auditing practices.

Section 3.09. *Regulatory Reports*. Since January 1, 2012, Company and its Subsidiaries have duly filed with the FRB, the FDIC, and any other applicable Governmental Authority, in correct form, the reports and other documents required to be filed under applicable Laws and regulations and have paid all fees and assessments due and payable in connection therewith, and such reports were, in all material respects, complete and accurate and in compliance with the requirements of applicable Laws and regulations. Other than normal examinations conducted by a Governmental Authority in the Ordinary Course of Business of Company and its Subsidiaries, no Governmental Authority has notified Company or any of its Subsidiaries that it has initiated any proceeding or, to Company's Knowledge, threatened an investigation into the business or operations of Company or any of its Subsidiaries since January 1, 2012 that would reasonably be expected to be material. There is no material unresolved violation, criticism, or exception by any Governmental Authority with respect to any report or statement relating to any examinations or inspections of Company or any of its Subsidiaries. There have been no material formal or informal inquiries by, or disagreements or disputes with, any Governmental Authority with respect to the business, operations, policies or procedures of Company or any of its Subsidiaries since January 1, 2012.

Section 3.10. *Absence of Certain Changes or Events*. Except as set forth in Company Disclosure Schedule 3.10, or as otherwise expressly contemplated by this Agreement, (a) since December 31, 2014, there has not been any change or development in the business, operations, assets, liabilities, condition (financial or otherwise), results of operations, cash flows or properties of Company or any of its Subsidiaries which has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to Company or Company Bank and to Company's Knowledge as of the date hereof, no fact or condition exists which is reasonably likely to cause a Material Adverse Effect with respect to Company or Company Bank in the future; (b) since December 31, 2014 to the date hereof there has not been (i) any change by Company or any of its Subsidiaries in its accounting methods, principles or practices, other than changes required by applicable Law or GAAP or regulatory accounting as concurred by Company's independent accountants, (ii) any declaration, setting aside or payment of any dividend or distribution in respect of any capital stock of Company or any of its Subsidiaries or any redemption, purchase or other acquisition of any of its securities, other than in the Ordinary Course of Business; (iii) any increase in or establishment of any bonus, insurance, severance, deferred compensation, pension, retirement, profit sharing, stock option (including, without limitation, the granting of stock options, stock appreciation rights, performance awards, restricted stock awards, restricted stock unit awards or deferred stock unit awards), stock purchase or other employee benefit plan, or any other increase in the compensation payable or to become payable to any directors, officers or employees of Company or any of its Subsidiaries (other than normal salary adjustments to employees made in the Ordinary Course of Business), or any grant of severance or termination pay, or any contract or arrangement entered into to make or grant any severance or termination pay, any payment of any bonus, or the taking of any action not in the Ordinary Course of Business with respect to the compensation or employment of directors, officers or employees of Company or any of its Subsidiaries; (iv) any material election or material changes in existing elections made by Company or any of its Subsidiaries for federal or state Tax purposes; (v) any material change in the credit policies or procedures of Company or any of its Subsidiaries, the effect of which was or is to make any such policy or procedure less restrictive in any material respect; (vi) any material acquisition or disposition of any assets or properties, or any contract for any such acquisition or disposition entered into other than Company Investment Securities or loans and loan commitments purchased, sold, made or entered into in the Ordinary Course of Business; (vii) any lease of real or personal property entered into, other than in connection with foreclosed property or in the Ordinary Course of Business.

Section 3.11. *Legal Proceedings*. Except as set forth in Company Disclosure Schedule 3.11:

(a) There are no material civil, criminal, administrative or regulatory actions, suits, demand letters, demands for indemnification, claims, hearings, notices of violation, arbitrations, investigations, orders to show cause, market conduct examinations, notices of non-compliance or other proceedings of any nature pending or, to Company's Knowledge, threatened against Company or any of its Subsidiaries or to which Company or any of its Subsidiaries is a party, including any such actions, suits, demand letters, demands for indemnification, claims, hearings, notices of violation, arbitrations, investigations, orders to show cause, market conduct examinations, notices of non-compliance or other proceedings of any nature that challenges the validity or propriety of the transactions contemplated by this Agreement.

(b) There is no material injunction, order, judgment or decree imposed upon Company or any of its Subsidiaries, or the assets of Company or any of its Subsidiaries, and neither Company nor any of its Subsidiaries has been advised of, or has Knowledge of, the threat of any such action.

Section 3.12. *Compliance With Laws.*

(a) Company and each of its Subsidiaries is, and have been since January 1, 2012, in compliance in all material respects with all applicable federal, state, local and foreign Laws, rules, judgments, orders or decrees applicable thereto or to the employees conducting such businesses, including, without limitation, Laws related to data protection or privacy, the USA PATRIOT Act, the Bank Secrecy Act, the Equal Credit Opportunity Act, the Fair Housing Act, the Home Mortgage Disclosure Act, the Community Reinvestment Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Dodd-Frank Act, Sections 23A and 23B of the Federal Reserve Act, the Sarbanes-Oxley Act or the regulations implementing such statutes, all other applicable anti-money laundering Laws, fair lending Laws and other Laws relating to discriminatory lending, financing, leasing or business practices and all agency requirements relating to the origination, sale and servicing of mortgage loans. Neither Company nor any of its Subsidiaries has been advised of any material supervisory criticisms regarding their compliance with the Bank Secrecy Act or related state or federal anti-money laundering laws, regulations and guidelines, including without limitation those provisions of federal regulations requiring (i) the filing of reports, such as Currency Transaction Reports and Suspicious Activity Reports, (ii) the maintenance of records and (iii) the exercise of due diligence in identifying customers.

(b) Company and each of its Subsidiaries have all permits, licenses, authorizations, orders and approvals of, and each has made all filings, applications and registrations with, all Governmental Authorities that are required in order to permit it to own or lease its properties and to conduct its business as presently conducted, except where the absence of such permit, license, authorization, order or approval has not had, and would not reasonably be expected to have, a Material Adverse Effect on Company or Company Bank. All such permits, licenses, certificates of authority, orders and approvals are in full force and effect and, to Company's Knowledge, no suspension or cancellation of any of them is threatened, except where the absence of such permit, license, authorization, order or approval has not had, and would not reasonably be expected to have, a Material Adverse Effect on Company or Company Bank.

(c) Except as set forth in Company Disclosure Schedule 3.12(c), and except as would not be reasonably expected to be material, neither Company nor Company Bank has received, since January 1, 2012 to the date hereof, written or, to Company's Knowledge, oral notification from any Governmental Authority (i) asserting that it is not in compliance with any of the Laws which such Governmental Authority enforces or (ii) threatening to revoke any license, franchise, permit or governmental authorization (nor do any grounds for any of the foregoing exist).

Section 3.13. *Company Material Contracts; Defaults.*

(a) Except as set forth in Company Disclosure Schedule 3.13(a), and, for the avoidance of doubt, except for any Loan or Loan related agreement, as of the date hereof, neither Company nor any of its

Subsidiaries is a party to, bound by or subject to any agreement, contract, arrangement, commitment or understanding (whether written or oral) (i) with respect to the employment of any directors, officers or employees, including any bonus, stock option, restricted stock, stock appreciation right or other employee benefit agreements or arrangements; (ii) which would entitle any present or former director, officer or employee of Company or any of its Subsidiaries to indemnification from Company or any of its Subsidiaries; (iii) which, upon the execution or delivery of this Agreement, shareholder adoption of this Agreement or the consummation of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional acts or events) result in any payment (whether change-of-control, severance pay or otherwise) becoming due from Company, Company Bank, the Surviving Entity, or any of their respective Subsidiaries to any officer, director or employee thereof, or which would otherwise provide for a payment to such person upon a change-of-control; (iv) the benefits of which will be increased, or the vesting of benefits of which will be accelerated, by the occurrence of any of the transactions contemplated by this Agreement, or the value of any of the benefits of which will be calculated on the basis of any of the transactions contemplated by this Agreement; (v) which grants any right of first refusal, right of first offer or similar right with respect to any material assets or properties of Company or any of its Subsidiaries; (vi) related to the borrowing by Company or any of its Subsidiaries of money other than those entered into in the Ordinary Course of Business or between the Company and any of its Subsidiaries and any guaranty of any obligation for the borrowing of money, excluding endorsements made for collection, repurchase or resell agreements, letters of credit and guaranties made in the Ordinary Course of Business; (vii) relating to the lease of personal property having a value in excess of $50,000; (viii) except in respect of debts previously contracted, relating to any joint venture, partnership, limited liability company agreement or other similar agreement or arrangement, or to the formation, creation or operation, management or control of any material partnership or joint venture with any third parties or which limits payments of dividends; (ix) which relates to capital expenditures and involves future payments by Company or any of its Subsidiaries in excess of $50,000 individually or $100,000 in the aggregate, (x) which relates to the disposition or acquisition of material assets or any material interest in any business enterprise, in each case, outside the Ordinary Course of Business of Company or any of its Subsidiaries; (xi) which is not terminable on sixty (60) days or less notice and involving the payment of more than $100,000 per annum; (xii) which contains a non-compete or client or customer non-solicit requirement or any other provision that materially restricts the conduct of any line of business by Company, Company Bank or any of their respective Affiliates or upon consummation of the Merger will materially restrict the ability of the Surviving Entity or any of its Affiliates to engage in any line of business or which grants any right of first refusal, right of first offer or similar right with respect to material assets of Company or any of its Subsidiaries or that limits or purports to limit the ability of Company or any of its Subsidiaries (or, following consummation of the transactions contemplated hereby, Buyer or any of its Subsidiaries) to own, operate, sell, transfer, pledge or otherwise dispose of any material assets or business; (xiii) pursuant to which Company or any of its Subsidiaries may become obligated to invest in or contribute capital to any entity; or (xiv) that transfers any Intellectual Property rights (other than non-exclusive licenses to generally available commercial software), by way of assignment, license, sublicense, agreement or other permission, to or from Company or any of its Subsidiaries and that is material (for the avoidance of doubt, any Patents shall be deemed material). Each contract, arrangement, commitment or understanding of the type described in this Section 3.13(a), is set forth in Company Disclosure Schedule 3.13(a), and is referred to herein as a "**Company Material Contract**." Company has previously made available to Buyer true, complete and correct copies of each such Company Material Contract, including any and all amendments and modifications thereto.

(b) (i) Each Company Material Contract is valid and binding on Company and any of its Subsidiaries to the extent such Subsidiary is a party thereto, as applicable, and to the Knowledge of Company, each other party thereto, and is in full force and effect and enforceable in accordance with its terms, except to the extent that validity and enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or similar Laws affecting the enforcement of creditors' rights generally or by general principles of equity or by principles of public policy and except where the failure to be valid, binding, enforceable and in full force and effect, individually or in the aggregate, has not had a Material Adverse Effect on Company or Company Bank; and (ii) neither Company nor any of its Subsidiaries is in default under any Company Material Contract or other material agreement, commitment, arrangement, Lease, Insurance Policy or other instrument to which it is a party, by which its assets,

business, or operations may be bound or affected, or under which its assets, business, or operations receives benefits, and there has not occurred any event that, with the lapse of time or the giving of notice or both, would constitute such a default, except to the extent that such default or event of default has not had, and is not reasonably likely to have, a Material Adverse Effect on Company or Company Bank. No material power of attorney or similar authorization given directly or indirectly by Company or any of its Subsidiaries is currently outstanding.

(c) Company Disclosure Schedule 3.13(c) sets forth a true and complete list of all Company Material Contracts pursuant to which consents, waivers or notices are or may be required to be given thereunder, in each case, prior to the consummation of the Merger, the Bank Merger and the other transactions contemplated hereby and thereby.

Section 3.14. *Agreements with Regulatory Agencies*. Except as set forth in Company Disclosure Schedule 3.14, neither Company nor any of its Subsidiaries is subject to any cease-and-desist or other order issued by, or is a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is a recipient of any extraordinary supervisory letter from, or is subject to any order or directive by, or has adopted any board resolutions at the request of any Governmental Authority (each, whether or not set forth in Company Disclosure Schedule 3.14, a "**Company Regulatory Agreement**") that, in any such case, (a) currently restricts in any material respect the conduct of Company's or any of its Subsidiaries' business or in any material manner relates to their capital adequacy, their ability to pay dividends, their credit, risk management or compliance policies, their internal controls, their management or their business, other than those of general application, or (b) would reasonably be expected to, individually or in aggregate, materially and adversely impact or interfere with Company's or Company Bank's operations, and, to the Knowledge of Company, since January 1, 2012, Company has not been advised by any Governmental Authority that it is considering issuing, initiating, ordering or requesting any of the foregoing, other than those of general application. To Company's Knowledge, there are no investigations relating to any regulatory matters pending before any Governmental Authority with respect to Company or any of its Subsidiaries.

Section 3.15. *Brokers; Fairness Opinion*. Neither Company, Company Bank nor any of its officers, directors or any of its Subsidiaries has employed any broker or finder or incurred, nor will it incur, any liability for any broker's fees, commissions or finder's fees in connection with any of the transactions contemplated by this Agreement, except that Company has engaged, and will pay a fee or commission to Sandler O'Neill & Partners, L.P. ("**Company Financial Advisor**"), in accordance with the terms of a letter agreement between Company Financial Advisor and Company, a true, complete and correct copy of which has been previously delivered by Company to Buyer. Company has received the opinion of the Company Financial Advisor (and, when it is delivered in writing, a copy of such opinion will be promptly provided to Buyer) to the effect that, as of the date of this Agreement and based upon and subject to the qualifications and assumptions set forth therein, the Merger Consideration is fair, from a financial point of view, to the holders of shares of Company Common Stock, and, as of the date of this Agreement, such opinion has not been withdrawn, revoked or modified.

Section 3.16. *Employee Benefit Plans*.

(a) All benefit and compensation plans, contracts, policies or arrangements (i) covering current or former employees of Company, any of its Subsidiaries or any of Company's related organizations described in Code Sections 414(b), (c) or (m) ("**Controlled Group Members**") (such current and former employees collectively, the "**Company Employees**"), (ii) covering current or former directors of Company, any of its Subsidiaries, or Controlled Group Members or (iii) with respect to which Company, any of its Subsidiaries, or any Controlled Group Members has any liability or contingent liability (including liability arising from affiliation under Section 414 of the Code or Section 4001 of ERISA) including, but not limited to, "employee benefit plans" within the meaning of Section 3(3) of ERISA, health/welfare, change-of-control, fringe benefit, deferred compensation, defined benefit plan, defined contribution plan, stock option, stock purchase, stock appreciation rights, stock based, incentive, bonus plans, retirement plans

and other policies, plans or arrangements whether or not subject to ERISA (all such plans, contracts, policies or arrangements in (i)-(iii) hereof are collectively referred to as the "**Company Benefit Plans**"), are identified and described in Company Disclosure Schedule 3.16(a). Neither Company nor any of its Subsidiaries or Controlled Group Members has any stated plan, intention or commitment to establish any new company benefit plan or to materially modify any Company Benefit Plan (except to the extent required by Law).

(b) Company has provided Buyer with true and complete copies of all Company Benefit Plans including, but not limited to, any trust instruments and insurance contracts forming a part of any Company Benefit Plans and all amendments thereto, summary plan descriptions and summary of material modifications, IRS Form 5500 (for the most recently completed plan year) and the most recent IRS determination, opinion, notification and advisory letters, with respect thereto. In addition, any annual and periodic accounting and employee and participant disclosures pertaining to the Company Benefit Plans have been made available to Buyer.

(c) Each Company Benefit Plan is in compliance in all material respects with its terms and in operation with all applicable Laws, including ERISA and the Code. Each Company Benefit Plan which is intended to be qualified under Section 401(a) of the Code ("**Company 401(a) Plan**"), has received a favorable determination or opinion letter from the IRS, and neither Company nor Company Bank has Knowledge of any circumstance that could reasonably be expected to result in revocation of any such favorable determination or opinion letter or the loss of the qualification of such Company 401(a) Plan under Section 401(a) of the Code, and, to Company's Knowledge, nothing has occurred that would be expected to result in the Company 401(a) Plan ceasing to be qualified under Section 401(a) of the Code. In all material respects, all Company Benefits Plans have been administered in accordance with their terms. There is no pending or, to Company's Knowledge, threatened litigation or regulatory action relating to the Company Benefit Plans (other than routine claims for benefits or matters that are not material). Neither Company nor any of its Subsidiaries or any Controlled Group Member has engaged in a transaction with respect to any Company Benefit Plan, including a Company 401(a) Plan that could subject Company, any of its Subsidiaries or any Controlled Group Member to a material tax or material penalty under any Law including, but not limited to, Section 4975 of the Code or Section 502(i) of ERISA. No Company 401(a) Plan has been submitted under or been the subject of an IRS voluntary compliance program submission. There are no material audits, investigations, inquiries or proceedings pending or, to Company's Knowledge, threatened by the IRS or the Department of Labor with respect to any Company Benefit Plan.

(d) No liability under Subtitle C or D of Title IV of ERISA has been or is expected to be incurred by Company, any of its Subsidiaries or Controlled Group Members with respect to any ongoing, frozen or terminated "single employer plan," within the meaning of Section 4001(a)(15) of ERISA, currently or formerly maintained by Company, any of its Subsidiaries, Controlled Group Members or any entity which is considered one employer with Company, any of its Subsidiaries or Controlled Group Members under Section 4001 of ERISA or Section 414 of the Code (an "**ERISA Affiliate**"). Neither Company, Company Bank nor any ERISA Affiliate (or their predecessor) has ever maintained a plan subject to Title IV of ERISA or Section 412 of the Code. None of Company, Company Bank, or any ERISA Affiliate has contributed to (or been obligated to contribute to) a "multiemployer plan" within the meaning of Section 3(37) of ERISA at any time and neither Company, any of its Subsidiaries or Controlled Group Members has incurred, and does not expect to incur, any withdrawal liability with respect to a multiemployer plan under Subtitle E of Title IV of ERISA (regardless of whether based on contributions of an ERISA Affiliate). No notice of a "reportable event," within the meaning of Section 4043 of ERISA has been required to be filed for any Company Benefit Plan or by any ERISA Affiliate or will be required to be filed in connection with the transactions contemplated by this Agreement.

(e) All contributions required to be made with respect to all Company Benefit Plans have been timely made or have been reflected on the consolidated financial statements of Company to the extent required to be reflected under applicable accounting principles.

(f) Except as set forth in Company Disclosure Schedule 3.16(f), no Company Benefit Plan provides and neither Company nor Company Bank has proposed or promised any arrangement that provides for any liability to provide life insurance, medical or other employee welfare benefits to any Company Employee, or any of their affiliates, upon his or her retirement or termination of employment for any reason, except as may be required by Law (including the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended).

(g) All Company Benefit Plans that are group health plans have been operated in compliance in all material respects with the group health plan continuation requirements of Section 4980B of the Code and all other applicable sections of ERISA and the Code. Company may amend or terminate any such Company Benefit Plan at any time without incurring any material liability thereunder for future benefits coverage at any time after such termination.

(h) Except as set forth in Company Disclosure Schedule 3.16(h) or otherwise provided for in this Agreement, neither the execution of this Agreement, shareholder approval of this Agreement or consummation of any of the transactions contemplated by this Agreement will (i) entitle any Company Employee to severance pay or any increase in severance pay upon any termination of employment, (ii) accelerate the time of payment or vesting (except as required by Law) or trigger any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or trigger any other material obligation pursuant to, any of the Company Benefit Plans, (iii) result in any breach or violation of, or a default under, any of the Company Benefit Plans, (iv) result in any payment that would be an excess "parachute payment" to a "disqualified individual" as those terms are defined in Section 280G of the Code, without regard to whether such payment is reasonable compensation for personal services performed or to be performed in the future, (v) limit or restrict the right of Company or Company Bank or, after the consummation of the transactions contemplated hereby, Buyer or any of its Subsidiaries, to merge, amend or terminate any of the Company Benefit Plans, or (vi) result in payments under any of the Company Benefit Plans for which a deduction would be disallowed by reason of Section 280G of the Code.

(i) Each Company Benefit Plan that is a deferred compensation plan or arrangement is in material compliance with, and has been operated in material compliance with, Section 409A of the Code, to the extent applicable. Neither Company nor any of its Subsidiaries or Controlled Group Members has agreed to reimburse or indemnify any participant in a Company Benefit Plan for any of the interest and the penalties specified in Section 409A(a)(1)(B) of the Code that may be currently due or triggered in the future.

(j) Company Disclosure Schedule 3.16(j) contains a schedule showing the monetary amounts payable as of the date specified in such schedule, whether individually or in the aggregate (including good faith estimates of all amounts not subject to precise quantification as of the date of this Agreement, such as tax indemnification payments in respect of income or excise taxes), under any employment, change-in-control, severance or similar contract, plan or arrangement with or which covers any present or former director, officer, employee or consultant of Company, any of its Subsidiaries or Controlled Group Members who may be entitled to any such amount and identifying the types and estimated amounts of the in-kind benefits due under any Company Benefit Plans (other than a plan qualified under Section 401(a) of the Code) for each such person, specifying the assumptions in such schedule and providing estimates of other required contributions to any trusts for any related fees or expenses.

(k) Except for failures that have not had and would not reasonably be expected to have, a Material Adverse Effect on Company, Company and its Subsidiaries have correctly classified all individuals who directly or indirectly perform services for Company, any of its Subsidiaries or Controlled Group Members for purposes of each Company Benefit Plan, ERISA, the Code, unemployment compensation Laws, workers' compensation Laws and all other applicable Laws.

Section 3.17. *Labor Matters*. Neither Company nor any of its Subsidiaries is a party to or bound by any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor organization, nor is there any proceeding pending or, to Company's Knowledge threatened, asserting that Company or any of its Subsidiaries has committed an unfair labor practice (within the meaning of the National Labor Relations Act) or seeking to compel Company or any of its Subsidiaries to bargain with any labor organization as to wages or conditions of employment, nor is there any strike or other labor dispute involving it pending or, to Company's Knowledge, threatened, nor is Company or Company Bank aware of any activity involving Company Employees seeking to certify a collective bargaining unit or engaging in other organizational activity.

Section 3.18. *Environmental Matters*.

(a) Except as has not been and would not reasonably be expected to be material and except as set forth in Company Disclosure Schedule 3.18(a), to Company's Knowledge there has been no release of Hazardous Substances at, on, or under any Company Loan Property, real property currently owned, operated or leased by Company or any of its Subsidiaries (including buildings or other structures) or formerly owned, operated or leased by Company or any of its Subsidiaries or any predecessor, that has formed or that could reasonably be expected to form the basis of any Environmental Claim against Company or any of its Subsidiaries.

(b) Except as has not been and would not reasonably be expected to be material and except as set forth in Company Disclosure Schedule 3.18(b), to Company's Knowledge neither Company nor any of its Subsidiaries has acquired, nor is any of them now in the process of acquiring, any real property through foreclosure or deed in lieu of foreclosure which has been contaminated with, or has had any release of, any Hazardous Substance in a manner that violates Environmental Law or requires reporting, investigation, remediation or monitoring under Environmental Law.

(c) Except as has not been and would not reasonably be expected to be material and except as set forth in Company Disclosure Schedule 3.18(c), to Company's Knowledge neither Company nor any of its Subsidiaries has previously been nor is any of them now in violation of or noncompliant with applicable Environmental Law.

(d) Except as has not been and would not reasonably be expected to be material and except to Company's Knowledge neither Company nor any of its Subsidiaries could be deemed the owner or operator of, or to have participated in the management of, any Company Loan Property which has been contaminated with, or has had any release of, any Hazardous Substance in a manner that violates Environmental Law or requires reporting, investigation, remediation or monitoring under Environmental Law.

(e) Neither Company nor any of its Subsidiaries has received (i) any written notice, demand letter, or claim alleging any violation of, or liability under, any Environmental Law or (ii) any written request for information reasonably indicating an investigation or other inquiry by any Governmental Authority concerning a possible violation of, or liability under, any Environmental Law.

(f) Neither Company nor any of its Subsidiaries has received notice of any Lien or encumbrance having been imposed on any Company Loan Property or any property owned, operated or leased by Company or its Subsidiaries in connection with any liability or potential liability arising from or related to Environmental Law, and there is no action, proceeding, writ, injunction or claim pending or, to Company's Knowledge, threatened which could result in the imposition or any such Lien or encumbrance on any Company Loan Property or property owned, operated or leased by Company or any of its Subsidiaries.

(g) Neither Company nor any of its Subsidiaries is, or has been, subject to any order, decree or injunction relating to a violation of or allegation of liability under any Environmental Law.

(h) Except as has not been and would not reasonably be expected to be material and except as set forth in Company Disclosure Schedule 3.18(h), to Company's Knowledge there are no circumstances or conditions (including the presence of asbestos, underground storage tanks, lead products, polychlorinated biphenyls, prior manufacturing operations, dry-cleaning, or automotive services) involving Company, any of its Subsidiaries, or any currently or, to Company's Knowledge, formerly owned, operated or leased property, or any Company Loan Property that could reasonably be expected pursuant to applicable Environmental Law to (i) result in any claim, liability or investigation against Company or any of its Subsidiaries, or (ii) result in any restriction on the ownership, use, or transfer of any such property.

(i) Company has delivered to Buyer copies of all environmental reports, studies, sampling data, correspondence, filings and other information known to Company or Company Bank and in their possession or reasonably available to them relating to environmental conditions at or on any real property (including buildings or other structures) currently or formerly owned, operated or leased by Company or any of its Subsidiaries. Company Disclosure Schedule 3.18(i) includes a list of the environmental reports and other information provided.

(j) There is no litigation pending or, to Company's Knowledge, threatened against Company or any of its Subsidiaries, or affecting any property now owned or, to Company's Knowledge, formerly owned, used or leased by Company or any of its Subsidiaries or any predecessor, before any court, or Governmental Authority (i) for alleged noncompliance (including by any predecessor) with any Environmental Law or (ii) relating to the presence or release into the environment of any Hazardous Substance.

(k) To Company's Knowledge there are no underground storage tanks on, in or under any property currently owned, operated or leased by Company or any of its Subsidiaries.

Section 3.19. *Tax Matters*.

(a) Each of Company and its Subsidiaries has filed all material Tax Returns that it was required to file under applicable Laws, other than Tax Returns that are not yet due or for which a request for extension was timely filed consistent with requirements of applicable Law. All such Tax Returns were correct and complete in all material respects and have been prepared in substantial compliance with all applicable Laws. Except as set forth in Company Disclosure Schedule 3.19(a), all material Taxes due and owing by Company or any of its Subsidiaries (whether or not shown on any Tax Return) have been paid other than Taxes that have been reserved or accrued on the balance sheet of Company and which Company is contesting in good faith. Except as set forth in Company Disclosure Schedule 3.19(a), Company is not currently the beneficiary of any extension of time within which to file any Tax Return and neither Company nor any of its Subsidiaries currently has any open tax years. Except as set forth in Company Disclosure Schedule 3.19(a), since January 1, 2012, no written claim has been made by any Governmental Authority in a jurisdiction where Company does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of Company or any of its Subsidiaries.

(b) Company and each of its Subsidiaries, as applicable, have withheld and paid all material Taxes required to have been withheld and paid in connection with any amounts paid or owing to any employee, independent contractor, creditor, shareholder or other third party.

(c) No foreign, federal, state, or local Tax audits or administrative or judicial Tax proceedings are currently being conducted or, to Company's Knowledge, pending with respect to Company or any of its Subsidiaries. Other than with respect to audits that have already been completed and resolved, neither Company nor any of its Subsidiaries has received from any foreign, federal, state, or local taxing authority (including jurisdictions where Company and or any of its Subsidiaries have not filed Tax Returns) any written (i) notice indicating an intent to open an audit or other review, (ii) request for information

related to Tax matters, or (iii) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any taxing authority against Company or any of its Subsidiaries.

(d) Company has made available to Buyer true and complete copies of the United States federal, state, local, and foreign consolidated income Tax Returns filed with respect to Company for taxable periods ended December 31, 2014, 2013 and 2012. Company has delivered to Buyer correct and complete copies of all examination reports and statements of deficiencies assessed against or agreed to by Company with respect to income Taxes filed for the years ended December 31, 2014, 2013 and 2012. Company has timely and properly taken such actions in response to and in compliance with written notices that Company has received from the IRS in respect of information reporting and backup and nonresident withholding as are required by Law.

(e) Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, which such waiver or extension is still valid and in effect.

(f) Company has not been a United States real property holding corporation within the meaning of Code Section 897(c)(2) during the applicable period specified in Code Section 897(c)(1)(A)(ii). Company has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Code Section 6662. Except as set forth in Company Disclosure Schedule 3.19(f), neither Company nor Company Bank is a party to or bound by any Tax allocation or sharing agreement. Company (i) has not been a member of an affiliated group filing a consolidated federal income Tax Return (other than a group the common parent of which was Company), and (ii) has no liability for the Taxes of any individual, bank, corporation, partnership, association, joint stock company, business trust, limited liability company, or unincorporated organization (other than Company and its Subsidiaries) under Regulations Section 1.1502-6 (or any similar provision of state, local, or foreign Law), as a transferee or successor, by contract, or otherwise.

(g) The unpaid Taxes of Company (i) did not, as of December 31, 2014, exceed the reserve for Tax liability (which reserve is distinct and different from any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the most recent financial statements included in the Company SEC Documents (rather than in any notes thereto), and (ii) do not exceed that reserve as adjusted for the passage of time in accordance with the past custom and practice of Company in filing its Tax Returns. Except as set forth in Company Disclosure Schedule 3.19(g), since January 1, 2012, Company has not incurred any liability for Taxes arising from extraordinary gains or losses, as that term is used in GAAP, outside the Ordinary Course of Business.

(h) Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Effective Time as a result of any: (i) change in method of accounting for a taxable period ending on or prior to the Closing Date; (ii) "closing agreement" as described in Code Section 7121 (or any corresponding or similar provision of state, local or foreign income Tax Law) executed on or prior to the Closing Date; (iii) intercompany transactions or any excess loss account described in Regulations under Code Section 1502 (or any corresponding or similar provision of state, local or foreign income Tax Law); (iv) installment sale or open transaction disposition made on or prior to the Closing Date; or (v) prepaid amount received on or prior to the Closing Date.

(i) Company has not distributed stock of another Person nor had its stock distributed by another Person in a transaction that was purported or intended to be nontaxable and governed in whole or in part by Section 355 or Section 361 of the Code.

(j) Neither the execution of this Agreement, Company shareholder approval of this Agreement nor the consummation of the transactions contemplated hereby will (i) give rise to an additional

Tax under Section 409A of the Code, or (ii) result in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code.

Section 3.20. *Investment Securities*. Company Disclosure Schedule 3.20 sets forth as of September 30, 2015, the Company Investment Securities, as well as any purchases or sales of Company Investment Securities between September 30, 2015 to and including the date hereof reflecting with respect to all such securities, whenever purchased or sold, descriptions thereof, CUSIP numbers, designations as securities "available for sale" or securities "held to maturity" (as those terms are used in ASC 320), book values and coupon rates, and any gain or loss with respect to any Company Investment Securities sold during such time period after September 30, 2015. Neither Company nor any of its Subsidiaries owns any of the outstanding equity of any savings bank, savings and loan association, savings and loan holding company, credit union, bank or bank holding company, insurance company, mortgage or loan broker or any other financial institution other than Company Bank.

Section 3.21. *Derivative Transactions*.

(a) All Derivative Transactions entered into by Company or any of its Subsidiaries or for the account of any of its customers were entered into in all material respects in accordance with applicable Laws and regulatory policies of any Governmental Authority, and in all material respects in accordance with the investment, securities, commodities, risk management and other policies, practices and procedures employed by Company or any of its Subsidiaries, and in all material respects were entered into with counterparties believed at the time to be financially responsible and able to understand (either alone or in consultation with its advisers) and to bear the risks of such Derivative Transactions. Company and each of its Subsidiaries have duly performed all of their material obligations under the Derivative Transactions to the extent that such obligations to perform have accrued, and, to Company's Knowledge, there are no material breaches, violations or defaults or allegations or assertions of such by any party thereunder.

(b) Each Derivative Transaction outstanding as of the date of this Agreement is listed in Company Disclosure Schedule 3.21(b), and the financial position of Company or Company Bank under or with respect to each has been reflected in the books and records of Company or Company Bank in accordance with GAAP, and as of the date of this Agreement no open exposure of Company or Company Bank with respect to any such instrument (or with respect to multiple instruments with respect to any single counterparty) exists, except as set forth in Company Disclosure Schedule 3.21(b).

(c) No Derivative Transaction outstanding as of the date of this Agreement, were it to be treated as a Loan held by Company or any of its Subsidiaries, would as of the date hereof be classified as "Special Mention," "Substandard," "Doubtful," "Loss," "Classified," "Criticized," "Credit Risk Assets," "Concerned Loans," "Watch List," as such terms are defined by the FDIC's uniform loan classification standards, or words of similar import.

Section 3.22. *Regulatory Capitalization*. Company Bank is "well-capitalized," as such term is defined in the rules and regulations promulgated by the FDIC and the Florida Office of Financial Regulation. Company is "well-capitalized," as such term is defined in the rules and regulations promulgated by the FRB.

Section 3.23. *Loans; Nonperforming and Classified Assets*.

(a) Company Disclosure Schedule 3.23(a) identifies, as of September 30, 2015 and as of the date hereof, any written or oral loan, loan agreement, note or borrowing arrangement and other extensions of credit (including, without limitation, leases, credit enhancements, commitments, guarantees and interest-bearing assets) to which Company, Company Bank or any of their respective Subsidiaries is a party as obligee (collectively, "**Loans**"), under the terms of which the obligor was over sixty (60) days delinquent in payment of principal or interest as of such date.

(b) Company Disclosure Schedule 3.23(b) identifies, as of September 30, 2015 and as of the date hereof, each Loan that was classified as "Special Mention," "Substandard," "Doubtful," "Loss," "Classified," "Criticized," "Credit Risk Assets," "Concerned Loans," "Watch List" or words of similar import by Company, Company Bank or any bank examiner, together with the principal amount of and accrued and unpaid interest on each such Loan and the identity of the borrower thereunder as of such date.

(c) Company Disclosure Schedule 3.23(c) identifies each asset of Company or any of its Subsidiaries that as of September 30, 2015 was classified as other real estate owned ("**OREO**") and the book value thereof as of the date of this Agreement as well as any assets classified as OREO since September 30, 2015 and any sales of OREO between September 30, 2015 and the date hereof, reflecting any gain or loss with respect to any OREO sold.

(d) Except as would not reasonably be expected to be material, each Loan held in Company's, Company Bank's or any of their respective Subsidiaries' loan portfolio (each a "**Company Loan**") (i) is evidenced by notes, agreements or other evidences of indebtedness that are true, genuine and what they purport to be, (ii) to the extent secured, is and has been secured by valid Liens which have been perfected and (iii) to Company's and Company Bank's Knowledge, is a legal, valid and binding obligation of the obligor named therein, enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance and other Laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(e) All currently outstanding Company Loans were solicited, originated and, currently exist in material compliance with all applicable requirements of Law and Company Bank's lending policies at the time of origination of such Company Loans, and the notes or other credit or security documents with respect to each such outstanding Company Loan are complete and correct in all material respects. There are no oral modifications or amendments or additional agreements related to the Company Loans that are not reflected in the written records of Company or Company Bank, as applicable. All such Company Loans are owned by Company or Company Bank free and clear of any Liens (other than blanket Liens by the Federal Home Loan Bank of Atlanta). No claims of defense as to the enforcement of any Company Loan have been asserted in writing against Company or Company Bank for which there is a reasonable probability of an adverse determination, and neither Company nor Company Bank has any Knowledge of any acts or omissions which would give rise to any claim or right of rescission, set-off, counterclaim or defense for which there is a reasonable probability of an adverse determination to Company Bank. Except as set forth in Company Disclosure Schedule 3.23(e), no Company Loans are presently serviced by third parties, and there is no obligation which could result in any Company Loan becoming subject to any third party servicing.

(f) Except as would not reasonably be expected to be material, neither Company nor any of its Subsidiaries is a party to any agreement or arrangement with (or otherwise obligated to) any Person which obligates Company or any of its Subsidiaries to repurchase from any such Person any Loan or other asset of Company or any of its Subsidiaries, unless there is a material breach of a representation or covenant by Company or any of its Subsidiaries, and none of the agreements pursuant to which Company or any of its Subsidiaries has sold Loans or pools of Loans or participations in Loans or pools of Loans contains any obligation to repurchase such Loans or interests therein solely on account of a payment default by the obligor on any such Loan.

(g) Neither Company nor any of its Subsidiaries is now nor has it ever been since January 1, 2012, subject to any fine, suspension, settlement or other contract or other administrative agreement or sanction by, or any reduction in any loan purchase commitment from, any Governmental Authority relating to the origination, sale or servicing of mortgage or consumer Loans.

Section 3.24. *Allowance for Loan and Lease Losses*. Company's allowance for loan and lease losses as reflected in each of (a) the latest balance sheet included in the Company 2014 Form 10-K and (b) in the latest balance sheet included in the Company SEC Documents, were, in the opinion of management,

as of the applicable dates thereof, in compliance with Company's and Company Bank's existing methodology for determining the adequacy of its allowance for loan and lease losses as well as the standards established by applicable Governmental Authority, the Financial Accounting Standards Board and GAAP.

Section 3.25. *Trust Business; Administration of Fiduciary Accounts*. Neither Company nor any of its Subsidiaries has offered or engaged in providing any individual or corporate trust services or administers any accounts for which it acts as a fiduciary, including, but not limited to, any accounts in which it serves as a trustee, agent, custodian, personal representative, guardian, conservator or investment advisor.

Section 3.26. *Investment Management and Related Activities*. None of Company, any Company Subsidiary or, to the extent relating to their activities with respect to Company or any of its Subsidiaries, any of their respective directors, officers or employees is required to be registered, licensed or authorized under the Laws of any Governmental Authority as an investment adviser, a broker or dealer, an insurance agency or company, a commodity trading adviser, a commodity pool operator, a futures commission merchant, an introducing broker, a registered representative or associated person, investment adviser, representative or solicitor, a counseling officer, an insurance agent, a sales person or in any similar capacity with a Governmental Authority.

Section 3.27. *Repurchase Agreements*. With respect to all agreements pursuant to which Company or any of its Subsidiaries has purchased securities subject to an agreement to resell, if any, Company or any of its Subsidiaries, as the case may be, has a valid, perfected first lien or security interest in the government securities or other collateral securing the repurchase agreement, and the value of such collateral equals or exceeds the amount of the debt secured thereby.

Section 3.28. *Deposit Insurance*. The deposits of Company Bank are insured by the FDIC in accordance with the Federal Deposit Insurance Act ("**FDIA**") to the full extent permitted by Law, and Company Bank has paid all premiums and assessments and filed all reports required by the FDIA. No proceedings for the revocation or termination of such deposit insurance are pending or, to Company's and Company Bank's Knowledge, threatened.

Section 3.29. *Community Reinvestment Act, Anti-money Laundering and Customer Information Security*. Except as has not been and would not reasonably be expected to materially and adversely impact or interfere with Company or Company Bank's operations, neither Company nor any of its Subsidiaries is a party to any agreement with any individual or group regarding Community Reinvestment Act matters and neither Company nor any of its Subsidiaries has Knowledge of any facts or circumstances that would cause Company or Company Bank: (a) to be deemed not to be in compliance with the Community Reinvestment Act, and the regulations promulgated thereunder, or to be assigned a rating for Community Reinvestment Act purposes by federal or state bank regulators of lower than "satisfactory"; or (b) to be deemed to be operating in violation of the Bank Secrecy Act and its implementing regulations (31 C.F.R. Part 103), the USA PATRIOT Act, any order issued with respect to anti-money laundering by the U.S. Department of the Treasury's Office of Foreign Assets Control, or any other applicable anti-money laundering statute, rule or regulation; or (c) to be deemed not to be in compliance with the applicable privacy of customer information requirements contained in any federal and state privacy Laws and regulations, including, without limitation, in Title V of the Gramm-Leach-Bliley Act of 1999 and regulations promulgated thereunder, as well as the provisions of the information security program adopted by Company Bank pursuant to 12 C.F.R. Part 364. Furthermore, the board of directors of Company Bank has adopted and Company Bank has implemented an anti-money laundering program that contains adequate and appropriate customer identification verification procedures that meets the requirements of Sections 352 and 326 of the USA PATRIOT Act.

Section 3.30. *Transactions with Affiliates*. Except (a) as set forth in Company Disclosure Schedule 3.30, or (b) for transactions, agreements, arrangements or understandings between Company and any Subsidiary of Company or between Subsidiaries of Company, there are no outstanding amounts

payable to or receivable from, or advances by Company or any of its Subsidiaries to, and neither Company nor any of its Subsidiaries is otherwise a creditor or debtor to any director, executive officer, five percent (5%) or greater shareholder of Company or any of its Subsidiaries or to any of their respective Affiliates or Associates or other Affiliate of Company or any of its Subsidiaries, or to Company's or Company Bank's Knowledge, any person, corporation or enterprise controlling, controlled by or under common control with any of the foregoing, other than part of the normal and customary terms of such persons' employment or service as a director with Company or any of its Subsidiaries and other than deposits held by Company Bank in the Ordinary Course of Business. Except as set forth in Company Disclosure Schedule 3.30 and for transactions, agreements, arrangements or understandings between Company and any Subsidiary of Company or between Subsidiaries of Company, neither Company nor any of its Subsidiaries is a party to any transaction or agreement with any of its respective directors, executive officers or other Affiliates other than part of the terms of an individual's employment or service as a director and other than deposits held by Company Bank in the Ordinary Course of Business. All agreements between Company or any of Company's Subsidiaries and any of their respective Affiliates comply, to the extent applicable, in all material respects with Regulation W of the FRB.

Section 3.31. *Tangible Properties and Assets.*

(a) Company Disclosure Schedule 3.31(a) sets forth a true, correct and complete list of all real property owned as of the date of this Agreement by Company and each of its Subsidiaries. Except as set forth in Company Disclosure Schedule 3.31(a), Company or its Subsidiaries has good, valid and marketable title to, valid leasehold interests in or otherwise legally enforceable rights to use all of the real property, personal property and other assets (tangible or intangible), used, occupied and operated or held for use by it in connection with its business as presently conducted in each case, free and clear of any Lien, except for (i) statutory Liens for amounts not yet delinquent, (ii) Liens for taxes and other governmental charges and assessments, which are not yet due and payable or which are being contested in good faith, (iii) Liens, easements, rights of way, and other similar encumbrances that do not materially affect the value or use of the properties or assets subject thereto or affected thereby or otherwise materially impair business operations at such properties and (iv) Liens of landlords and Liens of carriers, warehousemen, mechanics and materialmen and other like Liens arising in the Ordinary Course of Business for sums not yet due and payable. Except as set forth on Company Disclosure Schedule 3.31(a), there is no pending or, to Company's Knowledge, threatened legal, administrative, arbitral or other proceeding, claim, action or governmental or regulatory investigation of any nature with respect to the real property that Company or any of its Subsidiaries owns, uses or occupies or has the right to use or occupy, including without limitation a pending or threatened taking of any of such real property by eminent domain, except where such legal, administrative, arbitral or other proceeding, claim, action or governmental or regulatory investigation has not had, and would not reasonably be expected to have, a Material Adverse Effect on Company or Company Bank. True and complete copies of all deeds or other documentation evidencing ownership of the real properties set forth in Company Disclosure Schedule 3.31(a), and complete copies of the title insurance policies and surveys for each property, together with any mortgages, deeds of trust and security agreements to which such property is subject have been furnished or made available to Buyer.

(b) Company Disclosure Schedule 3.31(b) sets forth a true, correct and complete schedule as of the date of this Agreement of all material leases, subleases, licenses and other agreements under which Company or any of its Subsidiaries uses or occupies or has the right to use or occupy, now or in the future, real property (the "**Leases**"). Except as has not had, and would not reasonably be expected to have, a Material Adverse Effect on Company or Company Bank, each of the Leases is valid, binding and in full force and effect and neither Company nor any of its Subsidiaries has received a written notice of, and otherwise has no Knowledge of any, default or termination with respect to any Lease. Except as has not had, and would not reasonably be expected to have, a Material Adverse Effect on Company or Company Bank, there has not occurred any event and no condition exists that would constitute a termination event or a breach by Company or any of its Subsidiaries of, or default by Company or any of its Subsidiaries in, the performance of any covenant, agreement or condition contained in any Lease. To Company's and Company Bank's Knowledge, no lessor under a Lease is in breach or default in the performance of any material covenant, agreement or condition contained in such Lease, except where such breach or default

has not had, and would not reasonably be expected to have, a Material Adverse Effect on Company. Except as has not had, and would not reasonably be expected to have, a Material Adverse Effect on Company, Company and each of its Subsidiaries have paid all rents and other charges to the extent due under the Leases. Copies that are true and complete in all material respects of all leases for, or other documentation evidencing ownership of or a leasehold interest in, the properties listed in Company Disclosure Schedule 3.31(b), have been furnished or made available to Buyer.

(c) Except as has not had, and would not reasonably be expected to have, a Material Adverse Effect on Company or Company Bank, all buildings, structures, fixtures, building systems and equipment, and all components thereof, including the roof, foundation, load-bearing walls and other structural elements thereof, heating, ventilation, air conditioning, mechanical, electrical, plumbing and other building systems, environmental control, remediation and abatement systems, sewer, storm and waste water systems, irrigation and other water distribution systems, parking facilities, fire protection, security and surveillance systems, and telecommunications, computer, wiring and cable installations, included in the owned real property or the subject of the Leases are in good condition and repair (normal wear and tear excepted) and sufficient for the operation of the business of Company and its Subsidiaries as currently conducted.

Section 3.32. *Intellectual Property*. Company Disclosure Schedule 3.32 sets forth a true, complete and correct list of all registered and, to Company's Knowledge, unregistered material Company Intellectual Property.

(a) The Company or its Subsidiaries own all right, title and interest in and to, or has a valid license to use all material Company Intellectual Property, free and clear of all Liens, royalty or other payment obligations (except for royalties or payments with respect to off the shelf Software at standard commercial rates). Each item of material Company Intellectual Property will be owned or available for use, and may be used, by Company on identical terms and conditions immediately subsequent to the Closing, and Company will not interfere with, infringe upon, misappropriate or otherwise come into conflict with any Intellectual Property rights of any other Person as a result of the ownership or use of such Company Intellectual Property in a manner consistent with the past ownership and use thereof, or as a result of any other activities by the Company consistent with the past activities of the business. To the Company's Knowledge, the owners of the Company Intellectual Property used by Company pursuant to license, sublicense, agreement or permission have taken all necessary actions to maintain, protect and/or permit the use of such Company Intellectual Property by Company.

(b) Except as set for on Company Disclosure Schedule 3.32, the material Company Intellectual Property constitutes all of the Intellectual Property used or useful in or necessary to carry on the business of Company and its Subsidiaries as currently conducted. The Company is the owner or licensee of all right, title and interest in and to each of the items of Company Intellectual Property, free and clear of all Liens, and have the right to use without payment to any other Person all of the Company Intellectual Property other than in respect of licenses listed in Company Disclosure Schedule 3.32.

(c) The material Company Intellectual Property owned by the Company or its Subsidiaries is valid and enforceable and has not been cancelled, forfeited, expired or abandoned, and neither Company nor any of its Subsidiaries has received notice challenging the validity or enforceability of any such Company Intellectual Property.

(d) None of Company or any of its Subsidiaries is, nor will any of them be as a result of the execution and delivery of this Agreement or the performance by Company of its obligations hereunder, in violation of any material licenses, sublicenses and other agreements as to which Company or any of its Subsidiaries is a party and pursuant to which Company or any of its Subsidiaries is authorized to use any third-party patents, trademarks, service marks, copyrights, trade secrets or computer software and neither Company nor any of its Subsidiaries has received notice challenging Company's or any of its Subsidiaries' license or legally enforceable right to use any such third-party intellectual property rights, and the consummation of the transactions contemplated hereby will not result in the loss or impairment of the right of Company or any of its Subsidiaries to own or use any material Company Intellectual Property.

(e) Company and its Subsidiaries have not interfered with, infringed upon, misappropriated, or otherwise conflicted with any material Intellectual Property rights of any other Person, and Company or any of its Subsidiaries have never received any charge, complaint, claim, demand or notice alleging any such interference, infringement, misappropriation or violation (including any claim that Company or any of its Subsidiaries must license or refrain from using any Intellectual Property rights of any other Person). No other Person has interfered with, infringed upon, misappropriated or otherwise conflicted with any material Company Intellectual Property rights owned by, or licensed to, Company or any of its Subsidiaries.

(f) Set forth on Company Disclosure Schedule 3.32 is a complete and accurate list and summary description, including any royalties paid or received by the Company or its Subsidiaries, and Company has delivered to Buyer accurate and complete copies, of all contracts relating to the material Company Intellectual Property (other than non-exclusive licenses to generally available commercial software). There are no outstanding and to Company's Knowledge, no threatened disputes or disagreements with respect to any such contract. Included in Company Disclosure Schedule 3.32 is a list of all items of material Company Intellectual Property which is or has been used or proposed for use in or in connection with, is useful, reasonably necessary, or otherwise related to the business that is licensed by Company or any of its Subsidiaries ("**Licensed Business Intellectual Property**") and the owner or licensee of each such item of Licensed Business Intellectual Property (other than non-exclusive licenses to generally available commercial software). With respect to each item of Licensed Business Intellectual Property set forth on Company Disclosure Schedule 3.32:

(i) the referenced owner or licensee possesses all right, title and interest in and to the item, free and clear of all Liens or licenses, or is otherwise entitled to use the item pursuant to an agreement that is legal, valid, binding, enforceable and in full force and effect and such agreement can be transferred to Buyer immediately subsequent to the Closing;

(ii) the item is not subject to any outstanding injunction, judgment, order, decree, ruling, charge or other restriction of any Governmental Authority;

(iii) no action, suit, proceeding, hearing, charge, complaint, is pending or threatened which challenges the legality, validity, enforceability, use or ownership of the item; and

(iv) Company or any of its Subsidiaries have not agreed to indemnify any other Person for or against any interference, infringement, misappropriation or other conflict with respect to the item.

(g) Company Disclosure Schedule 3.32 contains a complete and accurate list and summary description of all Patents included in the Company Intellectual Property.

Section 3.33. *Insurance*.

(a) Company Disclosure Schedule 3.33(a) identifies as of the date of this Agreement all of the material insurance policies, binders, or bonds currently maintained by Company and its Subsidiaries (the "**Insurance Policies**"), including the insurer, policy numbers, amount of coverage, effective and termination dates and any pending claims thereunder involving more than $10,000. Company and each of its Subsidiaries is insured with reputable insurers against such risks and in such amounts as the management of Company and Company Bank reasonably have determined to be prudent in accordance with industry practices and all the Insurance Policies are in full force and effect, neither Company nor any Subsidiary has received notice of cancellation of any of the Insurance Policies or otherwise has Knowledge that any insurer under any of the Insurance Policies has expressed an intent to cancel any such Insurance Policies, and neither Company nor any of its Subsidiaries is in default thereunder and all claims thereunder have been filed in due and timely fashion.

(b) Company Disclosure Schedule 3.33(b) sets forth a true, correct and complete description of all bank owned life insurance ("**BOLI**") owned by Company or its Subsidiaries, including the value of

its BOLI as of the end of the month prior to the date hereof. The value of such BOLI is and has been fairly and accurately reflected in the most recent balance sheet included in the Company SEC Documents in accordance with GAAP. All BOLI is owned solely by Company Bank, no other Person has any ownership claims with respect to such BOLI or proceeds of insurance derived therefrom and there is no split dollar or similar benefit under Company's BOLI. Neither Company nor any of Company's Subsidiaries has any outstanding borrowings secured in whole or part by its BOLI.

Section 3.34. *Antitakeover Provisions*. No "control share acquisition," "business combination moratorium," "fair price" or other form of antitakeover statute or regulation is applicable to this Agreement and the transactions contemplated hereby.

Section 3.35. *Company Information*. The information relating to Company and its Subsidiaries that is provided by or on behalf of Company for inclusion in the Proxy Statement-Prospectus and the Registration Statement, or incorporation by reference therein, or for inclusion in any Regulatory Approval or other application, notification or document filed with any other Governmental Authority in connection with the Merger, Bank Merger or other transactions contemplated herein, will not (with respect to the Proxy Statement-Prospectus as of the date the Proxy Statement-Prospectus is first mailed to Company's shareholders and, if applicable, as of the date of the Company Meeting, with respect to the Registration Statement, as of the time the Registration Statement or any amendment or supplement thereto is declared effective under the Securities Act, and with respect to any application or other document filed or submitted to any Governmental Authority, as of the date filed or submitted, as applicable) contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances in which they are made, not misleading. The portions of the Proxy Statement-Prospectus relating to Company and Company's Subsidiaries and other portions thereof within the reasonable control of Company and its Subsidiaries will comply in all material respects with the provisions of the Exchange Act, and the rules and regulations thereunder.

Section 3.36. *Transaction Costs*. Company Disclosure Schedule 3.36 sets forth attorneys' fees, investment banking fees, accounting fees and other costs or fees of Company and its Subsidiaries that, based upon reasonable inquiry, are expected to be paid or accrued through the Closing Date in connection with the Merger and the other transactions contemplated by this Agreement.

Section 3.37. *No Knowledge of Breach*. Neither Company nor any of its Subsidiaries has any Knowledge of any facts or circumstances that would result in Buyer or Buyer Bank being in breach on the date of execution of this Agreement of any representations and warranties of Buyer or Buyer Bank set forth in Article 4.

Section 3.38. *No Other Representations and Warranties*. Except for the representations and warranties made by Company and Company Bank in this Article 3, none of Company, Company Bank nor any other Person makes any express or implied representation or warranty with respect to Company or its Subsidiaries, or their respective businesses, operations, assets, liabilities, conditions (financial or otherwise) or prospects, and Company and Company Bank hereby disclaim any such other representations or warranties. In particular, without limiting the foregoing disclaimer, none of Company, Company Bank nor any other Person makes or has made any representation or warranty to Buyer or any of its affiliates or representatives with respect to (a) any financial projection, forecast, estimate, budget or prospect information relating to Company, any of its Subsidiaries or their respective businesses, or (b) except for the representations and warranties made by Company and Company Bank in this Article 3, any oral or written information presented to Buyer or any of its affiliates or representatives in the course of their due diligence investigation of Company and its Subsidiaries, the negotiation of this Agreement or in the course of the transactions contemplated hereby.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF BUYER AND BUYER BANK

Section 4.01. *Making of Representations and Warranties.*

(a) On or prior to the date hereof, Buyer has delivered to Company a schedule (the "**Buyer Disclosure Schedule**") setting forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more representations or warranties contained in Article 4; *provided*, *however*, that nothing in the Buyer Disclosure Schedule shall be deemed adequate to disclose an exception to a representation or a warranty unless such schedule identifies the exception with reasonable particularity and describes the relevant facts in reasonable detail.

(b) Except as set forth in (i) the Buyer Reports filed prior to the date hereof (but disregarding risk factor disclosures contained under the heading "Risk Factors," or disclosures of risk set forth in any "forward-looking statements" disclaimer or any other statements that are similarly non-specific or cautionary, predictive or forward-looking in nature) or (ii) the Buyer Disclosure Schedule (subject to Section 9.12), Buyer and Buyer Bank hereby represent and warrant, jointly and severally, to Company as follows:

Section 4.02. *Organization, Standing and Authority.*

(a) Buyer is an Arkansas corporation duly organized, validly existing and in good standing under the Laws of the State of Arkansas, and is duly registered as a bank holding company under the Bank Holding Company Act of 1956, as amended. True, complete and correct copies of the Articles of Incorporation, as amended (the "**Buyer Articles**") and Bylaws of Buyer, as amended (the "**Buyer Bylaws**"), as in effect as of the date of this Agreement, have previously been made available to Company. Buyer has full corporate power and authority to carry on its business as now conducted. Buyer is duly licensed or qualified to do business in the State of Arkansas and each jurisdiction where its ownership or leasing of property or the conduct of its business requires such qualification, except where the failure to be so licensed or qualified has not had, and is not reasonably likely to have, a Material Adverse Effect on Buyer.

(b) Buyer Bank is an Arkansas state banking corporation duly organized, validly existing and in good standing under the Laws of the State of Arkansas. Buyer Bank has full corporate power and authority to own, lease and operate its properties and to engage in the business and activities now conducted by it. Buyer Bank is duly licensed or qualified to do business in the State of Arkansas and each other jurisdiction where its ownership or leasing of property or the conduct of its business requires such qualification, except where the failure to be so licensed or qualified has not had, and is not reasonably likely to have, a Material Adverse Effect on Buyer. Buyer Bank's deposits are insured by the FDIC in the manner and to the full extent provided by applicable Law, and all premiums and assessments required to be paid in connection therewith have been paid by Buyer Bank when due. Buyer Bank is a member in good standing of the Federal Home Loan Bank of Dallas.

Section 4.03. *Capital Stock.*

(a) The authorized capital stock of Buyer consists of (i) 1,000,000 shares of preferred stock, $0.01 par value per share, of which, as of the date of this Agreement no shares were outstanding and (ii) 125,000,000 shares of Buyer Common Stock, of which, as of September 30, 2015, 88,264,627 shares were issued and outstanding. The outstanding shares of Buyer Common Stock have been duly authorized and validly issued and are fully paid and non-assessable and have not been issued in violation of nor are they subject to preemptive rights of any Buyer shareholder. The shares of Buyer Common Stock to be issued pursuant to this Agreement, when issued in accordance with the terms of this Agreement, will be duly authorized, validly issued, fully paid and non-assessable and will not be subject to preemptive rights and

will be issued in compliance with and not in violation of applicable federal or state securities Laws. All shares of Buyer's capital stock issued since January 1, 2012 have been issued in compliance with and not in violation of any applicable federal or state securities Laws.

(b) Except as set forth in Section 4.03(a) and except for any grants or awards properly issued to officers, directors or employees of Buyer or Buyer Bank pursuant to an equity based plan approved by the board of directors of Buyer, as of the date hereof, there are no outstanding securities of Buyer or any of its Subsidiaries that are convertible into or exchangeable for any class of capital stock of Buyer or any of Buyer's Subsidiaries.

Section 4.04. *Corporate Power*.

(a) Buyer and Buyer Bank have the corporate power and authority to carry on their business as it is now being conducted and to own all their properties and assets; and each of Buyer and Buyer Bank has the corporate power and authority to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby, subject to receipt of all necessary approvals of Governmental Authorities.

(b) Neither Buyer nor Buyer Bank is in material violation of any of the terms of their respective Articles of Incorporation, Bylaws or equivalent organizational documents.

Section 4.05. *Corporate Authority*. This Agreement and the transactions contemplated hereby have been authorized by all necessary corporate action of Buyer and Buyer Bank and Buyer and Buyer Bank's respective boards of directors on or prior to the date hereof. Buyer, as the sole shareholder of Buyer Bank, has approved this Agreement, the Plan of Bank Merger and the Bank Merger. No vote of the shareholders of Buyer is required by Law, the Buyer Articles or the Buyer Bylaws to approve this Agreement and the transactions contemplated hereby. Buyer and Buyer Bank have duly executed and delivered this Agreement and, assuming due authorization, execution and delivery by Company and Company Bank, this Agreement is a valid and legally binding obligation of Buyer and Buyer Bank, enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar Laws of general applicability relating to or affecting creditors' rights or by general equity principles).

Section 4.06. *SEC Documents; Financial Statements*.

(a) Buyer has filed (or furnished, as applicable) all required reports, registration statements, definitive proxy statements or documents required to be filed with the SEC or furnished to the SEC since January 1, 2014 (the "**Buyer Reports**"), and has paid all fees and assessments due and payable in connection therewith, except where the failure to file or furnish such report, registration statement, definitive proxy statements or documents required to be filed or to pay such fees and assessments would not be material. As of their respective dates of filing with the SEC (or, if amended or superseded by a subsequent filing prior to the date hereof, as of the date of such subsequent filing), the Buyer Reports complied as to form in all material respects with the applicable requirements of the Securities Act or the Exchange Act, as the case may be, and the rules and regulations of the SEC thereunder applicable to such Buyer Reports, and none of the Buyer Reports when filed with the SEC, or if amended prior to the date hereof, as of the date of such amendment, (in the case of filings under the Securities Act, at the time it was declared effective) contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. As of the date of this Agreement, there are no unresolved outstanding comments from or unresolved issues raised by the SEC, as applicable, with respect to any of the Buyer Reports.

(b) The consolidated financial statements of Buyer (including any related notes and schedules thereto) included in the Buyer Reports complied as to form, as of their respective dates of filing

with the SEC (or, if amended or superseded by a subsequent filing prior to the date hereof, as of the date of such subsequent filing), in all material respects, with all applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto (except, in the case of unaudited statements, as permitted by the rules of the SEC), have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as may be disclosed therein), and fairly present, in all material respects, the consolidated financial position of Buyer and its Subsidiaries and the consolidated results of operations, changes in shareholders' equity and cash flows of such companies as of the dates and for the periods shown, subject in the case of unaudited statements, only to year-end audit adjustments not material in nature and amount, and to the absence of footnote disclosure. Except for those liabilities to the extent reflected or reserved against in the most recent audited consolidated balance sheet of Buyer and its Subsidiaries contained in Buyer's Annual Report on Form 10-K for the fiscal year ended December 31, 2014 (the "**Buyer 2014 Form 10-K**") and, except for liabilities reflected in Buyer Reports filed prior to the date hereof or incurred in the ordinary course of business consistent with past practices or in connection with this Agreement, since December 31, 2014, and except where any such liabilities or obligations have not had, and would not reasonably be expected to have, a Material Adverse Effect on Buyer, neither Buyer nor any of its Subsidiaries has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) required by GAAP to be set forth on its consolidated balance sheet or in the notes thereto.

(c) Buyer and each of its Subsidiaries, officers and directors are in compliance in all material respects with, and have complied in all material respects, with (i) the applicable provisions of the Sarbanes-Oxley Act and the related rules and regulations promulgated under such act and the Exchange Act and (ii) the applicable listing and corporate governance rules and regulations of NASDAQ. Except as has not been and would not reasonably be expected to be material to Buyer, Buyer (x) has established and maintained disclosure controls and procedures and internal control over financial reporting (as such terms are defined in paragraphs (e) and (f), respectively, of Rule 13a-15 under the Exchange Act) as required by Rule 13a-15 under the Exchange Act, and (y) has disclosed, based on its most recent evaluation, to its outside auditors and the audit committee of Buyer's board of directors (A) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) which are reasonably likely to adversely affect Buyer's ability to record, process, summarize and report financial data and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in Buyer's internal control over financial reporting.

Section 4.07. *Regulatory Reports*. Since January 1, 2012, Buyer and its Subsidiaries have duly filed with the FDIC, the FRB, the Arkansas State Bank Department and any other applicable Governmental Authority, in correct form, the reports and other documents required to be filed under applicable Laws and regulations and have paid all fees and assessments due and payable in connection therewith, and such reports were in all material respects complete and accurate and in compliance with the requirements of applicable Laws and regulations. Other than normal examinations conducted by a Governmental Authority in the ordinary course of business of Buyer and its Subsidiaries, no Governmental Authority has notified Buyer or any of its Subsidiaries that it has initiated any proceeding or, to the Knowledge of Buyer, threatened an investigation into the business or operations of Buyer or any of its Subsidiaries since January 1, 2012 that would reasonably be expected to be material. There is no material unresolved violation, criticism, or exception by any Governmental Authority with respect to any report or statement relating to any examinations or inspections of Buyer or any of its Subsidiaries.

Section 4.08. *Regulatory Approvals; No Defaults*.

(a) Except as would not be material, no consents or approvals of, or waivers by, or filings or registrations with, any Governmental Authority are required to be made or obtained by Buyer or any of its Subsidiaries in connection with the execution, delivery or performance by Buyer and Buyer Bank of this Agreement or to consummate the transactions contemplated by this Agreement, except for filings of applications or notices with, and consents, approvals or waivers by the FRB, the FDIC, the Arkansas State Bank Department, the Florida Office of Financial Regulation, the filing of the Articles of Merger with the

Arkansas Secretary of State and the Florida Secretary of State, respectively, the filing of the Articles of Bank Merger with the Arkansas State Bank Department, and the filing with the SEC of the Proxy Statement-Prospectus and the Registration Statement and declaration of effectiveness of the Registration Statement and compliance with the applicable requirements of the Exchange Act, and such filings and approvals as are required to be made or obtained under the securities or "Blue Sky" laws of various states in connection with the issuance of the shares of Buyer Common Stock pursuant to this Agreement. Subject to the receipt of the approvals referred to in the preceding sentence, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby (including, without limitation, the Merger and the Bank Merger) by Buyer and Buyer Bank do not and will not (i) constitute a breach or violation of, or a default under, the Buyer Articles, Buyer Bylaws or similar governing documents of Buyer, Buyer Bank, or any of their respective Subsidiaries, (ii) except as would not be material, violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Buyer or any of its Subsidiaries, or any of their respective properties or assets, (iii) conflict with, result in a breach or violation of any provision of, or the loss of any benefit under, or a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the creation of any Lien under, result in a right of termination or the acceleration of any right or obligation under, any permit, license, credit agreement, indenture, loan, note, bond, mortgage, reciprocal easement agreement, lease, instrument, concession, contract, franchise, agreement or other instrument or obligation of Buyer or any of its Subsidiaries or to which Buyer or any of its Subsidiaries, or their respective properties or assets is subject or bound, or (iv) require the consent or approval of any third party or Governmental Authority under any such Law, rule or regulation or any judgment, decree, order, permit, license, credit agreement, indenture, loan, note, bond, mortgage, reciprocal easement agreement, lease, instrument, concession, contract, franchise, agreement or other instrument or obligation, with only such exceptions in the case of each of clauses (iii) and (iv), as would not reasonably be expected to have, a Material Adverse Effect on Buyer.

(b) As of the date of this Agreement, Buyer has no Knowledge of any reason (i) why the Regulatory Approvals referred to in Section 6.01(b) will not be received in customary time frames from the applicable Governmental Authorities having jurisdiction over the transactions contemplated by this Agreement or (ii) why any Burdensome Condition would be imposed.

Section 4.09. *Buyer Information*. The information relating to Buyer and its Subsidiaries that is provided by or on behalf of Buyer for inclusion or incorporation by reference in the Proxy Statement-Prospectus and the Registration Statement, or for inclusion in any Regulatory Approval or other application, notification or document filed with any other Governmental Authority in connection with the Merger, Bank Merger or other transactions contemplated herein, will not (with respect to the Proxy Statement-Prospectus as of the date the Proxy Statement-Prospectus is first mailed to Company's shareholders and, if applicable, as of the date of the Company Meeting, with respect to the Registration Statement, as of the time the Registration Statement or any amendment or supplement thereto is declared effective under the Securities Act, and with respect to any application or other document filed or submitted to any Governmental Authority, as of the date filed or submitted, as applicable) contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The portions of the Proxy Statement-Prospectus relating to Buyer and Buyer's Subsidiaries and other portions thereof within the reasonable control of Buyer and its Subsidiaries will comply in all material respects with the provisions of the Exchange Act, and the rules and regulations thereunder.

Section 4.10. *Legal Proceedings*. Except as set forth in the Buyer Reports, as of the date of this Agreement:

(a) There are no material civil, criminal, administrative or regulatory actions, suits, demand letters, demands for indemnification, claims, hearings, notices of violation, arbitrations, investigations, orders to show cause, market conduct examinations, notices of non-compliance or other proceedings of any nature pending or, to Buyer's Knowledge, threatened against Buyer or any of its Subsidiaries or to which Buyer or any of its Subsidiaries is a party, including any such actions, suits, demand letters, demands for

indemnification, claims, hearings, notices of violation, arbitrations, investigations, orders to show cause, market conduct examinations, notices of non-compliance or other proceedings of any nature that challenge the validity or propriety of the transactions contemplated by this Agreement.

(b) There is no material injunction, order, judgment or decree imposed upon Buyer or any of its Subsidiaries, or the assets of Buyer or any of its Subsidiaries, and neither Buyer nor any of its Subsidiaries has been advised of, or has Knowledge of, the threat of any such action.

Section 4.11. *Absence of Certain Changes or Events*. Since December 31, 2014 to the date hereof, there has been no change or development in the business, operations, assets, liabilities, condition (financial or otherwise), results of operations, cash flows or properties of Buyer or any of its Subsidiaries which has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on Buyer.

Section 4.12. *Compliance With Laws*.

(a) Buyer and each of its Subsidiaries is, and have been since January 1, 2012, in compliance in all material respects with all applicable federal, state, local and foreign Laws, rules, judgments, orders or decrees applicable thereto or to the employees conducting such businesses, including, without limitation, Laws related to data protection or privacy, the USA PATRIOT Act, the Bank Secrecy Act, the Equal Credit Opportunity Act, the Fair Housing Act, the Home Mortgage Disclosure Act, the Community Reinvestment Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Dodd-Frank Act, Sections 23A and 23B of the Federal Reserve Act, the Sarbanes-Oxley Act or the regulations implementing such statutes, all other applicable anti-money laundering Laws, fair lending Laws and other Laws relating to discriminatory lending, financing, leasing or business practices and all agency requirements relating to the origination, sale and servicing of mortgage loans. Neither Buyer nor any of its Subsidiaries has been advised of any material supervisory criticisms regarding their non-compliance with the Bank Secrecy Act or related state or federal anti-money laundering laws, regulations and guidelines, including without limitation those provisions of federal regulations requiring (i) the filing of reports, such as Currency Transaction Reports and Suspicious Activity Reports, (ii) the maintenance of records and (iii) the exercise of due diligence in identifying customers.

(b) Buyer and Buyer Bank have all permits, licenses, authorizations, orders and approvals of, and each has made all filings, applications and registrations with, all Governmental Authorities that are required in order to permit it to own or lease its properties and to conduct its business as presently conducted, except where the absence of such permit, license, authorization, order or approval has not had, and would not reasonably be expected to have, a Material Adverse Effect on Buyer. All such permits, licenses, certificates of authority, orders and approvals are in full force and effect and, to Buyer's Knowledge, no suspension or cancellation of any of them is threatened, except where the absence of such permit, license, authorization, order or approval has not had, and would not reasonably be expected to have, a Material Adverse Effect on Buyer.

(c) Except as would not be reasonably expected to be material, neither Buyer nor Buyer Bank has received, since January 1, 2012 to the date hereof, written or, to Buyer's Knowledge, oral notification from any Governmental Authority (i) asserting that it is not in compliance with any of the Laws which such Governmental Authority enforces or (ii) threatening to revoke any license, franchise, permit or governmental authorization (nor do any grounds for any of the foregoing exist).

Section 4.13. *Brokers*. None of Buyer, Buyer Bank or any of their officers or directors has employed any broker or finder or incurred any liability for any broker's fees, commissions or finder's fees in connection with any of the transactions contemplated by this Agreement, for which Company will be liable or have any obligation with respect thereto.

Section 4.14. *Tax Matters*. Buyer and each of its Subsidiaries have filed all material Tax Returns that they were required to file under applicable Laws and regulations, other than Tax Returns that are not yet due or for which a request for extension was filed consistent with requirements of applicable Law or regulation. All such Tax Returns were correct and complete in all material respects and have been prepared in substantial compliance with all applicable Laws. All material Taxes due and owing by Buyer or any of its Subsidiaries (whether or not shown on any Tax Return) have been paid other than Taxes that have been reserved or accrued on the balance sheet of Buyer and which Buyer is contesting in good faith. Neither Buyer nor any of its Subsidiaries currently has any open tax years prior to 2012. Since January 1, 2014, no written claim has been made by an authority in a jurisdiction where Buyer does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of Buyer or any of its Subsidiaries.

Section 4.15. *Regulatory Capitalization*. Buyer Bank is, and will be upon consummation of the transactions contemplated by this Agreement, "well-capitalized," as such term is defined in the rules and regulations promulgated by the FDIC. Buyer is, and will be upon consummation of the transactions contemplated by this Agreement, "well-capitalized" as such term is defined in the rules and regulations promulgated by the FRB.

Section 4.16. *No Financing*. Buyer has and will have as of the Effective Time, without having to resort to external sources, sufficient capital to effect the transactions contemplated by this Agreement.

Section 4.17. *Buyer Regulatory Agreements*. Neither Buyer nor Buyer Bank is subject to any cease-and-desist or other order issued by, or is a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is a recipient of any extraordinary supervisory letter from, or is subject to any order or directive by, or has adopted any board resolutions at the request of any Governmental Authority (each, a "**Buyer Regulatory Agreement**") that, in any such case, (a) currently restricts in any material respect the conduct of its business or in any material manner relates to its capital adequacy, its ability to pay dividends, its credit, risk management or compliance policies, its internal controls, its management or its business, other than those of general application, or (b) would reasonably be expected to, individually or in aggregate, materially and adversely impact or interfere with Buyer's or Buyer Bank's operations, and, to the Knowledge of Buyer, since January 1, 2014, Company has not been advised by any Governmental Authority that it is considering issuing, initiating, ordering or requesting any of the foregoing, other than those of general application. To Buyer's Knowledge, as of the date hereof, there are no investigations relating to any regulatory matters pending before any Governmental Authority with respect to Buyer or any of its Subsidiaries.

Section 4.18. *Community Reinvestment Act, Anti-money Laundering and Customer Information Security*. Except as has not been and would not reasonably be expected to materially and adversely impact or interfere with Buyer's or Buyer Bank's operations, neither Buyer nor any of its Subsidiaries has Knowledge of any facts or circumstances that would cause Buyer or Buyer Bank: (a) to be deemed not to be in satisfactory compliance with the Community Reinvestment Act, and the regulations promulgated thereunder, or to be assigned a rating for Community Reinvestment Act purposes by federal or state bank regulators of lower than "satisfactory"; or (b) to be deemed to be operating in violation of the Bank Secrecy Act and its implementing regulations (31 C.F.R. Part 103), the USA PATRIOT Act, any order issued with respect to anti-money laundering by the U.S. Department of the Treasury's Office of Foreign Assets Control, or any other applicable anti-money laundering statute, rule or regulation; or (c) to be deemed not to be in satisfactory compliance with the applicable privacy of customer information requirements contained in any federal and state privacy Laws and regulations, including, without limitation, in Title V of the Gramm-Leach-Bliley Act of 1999 and regulations promulgated thereunder, as well as the provisions of the information security program adopted by Buyer Bank pursuant to 12 C.F.R. Part 364. Furthermore, the board of directors of Buyer Bank has adopted and Company Bank has implemented an anti-money laundering program that contains adequate and appropriate customer identification verification procedures that meets the requirements of Sections 352 and 326 of the USA PATRIOT Act.

Section 4.19. *No Knowledge of Breach*. Neither Buyer nor any of its Subsidiaries has any Knowledge of any facts or circumstances that would result in Company or Company Bank being in breach on the date of execution of this Agreement of any representations and warranties of Company or Company Bank set forth in Article 3.

Section 4.20. *No Other Representations and Warranties*.

(a) Except for the representations and warranties made by Buyer and Buyer Bank in this Article 4, none of Buyer, Buyer Bank nor any other Person makes any express or implied representation or warranty with respect to Buyer or its Subsidiaries, or their respective businesses, operations, assets, liabilities, conditions (financial or otherwise) or prospects, and Buyer and Buyer Bank hereby disclaim any such other representations or warranties. In particular, without limiting the foregoing disclaimer, none of Buyer, Buyer Bank nor any other Person makes or has made any representation or warranty to Company or any of its affiliates or representatives with respect to (i) any financial projection, forecast, estimate, budget or prospect information relating to Buyer, any of its Subsidiaries or their respective businesses, or (ii) except for the representations and warranties made by Buyer and Buyer Bank in this Article 4, any oral or written information presented to Company or any of its affiliates or representatives in the course of their due diligence investigation of Buyer and its Subsidiaries, the negotiation of this Agreement or in the course of the transactions contemplated hereby.

ARTICLE 5
COVENANTS

Section 5.01. *Covenants of Company*. During the period from the date of this Agreement and continuing until the Effective Time, except (i) as set forth in Company Disclosure Schedule 5.01, (ii) as expressly contemplated or permitted by this Agreement or the Brazilian Standby Purchase Agreement or as required by applicable Law, or Laws, requirements or official guidance relating to capital adequacy, including but not limited to 12 C.F.R. Parts 217 and 325, or (iii) with the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed), Company shall carry on its business, including the business of each of its Subsidiaries, only in the Ordinary Course of Business and consistent with prudent banking practice, and in compliance in all material respects with all applicable Laws. Without limiting the generality of the foregoing, except (i) as set forth in Company Disclosure Schedule 5.01, (ii) as expressly contemplated or permitted by this Agreement or the Brazilian Standby Purchase Agreement or as required by applicable Law, or Laws, requirements or official guidance relating to capital adequacy, including but not limited to 12 C.F.R. Parts 217 and 325, or (iii) with the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed), Company and each of its Subsidiaries shall, in respect of loan loss provisioning, securities, portfolio management, compensation and other expense management and other operations which might impact Company's equity capital, operate only in all material respects in the Ordinary Course of Business and in accordance with the limitations set forth in this Section 5.01 unless otherwise consented to in writing by Buyer (such consent not to be unreasonably withheld or delayed), which for purposes of requesting and giving consent under this Section 5.01, Company's and Company Bank's representative shall be Company's Chief Executive Officer (or such other person or persons designated in writing by such Chief Executive Officer) and Buyer's representative shall be Buyer's Director of Mergers and Acquisitions (or such other person or persons designated in writing by such Director of Mergers and Acquisitions); provided, however, that with respect to Section 5.01(q)(i), Section 5.01(r) and Section 5.01(s), if Company sends a written request for Buyer's consent together with supporting information and Buyer shall not have disapproved within two (2) Business Days upon receipt of such written request from Company, then such request shall be deemed to be approved by Buyer. Except (i) as set forth in Company Disclosure Schedule 5.01, (ii) as expressly contemplated or permitted by this Agreement or the Brazilian Standby Purchase Agreement or as required by applicable Law, or Laws, requirements or official guidance relating to capital adequacy, including but not limited to 12 C.F.R. Parts 217 and 325, or (iii) with the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed), Company and Company Bank will use commercially reasonable efforts to (i) preserve its business organizations and assets intact, (ii) keep available to itself and, after the Effective Time, Buyer the present services of the current officers and employees of Company and

its Subsidiaries, (iii) preserve for itself and, after the Effective Time, Buyer the goodwill of its customers, employees, lessors and others with whom business relationships exist, and (iv) continue diligent collection efforts with respect to any delinquent loans and, to the extent within its control, not allow any material increase in delinquent loans. Without limiting the generality of and in furtherance of the foregoing, from the date of this Agreement until the Effective Time, except (i) as set forth in Company Disclosure Schedule 5.01, (ii) as expressly contemplated or permitted by this Agreement or the Brazilian Standby Purchase Agreement or as required by applicable Law, or Laws, requirements or official guidance relating to capital adequacy, including but not limited to 12 C.F.R. Parts 217 and 325, or (iii) with the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed), the Company shall not and shall not permit its Subsidiaries to:

(a) *Stock*. (i) Except as set forth in Company Disclosure Schedule 5.01(a), issue, sell, grant, pledge, dispose of, encumber, or otherwise permit to become outstanding, or authorize the creation of, any additional shares of its stock, any Rights, any award or grant under the Company Stock Plans or otherwise, or any other securities of Company or its Subsidiaries (including units of beneficial ownership interest in any partnership or limited liability company), or enter into any agreement with respect to the foregoing, (ii) except as expressly permitted by this Agreement, accelerate the vesting of any existing Rights, or (iii) except as expressly permitted by this Agreement, directly or indirectly change (or establish a record date for changing), adjust, split, combine, redeem, reclassify, exchange, purchase or otherwise acquire any shares of its capital stock, or any other securities (including units of beneficial ownership interest in any partnership or limited liability company) convertible into or exchangeable for any additional shares of its stock or any of its Rights issued and outstanding prior to the Effective Time.

(b) *Dividends; Other Distributions*. Make, declare, pay or set aside for payment of dividends payable in cash, stock or property on or in respect of, or declare or make any distribution on, any shares of its capital stock, except for payments from Company Bank to Company or from any Subsidiary of Company Bank to Company Bank.

(c) *Compensation; Employment Agreements, Etc*. Enter into or amend or renew any employment, consulting, compensatory, severance, retention or similar agreements or arrangements with any director, officer or employee of Company or any of its Subsidiaries, or grant any salary, wage or fee increase or increase any employee benefit or pay any incentive or bonus payments, except (i) normal increases in base salary to employees in the Ordinary Course of Business and pursuant to policies currently in effect, provided that, such increases shall not result in an annual adjustment in base compensation (which includes base salary and any other compensation other than bonus payments) of more than 4% for any individual or 3% in the aggregate for all employees of Company or any of its Subsidiaries other than as disclosed in Company Disclosure Schedule 5.01(c), (ii) as may be required by Law, (iii) to satisfy contractual obligations existing or contemplated as of the date hereof, as previously disclosed to Buyer and set forth in Company Disclosure Schedule 5.01(c), and (iv) bonus payments in the Ordinary Course of Business and pursuant to plans in effect on the date hereof, provided that, such payments shall not exceed the aggregate amount set forth in Company Disclosure Schedule 5.01(c) and shall not be paid to any individual for whom such payment would be an “excess parachute payment” as defined in Section 280G of the Code.

(d) *Hiring*. Hire any person as an employee of Company or any of its Subsidiaries, except for at-will employees at an annual rate of salary not to exceed $85,000 to fill vacancies that may arise from time to time in the Ordinary Course of Business.

(e) *Benefit Plans*. Enter into, establish, adopt, amend, modify or terminate (except (i) as may be required by or to make consistent with applicable Law, subject to the provision of prior written notice to and consultation with respect thereto with Buyer, (ii) to satisfy contractual obligations existing as of the date hereof and set forth in Company Disclosure Schedule 5.01(e), (iii) as previously disclosed to Buyer and set forth in Company Disclosure Schedule 5.01(e), or (iv) as may be required pursuant to the terms of this Agreement) any Company Benefit Plan or other pension, retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, consulting, bonus, group insurance or other employee

benefit, incentive or welfare contract, plan or arrangement, or any trust agreement (or similar arrangement) related thereto, in respect of any current or former director, officer or employee of Company or any of its Subsidiaries.

(f) *Transactions with Affiliates*. Except pursuant to agreements or arrangements in effect on the date hereof and set forth in Company Disclosure Schedule 5.01(f), pay, loan or advance any amount to, or sell, transfer or lease any properties or assets (real, personal or mixed, tangible or intangible) to, or enter into any agreement or arrangement with, any of its officers or directors or any of their immediate family members or any Affiliates or Associates of any of its officers or directors other than compensation or business expense advancements or reimbursements in the Ordinary Course of Business and other than part of the terms of such persons' employment or service as a director with Company or any of its Subsidiaries and other than deposits held by Company Bank in the Ordinary Course of Business.

(g) *Dispositions*. Except in the Ordinary Course of Business sell, license, lease, transfer, mortgage, pledge, encumber or otherwise dispose of or discontinue any of its rights, assets, deposits, business or properties or cancel or release any indebtedness owed to Company or any of its Subsidiaries.

(h) *Acquisitions*. Acquire (other than by way of foreclosures or acquisitions of control in a bona fide fiduciary capacity or in satisfaction of debts previously contracted in good faith, in each case in the Ordinary Course of Business) all or any portion of the assets, debt, business, deposits or properties of any other entity or Person, except for purchases specifically approved by Buyer pursuant to any other applicable paragraph of this Section 5.01; provided that, for the avoidance of doubt, Company shall be permitted without Buyer's prior consent (and nothing in this Article 5 shall prohibit) Company from purchasing business related supplies in the Ordinary Course of Business.

(i) *Capital Expenditures*. Make any capital expenditures in amounts exceeding $75,000 individually, or $400,000 in the aggregate.

(j) *Governing Documents*. Amend Company's Certificate of Incorporation or Bylaws or any equivalent documents of Company's Subsidiaries.

(k) *Accounting Methods*. Implement or adopt any change in its accounting principles, practices or methods, other than as may be required by applicable Laws or GAAP or applicable regulatory accounting requirements.

(l) *Contracts*. Except as set forth in Company Disclosure Schedule 5.01(l), enter into, amend, modify, terminate, extend, or waive any material provision of, any Company Material Contract, Lease or Insurance Policy, or make any change in any instrument or agreement governing the terms of any of its securities, other than normal renewals of such contracts, leases and insurance policies without material adverse changes of terms with respect to Company or any of its Subsidiaries, or enter into any contract that would constitute a Company Material Contract if it were in effect on the date of this Agreement.

(m) *Claims*. Other than settlement of foreclosure actions or deficiency judgment settlements in the Ordinary Course of Business, (i) enter into any settlement or similar agreement with respect to any action, suit, proceeding, order or investigation to which Company or any of its Subsidiaries is or becomes a party after the date of this Agreement, which settlement or agreement involves payment by Company or any of its Subsidiaries of an amount which exceeds $100,000 individually and/or would impose any material restriction on the business of Company or any of its Subsidiaries or (ii) waive or release any material rights or claims, or agree or consent to the issuance of any injunction, decree, order or judgment materially restricting or otherwise affecting the business or operations of the Company and its Subsidiaries.

(n) *Banking Operations*. (i) Enter into any material new line of business, introduce any material new products or services, any material marketing campaigns or any material new sales

compensation or incentive programs or arrangements; (ii) change in any material respect its lending, investment, underwriting, risk and asset liability management and other banking and operating policies, except as required by applicable Law, regulation, guidance or policies imposed by any Governmental Authority; or (iii) make any material changes in its policies and practices with respect to underwriting, pricing, originating, acquiring, selling, servicing, or buying or selling rights to service Loans, its hedging practices and policies.

(o) *Derivative Transactions*. Enter into any Derivative Transaction.

(p) *Indebtedness*. Incur, modify, extend or renegotiate any indebtedness of Company or Company Bank or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person (other than creation of deposit liabilities, purchases of federal funds, FHLB Borrowings and sales of certificates of deposit, which are in each case in the Ordinary Course of Business).

(q) *Investment Securities*. (i) Acquire (other than (x) by way of foreclosures, deficiency judgment settlements or acquisitions in a bona fide fiduciary capacity or (y) in satisfaction of debts previously contracted in good faith), sell or otherwise dispose of any debt security or equity investment or any certificates of deposits issued by other banks, nor (ii) change the classification method for any of the Company Investment Securities from "held to maturity" to "available for sale" or from "available for sale" to "held to maturity," as those terms are used in ASC 320; provided that, for the avoidance of doubt, Company shall be permitted without Buyer's prior consent (and nothing in this Article 5 shall prohibit) Company from purchasing or holding U.S. treasury securities with maturities of less than or equal to 12 months in the Ordinary Course of Business.

(r) *Deposits*. Make any increases to deposit pricing, except for (x) increases regarding certificates of deposits with maturities less than 181 days, (y) increases in deposit pricings less than 26 basis points, or (z) immaterial changes on an individual customer basis, consistent with past practices.

(s) *Loans*. Except for loans or extensions of credit approved and/or committed as of the date hereof that are listed in Company Disclosure Schedule 5.01(s), (1) make, renew, renegotiate, increase, extend or modify any (a) unsecured loan, if the amount of such unsecured loan, together with any other outstanding unsecured loans made by Company or any of its Subsidiaries to such borrower or its Affiliates would be in excess of $100,000, in the aggregate, (b) loan secured by other than a first lien in excess of $200,000, (c) loan in excess of FFIEC regulatory guidelines relating to loan to value ratios, (d) secured loan over $5,000,000, (e) any loan that is not made in conformity with Company's ordinary course lending policies and guidelines in effect as of the date hereof, or (f) loan, whether secured or unsecured, if the amount of such loan, together with any other outstanding loans (without regard to whether such other loans have been advanced or remain to be advanced), would result in the aggregate outstanding loans to any borrower of Company or any of its Subsidiaries (without regard to whether such other loans have been advanced or remain to be advanced) to exceed $8,000,000, (2) sell any loan or loan pools in excess of $1,000,000 in principal amount or sale price, or (3) except for SBA Loans acquire any servicing rights, or sell or otherwise transfer any loan where the Company or any of its Subsidiaries retains any servicing rights. The limits set forth in this Section 5.01(s) may be increased upon mutual agreement of the parties, provided such adjustments shall be memorialized in writing by all parties thereto.

(t) *Investments or Developments in Real Estate*. Except for loans or extensions of credit made in compliance with this Agreement, make any investment or commitment to invest in real estate or in any real estate development project other than by way of foreclosure or deed in lieu thereof or make any investment or commitment to develop, or otherwise take any actions to develop any real estate owned by Company or its Subsidiaries.

(u) *Taxes*. Except as required by applicable Law, (i) make, in any manner different from Company's prior custom and practice, or change any material Tax election, file any material amended Tax

Return, enter into any material closing agreement, settle or compromise any material liability with respect to Taxes, agree to any material adjustment of any Tax attribute, file any claim for a material refund of Taxes, or consent to any extension or waiver of the limitation period applicable to any material Tax claim or assessment, provided that, solely for purposes of this subsection (u), "material" shall mean affecting or relating to $50,000 or more in Taxes or $150,000 or more of taxable income; or (ii) knowingly take any action that would prevent or impede the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

(v) *Compliance with Agreements*. Commit any act or omission which constitutes a breach or default by Company or any of its Subsidiaries under any agreement with any Governmental Authority or under any Company Material Contract and that would result in one of the conditions set forth in Article 6 not being satisfied on the Closing Date.

(w) *Environmental Assessments*. Foreclose on or take a deed or title to any real estate that upon such foreclosure or acceptance of a deed or title to such real estate will become classified as OREO (other than single-family 1-4 units residential properties) without first conducting an ASTM International ("**ASTM**") E1527-13 Phase I Environmental Site Assessment (or any applicable successor standard) of the property that satisfies the requirements of 40 C.F.R. Part 312 ("**Phase I**"), or foreclose on or take a deed or title to any real estate that upon such foreclosure or acceptance of a deed or title to such real estate will become classified as OREO (other than single-family 1-4 units residential properties) if such environmental assessment indicates the presence or likely presence of any Hazardous Substances under conditions that indicate an existing release, a past release, or a material threat of a release of any Hazardous Substances into structures on the property or into the ground, ground water, or surface water of the property.

(x) *Adverse Actions*. Except as expressly contemplated or permitted by this Agreement, without the prior written consent of Buyer, Company will not, and will cause each of its Subsidiaries not to take any action or knowingly fail to take any action not contemplated by this Agreement that is intended or is reasonably likely to (i) prevent, delay or impair Company's ability to consummate the Merger or the transactions contemplated by this Agreement or (ii) prevent the Merger or Bank Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

(y) *Capital Stock Purchase*. Except as a result of foreclosure or deficiency judgment settlement, directly or indirectly repurchase, redeem or otherwise acquire any shares of its capital stock or any securities convertible into or exercisable for any shares of its capital stock.

(z) *Facilities*. Except as required by Law, file any application or make any contract or commitment for the opening, relocation or closing of any, or open, relocate or close any, branch office, loan production or servicing facility.

(aa) *Restructure*. Merge or consolidate itself or any of its Subsidiaries with any other Person, or restructure, reorganize or completely or partially liquidate or dissolve it or any of its Subsidiaries.

(bb) *Commitments*. Agree to take, make any commitment to take, or adopt any resolutions of its board of directors in support of, any of the actions prohibited by this Section 5.01.

Section 5.02. *Covenants of Buyer*.

(a) *Affirmative Covenants*. From the date hereof until the Effective Time, Buyer will carry on its business consistent with prudent banking practices and in compliance in all material respects with all applicable Laws.

(b) *Negative Covenants*. From the date hereof until the Effective Time, except as expressly contemplated or permitted by this Agreement required by applicable Law, without the prior written consent

of Company (which consent will not be unreasonably withheld or delayed), Buyer will not, and will cause each of its Subsidiaries not to:

(i) adopt or propose to adopt a plan of complete or partial liquidation or dissolution of Buyer;

(ii) take any action or knowingly fail to take any action not contemplated by this Agreement that is intended or is reasonably likely to (A) prevent, delay or impair Buyer's ability to consummate the Merger or the transactions contemplated by this Agreement, (B) prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code; or

(iii) agree to take, make any commitment to take, or adopt any resolutions of its board of directors in support of, any of the actions prohibited by this Section 5.02.

Section 5.03. *Commercially Reasonable Efforts*. Subject to the terms and conditions of this Agreement, each of the parties to the Agreement agrees to use commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws, so as to permit consummation of the transactions contemplated hereby as promptly as practicable, including the satisfaction of the conditions set forth in Article 6 hereof, and shall cooperate fully with the other parties hereto to that end.

Section 5.04. *Shareholder Approval*.

(a) Following the execution of this Agreement, Company shall take, in accordance with applicable Law and the Certificate of Incorporation and Bylaws of Company, all action necessary to convene a special meeting of its shareholders as promptly as practicable (and in any event within sixty (60) days following the time when the Registration Statement becomes effective, subject to extension with the consent of Buyer) to consider and vote upon the approval of this Agreement and the transactions contemplated hereby (including the Merger) and any other matters required to be approved by Company's shareholders in order to permit consummation of the Merger and the transactions contemplated hereby (including any adjournment or postponement thereof, the "**Company Meeting**"), and shall, subject to Section 5.09 and the last sentence of this Section 5.04(a), use its commercially reasonable efforts to solicit such approval by such shareholders. Subject to Section 5.09 and the last sentence of this Section 5.04(a), Company shall use its commercially reasonable efforts to obtain the Requisite Company Shareholder Approval to consummate the Merger and the other transactions contemplated hereby, and shall ensure that the Company Meeting is called, noticed, convened, held and conducted, and that all proxies solicited by Company in connection with the Company Meeting are solicited in compliance with the FBCA, the Certificate of Incorporation and Bylaws of Company, Regulation 14A under the Exchange Act and all other applicable legal requirements. Except with the prior approval of Buyer, no other matters shall be submitted for the approval of Company shareholders at the Company Meeting other than a proposal relating to an advisory vote on executive compensation as may be required under Rule 14a-21(c) under the Exchange Act. If the Company Board changes the Company Recommendation in accordance with Section 5.09, Company shall not be required to use its commercially reasonable efforts to solicit shareholders to approve this Agreement and the transactions contemplated hereby (including the Merger) or to use its commercially reasonable efforts to obtain the Requisite Shareholder Approval to consummate the Merger; provided that, for the avoidance of doubt, nothing in this sentence shall limit Company's obligation to ensure that the Company Meeting is called, noticed, convened, held and conducted for purposes of considering and voting upon the approval of this Agreement and the transactions contemplated hereby (including the Merger).

(b) Except to the extent provided otherwise in Section 5.09, the Company Board shall at all times prior to and during the Company Meeting recommend approval of this Agreement by the shareholders of Company and the transactions contemplated hereby (including the Merger) and any other matters required to be approved by Company's shareholders for consummation of the Merger and the

transactions contemplated hereby (the "**Company Recommendation**") and shall not make a Company Subsequent Determination and the Proxy Statement-Prospectus shall include the Company Recommendation. In the event that there is present at such meeting, in person or by proxy, sufficient favorable voting power to secure the Requisite Company Shareholder Approval, Company will not adjourn or postpone the Company Meeting unless Company Board reasonably determines in good faith, after consultation with and having considered the advice of counsel that failure to do so would be inconsistent with its fiduciary duties under applicable Law. Company shall keep Buyer updated with respect to the proxy solicitation results in connection with the Company Meeting as reasonably requested by Buyer.

Section 5.05. *Registration Statement; Proxy Statement-Prospectus; NASDAQ Listing*.

(a) Buyer and Company agree to cooperate in the preparation of the Registration Statement to be filed by Buyer with the SEC in connection with the transactions contemplated by this Agreement in connection with the issuance of Buyer Common Stock in the Merger (including the Proxy Statement-Prospectus and all related documents). Company shall use commercially reasonable efforts to deliver to Buyer such financial statements and related analysis of the Company, including Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company, as may be required in order to file the Registration Statement, and any other report required to be filed by Buyer with the SEC, in each case, in compliance with applicable Laws, and shall, as promptly as practicable following execution of this Agreement, prepare and deliver drafts of such information to Buyer to review. Each of Buyer and Company agree to use commercially reasonable efforts to cause the Registration Statement to be filed with the SEC as promptly as reasonably practicable after the date hereof, and to be declared effective by the SEC as promptly as reasonably practicable after the filing thereof. Buyer also agrees to use commercially reasonable efforts to obtain any necessary state securities Law or "blue sky" permits and approvals required to carry out the transactions contemplated by this Agreement. Company agrees to cooperate with Buyer and Buyer's counsel and accountants in requesting and obtaining appropriate opinions, consents and letters from Company's independent auditors in connection with the Registration Statement and the Proxy Statement-Prospectus. After the Registration Statement is declared effective under the Securities Act, Company, at its own expense, shall promptly mail or cause to be mailed the Proxy Statement-Prospectus to its shareholders.

(b) The Proxy Statement-Prospectus and the Registration Statement shall comply as to form in all material respects with the applicable provisions of the Securities Act and the Exchange Act and the rules and regulations thereunder. Buyer will advise Company, promptly after Buyer receives notice thereof, of the time when the Registration Statement has become effective or any supplement or amendment has been filed, of the issuance of any stop order or the suspension of the qualification of Buyer Common Stock for offering or sale in any jurisdiction, of the initiation or threat of any proceeding for any such purpose, or of any request by the SEC for the amendment or supplement of the Registration Statement or upon the receipt of any comments (whether written or oral) from the SEC or its staff. Buyer will provide Company and its counsel with a reasonable opportunity to review and comment on the Registration Statement and the Proxy Statement-Prospectus and, except to the extent such response is submitted under confidential cover, all responses to requests for additional information by and replies to comments of the SEC (and reasonable good faith consideration shall be given to any comments made by Company and its counsel) prior to filing such with, or sending such to, the SEC, and Buyer will provide Company and its counsel with a copy of all such filings made with the SEC. If at any time prior to the Company Meeting there shall occur any event that should be disclosed in an amendment or supplement to the Proxy Statement-Prospectus or the Registration Statement, Buyer shall use its commercially reasonable efforts to promptly prepare and file such amendment or supplement with the SEC (if required under applicable Law) and cooperate with Company to mail such amendment or supplement to Company shareholders (if required under applicable Law).

(c) Buyer agrees to use commercially reasonable efforts to cause the shares of Buyer Common Stock to be issued in connection with the Merger to be approved for listing on NASDAQ, subject to official notice of issuance, prior to the Effective Time.

Section 5.06. *Regulatory Filings; Consents*.

(a) Each of Buyer and Company and their respective Subsidiaries shall cooperate and use their respective commercially reasonable efforts (i) to prepare all documentation (including the Proxy Statement-Prospectus), to effect all filings, to obtain all permits, consents, approvals and authorizations of all third parties and Governmental Authorities necessary to consummate the transactions contemplated by this Agreement, including without limitation, the Regulatory Approvals and all other consents and approvals of a Governmental Authority required to consummate the Merger in the manner contemplated herein, (ii) to comply with the terms and conditions of such permits, consents, approvals and authorizations and (iii) to cause the transactions contemplated by this Agreement to be consummated as expeditiously as practicable; *provided, however*, that in no event shall Buyer be required to agree to any prohibition, limitation, or other requirement which would prohibit or materially limit the ownership or operation by Company or any of its Subsidiaries, or by Buyer or any of its Subsidiaries, of all or any material portion of the business or assets of Company or any of its Subsidiaries or Buyer or its Subsidiaries, or compel Buyer or any of its Subsidiaries to dispose of all or any material portion of the business or assets of Company or any of its Subsidiaries or Buyer or any of its Subsidiaries or continue any portion of any Company Regulatory Agreement against Buyer after the Merger (together, the "**Burdensome Conditions**"). Subject to applicable Laws, (A) Buyer and Company will furnish each other and each other's counsel with all information concerning themselves, their Subsidiaries, directors, trustees, officers and shareholders and such other matters as may be necessary or advisable in connection with any application, or petition made by or on behalf of Buyer or Company to any Governmental Authority in connection with the transactions contemplated by this Agreement (B) each party hereto shall have the right to review and approve in advance all characterizations of the information relating to such party and any of its Subsidiaries that appear in any filing made in connection with the transactions contemplated by this Agreement with any Governmental Authority, (C) Buyer and Company shall each furnish to the other for review a copy of each such filing made solely in connection with the transactions contemplated by this Agreement with any Governmental Authority prior to its filing and (D) Buyer will notify Company promptly and shall promptly furnish Company with copies of any communication from any Governmental Authority received by Buyer with respect to the regulatory applications filed solely in connection with the transactions contemplated by this Agreement (and the response thereto from Buyer or its representatives); provided, that in no event shall Buyer or Buyer Bank be obligated to provide or otherwise disclose to Company confidential information regarding Buyer, Buyer Bank or any affiliates or any pending merger transaction, other than the Merger.

(b) Company will use commercially reasonable efforts, and Buyer shall reasonably cooperate with Company at Company's request, to obtain all consents, approvals, authorizations, waivers or similar affirmations described on Company Disclosure Schedule 3.13(c); provided that neither Company nor any of its Subsidiaries will be required to make any payment to or grant any concessions to any third party in connection therewith. Each party will, to the extent permitted by applicable Law, notify the other party promptly and shall promptly furnish the other party with copies of notices or other communications received by such party or any of its Subsidiaries of any communication from any Person alleging that the consent of such Person (or another Person) is or may be required in connection with the transactions contemplated by this Agreement (and the response thereto from such party, its Subsidiaries or its representatives). Company will reasonably consult with Buyer and its representatives so as to permit Company and Buyer and their respective representatives to cooperate to take appropriate measures to obtain such consents and avoid or mitigate any adverse consequences that may result from the foregoing.

Section 5.07. *Publicity*. Buyer and Company shall consult with each other before issuing any press release with respect to this Agreement or the transactions contemplated hereby and shall not issue any such press release or make any such public statement without the prior consent of the other party, which shall not be unreasonably delayed or withheld; provided, however, that a party may, without the prior consent of the other party (but after such consultation, to the extent practicable in the circumstances), issue such press release or make such public statements as may upon the advice of counsel be required by Law or the rules and regulations of any stock exchanges. It is understood that Buyer shall assume primary responsibility for the preparation of joint press releases relating to this Agreement, the Merger and the other transactions contemplated hereby.

Section 5.08. *Access; Current Information.*

(a) For the purposes of verifying the representations and warranties of the other and preparing for the Merger and the other matters contemplated by this Agreement, upon reasonable notice and subject to applicable Laws, Company agrees to afford Buyer and its officers, employees, counsel, accountants and other authorized representatives such access during normal business hours at any time and from time to time throughout the period prior to the Effective Time to Company's and Company's Subsidiaries' books, records (including, without limitation, Tax Returns and, subject to the consent of the independent auditors, work papers of independent auditors), information technology systems, properties and personnel and to such other information relating to them as Buyer may reasonably request and Company shall use commercially reasonable efforts to provide any appropriate notices to employees and/or customers in accordance with applicable Law and Company's privacy policy and, during such period, Company shall furnish to Buyer, upon Buyer's reasonable request, all such other information concerning the business, properties and personnel of Company and its Subsidiaries that is substantially similar in scope to the information provided to Buyer in connection with its diligence review prior to the date of this Agreement.

(b) As soon as reasonably practicable after they become available, to the extent permitted by applicable Law, Company will furnish to Buyer copies of the board packages distributed to the Company Board or board of directors of Company Bank, or any of their respective Subsidiaries, and minutes from the meetings thereof, copies of any internal management financial control reports showing actual financial performance against plan and previous period, and copies of any reports provided to the Company Board or any committee thereof relating to the financial performance and risk management of Company.

(c) During the period from the date of this Agreement to the Effective Time, each of Company and Buyer will cause one or more of its designated representatives to confer on a regular basis with representatives of the other party and to report the general status of the ongoing operations of Company and its Subsidiaries and Buyer and its Subsidiaries, respectively. Without limiting the foregoing, Company agrees to provide to Buyer, (i) to the extent permitted by applicable Law, a copy of each report filed by Company or any of its Subsidiaries with a Governmental Authority reasonably promptly following the filing thereof, (ii) a copy of Company's monthly loan trial balance within five (5) Business Days of the end of the month, and (iii) a copy of Company's monthly statement of condition and profit and loss statement within fifteen (15) calendar days of the end of the month and, if requested by Buyer, a copy of Company's daily statement of condition and daily profit and loss statement, which shall be provided within two (2) Business Days of such request.

(d) No investigation by Buyer or its representatives shall be deemed to modify or waive any representation, warranty, covenant or agreement of Company or Company Bank set forth in this Agreement, or the conditions to the respective obligations of Buyer and Company to consummate the transactions contemplated hereby. Any investigation pursuant to this Section 5.08, Section 5.13 and Section 5.18 shall be conducted in such manner as not to interfere unreasonably with the conduct of business of Company or any of its Subsidiaries.

(e) Notwithstanding anything in this Section 5.08(e) to the contrary, Company shall not be required to provide Buyer with any documents that disclose confidential discussions or information relating to this Agreement or the transactions contemplated hereby or any other matter that Company's or Company Bank's board of directors has been advised by counsel that such distribution of which to Buyer may violate a confidentiality obligation or fiduciary duty or any Law or regulation, or may result in a waiver of Company's attorney-client privilege. In the event any of the restrictions in this Section 5.08(e) shall apply, Company shall use commercially reasonable efforts to provide appropriate consents, waivers, decrees and approvals necessary to satisfy any confidentiality issues relating to documents prepared or held by third parties (including work papers), the parties will use commercially reasonable efforts to make appropriate alternate disclosure arrangements, including adopting additional specific procedures to protect the confidentiality of sensitive material and to ensure compliance with applicable Laws.

Section 5.09. *No Solicitation by Company; Superior Proposals.*

(a) Subject to Section 5.09(b), Company shall not, and shall cause its Subsidiaries and each of their respective officers, directors and employees not to, and will not authorize any investment bankers, financial advisors, attorneys, accountants, consultants, affiliates or other agents of Company or any of Company's Subsidiaries (collectively, the "**Company Representatives**") to, directly or indirectly, (i) initiate, solicit, knowingly induce or encourage, or knowingly take any action to facilitate the making of, any inquiry, offer or proposal which constitutes, or could reasonably be expected to lead to, an Acquisition Proposal; (ii) participate in any discussions or negotiations with any Person (other than, for the avoidance of doubt, its officers, directors, employees and advisors or Buyer) regarding any Acquisition Proposal or furnish, or otherwise afford access, to any Person (other than, for the avoidance of doubt, its officers, directors, employees and advisors or Buyer) any non-public information or data with respect to Company or any of its Subsidiaries in connection with an Acquisition Proposal; (iii) release any Person from, waive any provisions of, or fail to enforce any confidentiality agreement or standstill agreement to which Company is a party except if the Company Board reasonably determines in good faith, after consultation with and having considered the advice of outside legal counsel that the failure to take such actions would be inconsistent with its fiduciary duties under applicable Law; or (iv) enter into any agreement, agreement in principle or letter of intent with respect to any Acquisition Proposal or approve or resolve to approve any Acquisition Proposal or any agreement, agreement in principle or letter of intent relating to an Acquisition Proposal. Any violation of the foregoing restrictions by any of the Company Representatives, whether or not such Company Representative is so authorized and whether or not such Company Representative is purporting to act on behalf of Company or otherwise, shall be deemed to be a breach of this Agreement by Company. Company and its Subsidiaries shall, and shall cause each of the Company Representatives to, immediately cease and cause to be terminated any and all existing discussions, negotiations, and communications with any Persons with respect to any existing or potential Acquisition Proposal.

For purposes of this Agreement, "**Acquisition Proposal**" shall mean any inquiry, offer or proposal (other than an inquiry, offer or proposal from Buyer), whether or not in writing, contemplating, relating to, or that could reasonably be expected to lead to, an Acquisition Transaction.

For purposes of this Agreement, "**Acquisition Transaction**" shall mean (A) any transaction or series of transactions involving any merger, consolidation, recapitalization, share exchange, liquidation, dissolution or similar transaction involving Company or Company Bank that, in any such case, results in any Person (or, in the case of a direct merger between such third party and Company, Company Bank or any other Subsidiary of Company, the shareholders of such third party) acquiring 20% or more of any class of equity of Company or Company Bank; (B) any transaction pursuant to which any third party or group acquires or would acquire (whether through sale, lease or other disposition), directly or indirectly, 20% or more of the consolidated assets of Company or Company Bank; (C) any issuance, sale or other disposition of (including by way of merger, consolidation, share exchange or any similar transaction) securities (or options, rights or warrants to purchase or securities convertible into, such securities) representing 20% or more of the votes attached to the outstanding securities of Company or Company Bank; (D) any tender offer or exchange offer that, if consummated, would result in any third party or group beneficially owning 20% or more of any class of equity securities of Company or Company Bank; or (E) any transaction which is similar in form, substance or purpose to any of the foregoing transactions, or any combination of the foregoing.

For purposes of this Agreement, "**Superior Proposal**" means a bona fide, unsolicited Acquisition Proposal (i) that if consummated would result in a third party (or, in the case of a direct merger between such third party and Company, Company Bank or any other Subsidiary of Company, the shareholders of such third party) acquiring, directly or indirectly, more than 50% of the outstanding Company Common Stock or more than 50% of the assets of Company and its Subsidiaries, taken as a whole, for consideration consisting of cash and/or securities and (ii) that Company Board reasonably determines in good faith, after consultation with its outside financial advisor and outside legal counsel, (A) is reasonably capable of being completed, taking into account all financial, legal, regulatory and other aspects of such proposal, including all conditions contained therein and the person making such Acquisition Proposal, and (B) taking into

account any changes to this Agreement proposed by Buyer in response to such Acquisition Proposal, as contemplated by paragraph (c) of this Section 5.09, and all financial, legal, regulatory and other aspects of such takeover proposal, including all conditions contained therein and the person making such proposal, is more favorable to the shareholders of Company from a financial point of view than the Merger.

(b) Notwithstanding Section 5.09(a) or any other provision of this Agreement, prior to the date of the Company Meeting, Company may take any of the actions described in Section 5.09(a) if, but only if, (A) Company has received a bona fide unsolicited written Acquisition Proposal that did not result from a breach of this Section 5.09; (B) the Company Board reasonably determines in good faith, after consultation with and having considered the advice of its outside financial advisor and outside legal counsel, that (1) such Acquisition Proposal constitutes or could reasonably be expected to lead to a Superior Proposal and (2) the failure to take such actions would be inconsistent with its fiduciary duties under applicable Law; and (C) prior to furnishing or affording access to any information or data with respect to Company or any of its Subsidiaries or otherwise relating to an Acquisition Proposal, Company receives from such Person a confidentiality agreement with terms no less favorable to Company than those contained in the confidentiality agreement with Buyer (it being understood that nothing therein shall have the effect of a standstill provision). Company shall promptly provide to Buyer any non-public information regarding Company or its Subsidiaries provided to any other Person which was not previously provided to Buyer, such additional information to be provided no later than the date of provision of such information to such other party.

(c) Company shall promptly (and in any event within 24 hours) notify Buyer in writing if any proposals or offers are received by, any information is requested from, or any negotiations or discussions are sought to be initiated or continued with, Company or the Company Representatives, in each case in connection with any Acquisition Proposal, and such notice shall indicate the name of the Person initiating such discussions or negotiations or making such proposal, offer or information request and the material terms and conditions of any proposals or offers (and, in the case of written materials relating to such proposal, offer, information request, negotiations or discussion, providing copies of such materials (including e-mails or other electronic communications) except to the extent that such materials constitute confidential information of the party making such offer or proposal under an effective confidentiality agreement). Company agrees that it shall keep Buyer informed, on a reasonably current basis, of the status and terms of any such proposal, offer, information request, negotiations or discussions (including any amendments or modifications to such proposal, offer or request).

(d) Subject to Section 5.09(e), neither the Company Board nor any committee thereof shall (i) withhold, withdraw, change, qualify, amend or modify, or publicly propose to withdraw, change, qualify, amend or modify, in a manner adverse in any respect to the interest of Buyer, in connection with the transactions contemplated by this Agreement (including the Merger), or take any other action or make any other public statement inconsistent with, the Company Recommendation, fail to reaffirm the Company Recommendation within five (5) Business Days following a request by Buyer, or make any public statement, filing or release, in connection with the Company Meeting or otherwise, inconsistent with the Company Recommendation (it being understood that taking a neutral position or no position with respect to an Acquisition Proposal shall be considered an adverse modification of the Company Recommendation); (ii) approve or recommend, or publicly propose to approve or recommend, any Acquisition Proposal; (iii) resolve to take, or publicly announce an intention to take, any of the foregoing actions (each of (i), (ii) or (iii) a "**Company Subsequent Determination**"); or (iv) enter into (or cause Company or any of its Subsidiaries to enter into) any letter of intent, agreement in principle, acquisition agreement or other agreement (A) related to any Acquisition Transaction (other than a confidentiality agreement entered into in accordance with the provisions of Section 5.09(b)) or (B) requiring Company to abandon, terminate or fail to consummate the Merger or any other transaction contemplated by this Agreement.

(e) Notwithstanding Section 5.09(d), prior to the date of the Company Meeting, the Company Board may make a Company Subsequent Determination after the fifth (5th) Business Day following Buyer's receipt of a notice (the "**Notice of Superior Proposal**") from Company advising Buyer that the Company Board has decided that a bona fide unsolicited written Acquisition Proposal that it

received (that did not result from a breach of this Section 5.09) constitutes a Superior Proposal if, but only if, (i) the Company Board has determined in good faith, after consultation with and having considered the advice of outside legal counsel and its financial advisor, that the failure to take such actions would be inconsistent with its fiduciary duties under applicable Law (it being understood that the initial determination under this clause (i) will not be considered a Company Subsequent Determination), (ii) during the five (5) Business Day period after receipt of the Notice of Superior Proposal by Buyer (the "**Notice Period**"), Company and the Company Board shall have cooperated and negotiated in good faith with Buyer to make such adjustments, modifications or amendments to the terms and conditions of this Agreement as would enable Company to proceed with the Company Recommendation without a Company Subsequent Determination; *provided*, *however*, that Buyer shall not have any obligation to propose any adjustments, modifications or amendments to the terms and conditions of this Agreement and (iii) at the end of the Notice Period, after taking into account any such adjusted, modified or amended terms, if any, as may have been proposed by Buyer since its receipt of such Notice of Superior Proposal, the Company Board has again in good faith made the determination (A) in clause (i) of this Section 5.09(e) and (B) that such Acquisition Proposal constitutes a Superior Proposal. In the event of any material revisions to the Superior Proposal, Company shall be required to deliver a new Notice of Superior Proposal to Buyer and again comply with the requirements of this Section 5.09(e), except that the Notice Period shall be reduced to three (3) Business Days.

(f) Notwithstanding any Company Subsequent Determination, this Agreement shall be submitted to Company's shareholders at the Company Meeting for the purpose of voting on the approval of this Agreement and the transactions contemplated hereby (including the Merger) and nothing contained herein shall be deemed to relieve Company of such obligation; *provided*, *however*, that if the Company Board shall have made a Company Subsequent Determination with respect to a Superior Proposal, then the Company Board may recommend approval of such Superior Proposal by the shareholders of Company and may submit this Agreement to Company's shareholders without recommendation, in which event the Company Board shall communicate the basis for its recommendation of such Superior Proposal and the basis for its lack of a recommendation with respect to this Agreement and the transactions contemplated hereby to Company's shareholders in the Proxy Statement-Prospectus or an appropriate amendment or supplement thereto.

(g) Nothing contained in this Section 5.09 shall prohibit Company or the Company Board from complying with Company's obligations required under Rule 14d-5 or Rule 14e-2(a) promulgated under the Exchange Act; *provided*, *however*, that any such disclosure relating to an Acquisition Proposal (other than issuing a "stop, look and listen" or similar communication of the type contemplated by Rule 14d-9(f) under the Exchange Act) shall be deemed a change in the Company Recommendation unless the Company Board reaffirms the Company Recommendation in such disclosure, in which case, for the avoidance of doubt, such disclosure will not be considered a Company Subsequent Determination.

Section 5.10. *Indemnification.*

(a) For a period of six (6) years from and after the Effective Time, and in any event subject to the provisions of Section 5.10(b)(iii), Buyer shall indemnify and hold harmless the present and former directors and officers of Company and Company Bank (the "**Indemnified Parties**"), against all costs or expenses (including reasonable attorney's fees), judgments, fines, losses, claims, damages, or liabilities incurred in connection with any actual or threatened claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative arising out of actions or omissions of such persons in the course of performing their duties for Company or Company Bank or any of their respective subsidiaries occurring at or before the Effective Time (including the transactions contemplated by this Agreement) (each a "**Claim**"), to the same extent as such persons have the right to be indemnified pursuant to the Certificate of Incorporation and Bylaws of Company in effect on the date of this Agreement, to the extent permitted by applicable Law and in connection with any such Claim promptly advance expenses from time to time as incurred, to the same extent as such persons have the right to expense advancement pursuant to the Certificate of Incorporation and Bylaws of Company in effect on the date of this Agreement, to the extent permitted by applicable Law, *provided*, the person to whom expenses are

advanced provides a reasonable and customary undertaking (which shall not include posting of any collateral) to repay such advances, if it is ultimately determined that such person is not entitled to indemnification.

(b) Any Indemnified Party wishing to claim indemnification under this Section 5.10 shall promptly notify Buyer upon learning of any Claim, *provided* that, failure to so notify shall not affect the obligation of Buyer under this Section 5.10, unless, and only to the extent that, Buyer is materially prejudiced in the defense of such Claim as a consequence. In the event of any such Claim (whether asserted or claimed prior to, at or after the Effective Time), (i) (A) Buyer shall have the right to assume the defense thereof and Buyer shall not be liable to such Indemnified Parties for any legal expenses or other counsel or any other expenses subsequently incurred by such Indemnified Parties in connection with the defense thereof, unless such Indemnified Party is advised in writing by counsel that the defense of such Indemnified Party by Buyer would create an actual or potential conflict of interest (in which case, Buyer shall not be obligated to reimburse or indemnify any Indemnified Party for the expenses of more than one such separate counsel for all Indemnified Parties, in addition to one local counsel in the jurisdiction where defense of any Claim has been or is to be asserted), and (B) the Indemnified Parties will cooperate in the defense of any such matter, (ii) Buyer shall not be liable for any settlement effected without its prior written consent and Buyer shall not settle any Claim without such Indemnified Party's prior written consent (which consent shall not be unreasonably withheld or delayed) and (iii) Buyer shall have no obligation hereunder to any Indemnified Party if such indemnification would be in violation of any applicable federal or state banking Laws or regulations, or in the event that a federal or state banking agency or a court of competent jurisdiction shall determine that indemnification of an Indemnified Party in the manner contemplated hereby is prohibited by applicable Laws and regulations, whether or not related to banking Laws.

(c) For a period of six (6) years following the Effective Time, Buyer will use its commercially reasonable efforts to purchase and provide director's and officer's liability insurance (herein, "**D&O Insurance**") that serves to reimburse the present and former officers and directors of Company or its Subsidiaries (determined as of the Effective Time) with respect to claims against such directors and officers arising from acts and omissions occurring before the Effective Time (including the transactions contemplated hereby), which insurance will contain at least the same coverage and amounts, and contain terms and conditions no less advantageous to the Indemnified Parties, as that coverage currently provided by Company, *provided that*, if Buyer is unable to maintain or obtain the insurance called for by this Section 5.10, Buyer will provide as much comparable insurance as is reasonably available (subject to the limitations described below in this Section 5.10(c)); and *provided, further,* that officers and directors of Company or its Subsidiaries may be required to make application and provide customary representations and warranties to the carrier of the D&O Insurance for the purpose of obtaining such insurance. In no event shall Buyer be required to expend for such tail insurance a premium amount in excess of an amount equal to 200% of the annual premium paid by Company for D&O Insurance in effect as of the date of this Agreement (the "**Maximum D&O Tail Premium**"). If the aggregate cost of such tail insurance exceeds the Maximum D&O Tail Premium, Buyer shall obtain tail insurance coverage or a separate tail insurance policy with the greatest coverage available for an aggregate cost not exceeding the Maximum D&O Tail Premium for, in the case of a tail insurance policy, the aggregate Maximum D&O Tail Premium for the 6-year period). At the option of Company, prior to the Effective Time and in lieu of the foregoing insurance coverage, Company may, purchase a tail policy for directors' and officers' liability insurance on the terms described in this Section 5.10(c) (including subject to the aggregate Maximum D&O Tail Premium, except if one or more directors elects to pay for any excess over such amount) and fully pay for such 6-year policy prior to the Effective Time, in which event Buyer's obligations under this Section 5.10(c) shall be fully satisfied. If such prepaid tail policy has been obtained by Company prior to the Effective Time, Buyer will not, and will not permit any of its Affiliates to, take any action that would reasonably be expected to result in the cancellation or modification of such policy.

(d) If Buyer or any of its successors and assigns (i) shall consolidate with or merge into any other corporation or entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) shall transfer all or substantially all of its property and assets to any individual, corporation or other entity, then, in each such case, proper provision shall be made so that the

successors and assigns of Buyer and its Subsidiaries shall assume the obligations set forth in this Section 5.10.

(e) These rights shall survive consummation of the Merger and are intended to benefit, and shall be enforceable by, each Indemnified Party. After the Effective Time, the obligations of Buyer under this Section 5.10 shall not be terminated or modified in such a manner as to adversely affect any Indemnified Party unless the affected Indemnified Party shall have consented in writing to such termination or modification. If any Indemnified Party makes any claim for indemnification or advancement of expenses under this Section 5.10 that is denied by Buyer, and a court of competent jurisdiction determines that the Indemnified Party is entitled to such indemnification or advancement of expense, in whole or in part, then Buyer or the Surviving Entity shall pay such Indemnified Party's costs and expenses, including legal fees and expenses, incurred in connection with enforcing such claim against Buyer.

(f) Nothing in this Agreement is intended to, shall be construed to or shall release, waive or impair any rights to directors' and officers' insurance claims under any policy that is or has been in existence with respect to Company or any of its Subsidiaries for any of their respective directors, officers or other employees, it being understood and agreed that the indemnification provided for in this Section 5.10 is not prior to or in substitution for any such claims under such policies.

Section 5.11. *Employees; Benefit Plans.*

(a) Employees of Company and Company Bank shall be retained as "at will" employees after the Effective Time as employees of Buyer or Buyer Bank. In addition, Company and Company Bank agree, upon Buyer's reasonable request, to facilitate discussions between Buyer and Company Employees a reasonable time in advance of the Closing Date regarding employment, consulting or other arrangements to be effective prior to or following the Effective Time. Prior to the Effective Time, any interaction between Buyer and Company Employees shall be coordinated by Company or Company Bank.

(b) Company Employees (other than those listed in Company Disclosure Schedule 5.11 who are parties to an employment, change-of-control or other type of agreement which provides for severance) as of the date of the Agreement who remain employed by Company or any of its Subsidiaries or Controlled Group Members as of the Effective Time, who become employees of Buyer Bank at the Effective Time and whose employment is terminated by Buyer or Buyer Bank (absent termination for cause as determined by the employer) within one hundred eighty (180) days after the Effective Time shall receive severance pay in accordance with Buyer's standard practices (which may include a severance agreement and general release of claims to be provided by the terminated employee) equal to one (1) week of base weekly pay for each completed year of employment service commencing with any such employee's most recent hire date with Company or any of its Subsidiaries or Controlled Group Members and ending with such employee's termination date with Buyer, with a minimum payment equal to four (4) weeks of base pay and a maximum payment equal to twelve (12) weeks of base pay (unless otherwise agreed in a separate written agreement between such employee and Buyer Bank). Subject to the terms and execution of the severance agreement and general release of claims by such employee, such severance payment will be made in accordance with the terms stated in the severance document and such severance payments will be in lieu of any severance pay plans that may be in effect at Company or any of its Subsidiaries or Controlled Group Members prior to the Effective Time. No officer or employee of Company or any of its Subsidiaries or Controlled Group Members is, or shall be, entitled to receive duplicative severance payments and benefits under (i) an employment or severance agreement; (ii) a severance or change-of-control plan; (iii) this Section 5.11; or (iv) any other program or arrangement.

(c) Except as otherwise provided in this Agreement, not later than ten (10) Business Days prior to the Closing Date, Company shall take all action required to (i) cause any Company Benefit Plan that has liabilities in respect of its participants, to be fully funded to the extent required under applicable Law; (ii) terminate all such plans effective immediately prior to Closing (unless directed otherwise by Buyer or Buyer Bank); and (iii) commence the process to pay out any vested benefits thereunder to participating and eligible Company Employees in such form or forms as Company or Company Bank elects

and as permitted or required under applicable Law. Distributions of benefits under any profit sharing plan of Company or Company Bank shall occur in accordance with such plan's terms, and a participant in such plan will be allowed to take, at the participant's option: (x) a direct distribution from such plan, (y) a rollover to an Individual Retirement Account, or (z) a rollover to a tax qualified retirement plan of Buyer or Buyer Bank to the extent the plan sponsored by Buyer or Buyer Bank accepts rollover contributions, if such participant is employed by Buyer or Buyer Bank.

(d) For any Company Benefit Plan terminated for which there is a comparable Buyer Benefit Plan of general applicability, Company Employees who are retained by Buyer or Buyer Bank shall be entitled to participate in Buyer Benefit Plans to the same extent as similarly-situated employees of Buyer or Buyer Bank (it being understood that inclusion of Company Employees in the Buyer Benefit Plans may occur at different times with respect to different plans). To the extent allowable under any of such plans, Company Employees shall be given credit for prior service or employment with Company or Company Bank (as well as service with any predecessor employer) for all purposes, including for purposes of determining eligibility to participate, level of benefits, vesting and benefit plan accruals (other than benefit accrual under a defined benefit pension plan); *provided* that the foregoing shall not apply to the extent that it would result in any duplication of benefits for the same period of service. Notwithstanding the foregoing, Buyer may amend or terminate any Buyer Benefit Plan at any time in its sole discretion.

(e) Buyer shall use commercially reasonable efforts to cause each such plan to (i) waive any pre-existing condition limitations to the extent such conditions are covered under the applicable medical, health, or dental plans of Buyer or Buyer Bank, (ii) subject to approval from Buyer's insurance carrier, if required, provide full credit under such plans for any deductible incurred by the employees and their beneficiaries during the portion of the calendar year prior to such participation, and (iii) waive any waiting period limitation or evidence of insurability requirement which would otherwise be applicable to such employee on or after the Effective Time, in each case to the extent such employee had satisfied any similar limitation or requirement under an analogous plan prior to the Effective Time for the plan year in which the Effective Time occurs.

(f) Except to the extent otherwise expressly provided in this Section 5.11, Buyer shall honor, and Buyer shall be obligated to perform, all employment, severance, deferred compensation, retirement or "change-in-control" agreements, plans or policies of Company or Company Bank, but only if such obligations, rights, agreements, plans or policies are set forth in Company Disclosure Schedule 5.11(f). Buyer acknowledges that the consummation of the Merger and Bank Merger will constitute a "change-in-control" of Company and Company Bank for purposes of any benefit plans, agreements and arrangements of Company and Company Bank. Nothing herein shall limit the ability of Buyer or Buyer Bank to amend or terminate any of the Company Benefit Plans or Buyer Benefit Plans in accordance with their terms at any time, subject to vested rights of employees and directors that may not be terminated pursuant to the terms of such Company Benefit Plans.

(g) Nothing in this Section 5.11, expressed or implied, is intended to confer upon any other Person any rights or remedies of any nature whatsoever under or by reason of this Section 5.11. Without limiting the foregoing, no provision of this Section 5.11 will create any third party beneficiary rights in any current or former employee, director or consultant of Company or its Subsidiaries or Controlled Group Members, any beneficiary or dependent thereof, or any collective bargaining representative thereof, in respect of continued employment (or resumed employment), compensation, terms and conditions of employment and/or benefits or any other matter. Nothing in this Section 5.11 is intended (i) to amend any Company Benefit Plan or any Buyer Benefit Plan, (ii) interfere with Buyer's right from and after the Closing Date to amend or terminate any Company Benefit Plan that is not terminated prior to the Effective Time or Buyer Benefit Plan, (iii) interfere with Buyer's right from and after the Effective Time to terminate the employment or provision of services by any director, employee, independent contractor or consultant or (iv) interfere with Buyer's indemnification obligations set forth in Section 5.10.

Section 5.12. *Notification of Certain Changes*. Buyer and Company shall promptly advise the other party of any change or event having, or which could reasonably be expected to have, a Material

Adverse Effect or which it believes would, or which could reasonably be expected to, cause or constitute a material breach of any of its or its respective Subsidiaries' representations, warranties or covenants contained herein, which reasonably could be expected to give rise, individually or in the aggregate, to the failure of a condition in Article 6 to be satisfied on the Closing Date, *provided*, that any failure to give notice in accordance with the foregoing with respect to any change or event shall not be deemed to constitute a violation of this Section 5.12, or otherwise constitute a breach of this Agreement by the party failing to give such notice, in each case unless the underlying change or event would independently result in a failure of any of the conditions set forth in Section 6.02 or Section 6.03 to be satisfied on the Closing Date.

Section 5.13. *Transition; Informational Systems Conversion*. From and after the date hereof, Buyer and Company shall use their commercially reasonable efforts to facilitate the integration of Company with the business of Buyer following consummation of the transactions contemplated hereby, and shall meet on a regular basis to discuss and plan for the conversion of the data processing and related electronic informational systems of Company and each of its Subsidiaries (the "**Informational Systems Conversion**") to those used by Buyer after the Closing Date, which planning shall include, but not be limited to, (a) discussion of third-party service provider arrangements of Company and each of its Subsidiaries; (b) non-renewal or changeover, after the Effective Time, of personal property leases and software licenses used by Company and each of its Subsidiaries in connection with the systems operations; (c) retention of outside consultants and additional employees to assist with the conversion; (d) outsourcing, as appropriate after the Effective Time, of proprietary or self-provided system services; and (e) any other actions necessary and appropriate to facilitate the conversion, as soon as practicable following the Effective Time. Buyer shall promptly reimburse Company on request for any reasonable and documented out-of-pocket fees, expenses or charges that Company may incur as a result of taking, at the request of Buyer, any action prior to the Effective Time to facilitate the Informational Systems Conversion. Company shall have no obligation to take any action under this Section 5.13 that, after consultation with Buyer regarding Company's concerns in the matter, would reasonably be expected to materially and adversely impact it if the Effective Time does not occur.

Section 5.14. *No Control of Other Party's Business*. Nothing contained in this Agreement shall give Buyer, directly or indirectly, the right to control or direct the operations of Company or its Subsidiaries prior to the Effective Time, and nothing contained in this Agreement shall give Company, directly or indirectly, the right to control or direct the operations of Buyer or its Subsidiaries prior to the Effective Time. Prior to the Effective Time, each of Company and Buyer shall exercise, consistent with the terms and conditions of this Agreement, control and supervision over its and its Subsidiaries' respective operations.

Section 5.15. *Environmental Assessments*.

(a) No later than forty-five (45) Business Days after the date hereof, Company shall cooperate with and grant access to an environmental consulting firm selected and paid for by Company and reasonably acceptable to Buyer (the "**Environmental Consultant**"), during normal business hours (or at such other times as may be agreed to by Company), to any owned property set forth in Company Disclosure Schedule 3.31(a), for the purpose of conducting an ASTM Phase I and an asbestos and lead base paint survey as it relates to providing an environmental site assessment to determine whether any such property may be impacted by a "recognized environmental condition," as that term is defined by ASTM; *provided*, that with respect to commercial OREO property, Company shall be obligated to obtain a Phase I only as may be specifically requested by Buyer after Buyer shall have had an opportunity to perform reasonable diligence with respect to such commercial OREO property. Each Phase I (including the asbestos and lead base paint surveys) shall be delivered in counterpart copies to Buyer and Company, and will include customary language allowing both Buyer and Company to rely upon its findings and conclusions. The Environmental Consultant will provide a draft of any Phase I to Company and Buyer for review and comment prior to the finalization of such report. If Company or Company Bank has ASTM Phase I reports for any property set forth in Company Disclosure Schedule 3.31(a) that are dated as of a date that is within one (1) year before the date of this Agreement, then Company or Company Bank may

deliver such reports to Buyer in lieu of the obligations set forth in this Section 5.15(a) with respect to that property.

(b) To the extent the final version of any Phase I identifies any "recognized environmental condition," Company shall cooperate with and grant access to the Environmental Consultant, during normal business hours (or at such other times as may be agreed by Company), to the property covered by such Phase I for the purpose of conducting a Phase II limited site assessment, including subsurface investigation of soil, soil vapor, and groundwater, designed to further investigate and evaluate any "recognized environmental condition" identified in the Phase I, the cost of which shall be shared equally between Buyer and Company.

(c) Where any Phase I, asbestos or lead base paint survey identifies the presence or potential presence of radon, asbestos containing materials, mold, microbial matter, or polychlorinated biphenyls ("**Non-scope Issues**"), Company shall cooperate with and grant access to the Environmental Consultant, during normal business hours (or at such other times as may be agreed by Company) to the property covered by such Phase I, for the purpose of conducting surveys and sampling of indoor air and building materials designed to investigate such identified Non-scope Issue, paid for by Company.

(d) Any work conducted by the Environmental Consultant pursuant to subsections (b) and (c) ("**Additional Environmental Assessment**") will be pursuant to a scope of work prepared by the Environmental Consultant and reasonably acceptable to Company and Buyer. The reports of any Additional Environmental Assessment will be given directly to Buyer and to Company by the Environmental Consultant.

(e) To the extent that Buyer identified any past or present events, conditions or circumstances that would require further investigation, remedial or cleanup action under Environmental Laws, Company shall use commercially reasonable efforts to take and complete any such reporting, remediation or other response actions prior to Closing; provided, however, that, to the extent any such response actions have not been completed prior to Closing ("**Unresolved Response Action**"), Company shall include the amount of the costs expected to be incurred by the Surviving Entity on or after the Closing Date, as determined by an independent third party with recognized expertise in environmental clean-up matters, to fully complete all Unresolved Response Actions in determining its Closing Consolidated Net Book Value.

Section 5.16. *Certain Litigation*. Company shall promptly advise Buyer orally and in writing of any actual or threatened shareholder litigation against Company and/or the members of the Company Board related to this Agreement or the Merger and the other transactions contemplated by this Agreement. Company shall: (i) permit Buyer to review and discuss in advance, and consider in good faith the views of Buyer in connection with, any proposed written or oral response to such shareholder litigation; (ii) furnish Buyer's outside legal counsel with all non-privileged information and documents which outside counsel may reasonably request in connection with such shareholder litigation; (iii) consult with Buyer regarding the defense or settlement of any such shareholder litigation, shall give due consideration to Buyer's advice with respect to such shareholder litigation and shall not settle any such litigation prior to such consultation and consideration; provided, however, that Company shall not settle any such shareholder litigation if such settlement requires the payment of money damages, without the written consent of Buyer (such consent not to be unreasonably withheld or delayed) unless the payment of any such damages by Company is reasonably expected by Company, following consultation with outside counsel, to be fully covered (disregarding any deductible to be paid by Company) under Company's existing director and officer insurance policies, including any tail policy.

Section 5.17. *Director Resignations*. Company shall use commercially reasonable efforts to cause to be delivered to Buyer resignations of all the directors of Company and its Subsidiaries, such resignations to be effective as of the Effective Time.

Section 5.18. *Coordination*.

(a) Prior to the Effective Time, Company and its Subsidiaries shall take any actions Buyer may reasonably request from time to time to better prepare the parties for integration of the operations of Company and Company Bank with Buyer and Buyer Bank, respectively. Without limiting the foregoing, senior officers of Company and Buyer shall meet from time to time as Buyer may reasonably request, and in any event not less frequently than monthly, to review the financial and operational affairs of Company and its Subsidiaries, and Company shall give due consideration to Buyer's input on such matters, with the understanding that, notwithstanding any other provision contained in this Agreement, neither Buyer nor Buyer Bank shall under any circumstance be permitted to exercise control of Company or any of its Subsidiaries prior to the Effective Time. Company shall permit representatives of Buyer Bank to be onsite at Company to facilitate integration of operations and assist with any other coordination efforts as necessary.

(b) Upon Buyer's reasonable request, prior to the Effective Time and consistent with GAAP, the rules and regulations of the SEC and applicable banking Laws and regulations, each of Company and its Subsidiaries shall modify or change its loan, OREO, accrual, reserve, tax, litigation and real estate valuation policies and practices (including loan classifications and levels of reserves) so as to be applied, on a basis that is consistent with that of Buyer. In order to promote a more efficient and orderly integration of operation of Company Bank with Buyer Bank, Company shall use commercially reasonable efforts to cause Company Bank, or any of its Subsidiaries, to sell or otherwise divest itself of such Company Investment Securities and loans as are identified by Buyer and agreed to in writing between Company and Buyer from time to time prior to the Closing Date, such identification to include a statement as to Buyer's business reasons for such divestitures, if requested. Notwithstanding the foregoing, no such modifications, changes or divestitures of the type described in this Section 5.18(b) need be made prior to the satisfaction of the conditions set forth in Section 6.01(b).

(c) Company shall, consistent with GAAP and regulatory accounting principles, use its commercially reasonable efforts to adjust, at Buyer's reasonable request, internal control procedures which are consistent with Buyer's and Buyer Bank's current internal control procedures to allow Buyer to fulfill its reporting requirement under Section 404 of the Sarbanes-Oxley Act, *provided, however*, that no such adjustments need be made prior to the satisfaction of the conditions set forth in Section 6.01(b).

(d) Prior to the Effective Time, Company and its Subsidiaries shall take any actions Buyer may reasonably request in connection with negotiating any amendments, modifications or terminations of any Leases or Company Material Contracts that Buyer may request, including but not limited to, actions necessary to cause any such amendments, modifications or terminations to become effective prior to, or immediately upon, the Closing, and shall cooperate with Buyer and use commercially reasonable efforts to negotiate specific provisions that may be requested by Buyer in connection with any such amendment, modification or termination.

(e) Subject to Section 5.18(b), Buyer and Company shall cooperate (i) to minimize any potential adverse impact to Buyer under Financial Accounting Standards Board Accounting Standards Codification Topic 805 (Business Combinations), and (ii) to maximize potential benefits to Buyer and its Subsidiaries under Code Section 382 in connection with the transactions contemplated by this Agreement, in each case consistent with GAAP, the rules and regulations of the SEC and applicable banking Laws and regulations.

(f) From and after the date hereof, Company shall, upon Buyer's reasonable request, introduce Buyer and its representatives to suppliers of Company and its Subsidiaries for the purpose of facilitating the integration of Company and its business into that of Buyer. In addition, after satisfaction of the conditions set forth in Section 6.01(a) and Section 6.01(b), Company shall, upon Buyer's reasonable request, introduce Buyer and its representatives to customers of Company and its Subsidiaries for the purpose of facilitating the integration of Company and its business into that of Buyer. Any interaction

between Buyer and Company's and any of its Subsidiaries' customers and suppliers shall be coordinated by Company and no discussions, meetings or communications between Buyer and Company's customers and suppliers shall occur without the presence of a representative of, or the prior written approval of, the Company.

(g) Buyer and Company agree to take all action necessary and appropriate to cause Company Bank to merge with Buyer Bank in accordance with applicable Laws and the terms of the Plan of Bank Merger immediately following the Effective Time or as promptly as practicable thereafter.

(h) Company shall have no obligation to take any action under this Section 5.18 that, after consultation with Buyer regarding Company's concerns in the matter, would reasonably be expected to materially and adversely impact it if the Effective Time does not occur.

Section 5.19. *Transactional Expenses*. Company has provided in Company Disclosure Schedule 3.36 a reasonable good faith estimate of costs and fees that Company and its Subsidiaries expect to pay to retained, and to be retained, representatives in connection with the transactions contemplated by this Agreement (collectively, "**Company Expenses**"). Company shall use its commercially reasonable efforts to cause the aggregate amount of all Company Expenses to not exceed the total expenses disclosed in Company Disclosure Schedule 3.36. Company shall promptly notify Buyer if or when it determines that it expects to materially exceed its budget for Company Expenses. Notwithstanding anything to the contrary in this Section 5.19, Company shall not incur any investment banking, brokerage, finders or other similar financial advisory fees in connection with the transactions contemplated by this Agreement other than those expressly set forth in Company Disclosure Schedule 3.36.

Section 5.20. *Confidentiality*. Prior to the execution of this Agreement and prior to the consummation of the Merger, each of Company and Buyer, and their respective subsidiaries, affiliates, officers, directors, agents, employees, consultants and advisors have provided, and will continue to provide one another with information which may be deemed by the party providing the information to be non-public, proprietary and/or confidential, including but not limited to trade secrets of the disclosing party. Each party hereto agrees that it will, and will cause its representatives to, hold any information obtained pursuant to this Article 5 in accordance with the terms of Company's confidentiality and non-disclosure agreement, dated as of September 8, 2015 and/or Buyer's confidentiality and non-disclosure agreement, dated as of October 6, 2015 between the parties, as applicable.

Section 5.21. *Tax Matters*. The parties intend that the Merger qualify as a reorganization within the meaning of Section 368(a) of the Code and that this Agreement constitute a "plan of reorganization" within the meaning of Section 1.368-2(g) of the Regulations. From and after the date of this Agreement and until the Effective Time, each of Buyer and Company shall use commercially reasonable efforts to cause the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Code, and will not knowingly take any action, cause any action to be taken, fail to take any action or cause any action to fail to be taken which action or failure to act could prevent the Merger from qualifying as a reorganization within the meaning of Section 368(a) of the Code.

Section 5.22. *Section 16 Matters*. Prior to the Effective Time, Company shall approve in accordance with the procedures set forth in Rule 16b-3 promulgated under the Exchange Act any disposition of equity securities of Company (including derivative securities) resulting from the transactions contemplated by this Agreement by each officer and director of Company who is subject to Section 16 of the Exchange Act in order to exempt such dispositions under Rule 16b-3.

Section 5.23. *Exchange Matters*. Prior to the Closing Date, Company shall cooperate with Buyer and use commercially reasonable efforts to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under applicable Laws and rules and policies of the NYSE to enable the delisting of the shares of Company Common Stock from the NYSE

and the deregistration of the shares of Company Common Stock under the Exchange Act as promptly as practicable after the Effective Time.

Section 5.24. *Brazilian Loans*. Promptly after the execution of this Agreement, Buyer has entered into the Brazilian Standby Purchase Agreement with the Brazilian Standby Purchaser. Promptly following the date of this Agreement, Company shall use commercially reasonable efforts to hire a broker and conduct a marketing process to solicit offers for the purchase for cash of the Brazilian Loans for aggregate consideration equal to or in excess of the Brazilian Standby Purchase Price and on terms and conditions no less favorable to the Company and Company Bank (or Buyer and Buyer Bank, as successor in interest) than the terms of the Brazilian Standby Purchase Agreement. Buyer agrees that if prior to Closing one or more Persons other than the Brazilian Standby Purchaser, and reasonably acceptable to Buyer and Company, agree to purchase the Brazilian Loans for an aggregate purchase price equal to or in excess of the Brazilian Standby Purchase Price and on terms and conditions no less favorable than the terms of the Brazilian Standby Purchase Agreement, Company Bank shall promptly enter into one or more Brazilian Purchase Agreements with such purchaser(s). If such third party purchaser(s) for any reason fails to consummate the purchase of the Brazilian Loans as contemplated hereby, the Brazilian Standby Purchaser shall continue to be obligated under the Brazilian Standby Purchase Agreement to purchase the Brazilian Loans pursuant to the terms and conditions of the Brazilian Standby Purchase Agreement.

Section 5.25. *Closing Date Share Certification*. At least two (2) Business Days prior to the Closing Date, Company shall deliver to Buyer the Closing Date Share Certification.

Section 5.26. *Company Bank Approval*. Immediately following execution of this Agreement, Company, as the sole shareholder of Company Bank, shall approve this Agreement, the Plan of Bank Merger and the Bank Merger.

ARTICLE 6

CONDITIONS TO CONSUMMATION OF THE MERGER

Section 6.01. *Conditions to Obligations of the Parties to Effect the Merger*. The respective obligations of Buyer and Company to consummate the Merger are subject to the fulfillment or, to the extent permitted by applicable Law, written waiver by the parties hereto prior to the Closing Date of each of the following conditions:

(a) *Shareholder Vote*. This Agreement and the transactions contemplated hereby shall have received the Requisite Company Shareholder Approval.

(b) *Regulatory Approvals; No Burdensome Condition*. All Regulatory Approvals required to consummate the Merger and the Bank Merger in the manner contemplated herein shall have been obtained and shall remain in full force and effect and all statutory waiting periods in respect thereof, if any, shall have expired or been terminated. None of such Regulatory Approvals shall impose any term, condition or restriction upon Buyer or any of its Subsidiaries that is a Burdensome Condition.

(c) *No Injunctions or Restraints; Illegality*. No judgment, order, injunction or decree issued by any court or agency of competent jurisdiction or other legal restraint or prohibition preventing the consummation of any of the transactions contemplated hereby shall be in effect. No statute, rule, regulation, order, injunction or decree shall have been enacted, entered, promulgated or enforced by any Governmental Authority that prohibits or makes illegal the consummation of any of the transactions contemplated hereby.

(d) *Effective Registration Statement*. The Registration Statement shall have become effective and no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC or any other Governmental Authority and not withdrawn.

(e) *Tax Opinions Relating to the Merger*. Buyer and Company, respectively, shall have received opinions from Kutak Rock LLP and Davis Polk & Wardwell LLP, respectively, each dated as of the Closing Date, in substance and form reasonably satisfactory to Company and Buyer to the effect that, on the basis of the facts, representations and assumptions set forth in such opinion, the Merger will be treated for federal income tax purposes as a "reorganization" within the meaning of Section 368(a) of the Code. In rendering their opinions, Kutak Rock LLP and Davis Polk & Wardwell LLP may require and rely upon representations as to certain factual matters contained in certificates of officers of each of Company and Buyer, in form and substance reasonably acceptable to such counsel.

(f) *Listing*. The shares of Buyer Common Stock to be issued to the holders of Common Stock upon consummation of the Merger shall have been authorized for listing on NASDAQ, subject to official notice of issuance.

Section 6.02. *Conditions to Obligations of Company*. The obligations of Company to consummate the Merger also are subject to the fulfillment or written waiver by Company prior to the Closing Date of each of the following conditions:

(a) *Representations and Warranties*. The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects at and as of the Closing Date, except to the extent that such representations and warranties are qualified by the term "material," or contain terms such as "Material Adverse Effect" in which case such representations and warranties (as so written, including the term "material" or "Material") shall be true and correct in all respects at and as of the Closing Date. Company shall have received a certificate dated as of the Closing Date, signed on behalf of Buyer by its Chief Executive Officer and Chief Financial Officer to such effect.

(b) *Performance of Obligations of Buyer*. Buyer and Buyer Bank shall have performed and complied with all of their obligations under this Agreement in all material respects at or prior to the Closing Date, and Company shall have received a certificate, dated the Closing Date, signed on behalf of Buyer by its Chief Executive Officer and the Chief Financial Officer to such effect.

(c) *No Material Adverse Effect*. Since the date of this Agreement (i) no condition, event, fact, circumstance or other occurrence has occurred which has had a Material Adverse Effect on Buyer and (ii) no condition, event, fact, circumstance or other occurrence has occurred that would reasonably be expected to have or result in a Material Adverse Effect on Buyer.

Section 6.03. *Conditions to Obligations of Buyer*. The obligations of Buyer to consummate the Merger also are subject to the fulfillment or written waiver by Buyer prior to the Closing Date of each of the following conditions:

(a) *Representations and Warranties*. The representations and warranties of Company and its Subsidiaries set forth in this Agreement shall be true and correct in all material respects at and as of the Closing Date, except to the extent that such representations and warranties are qualified by the term "material," or contain terms such as "Material Adverse Effect" in which case such representations and warranties (as so written, including the term "material" or "Material") shall be true and correct in all respects at and as of the Closing Date. Buyer shall have received a certificate dated as of the Closing Date, signed on behalf of Company and its Subsidiaries by Company's Chief Executive Officer and Chief Financial Officer, or equivalent officer performing the duties of a chief financial officer, to such effect.

(b) *Performance of Obligations of Company*. Company and Company Bank shall have performed and complied with all of their respective obligations under this Agreement in all material respects at or prior to the Closing Date, and Buyer shall have received a certificate, dated the Closing Date, signed on behalf of Company by Company's Chief Executive Officer and Chief Financial Officer and signed on behalf of Company Bank by the Chief Executive Officer, Chief Financial Officer and the President of Company Bank, to such effect.

(c) *Plan of Bank Merger*. The Plan of Bank Merger shall have been executed and delivered by Company Bank.

(d) *Other Actions*. Company's and Company Bank's board of directors shall have approved this Agreement and the transactions contemplated herein and shall not have (i) withheld, withdrawn or modified (or publicly proposed to withhold, withdraw or modify), in a manner adverse to Buyer, the Company Recommendation referred to in Section 5.04, (ii) approved or recommended (or publicly proposed to approve or recommend) any Acquisition Proposal, or (iii) allowed Company or any Company Representative to, enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement or other agreement relating to any Acquisition Proposal (except as permitted in Section 5.09(b)); *provided*, that clauses (i) and (ii) shall not apply to this condition after approval of the Merger by Company shareholders. Company and Company Bank shall have furnished Buyer with such certificates of its officers or others and such other documents to evidence fulfillment of the conditions set forth in Section 6.01 and this Section 6.03 as Buyer may reasonably request.

(e) *No Material Adverse Effect*. Since the date of this Agreement (i) no condition, event, fact, circumstance or other occurrence has occurred which has resulted in a Material Adverse Effect on Company and (ii) no condition, event, fact, circumstance or other occurrence has occurred that would reasonably be expected to have a Material Adverse Effect on Company or Company Bank.

(f) *Retention and Non-Compete Agreement*. The Retention and Non-Compete Agreement shall have been executed and delivered by the Company's Chief Executive Officer to be effective at the Closing.

(g) *Brazilian Purchase Agreement*. (i) All necessary consents and approvals, including any applicable Regulatory Approvals, have been obtained in order to effectuate the sale of the Brazilian Loans, including the assignment of all obligations thereunder; and (ii) either (x) the third party purchaser(s) under the Brazilian Purchase Agreement(s) shall, prior to the Closing, consummate the purchase of the Brazilian Loans in accordance with the terms of such Brazilian Purchase Agreement or (y) Buyer shall be reasonably satisfied that the Brazilian Standby Purchaser will, immediately after the Effective Time and the Dividend, consummate the purchase of the Brazilian Loans in accordance with the terms of the Brazilian Standby Purchase Agreement.

(h) *Tax Report Related to the Retention and Non-Compete Agreement*. Buyer shall have received the report from 280G Consultants dated as of the Closing Date, in substance and form reasonably satisfactory to Buyer to the effect that, on the basis of the facts, representations and assumptions set forth in such report, the amounts payable under the Retention and Non-Compete Agreement as consideration for the restrictive covenants contained therein are reasonable and will not be deemed an "excess parachute payments" within the meaning of Section 280G of the Code.

Section 6.04. *Frustration of Closing Conditions*. Neither Buyer nor Company may rely on the failure of any condition set forth in Section 6.01, Section 6.02 or Section 6.03, as the case may be, to be satisfied if such failure was caused by such party's failure to comply with its obligations hereunder.

ARTICLE 7
TERMINATION

Section 7.01. *Termination*. This Agreement may be terminated, and the transactions contemplated hereby may be abandoned:

(a) *Mutual Consent*. At any time prior to the Effective Time, by the mutual consent, in writing, of Buyer and Company if the board of directors of Buyer and the Company Board each so determines by vote of a majority of the members of its entire board.

(b) *No Regulatory Approval*. By Buyer or Company, if either of their respective boards of directors so determines by a vote of a majority of the members of its entire board, in the event any Regulatory Approval required for consummation of the transactions contemplated by this Agreement shall have been denied by final, non-appealable action by such Governmental Authority or an application therefor shall have been withdrawn at the request of a Governmental Authority.

(c) *No Shareholder Approval*. By either Buyer or Company (provided in the case of Company that it shall not be in breach of any of its obligations under Section 5.04), if the Requisite Company Shareholder Approval shall not have been obtained by reason of the failure to obtain the required vote at a duly held meeting of such shareholders or at any adjournment or postponement thereof.

(d) *Breach of Representations and Warranties*. By either Buyer or Company (*provided* that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained herein in a manner that would entitle the other party to not consummate this Agreement) if there shall have been a breach of any of such representations or warranties by the other party which breach of any of such representations or warranties by the other party, either individually or in the aggregate with other breaches by such other party, would result in, if occurring or continuing on the Closing Date, the failure of the condition set forth in Section 6.02(a) or Section 6.03(a) as the case may be, to be satisfied, which breach is not cured prior to the earlier of (y) thirty (30) days following written notice to the party committing such breach from the other party hereto or (z) two (2) Business Days prior to the Expiration Date, or which breach, by its nature, cannot be cured prior to the Closing.

(e) *Breach of Covenants*. By either Buyer or Company (*provided* that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained herein in a manner that would entitle the other party not to consummate the agreement) if there shall have been a material breach of any of the covenants or agreements set forth in this Agreement on the part of the other party, which breach of any of the covenants or agreements either individually or in the aggregate with other breaches by such party, would result in, if not cured by the Closing Date, the failure of the condition set forth in Section 6.02(b) or Section 6.03(b) as the case may be, to be satisfied, which breach is not cured prior to the earlier of (i) thirty (30) days following written notice to the party committing such breach from the other party hereto or (ii) two (2) Business Days prior to the Expiration Date, or which breach, by its nature, cannot be cured prior to the Closing.

(f) *Delay*. By either Buyer or Company if the Merger shall not have been consummated on or before the one year anniversary of the date of this Agreement (the "**Expiration Date**"), unless the failure of the Closing to occur by such date shall be due to a material breach of this Agreement by the party seeking to terminate this Agreement.

(g) *Failure to Recommend; Etc*. In addition to and not in limitation of Buyer's termination rights under Section 7.01(e) by Buyer prior to the Requisite Company Shareholder Approval being obtained if (i) there shall have been a material breach of Section 5.09 and such breach shall not have been cured on or before the expiration of the fifth (5th) Business Day after the occurrence of such breach; or (ii) the Company Board (A) makes a Company Subsequent Determination, (B) materially breaches its obligations to call, give notice of and commence the Company Meeting under Section 5.04, and such breach shall not have been cured on or before the expiration of the fifth (5th) Business Day after the occurrence of such breach; or (C) resolves or otherwise determines to take, or announces an intention to take, any of the foregoing actions.

Section 7.02. *Termination Fee; Liquidated Damages*.

(a) In recognition of the efforts, expenses and other opportunities foregone by Buyer while structuring and pursuing the Merger, Company shall pay to Buyer a termination fee equal to $10.0 million ("**Termination Fee**"), by wire transfer of immediately available funds to an account specified by Buyer in the event of any of the following: (i) in the event Buyer terminates this Agreement pursuant to Section

7.01(g), Company shall pay Buyer the Termination Fee within two (2) Business Days after receipt of Buyer's notification of such termination; and (ii) in the event that after the date of this Agreement and prior to the termination of this Agreement, an Acquisition Proposal shall have been made known to senior management of Company or has been made directly to its shareholders generally (and not withdrawn) or any Person shall have publicly announced (and not withdrawn) an Acquisition Proposal with respect to Company and (A) thereafter this Agreement is terminated by either Buyer or Company pursuant to Section 7.01(c) or Section 7.01(f) (without the Requisite Company Shareholder Approval having been obtained) or if this Agreement is terminated by Buyer pursuant to Section 7.01(d) or Section 7.01(e), and (B) prior to the date that is twelve (12) months after the date of such termination, Company enters into any agreement to consummate, or consummates an Acquisition Transaction (whether or not the Acquisition Transaction relates to the same Acquisition Proposal as that referred to above), then Company shall, on the earlier of the date it enters into such agreement and the date of consummation of such transaction, pay Buyer the Termination Fee, *provided*, that for purposes of this Section 7.02(a)(ii), all references in the definition of Acquisition Transaction to "20%" shall instead refer to "50%".

(b) The parties hereto agree and acknowledge that if Buyer terminates this Agreement pursuant to Section 7.01(d) or Section 7.01(e) by reason of Company's or Company Bank's material breach of the provisions of this Agreement contemplated by Section 7.01(d) or Section 7.01(e) that is not timely cured as provided in such sections, the actual damages sustained by Buyer, including the expenses incurred by Buyer preparatory to entering into this Agreement and in connection with the performance of its obligations under this Agreement, would be significant and difficult to ascertain, gauged by the circumstances existing at the time this Agreement is executed, and that in lieu of Buyer being required to pursue its damage claims in costly litigation proceedings in such event, the parties agree that Company shall pay a reasonable estimate of the amount of such damages, which the parties agree is the sum of $1,000,000 (the "**Liquidated Damages Payment**"), as liquidated damages to Buyer, which payment is not intended as a penalty, within two (2) Business Days after Buyer's notification of such termination. Any payment made under this Section 7.02(b) shall reduce on a dollar-for-dollar basis any payment that may be due under Section 7.02(a).

(c) Company and Buyer each agree that the agreements contained in this Section 7.02 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, Buyer would not enter into this Agreement; accordingly, if Company fails promptly to pay any amounts due under this Section 7.02, Company shall pay interest on such amounts from the date payment of such amounts were due to the date of actual payment at the rate of interest equal to the sum of (i) the rate of interest published from time to time in *The Wall Street Journal*, *Eastern Edition* (or any successor publication thereto), designated therein as the prime rate on the date such payment was due, plus (ii) 200 basis points, together with the costs and expenses of Buyer (including reasonable legal fees and expenses) reasonably incurred in connection with such suit.

(d) Notwithstanding anything to the contrary set forth in this Agreement, the parties agree that if Company pays or causes to be paid to Buyer or to Buyer Bank the Termination Fee in accordance with Section 7.02(a), or, if applicable, the Liquidated Damages Payment in accordance with Section 7.02(b), neither Company nor Company Bank (nor any successor in interest, Affiliate, shareholder, director, officer, employee, agent, consultant or representative of Company or Company Bank) will have any further obligations or liabilities to Buyer or Buyer Bank with respect to this Agreement or the transactions contemplated by this Agreement and the payment of such amounts shall be Buyer's sole and exclusive remedy against Company, Company Bank and their respective Affiliates, Representatives or successors in interest. For the avoidance of doubt, the parties agree that the fee payable under Section 7.02(a) shall not be required to be paid more than once.

Section 7.03. *Effect of Termination*. If this Agreement is terminated pursuant to Section 7.01, this Agreement shall become void and of no effect without liability of any party (or any shareholder, director, officer, employee, agent, consultant or representative of such party or any of its Affiliates) to the other party hereto, except as provided in Section 7.02(d); provided that nothing contained in this Agreement shall limit either party's rights to recover any liabilities or damages arising out of the other

party's willful breach of any provision of this Agreement. The provisions of this Section 7.03 and Sections 5.20, 7.02, 9.03 and 9.04 shall survive any termination hereof pursuant to Section 7.01.

ARTICLE 8
DEFINITIONS

Section 8.01. *Definitions*. The following terms are used in this Agreement with the meanings set forth below:

"**ABCA**" means the Arkansas Business Corporation Act of 1987, as amended.

"**Acquisition Proposal**" has the meaning set forth in Section 5.09(a).

"**Acquisition Transaction**" has the meaning set forth in Section 5.09(a).

"**Additional Environmental Assessment**" has the meaning set forth in Section 5.15(d).

"**Affiliate**" means, with respect to any Person, any other Person controlling, controlled by or under common control with such Person. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control with") means the possession, directly or indirectly, of power to direct or cause the direction of the management and policies of a Person whether through the ownership of voting securities, by contract or otherwise.

"**Agreement**" has the meaning set forth in the preamble to this Agreement.

"**Articles of Bank Merger**" has the meaning set forth in Section 1.05(b).

"**Articles of Merger**" has the meaning set forth in Section 1.05(a).

"**ASC 320**" means GAAP Accounting Standards Codification Topic 320.

"**Associate**" when used to indicate a relationship with any Person means (1) any corporation or organization (other than Company or any of its Subsidiaries) of which such Person is an officer or partner or is, directly or indirectly, the beneficial owner of 10% or more of any class of equity securities, (2) any trust or other estate in which such Person has a substantial beneficial interest or serves as trustee or in a similar fiduciary capacity, or (3) any immediate family member of such Person.

"**ASTM**" has the meaning set forth in Section 5.01(w).

"**Bank Merger**" has the meaning set forth in the recitals.

"**Bank Secrecy Act**" means the Bank Secrecy Act of 1970, as amended.

"**BOLI**" has the meaning set forth in Section 3.33(b).

"**Book-Entry Share**" means any non-certificated share held by book entry in the Company's stock transfer book, which immediately prior to the Effective Time represents an outstanding share of Company Common Stock.

"**Brazilian Adjustment**" means the Brazilian Delta multiplied by .61425.

"**Brazilian Delta**" has the meaning set forth in the definition of "Brazilian Purchase Agreement".

"**Brazilian Loans**" means the loans set forth on Company Disclosure Schedule 8.01(b).

"**Brazilian Purchase Agreement**" means either (i) the agreement between the Buyer and the Brazilian Standby Purchaser substantially in the form attached as Exhibit D and entered into promptly after the execution of this Agreement, whereby the Brazilian Standby Purchaser will purchase the Brazilian Loans immediately after the Effective Time and the Dividend (the "**Brazilian Standby Purchase Agreement**"), or (ii) if the Brazilian Loans are to be sold to one or more persons other than the Brazilian Standby Purchaser, one or more agreements, pursuant to the terms of which such person(s) agree to purchase for cash the Brazilian Loans for an aggregate purchase price equal to or in excess of the Brazilian Standby Purchase Price (the excess of such purchase price over the Brazilian Standby Purchase Price, being the "**Brazilian Delta**") on terms and conditions no less favorable to Company and Company Bank (or Buyer and Buyer Bank, as successor in interest) than the terms of the Brazilian Standby Purchase Agreement.

"**Brazilian Standby Purchase Agreement**" has the meaning set forth in the definition of "**Brazilian Purchase Agreement**".

"**Brazilian Standby Purchase Price**" means the amount payable for the purchase of the Brazilian Loans in accordance with the Brazilian Standby Purchase Agreement before such amount is converted into Buyer Common Stock.

"**Brazilian Standby Purchaser**" means CBM Holdings Qualified Family, L.P., or a wholly-owned subsidiary thereof.

"**Burdensome Conditions**" has the meaning set forth in Section 5.06(a).

"**Business Day**" means Monday through Friday of each week, except a legal holiday recognized as such by the U.S. government or any day on which banking institutions in the State of Florida are authorized or obligated to close.

"**Buyer 2014 Form 10-K**" has the meaning set forth in Section 4.06(b).

"**Buyer**" has the meaning set forth in the preamble to this Agreement.

"**Buyer Articles**" has the meaning set forth in Section 4.02(a).

"**Buyer Average Stock Price**" means the average closing price of Buyer Common Stock on NASDAQ, as reported by Bloomberg L.P. for the ten (10) consecutive trading days ending on the second (2nd) Business Day prior to the Closing Date (the "**Measurement Period**"), rounded to three decimal places; *provided*, that the Buyer Average Stock Price shall be not less than $39.79 nor greater than $66.31, in either of which case the Exchange Ratio shall be fixed based upon such upper or lower level, as the case may be.

"**Buyer Bank**" has the meaning set forth in the preamble to this Agreement.

"**Buyer Benefit Plans**" means all benefit and compensation plans, contracts, policies or arrangements (i) covering current or former employees of Buyer or any of its Subsidiaries, (ii) covering current or former directors of Buyer or any of its Subsidiaries, or (iii) with respect to which Buyer or any Subsidiary has or may have any liability or contingent liability (including liability arising from affiliation under Section 414 of the Code or Section 4001 of ERISA) including, but not limited to, "employee benefit plans" within the meaning of Section 3(3) of ERISA, and deferred compensation, stock option, stock purchase, stock appreciation rights, stock based, incentive and bonus plans.

"**Buyer Bylaws**" has the meaning set forth in Section 4.02(a).

"**Buyer Common Stock**" means the common stock, $0.01 par value per share, of Buyer.

“**Buyer Disclosure Schedule**” has the meaning set forth in Section 4.01(a).

“**Buyer Regulatory Agreement**” has the meaning set forth in Section 4.17.

“**Buyer Reports**” has the meaning set forth in Section 4.06(a).

“**Certificate**” means any outstanding certificate, which immediately prior to the Effective Time represents one or more outstanding shares of Company Common Stock.

“**Claim**” has the meaning set forth in Section 5.10(a).

“**Closing**” and “**Closing Date**” have the meanings set forth in Section 1.05(c).

“**Closing Consolidated Net Book Value**” means the unaudited consolidated net shareholders’ equity of Company as of the Determination Date, determined in accordance with GAAP, but without giving effect to the after-tax impact of the following items: (i) any negative provision for loan and lease losses for the period between June 30, 2015 and the Determination Date, which provision would otherwise have the effect of decreasing the allowance for loan and lease losses; *provided, however*, any negative provision resulting from (A) the resolution of a loan for which a specific allowance for loan and lease losses has been calculated as of June 30, 2015 and which specific allowance is set forth in Company Disclosure Schedule 8.01(a), where the resolution creates a reduction of such specific calculated allowance in excess of the loss actually incurred on the loan or (B) recoveries or payoffs in excess of the carrying value of a loan, which carrying value is the amount the loan is recorded in the books and records of Company Bank in accordance with GAAP, including any accrued but unpaid interest and excluding any allowance for loan and lease losses or other valuation accounts for such loan, shall be reflected in the Closing Consolidated Net Book Value; *provided, however*, that such adjustment is limited to the lesser of (x) the actual amount of the reduction of such specific allowance determined in (A) above plus the recoveries or payoff in excess of the carrying value determined in (B) above, or (y) the actual negative provision recorded by Company Bank, determined in accordance with GAAP, during the fiscal quarter in which such resolution or recovery occurs; (ii) any of the actions or changes taken only to comply with coordination procedures pursuant to Section 5.18 which would otherwise not have been taken or required to be taken, all as mutually agreed between Company and Buyer; (iii) increases in Company’s consolidated net shareholders’ equity resulting from the issuance of Company Common Stock after June 30, 2015; or (iv) the amount paid by Company prior to Closing in the event Company purchases a tail policy for directors’ and officers’ liability insurance on the terms described in Section 5.10(c) (including subject to the aggregate Maximum D&O Tail Premium) to the extent such amount is fully expensed prior to the Effective Time. For purposes of calculating the Closing Consolidated Net Book Value, Company shall include, without duplication, reductions for: (A) the after-tax amount of any fees and commissions payable by Company or any Company Subsidiary to any broker, finder, financial advisor or investment banking firm in connection with the Merger, the Bank Merger, this Agreement and the transactions contemplated hereby; (B) the after-tax amount of any legal and accounting fees incurred by Company or any Company Subsidiary in connection with the Merger, this Agreement, the Bank Merger and the transactions contemplated hereby and any related SEC and regulatory filings, including any printing expenses and SEC filing fees; (C) the after-tax amount of the costs expected to be incurred by the Surviving Entity on or after the Closing Date to fully complete all Unresolved Response Actions in accordance with Section 5.15(e); (D) the after-tax amount of any compensation, bonus, severance, or payments payable by Company or any Company Subsidiary and triggered in connection with the change-of-control or Merger, or other similar payment(s) payable by Company or any Company Subsidiary; (E) the after-tax amount of the projected loss from the sale of the Brazilian Loans, the projected loss shall be calculated based on the projected net proceeds to be received pursuant to the Brazilian Purchase Agreement subtracted from the net book value of the Brazilian Loans included on Company Bank’s general ledger (net book value shall include unpaid principal balance, net of any unamortized, discounts, premiums or deferrals of costs or fees; accrued but uncollected interest; related contra account; and related allowance for loan and lease losses consistent with the presentation set forth in Company Disclosure Schedule 8.01(c)); and (F) the after-tax amounts resulting from the accruals of (1) $3.5 million of costs associated with the termination of data processing services and related vendor contracts, (2) $3.5 million of costs associated with real estate appraisals, changes of signage, and write offs

of leasehold improvements, and (3) $2.5 million of costs associated with employee training and relocation. With respect to items (F)(1), (2) and (3) above, the amounts set forth therein shall be used for this purpose regardless of whether the actual or subsequent projected cost is different. The Closing Consolidated Net Book Value may be further adjusted upon the mutual agreement of the parties, provided such adjustment shall be memorialized in a writing signed by all of the parties thereto. Beginning on December 31, 2015, within five (5) Business Days of the end of each calendar month, Company shall prepare a sample calculation of the Closing Consolidated Net Book Value as of the end of such calendar month and provide such sample calculation to Buyer for the parties to discuss in good faith. Company shall deliver the final calculation of the Closing Consolidated Net Book Value to Buyer no later than three (3) Business Days after the Determination Date. In the event there is a dispute related to the final calculation of the Closing Consolidated Net Book Value, which the parties are unable to resolve within three (3) Business Days after the date Company submits such calculation to Buyer, Company and Buyer shall submit the calculation of the Closing Consolidated Net Book Value to an independent accounting firm as shall be mutually agreed in writing by the parties for review and resolution of any and all matters which remain in dispute. The independent accounting firm shall reach a final resolution of all matters and shall furnish such resolution in writing to Company and Buyer as soon as practicable, but in no event more than ten (10) Business Days after such matters have been referred to the independent accounting firm, and to the extent necessary, the Closing Date shall be extended to the second (2nd) Business Day after the resolution is delivered in writing by the independent accounting firm. Such resolution shall be made in accordance with this Agreement and will be conclusive and binding upon Company and Buyer. The resolution reached by Buyer and Company, or absent agreement by Buyer and Company, by the independent accounting firm, will constitute the final calculation of the Closing Consolidated Net Book Value for purposes of this Agreement and shall be completed prior to the Closing Date. The costs for the independent accounting firm to reach such resolution shall be shared equally by Company and Buyer.

"**Closing Date Share Certification**" has the meaning set forth in the definition of "**Company Stock Price**".

"**Code**" has the meaning set forth in Section 2.04.

"**Community Reinvestment Act**" means the Community Reinvestment Act of 1977, as amended.

"**Company**" has the meaning set forth in the preamble to this Agreement.

"**Company 2014 Form 10-K**" has the meaning set forth in Section 3.08(a).

"**Company 401(a) Plan**" has the meaning set forth in Section 3.16(c).

"**Company Bank**" has the meaning set forth in the preamble to this Agreement.

"**Company Bank Shareholder Approval**" has the meaning set forth in Section 3.06.

"**Company Benefit Plans**" has the meaning set forth in Section 3.16(a).

"**Company Board**" means the Board of Directors of Company.

"**Company Common Stock**" means the common stock, $1.00 par value per share, of Company.

"**Company Disclosure Schedule**" has the meaning set forth in Section 3.01(a).

"**Company Employees**" has the meaning set forth in Section 3.16(a).

"**Company Expenses**" has the meaning set forth in Section 5.19.

"**Company Financial Advisor**" has the meaning set forth in Section 3.15.

“**Company Intellectual Property**” means the Intellectual Property used in or held for use in the conduct of the business of Company and its Subsidiaries.

“**Company Investment Securities**” or “**Investment Securities**” means the investment securities of the Company, Company Bank and their respective Subsidiaries.

“**Company Loan**” has the meaning set forth in Section 3.23(d).

“**Company Loan Property**” means any real property (including buildings or other structures) in which Company or any of its Subsidiaries holds a security interest or Lien in connection with a Loan.

“**Company Material Contracts**” has the meaning set forth in Section 3.13(a).

“**Company Meeting**” has the meaning set forth in Section 5.04(a).

“**Company Recommendation**” has the meaning set forth in Section 5.04(b).

“**Company Regulatory Agreement**” has the meaning set forth in Section 3.14.

“**Company Representatives**” has the meaning set forth in Section 5.09(a).

“**Company SEC Documents**” has the meaning set forth in Section 3.08(a).

“**Company Stock Plans**” means all equity plans of Company or any Subsidiary, including the 2014 Omnibus Incentive Plan, and any sub-plans adopted thereunder, each as amended to date.

“**Company Stock Price**” means a cash value, rounded to three decimal places, equal to the quotient of (i) the Purchase Price, *divided by* (ii) the number of shares of Company Common Stock issued and outstanding immediately prior to the Effective Time as certified by an officer of Company on behalf of Company at the Closing (such certificate, the “**Closing Date Share Certification.**”

“**Company Subsequent Determination**” has the meaning set forth in Section 5.09(d).

“**Controlled Group Members**” has the meaning set forth in Section 3.16(a).

“**D&O Insurance**” has the meaning set forth in Section 5.10(c).

“**Derivative Transaction**” means any swap transaction, option, warrant, forward purchase or sale transaction, futures transaction, cap transaction, floor transaction or collar transaction, in each case, relating to one or more currencies, commodities, bonds, equity securities, loans, interest rates, catastrophe events, weather-related events, credit-related events or conditions or any indexes, or any other similar transaction (including any option with respect to any of these transactions) or combination of any of these transactions, including collateralized mortgage obligations or other similar instruments or any debt or equity instruments evidencing or embedding any such types of transactions, and any related credit support, collateral or other similar arrangements related to any such transaction or transactions.

“**Determination Date”** means the Business Day that is closest to ten (10) Business Days prior to the Closing Date; *provided that* if the parties disagree with respect to the amount of Closing Consolidated Net Book Value and the Closing Date is delayed in connection therewith, the Determination Date shall be determined as if the Closing were occurring on the date the Closing would have occurred but for such disagreement.

“**Dividend**” has the meaning set forth in the Brazilian Standby Purchase Agreement.

“**Dodd-Frank Act**” means the Dodd-Frank Wall Street Reform and Consumer Protection Act.

"**Effective Time**" has the meaning set forth in Section 1.05(a).

"**Environmental Claim**" means any written complaint, summons, action, citation, notice of violation, directive, order, claim, litigation, investigation, judicial or administrative proceeding or action, judgment, lien, demand, letter or communication alleging non-compliance with any Environmental Law relating to any actual or threatened release of a Hazardous Substance.

"**Environmental Consultant**" has the meaning set forth in Section 5.15(a).

"**Environmental Law**" means any federal, state or local Law relating to: (a) pollution, the protection or restoration of the indoor or outdoor environment, human health and safety with respect to exposure to Hazardous Substances, or natural resources, (b) the handling, use, presence, disposal, release or threatened release of any Hazardous Substance, or (c) any injury or threat of injury to persons or property in connection with any Hazardous Substance. The term Environmental Law includes, but is not limited to, the following statutes, as amended, any successor thereto, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: (a) Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986, as amended, 42 U.S.C. § 9601 et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, et seq.; the Clean Air Act, as amended, 42 U.S.C. § 7401, et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. § 1251, et seq.; the Toxic Substances Control Act, as amended, 15 U.S.C. § 2601, et seq.; the Emergency Planning and Community Right to Know Act, 42 U.S.C. § 1101, et seq.; the Safe Drinking Water Act; 42 U.S.C. § 300f, et seq.; the Occupational Safety and Health Act, 29 U.S.C. § 651, et seq.; (b) common Law that may impose liability (including without limitation strict liability) or obligations for injuries or damages due to the presence of or exposure to any Hazardous Substance.

"**Equal Credit Opportunity Act**" means the Equal Credit Opportunity Act, as amended.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**ERISA Affiliate**" has the meaning set forth in Section 3.16(d).

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Exchange Agent**" means such exchange agent as may be designated by Buyer (which shall be Buyer's transfer agent), and reasonably acceptable to Company appointed prior to the Effective Time pursuant to an agreement in form and substance reasonably acceptable to Company (the "**Exchange Agent Agreement**"), to act as agent for purposes of conducting the exchange procedures described in Article 2.

"**Exchange Agent Agreement**" has the meaning set forth in the definition of "**Exchange Agent**".

"**Exchange Fund**" has the meaning set forth in Section 2.06(a).

"**Exchange Ratio**" means the quotient (rounded to the fourth decimal place) of the Company Stock Price divided by the Buyer Average Stock Price.

"**Expiration Date**" has the meaning set forth in Section 7.01(f).

"**Fair Credit Reporting Act**" means the Fair Credit Reporting Act, as amended.

"**Fair Housing Act**" means the Fair Housing Act, as amended.

"**FBCA**" means the Florida Business Corporation Act.

"**FDIA**" has the meaning set forth in Section 3.28.

"**FDIC**" means the Federal Deposit Insurance Corporation.

"**FFIEC**" means the Federal Financial Institutions Examination Council.

"**FRB**" means the Board of Governors of the Federal Reserve System.

"**GAAP**" means generally accepted accounting principles in the United States of America, applied consistently with past practice.

"**Governmental Authority**" means any U.S. or foreign federal, state or local governmental commission, board, body, bureau or other regulatory authority or agency, including, without limitation, courts and other judicial bodies, bank regulators, insurance regulators, applicable state securities authorities, the SEC, the IRS or any self-regulatory body or authority, including any instrumentality or entity designed to act for or on behalf of the foregoing.

"**Hazardous Substance**" means any and all substances (whether solid, liquid or gas) defined, listed, or otherwise regulated as pollutants, hazardous wastes, hazardous substances, hazardous materials, extremely hazardous wastes, flammable or explosive materials, radioactive materials or words of similar meaning or regulatory effect under any Environmental Law or that have a negative impact on the environment, including but not limited to petroleum and petroleum products, asbestos and asbestos-containing materials, polychlorinated biphenyls, lead, radon, radioactive materials, flammables and explosives, mold, mycotoxins, microbial matter and airborne pathogens (naturally occurring or otherwise). Hazardous Substance does not include substances of kinds and in amounts ordinarily and customarily used or stored for the purposes of cleaning or other maintenance or operations.

"**Holder**" has the meaning set forth in Section 2.05.

"**Home Mortgage Disclosure Act**" means Home Mortgage Disclosure Act of 1975, as amended.

"**Indemnified Parties**" and "**Indemnifying Party**" have the meanings set forth in Section 5.10(a).

"**Informational Systems Conversion**" has the meaning set forth in Section 5.13.

"**Insurance Policies**" has the meaning set forth in Section 3.33(a).

"**Intellectual Property**" means with regard to a Person all intellectual property of that person including (a) all registered and unregistered trademarks, service marks, trade dress, trade names, designs, logos, slogans, corporate and fictitious names and rights in telephone numbers, together with all abbreviations, translations, adaptations, derivations and combinations thereof, and general intangibles of like nature, together with all goodwill, applications, registrations and renewals related to the foregoing; (b) all inventions, conceptions, ideas, processes, designs, improvements, and discoveries (whether patentable or unpatentable and whether or not reduced to practice), and all patents, patent applications, patent disclosures and industrial designs, including any provisionals, non-provisionals, continuations, divisionals, continuations-in-part, renewals, reissues, refilings, revisions, extensions and reexaminations thereof, statutory invention registrations, and U.S. or foreign counterparts of any patents or applications for any of the foregoing (collectively, "**Patents**"); (c) all works of authorship or mask works (both published and unpublished) whether or not protectable by copyright and all interest therein as copyright or other proprietor, whether or not registered with the United States Copyright Office or an equivalent office in any other country of the world, and all applications, registrations and renewals for any of the foregoing; (d) Software; (e) all confidential or proprietary technology or information, including research and development, trade secrets and other confidential information, know-how, proprietary processes, formulae, compositions, algorithms, models, methodologies, manufacturing and production processes and techniques,

technical data, designs, drawings, blue prints, specifications, customer and supplier lists, pricing and cost information and business, marketing or other plans and proposals.

"**IRS**" means the United States Internal Revenue Service.

"**Knowledge**" means, with respect to Company and Company Bank, the actual knowledge, after reasonable inquiry under the circumstances, of the Persons set forth in Company Disclosure Schedule 3.01(b), and with respect to Buyer and Buyer Bank, the actual knowledge, after reasonable inquiry under the circumstances, of the Persons set forth in Buyer Disclosure Schedule 4.01(a).

"**Law**" means any federal, state, local or foreign Law, statute, ordinance, rule, regulation, judgment, order, injunction, decree, arbitration award, agency requirement, license or permit of any Governmental Authority that is applicable to the referenced Person.

"**Leases**" has the meaning set forth in Section 3.31(b).

"**Letter of Transmittal**" has the meaning set forth in Section 2.05.

"**Licensed Business Intellectual Property**" has the meaning set forth in Section 3.32(f).

"**Liens**" means any charge, mortgage, pledge, security interest, restriction, claim, lien or encumbrance, conditional and installment sale agreement, charge, claim, option, rights of first refusal, encumbrances, or security interest of any kind or nature whatsoever (including any limitation on voting, sale, transfer or other disposition or exercise of any other attribute of ownership).

"**Liquidated Damages Payment**" has the meaning set forth in Section 7.02(b).

"**Loans**" has the meaning set forth in Section 3.23(a).

"**Material Adverse Change**" or "**Material Adverse Effect**" with respect to any party means (i) any change, development or effect that individually or in the aggregate is, or is reasonably likely to be, material and adverse to the condition (financial or otherwise), results of operations, liquidity, assets or liabilities, properties, or business of such party and its Subsidiaries, taken as a whole, or (ii) any change, development or effect that individually or in the aggregate would, or would be reasonably likely to, materially impair the ability of such party to perform its obligations under this Agreement or otherwise materially impairs, or is reasonably likely to materially impair, the ability of such party to consummate the Merger and the transactions contemplated hereby; *provided, however*, that, in the case of clause (i) only, the following alone or in combination, shall not constitute a Material Adverse Effect, nor shall the occurrence, impact or results of such events be taken into account in determining whether there has been or will be a Material Adverse Effect (A) changes after the date of this Agreement in Laws of general applicability to companies in the industry in which it operates or interpretations thereof by Governmental Authorities (except to the extent that such change disproportionately adversely affects Company and its Subsidiaries or Buyer and its Subsidiaries, as the case may be, compared to other companies of similar size operating in the same industry in which Company and Buyer operate, in which case only the disproportionate effect will be taken into account), (B) changes in GAAP, or regulatory accounting requirements applicable to banks or bank holding companies generally, or interpretations thereof (except to the extent that such change disproportionately adversely affects Company and its Subsidiaries or Buyer and its Subsidiaries, as the case may be, compared to other companies of similar size operating in the same industry in which Company and Buyer operate, in which case only the disproportionate effect will be taken into account), (C) changes in global or national political or economic or capital or credit market conditions generally, including, but not limited to, changes in levels of interest rates (except to the extent that such change disproportionately adversely affects Company and its Subsidiaries or Buyer and its Subsidiaries, as the case may be, compared to other companies of similar size operating in the same industry in which Company and Buyer operate, in which case only the disproportionate effect will be taken into account), (D) the effects of any action or omission taken by Company with the prior consent of Buyer, and vice

versa, or as otherwise expressly permitted or contemplated by this Agreement, (E) any failure by Company or Buyer to meet any internal or published industry analyst projections, forecasts or estimates of revenues or earnings or other financial or operating metrics for any period (it being understood and agreed that the underlying facts and circumstances giving rise to such failure that are not otherwise excluded from the definition of Material Adverse Effect may be taken into account in determining whether there has been a Material Adverse Effect), (F) changes in the trading price or trading volume of Buyer Common Stock or Company Common Stock, (G) the impact of the Agreement and the transactions contemplated hereby, including the public announcement thereof on relationships with customers or employees (including the loss of personnel subsequent to the date of this Agreement) and (H) any material write-down or write-off or reclassification by Company or Company Bank of the Brazilian Loans.

"**Maximum D&O Tail Premium**" has the meaning set forth in Section 5.10(c).

"**Measurement Period**" has the meaning set forth in the definition of "**Buyer Average Stock Price**".

"**Merger**" has the meaning set forth in the recitals.

"**Merger Consideration**" means the number of shares of Buyer Common Stock to be issued in the Merger in respect of each share of Company Common Stock held by a holder of Company Common Stock of record immediately prior to the Effective Time, determined on the basis of the Exchange Ratio.

"**NASDAQ**" means The NASDAQ Global Select Market.

"**National Labor Relations Act**" means the National Labor Relations Act, as amended.

"**Non-scope Issues**" has the meaning set forth in Section 5.15(c).

"**Notice of Superior Proposal**" has the meaning set forth in Section 5.09(e).

"**Notice Period**" has the meaning set forth in Section 5.09(e).

"**NYSE**" means the New York Stock Exchange.

"**Ordinary Course of Business**" means the ordinary, usual and customary course of business of Company, Company Bank and Company's Subsidiaries consistent with past practice, including with respect to frequency and amount in all material respects.

"**OREO**" has the meaning set forth in Section 3.23(c).

"**Patents**" has the meaning set forth in the definition of "**Intellectual Property**".

"**Person**" means any individual, bank, corporation, partnership, association, joint-stock company, business trust, limited liability company, unincorporated organization or other organization or firm of any kind or nature, including a Governmental Authority.

"**Phase I**" has the meaning set forth in Section 5.01(w).

"**Plan of Bank Merger**" means that certain plan of bank merger between Company Bank and Buyer Bank pursuant to which Company Bank will be merged with and into Buyer Bank in accordance with the provisions of and with the effect provided in the Financial Institutions Code of Florida, as well as Arkansas Code Annotated §§ 23-48-503, 23-48-902 et seq. and Subchapter 11 of the Arkansas Business Corporation Act, with the effect provided in Arkansas Code Annotated § 4-27-1110.

“**Proxy Statement-Prospectus**” means Company’s proxy statement and Buyer’s prospectus and other proxy solicitation materials constituting a part thereof, together with any amendments and supplements thereto, to be delivered to holders of Company Common Stock in connection with the solicitation of their approval of this Agreement.

“**Purchase Price**” shall mean $402,525,000, subject to (i) a decrease, on a dollar-for-dollar basis, by the amount, if any, that the Closing Consolidated Net Book Value, determined in accordance with this Agreement, is less than $174,000,000 and (ii) an increase, on a dollar-for-dollar basis, by the amount, if any, of the Brazilian Adjustment.

“**Registration Statement**” means the Registration Statement on Form S-4 to be filed with the SEC by Buyer in connection with the issuance of shares of Buyer Common Stock in the Merger (including the Proxy Statement-Prospectus, constituting a part thereof).

“**Regulations**” means the final and temporary regulations promulgated under the Code by the United States Department of the Treasury.

“**Regulatory Approval**” shall mean any consent, approval, authorization or non-objection from any Governmental Authority necessary to consummate the Merger, Bank Merger and the other transactions contemplated by this Agreement.

“**Retention and Non-Compete Agreement**” shall have the meaning set forth in the recitals to this Agreement.

“**Requisite Company Shareholder Approval**” means the adoption of this Agreement by a vote of the majority of the outstanding shares of Company Common Stock entitled to vote thereon at the Company Meeting.

“**Rights**” means, with respect to any Person, warrants, options, rights, convertible securities and other arrangements or commitments which obligate the Person to issue or dispose of any of its capital stock or other ownership interests.

“**Sarbanes-Oxley Act**” means the Sarbanes-Oxley Act of 2002, as amended.

“**SEC**” means the Securities and Exchange Commission.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Software**” means computer programs, whether in source code or object code form (including any and all software implementation of algorithms, models and methodologies), databases and compilations (including any and all data and collections of data), and all documentation (including user manuals and training materials) related to the foregoing.

“**Subsidiary**” means, with respect to any party, any corporation or other entity of which a majority of the capital stock or other ownership interest having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such party. Any reference in this Agreement to a Subsidiary of Company means, unless the context otherwise requires, any current or former Subsidiary of Company and any Subsidiary of Company Bank. No entity that is or was acquired as a result of foreclosure or similar proceedings or in respect of a debt previously contracted will be treated as a Subsidiary.

“**Superior Proposal**” has the meaning set forth in Section 5.09(a).

“**Surviving Entity**” has the meaning set forth in Section 1.01.

"**Tax**" and "**Taxes**" mean all federal, state, local or foreign income, gross income, gains, gross receipts, sales, use, ad valorem, goods and services, capital, production, transfer, franchise, windfall profits, license, withholding, payroll, employment, disability, employer health, excise, estimated, severance, stamp, occupation, property, environmental, custom duties, unemployment or other taxes of any kind whatsoever imposed directly or indirectly by a Governmental Authority, together with any interest, additions or penalties thereto and any interest in respect of such interest and penalties.

"**Tax Returns**" means any return, amended return, declaration or other report (including elections, declarations, schedules, estimates and information returns) required to be filed with any taxing authority with respect to any Taxes.

"**Termination Fee**" has the meaning set forth in Section 7.02(a).

"**The date hereof**" or "**the date of this Agreement**" shall mean the date first set forth above in the preamble to this Agreement.

"**Truth in Lending Act**" means the Truth in Lending Act of 1968, as amended.

"**Unresolved Response Action**" has the meaning set forth in Section 5.15(e).

"**USA PATRIOT Act**" means the USA PATRIOT Act of 2001, Public Law 107-56, and the regulations promulgated thereunder.

"**Voting Agreement**" or "**Voting Agreements**" shall have the meaning set forth in the recitals to this Agreement.

ARTICLE 9

MISCELLANEOUS

Section 9.01. *Survival*. No representations, warranties, agreements or covenants contained in this Agreement shall survive the Effective Time other than this Section 9.01 and any other agreements or covenants contained herein that by their express terms are to be performed after the Effective Time, including, without limitation, Section 5.10 of this Agreement.

Section 9.02. *Waiver; Amendment*. Prior to the Effective Time and to the extent permitted by applicable Law, any provision of this Agreement may be (a) waived by the party benefited by the provision, provided such waiver is in writing and signed by such party, or (b) amended or modified at any time, by an agreement in writing among the parties hereto executed in the same manner as this Agreement, except that after the Company Meeting no amendment shall be made which by Law requires further approval by the shareholders of Buyer or Company without obtaining such approval.

Section 9.03. *Governing Law; Choice of Forum; Jurisdiction; Waiver of Right to Trial by Jury; Process Agent*.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (except for mandatory effects of Florida or Arkansas law relating to the Merger or the Bank Merger, as applicable), without regard to the conflicts of law rules of such state.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT.

Each party certifies and acknowledges that (i) no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver, (ii) each party understands and has considered the implications of this waiver, (iii) each party makes this waiver voluntarily, and (iv) each party has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 9.03.

Section 9.04. *Expenses*. Except as otherwise provided in Section 7.02, each party hereto will bear all expenses incurred by it in connection with this Agreement and the transactions contemplated hereby, including fees and expenses of its own financial consultants, accountants and counsel.

Section 9.05. *Notices*. All notices, requests and other communications hereunder to a party, shall be in writing and shall be deemed properly given if delivered (a) personally, (b) by registered or certified mail (return receipt requested), with adequate postage prepaid thereon, (c) by properly addressed electronic mail delivery (with confirmation of delivery receipt), or (d) by reputable courier service to such party at its address set forth below, or at such other address or addresses as such party may specify from time to time by notice in like manner to the parties hereto. All notices shall be deemed effective upon delivery.

If to Buyer or Buyer Bank:

Bank of the Ozarks, Inc.
17901 Chenal Parkway
Little Rock, Arkansas 72223
Attn: Executive Vice President and Director of Mergers and Acquisitions

With a copy (which shall not constitute notice) to:

Kutak Rock LLP
124 W. Capitol Ave., Suite 2000
Little Rock, Arkansas 72201
Attn: H. Watt Gregory, III
Email: watt.gregory@kutakrock.com

If to Company or Company Bank:

C1 Financial, Inc.
100 5th Street South
St. Petersburg, Florida 33701
Attn: President and Chief Executive Officer

With a copy (which shall not constitute notice) to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, NY 10011
Attn: Manuel Garciadiaz; William L. Taylor
Email: manuel.garciadiaz@davispolk.com; william.taylor@davispolk.com

With a copy (which shall not constitute notice) to:

Shutts & Bowen LLP
1500 Miami Center
201 South Biscayne Boulevard
Miami, FL 33131
Attn: Bowman Brown; Alfred Smith
Email: bbrown@shutts.com; ASmith@shutts.com

Section 9.06. *Entire Understanding; No Third Party Beneficiaries*. This Agreement represents the entire understanding of the parties hereto and thereto with reference to the transactions contemplated hereby, and this Agreement supersedes any and all other oral or written agreements heretofore made. Except for the Indemnified Parties' rights under Section 5.10 and shareholders of Company with respect to Article 2, Buyer and Company hereby agree that their respective representations, warranties and covenants set forth herein are solely for the benefit of the other applicable parties hereto, in accordance with and subject to the terms of this Agreement, and this Agreement is not intended to, and does not, confer upon any Person (including any person or employees who might be affected by Section 5.11), other than the parties hereto, any rights or remedies hereunder, including, the right to rely upon the representations and warranties set forth herein. The representations and warranties in this Agreement are the product of negotiations among the parties hereto and are for the sole benefit of the parties hereto. Consequently, Persons other than the parties hereto may not rely upon the representations and warranties in this Agreement as characterizations of actual facts or circumstances as of the date of this Agreement or as of any other date.

Section 9.07. *Severability*. In the event that any one or more provisions of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, by any court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement and the parties shall use their commercially reasonable efforts to substitute a valid, legal and enforceable provision which, insofar as practical, implements the purposes and intents of this Agreement.

Section 9.08. *Enforcement of the Agreement*. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any courts of the United States or any state having jurisdiction without having to show or prove economic damages and without the requirement of posting a bond, this being in addition to any other remedy to which they are entitled at law or in equity.

Section 9.09. *Interpretation*.

(a) When a reference is made in this Agreement to sections, exhibits or schedules, such reference shall be to a section of, or exhibit or schedule to, this Agreement unless otherwise indicated. The table of contents and captions and headings contained in this Agreement are included solely for convenience of reference and shall be disregarded in the interpretation of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The parties acknowledge and agree that if an unreasonable condition is imposed on a consent, such consent will be deemed to have been withheld.

(b) The parties hereto have participated jointly in the negotiation and drafting of this Agreement and the other agreements and documents contemplated herein. In the event an ambiguity or question of intent or interpretation arises under any provision of this Agreement or any other agreement or document contemplated herein, this Agreement and such other agreements or documents shall be construed as if drafted jointly by the parties thereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of authorizing any of the provisions of this Agreement or any other agreements or documents contemplated herein.

(c) Any reference contained in this Agreement to specific statutory or regulatory provisions or to any specific Governmental Authority shall include any rule or regulation promulgated thereunder and any successor statute or regulation, or successor Governmental Authority, as the case may be. Unless the context clearly indicates otherwise, the masculine, feminine, and neuter genders will be deemed to be interchangeable, and the singular includes the plural and vice versa.

(d) Unless otherwise specified, the references to "Section" and "Article" in this Agreement are to the Sections and Articles of this Agreement. When used in this Agreement, words such as "herein", "hereinafter", "hereof", "hereto", and "hereunder" refer to this Agreement as a whole, unless the context clearly requires otherwise. When used in this Agreement, references to (i) "in respect of debt previously contracted" and similar phrases include actions taken in respect thereof such as foreclosure and similar proceedings and arrangements and (ii) "foreclosure" include other similar proceedings and arrangements including a deed in lieu.

Section 9.10. *Assignment*. No party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of the other party, and any purported assignment in violation of this Section 9.10 shall be void. Subject to the preceding sentence, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 9.11. *Counterparts*. This Agreement may be executed and delivered by facsimile or by electronic data file and in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that all parties need not sign the same counterpart. Signatures delivered by facsimile or by electronic data file shall have the same effect as originals.

Section 9.12. *Disclosure Schedules*. The parties hereto agree that any reference in a particular Section of either the Company Disclosure Schedule or the Buyer Disclosure Schedule shall only be deemed to be an exception to (or, as applicable, a disclosure for purposes of) the representations and warranties or covenants, as applicable, of the relevant party that are contained in the corresponding Section of this Agreement and any other representations, warranties or covenants of such party that are contained in this Agreement, but only if the relevance of that reference as an exception to (or a disclosure for purposes of) such representations, warranties and covenants would be readily apparent to a reasonable person who has read that reference and such representations, warranties or covenants without any independent knowledge on the part of the reader regarding the matter(s) so disclosed. The mere inclusion of an item in either the Company Disclosure Schedule or the Buyer Disclosure Schedule as an exception to a representation, warranty or covenant shall not be deemed an admission that such item represents a material exception or material fact, event or circumstance or that such item has had or would reasonably be expected to have a Material Adverse Effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in counterparts by their duly authorized officers, all as of the day and year first above written.

BANK OF THE OZARKS, INC.

By: /s/ Dennis James
Name: Dennis James
Title: Executive Vice President and Director of Mergers and Acquisitions

BANK OF THE OZARKS

By: /s/ Dennis James
Name: Dennis James
Title: Executive Vice President and Director of Mergers and Acquisitions

C1 FINANCIAL, INC.

By: /s/ Trevor Burgess
Name: Trevor Burgess
Title: President and Chief Executive Officer

C1 BANK

By: /s/ Trevor Burgess
Name: Trevor Burgess
Title: President and Chief Executive Officer

Exhibit 12.1

Bank of the Ozarks
Calculation of Ratio of Earnings to Fixed Charges

The following table presents the calculation of the consolidated ratio of earnings to fixed charges for the periods presented.

	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017	Years Ended December 31, 2016	2015	2014	2013	2012
	(Dollars in thousands)						
Earnings:							
Add:							
Net income before income taxes	$144,014	$280,643	$424,358	$276,769	$172,447	$131,414	$110,999
Fixed charges	26,341	49,666	61,813	28,041	21,225	18,831	21,825
Other	2	6	2	2	1	3	4
Less:							
Interest capitalized	(46)	(122)	(47)	(30)	(24)	(24)	(24)
Noncontrolling interest of subsidiaries	(6)	16	101	61	(18)	28	20
Earnings	$170,305	$330,209	$486,227	$304,843	$193,631	$150,252	$132,824
Fixed Charges:							
Interest expense:							
Deposits	$ 21,479	$ 39,856	$ 48,593	$ 17,716	$ 8,566	$ 6,103	$ 8,982
FHLB advances, subordinated notes and subordinated debentures	4,574	9,195	12,457	9,852	12,389	12,531	12,618
Interest capitalized	46	122	47	30	24	57	70
Estimated interest included within rental expense	242	493	716	443	246	140	155
Preferred dividend requirements	—	—	—	—	—	—	—
Fixed charges	$ 26,341	$ 49,666	$ 61,813	$ 28,041	$ 21,225	$ 18,831	$ 21,825
Ratio of Earnings to Fixed Charges (including deposit interest)	6.47	6.65	7.87	10.87	9.12	7.98	6.09
Ratio of Earnings to Fixed Charges (excluding deposit interest)	30.61	29.60	33.10	27.81	14.62	11.33	9.64

The ratio of earnings to fixed charges is computed in accordance with item 503 of Regulation S-K by dividing (1) income before income taxes, fixed charges and amortization of capitalized interest, less interest capitalized and noncontrolling interest in income of subsidiaries that have not incurred fixed charges by (2) total fixed charges. For purposes of computing this ratio:

- fixed charges, including interest on deposits, include all interest expense, interest capitalized and the estimated portion of rental expense attributable to interest, net of income from subleases; and
- fixed charges, excluding interest on deposits, include interest expense (other than on deposits), interest capitalized and the estimated portion of rental expense attributable to interest, net of income from subleases.

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY
ACT OF 2002

I, George Gleason, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bank of the Ozarks;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2017

/s/ George Gleason
George Gleason
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Greg McKinney, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bank of the Ozarks;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2017

/s/ Greg McKinney
Greg McKinney
Chief Financial Officer and
Chief Accounting Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the accompanying Quarterly Report of Bank of the Ozarks (the Bank) on Form 10-Q for the period ended June 30, 2017, as filed with the Federal Deposit Insurance Corporation on the date hereof (the Report), I, George Gleason, Chairman and Chief Executive Officer of the Bank, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 8, 2017

/s/ George Gleason
George Gleason
Chairman and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report of Bank of the Ozarks (the Bank) on Form 10-Q for the period ended June 30, 2017, as filed with the Federal Deposit Insurance Corporation on the date hereof (the Report), I, Greg McKinney, Chief Financial Officer and Chief Accounting Officer of the Bank, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, to my knowledge, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 8, 2017

/s/ Greg McKinney
Greg McKinney
Chief Financial Officer and
Chief Accounting Officer