



2014

annual report

H I G H Q U A L I T Y

FORUM

IBERIABANK
Corporation™

financial highlights

For The Year Ended December 31,

| | 2014 | 2013 | % Change |
|---|------------|------------|----------|
| <i>(Dollars in thousands, except per share data)</i> | | | |
| Income Data | | | |
| Net Interest Income | \$460,111 | \$390,244 | 18% |
| Net Interest Income (TE) ⁽¹⁾ | 468,720 | 399,696 | 17% |
| Net Income | 105,450 | 65,103 | 62% |
| Earnings Available to Common Shareholders - Basic | 105,450 | 65,103 | 62% |
| Earnings Available to Common Shareholders - Diluted | 103,765 | 63,894 | 62% |
| Per Share Data | | | |
| Earnings Available to Common Shareholders - Basic | \$3.32 | \$2.20 | 51% |
| Earnings Available to Common Shareholders - Diluted | 3.30 | 2.20 | 50% |
| Book Value Per Common Share | 55.39 | 51.40 | 8% |
| Tangible Book Value Per Common Share ⁽²⁾ | 39.11 | 37.17 | 5% |
| Cash Dividends | 1.36 | 1.36 | - |
| Number of Shares Outstanding | | | |
| Basic Shares (Average) | 31,824,516 | 29,605,088 | 7% |
| Diluted Shares (Average) | 31,433,021 | 29,105,098 | 8% |
| Book Value Shares (Period End) ⁽³⁾ | 33,453,404 | 29,786,544 | 12% |
| Key Ratios ⁽⁴⁾ | | | |
| Return on Average Assets | 0.72% | 0.50% | |
| Return on Average Common Equity | 6.17% | 4.26% | |
| Return on Average Tangible Common Equity ⁽²⁾ | 9.05% | 6.20% | |
| Net Interest Margin (TE) ⁽¹⁾ | 3.51% | 3.38% | |
| Efficiency Ratio | 74.9% | 84.6% | |
| Tangible Efficiency Ratio (TE) ^{(1) (2)} | 72.6% | 82.1% | |
| Average Loans to Average Deposits | 89.7% | 82.6% | |
| Nonperforming Assets to Total Assets ⁽⁵⁾ | 1.43% | 2.78% | |
| Allowance for Loan Losses to Loans | 1.14% | 1.51% | |
| Net Charge-offs to Average Loans | 0.05% | 0.04% | |
| Average Equity to Average Total Assets | 11.67% | 11.75% | |
| Tier 1 Leverage Ratio | 9.36% | 9.70% | |
| Common Stock Dividend Payout Ratio | 42.0% | 62.1% | |
| Tangible Common Equity Ratio | 8.60% | 8.55% | |
| Tangible Common Equity to Risk-Weighted Assets | 10.38% | 10.39% | |

(1) Fully taxable equivalent (TE) calculations include the tax benefit associated with related income sources that are tax-exempt using a marginal tax rate of 35%.

(2) Tangible calculations eliminate the effect of goodwill and acquisition-related intangible assets and the corresponding amortization expense on a tax-effected basis where applicable.

(3) Shares used for book value purposes exclude shares held in treasury at the end of the period.

(4) All ratios are calculated on an annualized basis for the period indicated.

(5) Nonperforming assets consist of nonaccruing loans, accruing loans 90 days or more past due, and other real estate owned, including repossessed assets.

Directors of IBERIABANK Corporation are: Elaine D. Abell; Harry V. Barton, Jr.; Ernest P. Breaux, Jr.; Daryl G. Byrd; John N. Casbon; Angus R. Cooper II; William H. Fenstermaker; John E. Koerner III; O. Miles Pollard, Jr.; E. Stewart Shea III; and David H. Welch, Ph.D.

IBERIABANK Corporation is a financial holding company with consolidated assets at December 31, 2014 of \$15.8 billion. IBERIABANK Corporation and its predecessor organizations have served clients for 127 years. The Corporation's subsidiaries include IBERIABANK, Lenders Title Company, IBERIA Wealth Advisors, IBERIA Capital Partners, IB Aircraft Holdings, and IBERIA CDE.

Growth

In 2014, we achieved growth across nearly all fronts. We not only grew in size, but most importantly added extraordinary markets to our footprint, talented people to our team, and quality clients to our portfolio. This year's annual report highlights the progress we have made with our legacy franchise, return on our investments, and the opportunities associated with the acquisitions we both completed and announced during the year.

The strong high-quality growth we achieved is a testament to our people. Their dedication, hard work, and extraordinary talent are the catalysts that help us meet and exceed the expectations of our clients, communities, and shareholders.



Without continual growth and progress, such words as improvement, achievement, and success have no meaning.

Benjamin Franklin



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President's letter to shareholders

Dear Shareholders,

I am pleased to report our Company achieved significant progress in 2014 toward attaining the strategic goals that we set in 2011. The progress during the year was exemplified by significant client growth and improvement in key financial operating results. Investors have been critical of companies that focus too intently on growth at the expense of financial performance, or vice versa—we believe both of these characteristics are important determinants of value creation for our constituents. As a result, we worked aggressively to maintain a balanced approach between growth and financial performance, with the goal of achieving improvement in both dimensions. We are very proud of our many achievements in 2014 and the unique position we occupy within the financial services industry.

The improved financial performance in 2014 was multifaceted. During 2014, we focused on growing our top-line revenues; improved our balance sheet efficiency; launched and completed our second round of expense reduction initiatives; monitored continuous expense containment; and enhanced credit quality. As a result of these efforts, our revenues grew faster than expenses, which improved operating efficiency and bottom-line earnings.

Through the revenue growth and expense containment initiatives, our total tax-equivalent operating revenues increased \$74 million in 2014 compared to 2013, while our operating expenses increased \$17 million. In other words, we experienced a \$4.35 improvement in operating revenues for each dollar increase in operating expense, or alternatively, a 23% marginal efficiency ratio on revenues added during the year. As a result, our tangible operating efficiency ratio improved from 75% in 2013 to 69% in 2014. While I am pleased with the results, we expect to do even better.

We completed a \$10.7 million annualized profitability improvement initiative in 2014, which followed an expense savings initiative launched and completed in 2013, totaling \$24 million in annualized benefits. Approximately two-thirds of the 2014 improvement entailed personnel expense reductions, and the remaining one-third were other expense savings. We continue to be a significant employer in the markets in which we operate. We have nearly 1,400 associates throughout Louisiana, approximately 500 in Arkansas, 374 in Florida, 273 in Alabama, and nearly 300 associates in other states.

Banking is a people business. We are very fortunate to have an exceptionally talented group of leaders and a deep bench to develop into future leaders. Recently, three of our longer-tenured leaders retired after many years of service with our Company. Rita Kleinpeter, the leader of our indirect automobile business, retired after serving over 20 years in that role. George Becker, who served in many executive roles at our Company, including Northeast Louisiana Market President, Corporate Secretary, and Director of Corporate Operations, retired after 15 years of service. Finally, Chuck Quick, President of IBERIABANK Mortgage Company and our longest tenured associate at 43 years of continuous service, retired in 2014. I sincerely thank these three individuals for their many years of dedication to our Company and wish them well in retirement.

During the year, we also continued to develop our senior leadership team. Bill Edwards, former President of BancorpSouth Mortgage, was promoted to President of IBERIABANK Mortgage Company upon Chuck's retirement. In addition, Kevin Rafferty was named Texas Regional President, and Carmen Jordan was promoted to Houston Market President. Our commercial banking business expanded with

the addition of Donna Kasmiersky, based in Dallas, Texas, to lead our Treasury Management effort, and David Shutley, based in Atlanta, Georgia, to lead our capital markets business, which provides swaps and derivative services to our bank clients.

The diversification of our product set, revenue streams, funding sources, and geographic markets resulted in enhanced returns and reduced risk for our shareholders.

From a geographic diversification perspective, our bank franchise entered new markets in Arkansas and Tennessee in 2007; Alabama and Texas in 2010; Florida in 2009, 2010, and 2012; and Louisiana in 2011. In 2014, we successfully completed, converted, and integrated Teche Holding Company in south central Louisiana, First Private Bancorp, Inc., in Dallas, and the Memphis operations of a regional bank holding company. In addition, we signed agreements to acquire by merger Florida Bank Group, Inc., based in Tampa; Old Florida Bancshares, Inc., based in Orlando; and Georgia Commerce Bancshares, Inc., based in Atlanta. As a result of this geographic expansion, total loans outside of Louisiana increased from 4% at year-end 2004 to over half at year-end 2014 (and 59% if we include the pending acquisitions), and total deposits outside of Louisiana increased from 1% to almost half of total deposits over that same period (and 57% if we include the pending acquisitions).

Over the last several years, we invested in fee income businesses, including IBERIABANK Mortgage Company, Lenders Title Company, IBERIA Wealth Advisors, IBERIA Capital Partners, and the treasury management business at IBERIABANK. As a result of those investments, fee income totaled \$174 million in 2014. Fee income accounted for 27% of our total revenues in 2014, compared to an average of 23% at U.S. bank holding companies with total assets of between \$10 billion and \$50 billion and 15% on average for all banks in the United States.

We have made great progress in resolving troubled assets purchased from the FDIC at steep discounts associated with FDIC-assisted acquisitions and acquired impaired loans in live bank acquisitions. In 2009, loans covered under FDIC loss-share agreements totaled \$2 billion (net of discounts), of which \$890 million, or 53%, were classified as non-performing. By year-end 2014, these loans had declined to \$445 million, of which \$86 million, or 17%, were non-performing. At its peak, the FDIC indemnification assets totaled nearly \$1 billion. By year-end 2014, that obligation had declined to \$70 million, including a \$93 million, or 57%, decline during 2014.

Excluding the \$275 million reduction in FDIC-covered loans and \$844 million in net acquired loan growth, we experienced very strong client growth in 2014. Our legacy organic loan growth (which excludes assets that were acquired) between December 31, 2013, and December 31, 2014, was \$1.4 billion, or 17%. In addition, we acquired \$1.0 billion in loans via bank acquisitions that were completed during 2014. Similarly, legacy organic deposit growth totaled \$666 million, or 6%, between year-ends 2013 and 2014, and acquired deposits totaled \$1.1 billion. Overall, we experienced very strong growth in 2014.

Our net interest margin improved 13 basis points in 2014 compared to 2013, while our peers averaged a three basis point decline and the aggregate banking industry experienced a one basis point decline. We provided net interest margin guidance to the investment community during much of 2014 and generally exceeded that guidance throughout the year. In addition, we provided guidance for the tangible operating efficiency ratio and fully diluted operating earnings per share ("EPS") during much of 2014 as well. Historically, we have been reluctant to provide such forward-looking guidance; however, we believe the rapidly changing economic environment and our many "moving parts" warranted such assistance.

In 2014, we earned \$105 million on a GAAP basis and \$119 million on an operating basis, up \$26 million, or 29%, compared to 2013. EPS was \$3.30 per share in 2014 and \$3.73 per share on an operating basis, up \$0.61, or 20%, compared to 2013. The operating EPS result of \$3.73 per share was above the EPS guidance range we provided to the investment community during 2014.

Our improvement in profitability in 2014 was driven by our focus on increasing revenues, reducing (and subsequently containing) costs, and maintaining stellar asset quality. This efficient delivery of high-quality products and services to our clients requires continuous investment in new operating systems and improvements in delivery channels as client preferences change. During 2014, we acquired 26 locations, opened four new locations, closed 13 locations and enhanced the client experience. We also invested heavily in new technologies during 2014 to continuously ensure the safeguarding of our Company's information technology infrastructure and protect our clients from attack and intrusion by bad guys. Cybercrime has become a growing industry concern, and we strive to stay well ahead of potential threats and challenges.

Over the past 15 years, our Company faced many obstacles and explored numerous opportunities. At times, we had to take some "tough medicine," but we also reveled in great successes. The constant throughout that period was an unwavering commitment to our clients, associates, community, and shareholders. This commitment serves as the foundation for our mission statement and our culture.

Mission Statement

- Provide exceptional value-based client service
- Great place to work
- Growth that is consistent with high performance
- Shareholder focused
- Strong sense of community

I am very proud of our team's many accomplishments in 2014 and the growth we continue to experience. With this growth, I continue to challenge our leaders and associates to gain the efficiencies of a larger organization while maintaining the close client contact and agility of a smaller organization. While challenging, this endeavor remains a distinct competitive advantage of our organization.

We appreciate your continued support of our Company as we strive to deliver on our stated mission and our strategic goals.

Sincerely,



Daryl G. Byrd
President and Chief Executive Officer

chairman's letter

Dear Shareholders,

The Board of Directors of our Company represents the shareholders' interests in achieving a successful business and increasing shareholder value. Our board members are elected to serve on our board as the ultimate decision-making body of the Company, except for those matters reserved to the shareholders. Our board has responsibility to the Company's various constituents – shareholders, associates, clients, communities, and regulators. The Board ensures the Company operates with the highest professional, ethical, legal, and socially responsible standards.

The notions of companies owned by shareholders and use of boards of directors are very old indeed. Companies owned jointly by independent shareholders and the term "stockholder" were first introduced in the 16th century. The concepts of forming a group of individuals elected by shareholders, to have that group represent the shareholders, and to hold annual meetings were formulated later in the 17th century. In fact, the term "director" was pioneered by the Bank of England in 1694. It wasn't until the 18th century that the first company adopted a separation of duties between the chairman of the board and the operating principal of the company (in today's terms, the CEO) – a concept we continue to embrace. Members of our board of directors are honored and proud to serve as your representatives, and we recognize the importance of our corporate governance and oversight responsibilities.

Our Company also has very active advisory boards that assist our organization to better understand and react to local market dynamics, opportunities, and challenges. Our 188 advisory board members proudly serve on 15 advisory boards from Texas to south Florida. Our most recent addition was our Dallas advisory board,

which formed in 2014 upon the completion of the First Private Bank acquisition in that market. We anticipate forming additional advisory boards in 2015 in Tampa Bay, Central Florida, Atlanta, and possibly Jacksonville, upon completion of three pending acquisitions announced in the fourth quarter of 2014.

Given the evolving regulatory environment in 2014, our Company's board of directors was very active in compliance and corporate governance activities. During the year, the Company completed and successfully submitted the financial modeling required under the Federal Reserve's Dodd-Frank Act Stress Test ("DFAST") process for bank holding companies with total assets between \$10 billion and \$50 billion. The DFAST process encompasses comprehensive inputs, multifaceted regression analyses, financial analytics, and econometric scenario modeling, ultimately providing feedback to strategic planning and decision-making. The process required approximately 8,500 man-hours and cost nearly \$3 million to complete.

We take our compliance and community involvement responsibilities very seriously. In 2014, we continued to build upon our successful programs associated with the Community Reinvestment Act (CRA), Fair Lending Act, Bank Secrecy Act (BSA), and Anti-Money Laundering (AML) laws and regulations.

A core part of our corporate mission statement has always been to give back to the communities in which we serve our clients. With the growth of our Company, we have the opportunity to reach out to our communities more broadly and deeply than ever before. We not only take our financial donations and support of nonprofit and civic organizations very seriously, we also encourage our associates to get involved. In

2014, our associates served more than 10,000 hours to benefit our communities in various and impactful ways, such as through teaching financial literacy, serving on non-profit boards, and volunteering to help those individuals and groups in need. I am very proud of our sustained community focus.

Our board was also actively engaged throughout the year in its shareholder responsibilities. Our Company is very strategically and financially focused. During 2014, we refined our Strategic Plan, reviewed and challenged a granular and rigorous budgeting process, and set challenging short-term and long-term goals for our Company. Those goals included various measures demonstrating significant improvements in operating efficiency, bottom-line earnings, operating EPS, and high-quality growth. On January 28, 2014, we reaffirmed our 2011 strategic goals with targeted achievement by the end of 2016. The key long-term financial goals are as follows:

- Return on average tangible equity of 13%-17%. Measured on an operating basis by the end of the fourth quarter of 2016;
- Tangible efficiency ratio of 60% or less. Measured on an operating basis by the end of the fourth quarter of 2016;
- Asset quality measures in the top 10% of our peers. Measured as nonperforming assets as a percent of total assets and annualized net charge-offs to average loans (in both cases excluding FDIC covered assets and acquired assets) throughout the period ending December 31, 2016; and
- Double-digit percentage growth in fully diluted earnings per share. Measured on an annual operating basis throughout the period ending December 31, 2016.

To ensure consistent leadership focus and appropriate incentives in achieving the key long-term financial goals and improved operating performance, the Compensation Committee of the Board of Directors redesigned the incentive programs for executive officers in 2014. The Committee placed greater focus on pre-established performance objectives and targets, which are intended to reward long-term shareholder value creation. In addition to having a greater portion of executive compensation based on performance metrics as opposed to time-based compensation, the program also places greater focus on explicit quantitative measures to closely align with the path to improved performance and strategic goal attainment. The quantitative measures are set annually by the Compensation Committee, based on targeted performance. The metrics for senior executive officers for 2014 were as follows:

- Balance sheet growth. Measured as year-over-year average asset growth over the planning period;
- Return on average tangible equity. Measured on an operating basis over the planning period;
- Fully diluted earnings per share. Measured on an annual operating basis over the planning period;
- Asset quality-related metrics. Measured as annual net charge-offs to average loans and nonperforming assets to total assets over the planning period; and
- Total shareholder return. Evaluated compared to the KBW Regional Bank Index over the planning period.

Through this process, we provide a strong linkage by setting challenging long-term goals, aligning executive compensation to those goals, and carefully monitoring progress to ensure appropriate execution with the utmost in integrity and professional care. To close the loop with shareholders, our Compensation Committee members received feedback from institutional investors through an extensive investor outreach program that was completed in the fourth quarter of 2014. The solicited feedback included investors' views regarding the Company's goals, financial progress, executive compensation program structure, and corporate governance. The feedback received was reviewed extensively by our board, which found the feedback very insightful and helpful. Despite significant economic headwinds, the leadership team of the Company was highly focused and challenged throughout the year and progressed well toward attainment of our stated strategic goals. Importantly, the board, leadership team, and shareholders of our Company share the common vision to reduce risk and improve shareholder returns.

By various measures of risk, we believe our Company has historically maintained a lower risk posture than our peers and industry averages in many categories, including asset quality, interest rate, compliance, and operations. One example is asset quality. Throughout 2014, our ratio of legacy non-performing assets to total assets was in the top 12% to 15% of all banks in the United States. Our board and leadership team closely monitor risk exposures and concentration measures using a well-honed and robust risk management process.

Shareholder return is of great importance as well. Investors measure total return as the sum of the increase in the price of a company's common stock over a one-year time frame plus cash dividends received over that period. We believe there is a strong long-term linkage between improvement in operating EPS and share price improvement. In 2014, our operating EPS increased \$0.61, while the price of our common stock increased \$2.00 per share to end the year at \$64.85, or an increase of 3%. With our annual cash dividend to shareholders of \$1.36 per share, the resulting total shareholder return equated to 5.3% for 2014. Our annual cash dividend equated to a 41% dividend payout ratio during the year.

Our Company continues to work very hard to improve long-term shareholder returns by enhancing our operating efficiency, expanding revenues, and growing the client base in a high quality manner.

Thank you for your continued support.

Regards,



William H. Fenstermaker
Chairman of the Board

A Legacy of Growth

DOING IT THE RIGHT WAY



IBERIABANK was founded in 1887 in New Iberia, Louisiana. It took 63 years to reach the total asset threshold of \$1 million, and another 48 years to reach the \$1 billion total asset threshold in 1998. Hurricane Katrina made landfall seven years later, and shortly thereafter, the Company had grown to \$3 billion in total assets. In nine more years (year-end 2014), the Company grew an additional five-fold to nearly \$16 billion. Including the three acquisitions pending at year-end 2014, the pro forma assets of the Company would be nearly \$19 billion. Importantly, the Company's client growth was achieved without the sacrifice of exceptional client service and asset quality.

The primary sources of client growth are the Company's business model, strategic focus, and talented associates. The Company's expansion occurs on many different fronts and in many different forms, including entrance into new markets, acquisitions, organic client growth, segment focus, enhanced earnings, and capital deployment. The ultimate beneficiaries

of this growth are our constituents: clients, shareholders, associates, and communities.

The Company believes shareholder value creation is driven primarily by recruiting and retaining exceptionally talented and hard-working associates, high-quality client growth, and maintaining efficient operations. A robust risk management process is critical to ensure these components of value creation are managed consistently with the Company's risk appetite and the evolving operating environment. Over the last several years, the Company successfully completed significant investments in its comprehensive risk management infrastructure. These infrastructure improvements included new credit grading systems, profitability measurement and reporting systems, product review processes, and risk management oversight. These improvements ensure all aspects of growth within the organization are carefully planned, measured, and reported, and ultimately deliver the intended results.



Everyone wants to live on top of the mountain, but all the happiness and growth occurs while you are climbing it.

Andy Rooney



Channeling Our Growth

MARKETS AND DISTRIBUTION CHANNELS



The Company's client reach involves many different delivery channels and client touchpoints, including physical facilities (branch, non-branch, drive-through, and other limited service facilities), ATMs, call centers, online banking, mobile banking, and direct client contact.

In 2005, the Company served clients through 44 physical locations in Louisiana. By year-end 2014, the number of locations grew six-fold to 280 in 10 states.

On a pro forma basis with pending acquisitions at year-end 2014, the Company had 86 commercial banking offices in Louisiana, 65 in Florida, 32 in Arkansas, 17 in Alabama, nine in Georgia, eight in Texas, and six in Tennessee.

The Company deploys two distinct branching strategies - a niche focus in large markets and a full-service focus in smaller markets. First, in markets with large populations, competing with the full-service, extensive branch franchises and expensive advertising strategies of much larger banking giants is very challenging and costly. Therefore, a limited, but convenient branch

system targeting commercial and private banking clients works best. An example of this strategy is the Company's Houston franchise, which has been very successful attracting clients in a very large market with only seven offices.

In select markets, a second, broader strategy is deployed that not only serves the bank's commercial and private banking clients, but also conveniently serves consumer and small business clients. This more expansive approach works when the Company has the opportunity to gain significant market share and have strong brand awareness. The best example of this strategy is the Company's Acadiana franchise where dominant market share and the most convenient branching system in the region are tremendous advantages. While this branching strategy provides coverage across the market to reach a broad client base, the Company has been very strategic in branch placement and conscientious about the number of branches needed to be effective. In fact, as larger banks are shedding branches, the Company believes its franchise is appropriate in size and is achieving optimal efficiency.

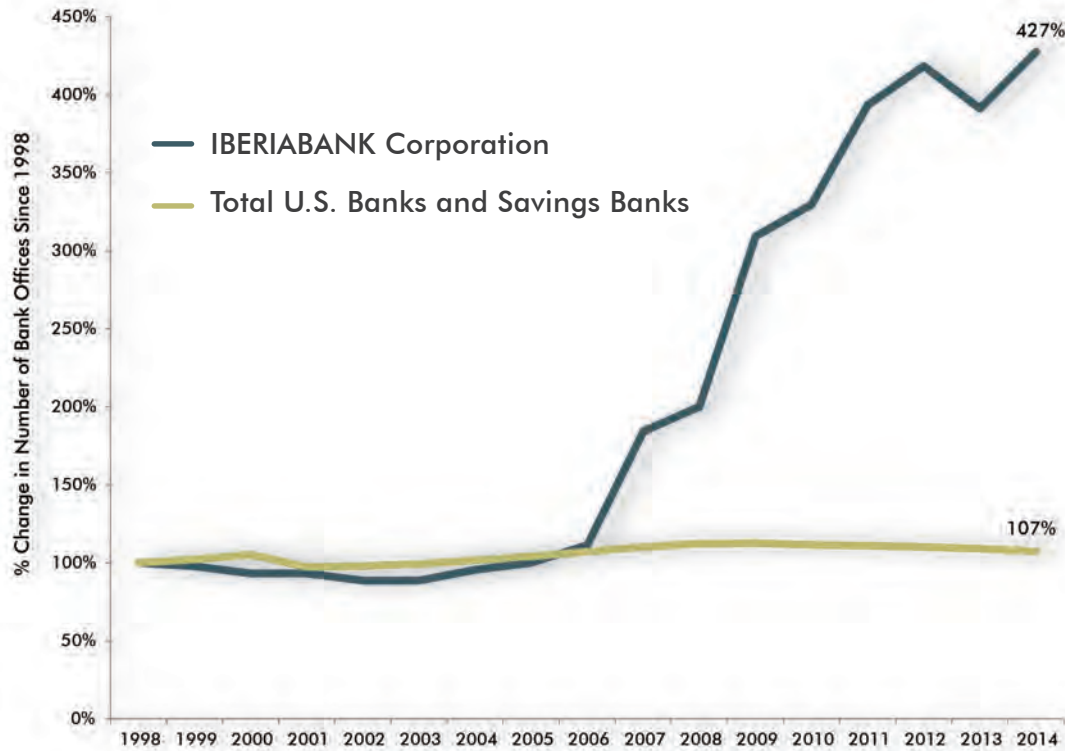


What counts is not necessarily the size of the dog in the fight – it's the size of the fight in the dog.

General Dwight D. Eisenhower



TREND IN NUMBER OF U.S. COMMERCIAL BANK OFFICES SINCE 1998



Source: SNL

As shown in the chart above, the banking industry has remained flat in regard to adding branches. Most of the Company's increase in branches has been tied to acquisitions and the select few branches recently built are designed to target very specific audiences, are smaller in size and cost, and offer the latest technology to meet clients' expectations. One branch worth highlighting is the new location in the University of Alabama medical complex in Birmingham, Alabama. This high-tech branch, pictured below, is approximately 1,100 square feet and is strategically positioned to take advantage of the opportunities affiliated with the 1,157-licensed-bed hospital and the other significant traffic in this medical corridor.



Using a combination of the niche strategy in larger markets and selectively deploying a full-service focus in a few particular smaller markets, the Company has expanded in a cost-effective and scalable manner. Including the pending acquisitions, the Company will have a niche commercial banking presence in each of the five most populous markets in the southeastern United States and in 10 of the top 17 metropolitan statistical areas ("MSAs"). The 34 MSAs in which the Company will have a banking presence possess an aggregate population of nearly 43 million people, or approximately 13% of the nation's population base. The Company's pro forma \$14 billion deposit base would account for less than 2% of the \$1.1 trillion in total deposits in those MSAs, suggesting significant future client expansion opportunities for the Company. The historical population growth in the Company's MSAs was 51% better than the national average over the last five years and is projected to be 40% better than the national average over the next five years.

In addition, the lack of economic correlation between many of the Company's markets results in substantial geographic diversification. The benefits of this diversification are made evident when declines in a particular geographic area and segment (such as energy in Houston) are offset by increases in a different geographic area and segment (such as owner-occupied real estate in certain Florida and Georgia MSAs).

The charts on the following page show the Company's loan and deposit mixes by state over the last several years. Of particular note is the variety of growth evident in each of the states.

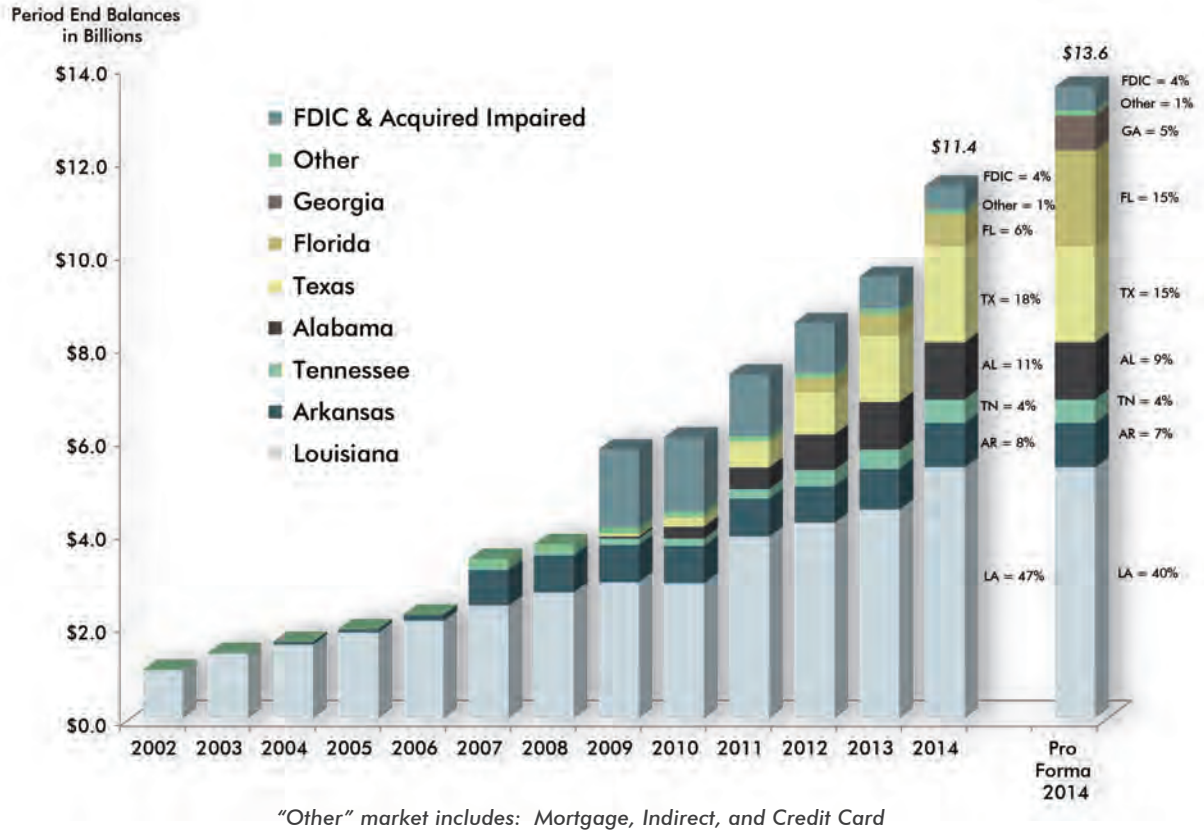
The Company added 15 bank branch offices in 2014, primarily as a result of completed bank acquisitions. In 2014, the Company completed the branch acquisition of Memphis-based

Trust One Bank, a subsidiary of Synovus Bank; the whole bank acquisitions of Teche Holding Company, based in south central Louisiana; and First Private Holdings, Inc., based in Dallas, Texas. In the Memphis acquisition, the Company acquired four branches in Memphis and subsequently closed one of those branches. The Company acquired 20 branches in the Teche acquisition and consolidated nine branches, resulting in a net add of 11 branches. The First Private acquisition added two branches in the Dallas market. Finally, the Company opened two new bank branches and closed three existing bank branches in 2014.

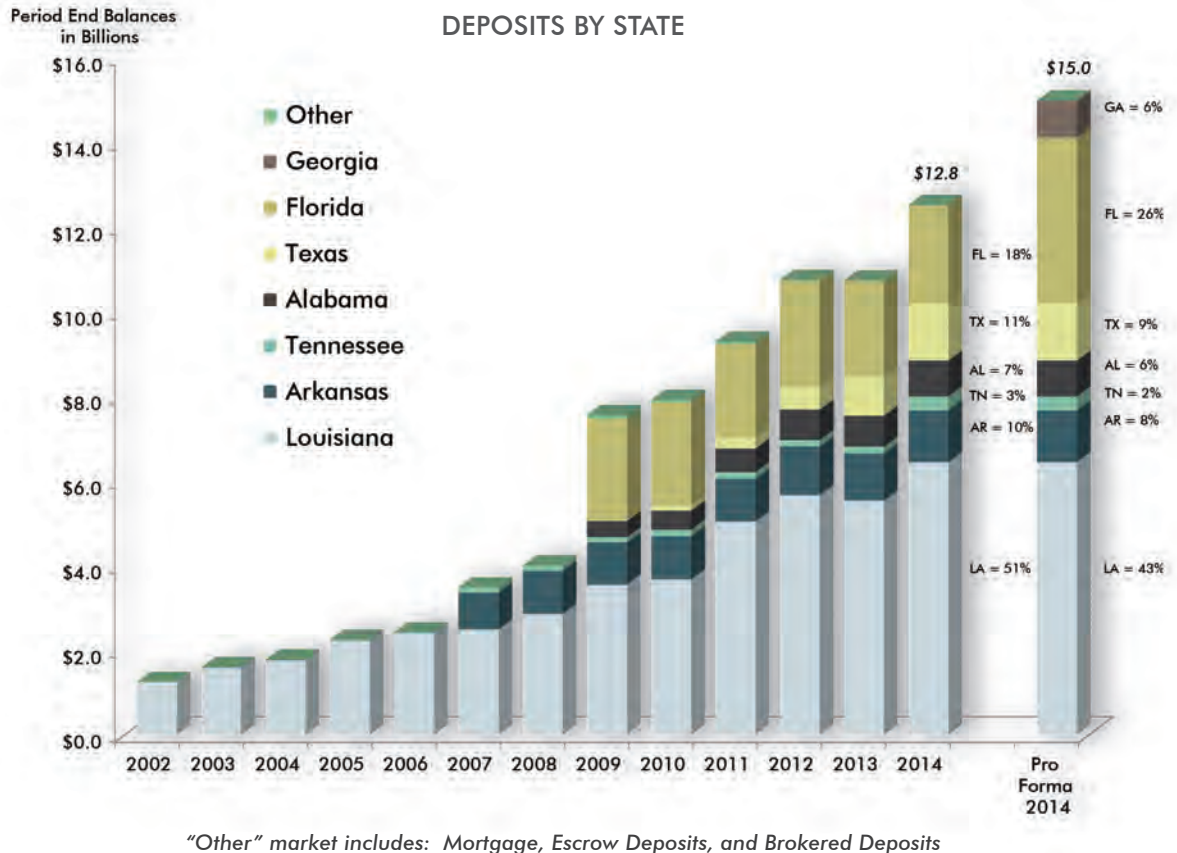
The Company continued to optimize its fee income business distribution system. In aggregate, these businesses total 89 locations, a decrease of two locations from year-end 2013. During 2014, the mortgage origination business opened one new location and closed five locations for a net reduction of four locations, ending 2014 with 57 locations. The title insurance business added two offices during 2014 to end the year with 23 locations.

The Company has 232 ATMs throughout the bank's footprint. The aggregate number of the Company's teller transactions was stable over the last several years, despite significant growth in the number of clients. ATM and mobile banking deposit transactions grew over the same period. Of particular note, mobile banking has exhibited a very rapid adoption rate. In just a few years since its introduction, the Company has approximately 70,000 mobile banking users. More than three-quarters of online banking clients also use mobile banking for their banking needs. By year-end 2014, ATM and mobile banking deposits accounted for greater than 10% of the Company's teller deposit transaction activity.

LOANS BY STATE



DEPOSITS BY STATE



Acquisitions in 2014

TECHE FEDERAL BANK



1410 Rees Street | Breaux Bridge



3524 South Sherwood Forest Boulevard | Baton Rouge



1120 Jefferson Terrace Boulevard | New Iberia



2602 Johnston Street | Lafayette

FIRST PRIVATE BANK



2500 N. Dallas Parkway, Suite 100 | Plano



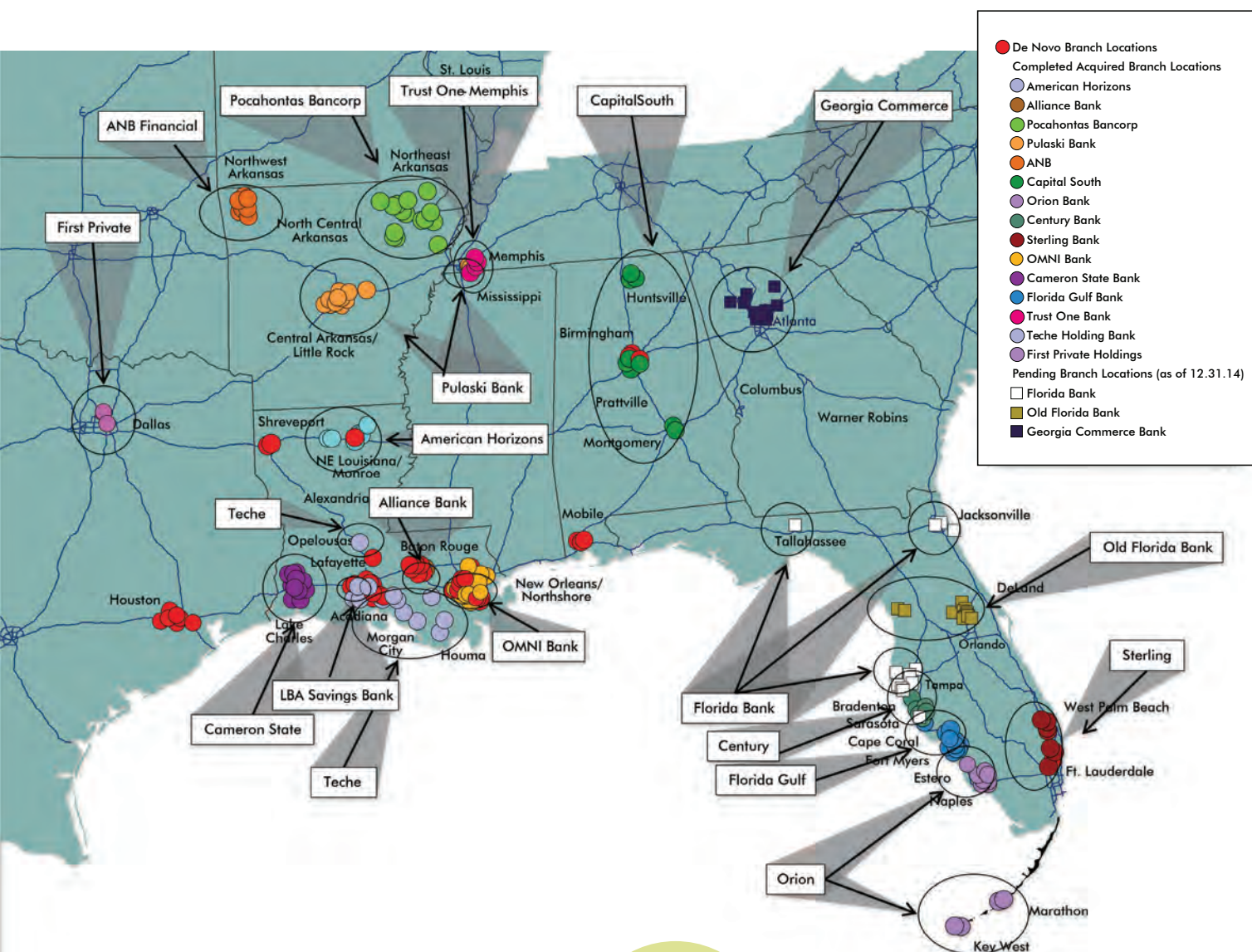
8201 Preston Road, Suite 200 | Dallas

Growing Bold Together

ACQUIRING THE RIGHT PARTNERS

Since 2001, the Company completed 21 acquisitions in five states and had three acquisitions pending completion at year-end 2014. According to SNL Financial, LLC, the Company was one of the most active bidders and acquirers of FDIC-assisted transactions in the United States and one of the most active acquirers of live banks since 2010. The Company's completed acquisitions include five FDIC-assisted acquisitions in three states, 10 live bank acquisitions in five states, one purchase of branches, three title insurance acquisitions, and two wealth management/trust acquisitions. Aggregate purchases equated to \$12.3 billion in total assets, \$7.5 billion in loans, and \$9.8 billion in deposits.

IBERIABANK LOCATIONS – DE NOVO AND ACQUISITIONS



The Company was very active on the commercial bank acquisition front in 2014 as well. On January 17, 2014, the Memphis operations of a regional competitor were acquired, with the branch and operating system conversions completed on January 18-19, 2014. On May 31, 2014, Louisiana-based Teche Holding Company was acquired, and the branch and operating systems were converted on June 28-29, 2014. On June 30, 2014, Dallas-based First Private Holdings, Inc., was acquired and the branch and operating systems were converted on September 6-7, 2014. In aggregate, these three acquisitions added \$1.5 billion in total assets, \$1.1 billion in loans, and \$1.1 billion in deposits.

The Company is well-versed in the due diligence, merger, conversion, and integration processes necessary for the successful completion and assimilation of acquisition partners. In addition, the Company has demonstrated on four separate occasions the ability to successfully complete, convert, and integrate multiple transactions in tandem. In aggregate, the projected loan and deposit run-off associated with the 2014 acquisitions was less than projected, loan and deposit growth was better than expected, and the synergistic benefits were better than expected.

In the fourth quarter of 2014, the Company announced the signing of definitive agreements to acquire by merger three large community banks. The announced acquisitions of Florida Bank Group, Inc. ("Florida Bank"), based in Tampa, Florida, Old Florida Bancshares, Inc. ("Old Florida"), based in Orlando, Florida, and Georgia Commerce Bancshares, Inc. ("Georgia Commerce"), based in Atlanta, Georgia, were

expected to be completed in the first half of 2015. On December 31, 2014, the three pending acquisitions had total assets of \$3.0 billion, gross loans of \$2.1 billion, and total deposits of \$2.5 billion.

In aggregate, the acquisitions announced or completed in 2014 increased the Company's size by approximately one-third in terms of total assets, loans, and deposits. These acquisitions incrementally add 47 locations and over 500 associates to the Company.

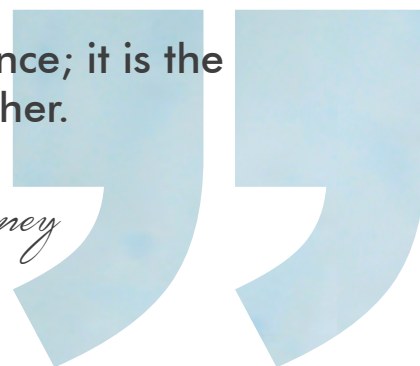
As the banking industry continued to consolidate, many of the Company's peers were also active acquirers of depository institutions. Of the 43 publicly traded bank holding companies in the United States with total assets between \$10 billion and \$30 billion, approximately two-thirds of those companies completed or announced depository acquisitions since year-end 2008. This group announced or completed acquisitions totaling \$78 billion in loans, \$103 billion in deposits, and \$129 billion in total assets. The Company's acquisitions equated to approximately 8% of the peer aggregate total for loans, deposits, and assets acquired over that period.

Unlike many of its peers, the Company is very strategically focused on specific markets and potential partners. The strategic market focus starts with a targeted footprint in the southeastern United States bordered by the end points of Texas, Virginia, and Florida. Approximately 1,800 financial institutions have the majority of their banking operations within that broad geographic footprint, equal to about one-quarter of the country's total financial institutions. The



Growth is never by mere chance; it is the result of forces working together.

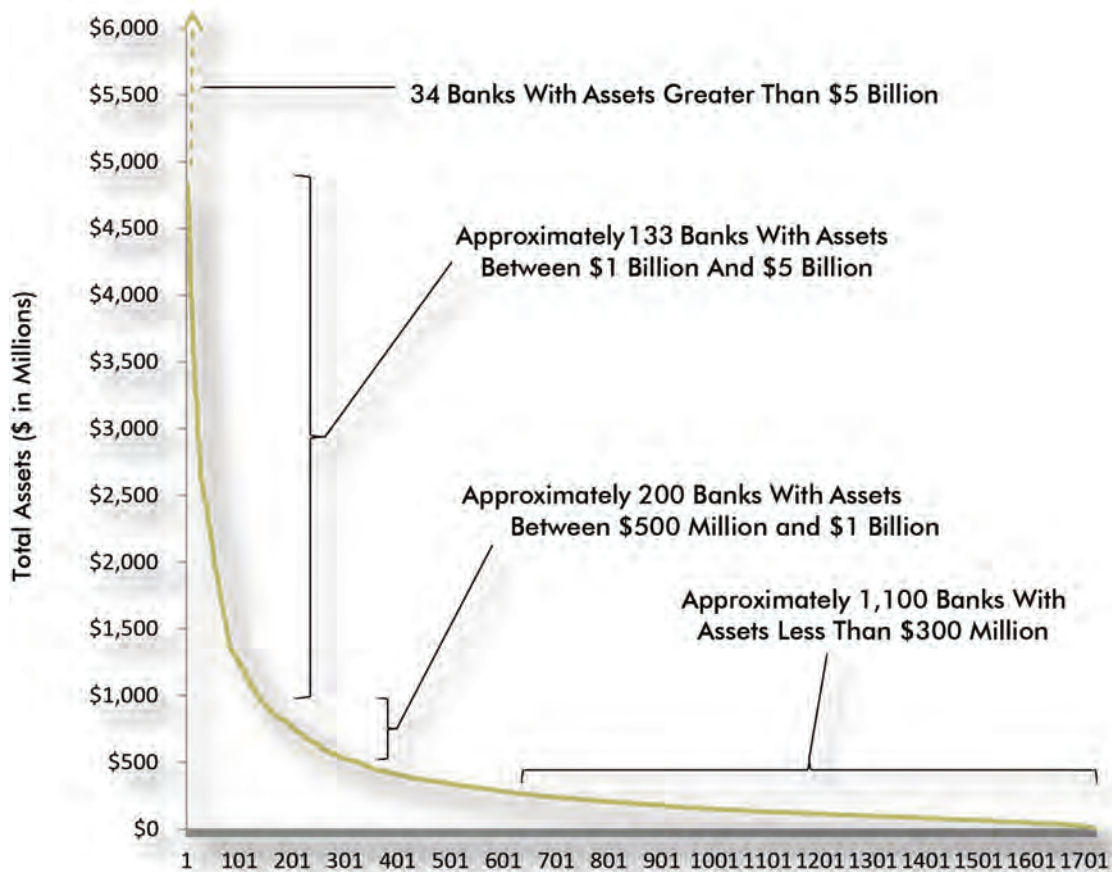
James Cash Penney



Company further refines the focus to selected MSAs in which the Company believes its business model may be successfully deployed at reasonable cost. This refinement continues with a focus on markets in which the Company believes favorable competitive dynamics exist. Finally, approximately 1,100 financial institutions, or about two-thirds of financial institutions in the Southeast, have total assets of less than \$300 million, a size at which acquisitions may be considered cost prohibitive relative to potential benefits.

As a result of this multi-step filtering process, the potential pool of merger partners narrows considerably. The Company estimates less than 8% of the approximately 1,700 financial institutions within the broad geographic Southeast footprint (and therefore less than 2% of financial institutions in the nation) may be considered as potential depository merger partners.

NUMBER OF SOUTHEASTERN U.S. FINANCIAL INSTITUTIONS BY TOTAL ASSETS



Financial Institutions in The Southeastern U.S.

Source: SNL

In addition to depository acquisitions, the Company selectively seeks acquisition partners in certain fee businesses as well.



Mortgage Lending and Servicing

IBERIABANK Mortgage Company ("IMC"), based in Little Rock, Arkansas, provides mortgage lending and servicing to retail clients through 57 locations in 10 states. With the exception of the acquisition of Pulaski Mortgage Company in 2007, IMC has historically grown this business solely through organic means. Given the variable nature of this business—the primary drivers of revenue growth—and regulatory complexities, acquisitions of mortgage banking companies are challenging. The Company finds recruiting experienced mortgage lending executives and cross-selling activities as the primary means for growth in this business.

Title Insurance

Lenders Title Company ("LTC"), based in Little Rock, Arkansas, serves retail and commercial clients through 23 locations in two states. LTC was acquired in 2007 and has since completed three acquisitions – United Title in 2007, American Abstract in 2008, and The Title Company in Baton Rouge, Louisiana, in 2014. The fixed cost structure and competitive dynamics within the title insurance agency business result in a potentially favorable environment for acquisitions as a means to grow this business over time.

Trust and Wealth Management

IBERIA Wealth Advisors ("IWA"), based in Birmingham, Alabama, serves retail and high net worth clients through eight locations in five states. IWA was formed in 2010 and completed the acquisition of Florida Trust in 2011. The Company selectively seeks targeted registered investment advisors as potential merger candidates to bolster its presence in certain markets.

Full Service Retail Brokerage

IBERIA Financial Services ("IFS"), based in Lafayette, Louisiana, serves retail clients through 12 locations in four states. To date, IFS has grown primarily through organic means, though assisted indirectly through depository acquisitions.

Capital Markets

IBERIA Capital Partners ("ICP"), based in New Orleans, Louisiana, is an energy-focused boutique that provides energy-related research, sales, trading, capital markets, and investment banking services to institutional clients. ICP was formed in 2010 and to date has expanded through organic means. Leveraging the current ICP platform through potential acquisition partners of similar types of businesses remains an alternative avenue for future growth.

The Company considers acquisitions of depository and fee income businesses as a means to expand its current footprint in an opportunistic and disciplined manner. Potential acquisitions must be consistent with the Company's strategic plans and assist in achieving the strategic goals. Importantly, acquisitions supplement and complement the organic growth within the Company's various business units.

An Organic Growth Compound

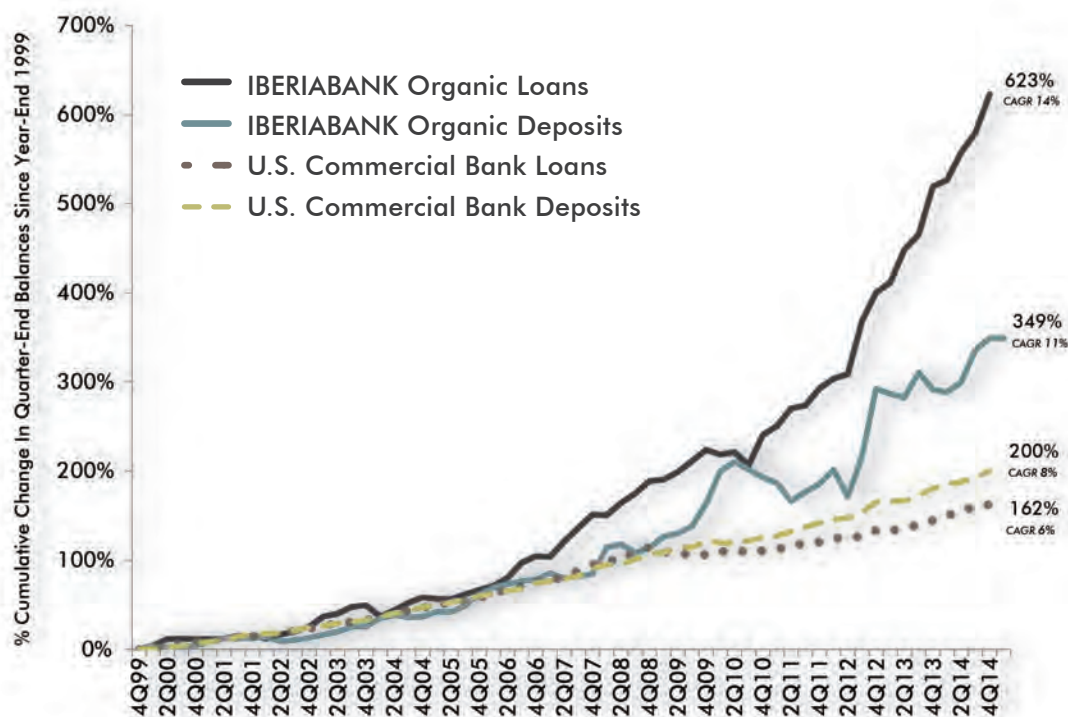
ORGANIC LEGACY EXPANSION

Surprisingly, the word “acorn” does not derive from the words “oak” or “corn” as commonly believed, but from the Old English “aecern,” which meant berry or fruit. An acorn is the fruit of majestic oak trees. Within the family of oak trees there are varying rates of growth. For example, white oak trees grow approximately one foot per year while Monterrey oak trees climb at a rate of four feet per year, or four times faster than the white oak. Similarly, many financial institutions exhibit varying degrees of client growth as well.

While the banking industry has more than doubled its volume of loans outstanding since year-end 1999, the Company’s client loan growth vastly

exceeded the industry’s growth over that period. Acquisition and legacy growth have both been factors in that growth. A measure of “same store” growth can be estimated by excluding the impact of acquisitions. Under such a measure of “organic legacy growth,” the Company’s period-end organic loan growth rate since year-end 1999 was 623%, or a compound annual growth rate of 14%. These results compare to the industry loan growth of 162%, or a compounded annual growth rate of 6%. Thus, the Company’s organic legacy loan growth was almost *four times faster* than the pace at which the banking industry grew over that period.

IBERIABANK CORPORATION ORGANIC LOAN AND DEPOSIT GROWTH
COMPARED TO BANKING INDUSTRY



Source: Federal Reserve Board

Similarly, the Company's period-end organic deposit growth since year-end 1999 was 349%, or an 11% compound annual growth rate, compared to industry growth over that period of 200%, or 8% compound annual growth. In other words, the Company grew organic deposits at a growth rate about 1.5 times faster than the industry's rate of growth over that period.

The growth characteristics observed in 2014 were consistent with the longer cycle results just described. Between year-ends 2013 and 2014, aggregate loans in the banking industry increased 7%, while the Company's legacy organic loan growth increased \$1.4 billion, or 17%. On an average balance basis, loans in the banking industry grew 6% in 2014 compared to 2013. By comparison, the Company's average organic loans increased \$921 million, or 20%, in 2014 compared to 2013, or almost three times faster than the industry. This organic legacy growth has two components—new clients added in 2014 and balances added in 2014 by existing clients.

Organic deposits exhibited favorable period-end and average balance growth trends in 2014 as well. On those measures, aggregate industry deposits climbed 7%, while the Company's organic deposits grew 6%. Approximately 62% of the Company's organic deposit growth was associated with new clients added during the year, and 38% was associated with expanded balances of continuing deposit relationships.

The Company added, in aggregate, nearly 57,000 new client relationships during 2014, or a 20% increase over the prior year. Approximately

three-quarters of the new relationships added in 2014 were acquisition-related and, one-quarter were associated with organic client additions.

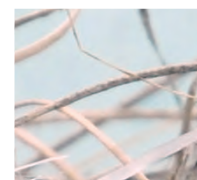
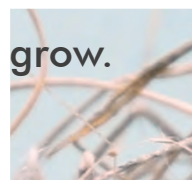
The drive to digital and the need to simplify and streamline the client experience continued across the banking industry in 2014. Recognizing the importance of meeting or exceeding client expectations and competitive dynamics, the Company enhanced the client experience through a number of different initiatives throughout the year.

In 2014, the Company unveiled the online banking chat functionality to give clients who prefer online interaction, rather than a telephone discussion or visit to a physical branch, the opportunity to receive immediate answers to their banking questions. Business banking clients can now apply for and open small business deposit accounts online. The Company also implemented the ability to make loan payments online or from mobile devices using a debit card or eCheck. With the increase in mobile and ATM image deposits, the daily and monthly limits on mobile deposits were increased. The cutoff times for both ATM and mobile deposits were extended later in the day as well. In 2014, the Company rolled out ATMs that receive cash deposits. As the Company continues to grow and new technologies and innovations develop within the banking industry, the Company will plan and implement appropriate and cost-effective investments and improvements. Recent examples of this technology adoption include the Company's commitment to providing Apple Pay (tokenization) and Europay MasterCard and Visa, which will be made available to clients in 2015.



Mighty oaks from little acorns grow.

14th Century Proverb



Growth potential

CLIENT SEGMENT GROWTH

The Company operates a decentralized business model to ensure decisions are made close to its clients. This approach provides a competitive advantage against both larger and smaller banking competitors. Market Presidents have the authority and responsibility for the performance of the Company's local franchise in their markets, while the Company provides client segment and corporate support to ensure consistency of products, compliance, reporting, risk management, and other benefits. Client segments and product support include commercial and private banking, energy, institutional, business banking, retail/consumer services, treasury management services, and client derivatives services, in addition to the Company's fee income businesses.

IBERIABANK CORPORATION CLIENT SEGMENTS (\$ IN MILLIONS)

| LOAN PORTFOLIO SEGMENT COMPOSITION | | |
|------------------------------------|----------|----------|
| | 12/31/13 | 12/31/14 |
| Commercial & Private Banking | 5,369 | 6,119 |
| Business Banking | 802 | 1,183 |
| Consumer | 1,453 | 1,977 |
| Indirect | 364 | 386 |
| Institutional | 314 | 319 |
| Mortgage | 400 | 909 |
| Credit Card | 64 | 73 |
| FDIC-Related | 1,265 | 510 |
| All Other | (540) | (35) |
| Total IBERIABANK | 9,492 | 11,441 |

| DEPOSIT PORTFOLIO SEGMENT COMPOSITION | | |
|---------------------------------------|----------|----------|
| | 12/31/13 | 12/31/14 |
| Commercial & Institutional | 4,316 | 4,788 |
| Business Banking | 1,615 | 1,799 |
| Private Banking | 690 | 1,076 |
| Consumer | 4,200 | 4,670 |
| FDIC-Related | 0 | 1 |
| All Other | (84) | 186 |
| Total IBERIABANK | 10,737 | 12,521 |

Commercial, Private Banking, and Institutional

Excluding FDIC and non-accruing loans, commercial and private banking loans increased \$750 million, or 15%, between year-ends 2013 and 2014, and equated to 53% of total loans at year-end 2014. The institutional segment accounted for 3% of total loans. Commercial and institutional deposits increased \$472 million, or 11%, between year-ends 2013 and 2014, and accounted for 38% of total deposits.

Energy

Energy-related loans totaled \$881 million at December 31, 2014, an increase of 15% compared to the prior year-end. As a percentage of total loans outstanding, energy loans declined from 8.0% at year-end 2013 to 7.7% at year-end 2014. At year-end 2014, exploration and production accounted for 52% of energy loans, midstream accounted for 17%, and service company loans accounted for 31% of energy loans. The Company was very active in its information disclosure to the investment community regarding its energy exposure, including a detailed energy-related press release in December 2014; an investment community "teach-in" regarding the energy lending process hosted by ICP in January 2015; detailed disclosure in late January 2015 regarding the year-end 2014 energy loan portfolio exposure; and an investor/analyst day and "teach-in" in New York City in February 2015. At year-end 2014, the Company believed it had lower energy risk exposure than many of its regional peers. The Company continues to benefit from geographic diversification.

Business Banking

Beginning in 2012, the Company launched a restructuring of the small business lending process. Since that time, business banking loans doubled to nearly \$1.2 billion at year-end 2014. Business banking loans accounted for approximately 10% of total loans, up from 8% at year-end 2013. Business banking deposits increased \$184 million, or 11%, between year-ends 2013 and 2014 and comprised 14% of total deposits on December 31, 2014. Upon completion of the pending acquisition of Old Florida, the Company will expand into Small Business Administration (SBA) section 504 lending and the equipment finance business, two areas of significant expertise at Old Florida.

Retail/Consumer

Consumer loans increased 36% in 2014 on a year-end basis, and increased from 15% of total loans at year-end 2013 to 17% at year-end 2014. Deposits in this segment increased \$470 million, or 11%, in 2014, and comprised 37% of total deposits at year-end.

Indirect Automobile Financing

In January 2015, the Company announced it will exit the indirect automobile lending business, a service it has provided to clients for 20 years. On December 31, 2014, this business had nearly \$400 million in loans outstanding, or 3.5% of total loans, and 12 full-time equivalent associates. The Company concluded that compliance risk associated with this business in general had become unbalanced relative to potential returns on a risk-adjusted basis.

Treasury Management

Treasury management activity increased significantly throughout much of 2014. Revenues climbed 25% in 2014 compared to 2013, after gaining 31% in the prior year. The Company believes this is an area of great upside growth potential.

Client Derivatives

The Company offers interest rate management products to qualified commercial and business banking clients. These products include interest rate swaps and caps, which help mitigate the risk of future increases in floating interest rates on loans. During 2014, the Company executed on behalf of its clients \$183 million in notional value of various interest rate products. Given historically low interest rates, this is another area of great opportunity for the Company. Through the paring of offsetting hedge transactions with other parties, the Company's risk exposure involving client derivatives is very small.

Additional client segmentation and product specialization are provided through the Company's fee income businesses, including residential mortgage lending at IMC, title insurance at LTC, wealth management at IWA, energy capital markets at ICP, and retail discount brokerage at IFS. In aggregate, these fee income businesses accounted for approximately 17% of the Company's total tax-equivalent revenues in 2014 and 21% of total associates.



If we don't change, we don't grow.
If we don't grow, we aren't really living.

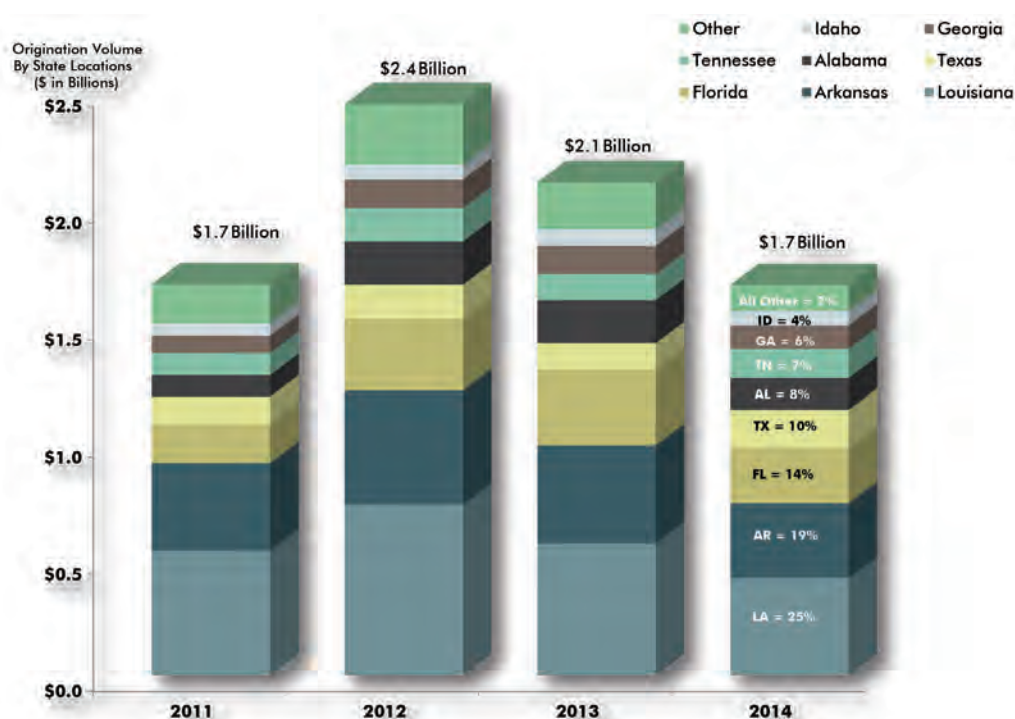
Anatole France



The Company's fee income businesses continued to mature in 2014, though operating results in 2014 were negatively impacted by unexpectedly lower interest rates, dramatically lower energy commodity prices, and weather-related events. The fee-based businesses were impacted to varying degrees by those factors.

The mortgage origination business was negatively affected by interest rate changes; however, IMC's results were significantly better than the industry results. IMC's number of loans originated, origination volume, and loan sales volume declined 21%, 22%, and 27%, respectively, in 2014 compared to the prior year. By comparison, the Mortgage Bankers Association reported the mortgage industry experienced a mortgage loan origination decline of 39% over that period. As a result of lower volumes, IMC's revenues declined 23% in 2014 compared to 2013. The Company's mortgage loan servicing portfolio doubled in size during 2014. At year-end 2014, the Company serviced more than 4,000 mortgage loans with aggregate outstanding balances of \$687 million, over twice the number and volume of loans compared to the prior year.

IBERIABANK MORTGAGE COMPANY MORTGAGE LOAN ORIGATION VOLUME TRENDS BY STATE



The energy capital markets business exhibited favorable results through the third quarter of 2014; however, the rapid decline in energy commodity prices negatively impacted the final quarter of the year. For the full year of 2014, ICP's revenues increased 19% compared to results in 2013.

The title insurance business experienced a mixed but favorable performance in 2014, compared to the industry. The number of closings for residential and commercial clients declined 9% and 10%, respectively, year over year, while revenues were essentially unchanged over that period.

Wealth management exhibited modest improvement through much of the year and ended with a very strong fourth quarter. Assets under management increased from \$1.1 billion at year-end 2013 to \$1.4 billion at year-end 2014, or an increase of 24%. Trust income increased 9% in 2014 compared to 2013. Total revenues at IWA increased 8% in 2014 compared to the prior year.

The discount brokerage business experienced strength in the middle quarters of 2014. In aggregate, total revenues at IFS increased 12% in 2014 compared to the prior year.

Strength in Numbers

FOCUS ON EARNINGS IMPROVEMENT

The Company worked assertively in 2014 to improve its operating efficiency and ongoing profitability. Profitability is primarily driven by a few factors—higher volumes and margin on spread businesses (primarily loans, deposits, and investments), fee income growth, sound asset quality (lower non-performing assets and net charge-offs), and expense control. The Company achieved improvements in all of these categories in 2014.

From a volume perspective, the Company acquired \$1.1 billion in loans in 2014 and originated and renewed \$2.8 billion in loans and \$1.1 billion in unfunded commitments. As a result, average loans climbed \$1.6 billion, or 18%, compared to 2013. In addition, other earning assets increased \$233 million, resulting in an increase of average earning assets of

\$1.5 billion, or 13%, in 2014 compared to the prior year. By comparison, the banking industry increased average earning assets in 2014 by 6%, or less than one-half the Company's earning asset growth rate.

Net interest margin improved 13 basis points in 2014 compared to the prior year as the average earning asset yield improved and the cost of deposits and other liabilities declined. By comparison, the industry's margin declined one basis point. The combination of an improved margin and volume growth at the Company in 2014 resulted in a \$69 million, or 17%, growth in tax-equivalent net interest income. These favorable results were achieved despite an interest rate environment that was less favorable and somewhat unexpected.



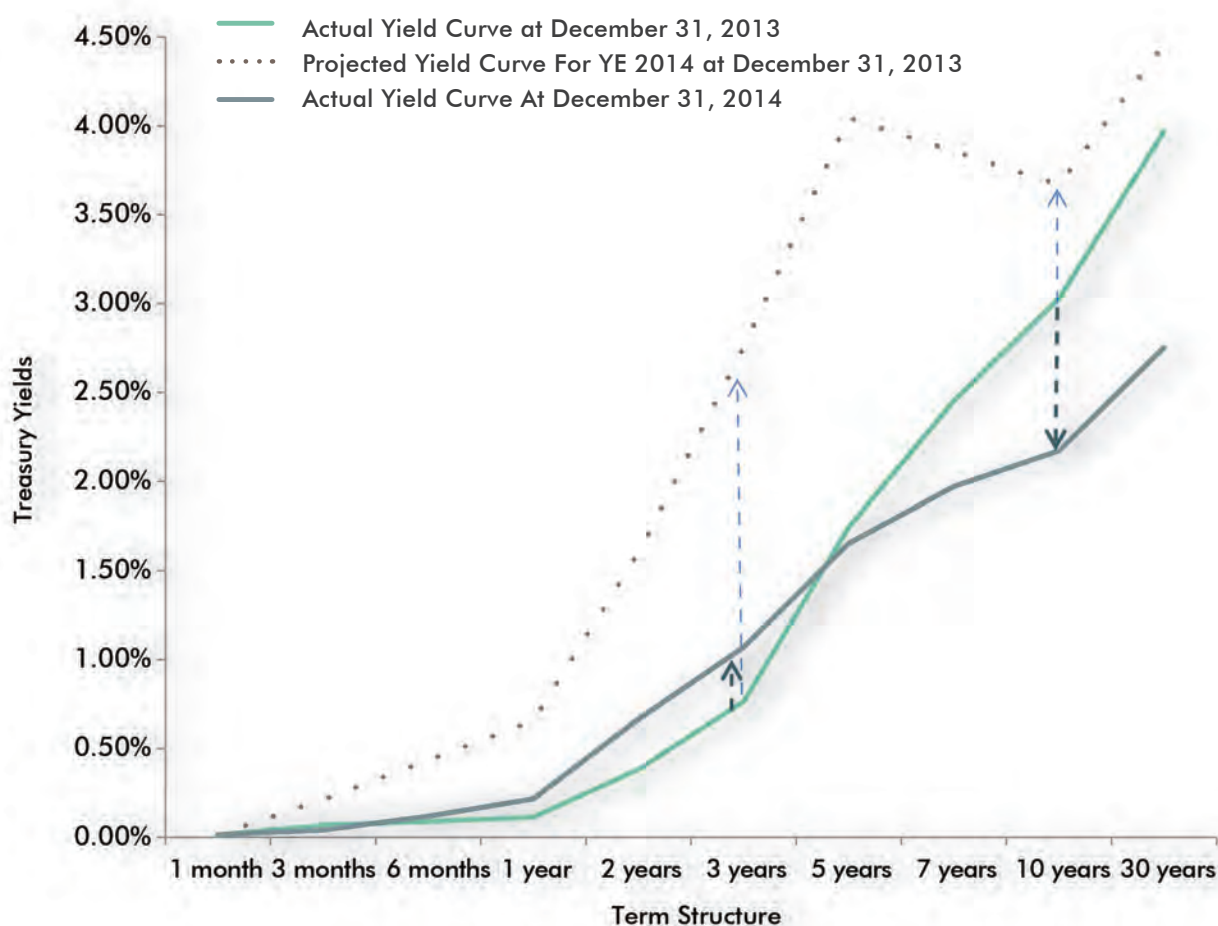
Discipline is the bridge between goals and accomplishment.

Jim Rohn



The earnings of many financial institutions are significantly impacted by the level and direction of interest rates. A measure of the level of interest rates is the shape of the “yield curve” for U.S. Treasury investment securities at a point in time, and a change in interest rates can be seen as the yield curve changes over time. The Company’s financial modeling used to predict interest rate risk suggests that a rapidly inclining term structure of interest rates (a “steeper” yield curve) is more beneficial to the Company’s profitability than a “flat” or “inverted” yield curve (a rapidly declining term structure). The chart below shows the shape of the U.S. Treasury yield curve changed slightly between the beginning and end of the year. It also shows that the expectations at the beginning of the year for a steeper yield curve by the end of the year did not materialize. In fact, the yield curve went in the opposite direction and flattened modestly.

ACTUAL AND PROJECTED TREASURY YIELD CURVES AT YEAR-END 2013 AND 2014



Source: Bloomberg

Fee income increased approximately \$5 million, or 3%, between 2013 and 2014. Growth in service charge income (up 23%), ATM and debit card income (up 26%), energy capital markets revenues (up 19%), and wealth management income (up 8%) was partially offset by a decline in mortgage loan origination income (down 19%) and flat title insurance income. Mortgage and title insurance income were negatively impacted by the interest rate environment and unfavorable weather events in some of the markets in which they operate.

Total operating revenues are calculated by combining net interest income and fee income, less any non-operating income. In 2014, the Company's total tax-equivalent operating revenues increased a very healthy \$74 million, or 13%, while operating expenses increased a more modest \$17 million, or 4%. The more rapid growth in revenues, combined with the slower growth in expenses, resulted in improved operating efficiency for the Company, which remains a primary area of focus at the Company. From an asset quality perspective, 2014 was a banner year for the Company. Aggregate non-

performing assets ("NPAs") declined \$146 million, or 39%, between year-end 2013 and year-end 2014. Excluding FDIC-assisted assets and acquired impaired loans, "legacy" NPAs declined \$16 million, or 22%, over that period. On that basis, the level of legacy NPAs to total assets declined from 0.61% on December 31, 2013, to 0.41% on December 31, 2014. Despite the improved asset quality, the Company recorded a three-fold increase in loan loss provision between 2013 and 2014 equal to \$14 million. The increase in loan loss provision was due primarily to the strong loan growth that occurred during 2014.

Excluding non-operating items, the Company earned \$119 million on an operating basis in 2014, up \$26 million, or 29%, compared to 2013. Operating EPS was \$3.73 per share, up 20% compared to 2013. Improvement in operating earnings and operating EPS was exhibited on a quarterly basis throughout 2014. The Company focuses on revenue growth and expense containment, combined with sound asset quality, to improve operating earnings and EPS and thereby improve long-term shareholder value.

IBERIABANK CORPORATION OPERATING EARNINGS TRENDS

| | ANNUAL BASIS | | | QUARTERLY BASIS IN 2014 | | | |
|---------------------------------------|--------------|--------|---------|-------------------------|--------|--------|--------|
| | 2012 | 2013 | 2014 | 1Q14 | 2Q14 | 3Q14 | 4Q14 |
| Operating Net Income (\$ in millions) | \$81.6 | \$92.5 | \$119.0 | \$21.9 | \$27.4 | \$34.7 | \$35.0 |
| Operating EPS (\$ per share) | \$2.74 | \$3.12 | \$3.73 | \$0.73 | \$0.89 | \$1.04 | \$1.05 |

Capitalizing on Growing Opportunities

CAPITAL AND SHAREHOLDER FOCUS



Regulatory capital may be impacted by various factors. First, regulatory capital is required to support loans and deposits that are originated and added to the Company's balance sheet over time. Second, capital is periodically needed to support acquisitions in the event transactions are dilutive to the capital position of the combined company. Third, capital is reduced when shares are repurchased in the marketplace (this is an activity in which the Company was not actively engaged in 2014). Finally, the Company continues to pay cash dividends to shareholders as it has for 79 consecutive quarters, which, if outsized relative to the earnings of the Company (e.g., a high dividend payout ratio), could become a significant use of capital.

The Company's improvement in operating EPS, combined with a stable quarterly cash dividend, resulted in a declining dividend payout ratio, from 50% in 2012, to 44% in 2013, to 36% in 2014, and 32% in the fourth quarter of 2014. As a result, additional capital was available to support balance sheet growth.

Many of the Company's acquisitions over the last several years had limited impact on the Company's capital ratios.

Throughout 2014, the Company's regulatory risk-based capital ratios were negatively impacted by the expiration of FDIC loss-share coverage and the ongoing replacement of resolved FDIC-covered assets with higher risk-weighted

commercial loans. In effect, FDIC-covered assets that received relatively low risk weightings of 20% shifted to higher risk weights for non-FDIC covered assets (generally 100% risk weighting). In addition, under the Dodd-Frank Act, bank holding companies with assets greater than \$15 billion are required to phase-out of tier 1 regulatory capital trust preferred securities and include these securities as tier 2 capital. Given the fact that the Company reported total assets in excess of \$15 billion at year-end 2014, the Company anticipates a partial loss of tier 1 regulatory capital treatment in 2015 that will negatively impact the tier 1 leverage ratio and tier 1 risk-based capital ratio.

From a shareholder perspective, the Company's common shareholders compare the performance of their investment in the Company stock to that of available alternative investments. Most shareholders measure performance based on a combination of the change in the trading price of the Company's common stock plus cash dividends received ("total return"). As a point of reference, the broad stock market experienced spectacular gains in 2014, as evidenced by the 11.4% increase in the Standard & Poor's index of the 500 largest publicly traded companies as measured by market capitalization ("S&P 500 Index") and had a total return of 13.7% including dividends. In contrast, a broad group of publicly traded bank stocks, as measured by the NASDAQ Bank Stock Index, increased 2.8% in 2014 and had a total return of 4.9%. By comparison, the



It is far better to buy a wonderful company at a fair price than a fair company at a wonderful price.

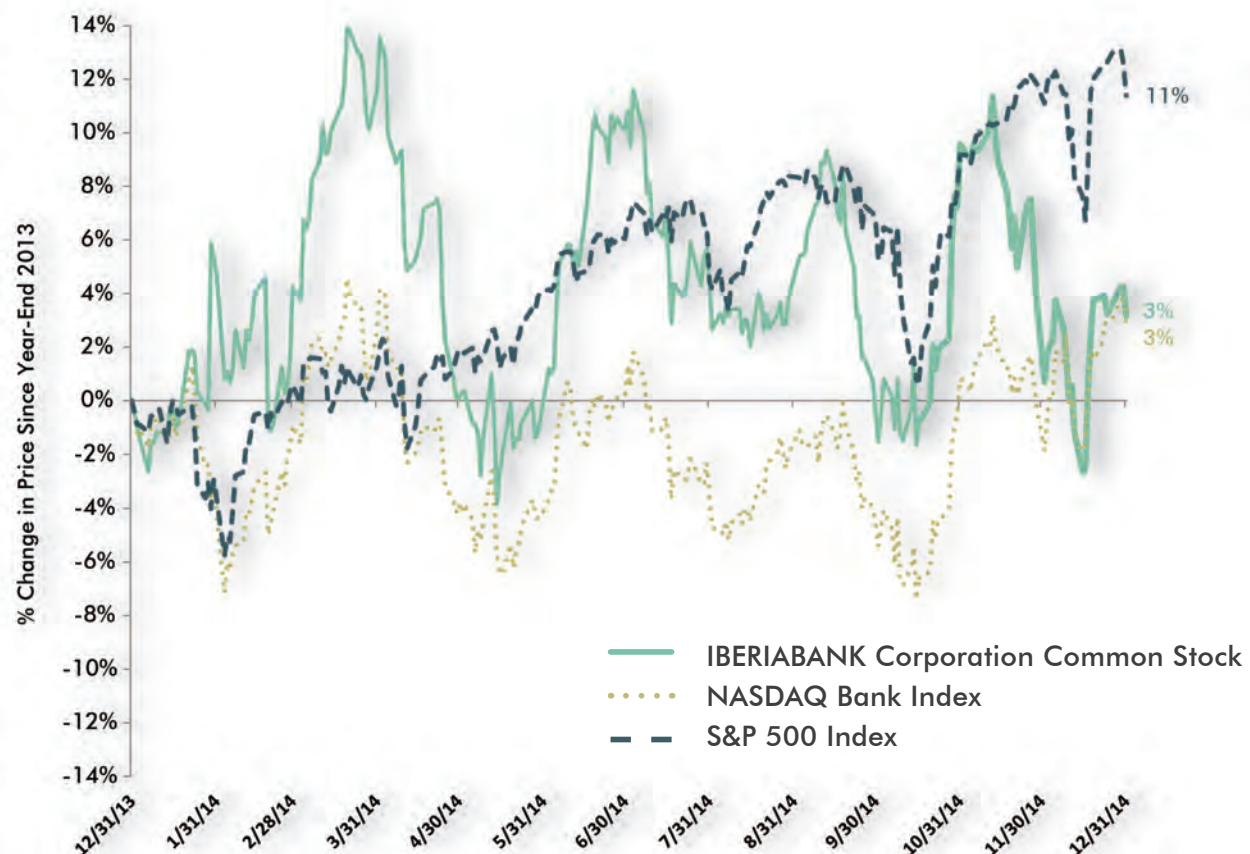
Warren Buffett



Company posted a price increase of 3.2% and a total return of 5.3% over that period. In summary, the Company's total return was ahead of the broad bank group, but well behind the broader market, though there was one significant extraneous factor that influenced the results.

As exhibited in the chart below, the Company traded above the S&P 500 Index approximately 40% of the year, but significant divergence occurred late in 2014 as investors sold off common stocks in publicly traded bank holding companies that were perceived to have exposure to clients negatively affected by a pronounced drop in energy commodity prices. In fact, the Company's stock price was outperforming the S&P 500 Index as of November 11, 2014, but fell off sharply in those last 33 days through the end of the year. Clearly, a different picture emerges relative to the NASDAQ Bank Stock Index. In 2014, the Company's common stock traded above the NASDAQ Bank index 96% of the year; however, the energy-related sell-off in the fourth quarter evened the Company's stock performance to the NASDAQ Bank index at the end of the year.

DAILY PERCENTAGE CHANGE IN COMMON STOCK PRICE IN 2014



Source: SNL

The Company's stock price is significantly influenced by institutional shareholder sentiment. These investors control approximately 86% of the common shares outstanding, while only 11% of the shares are held by retail investors. More than three-quarters of the institutional shareholders are categorized as either growth-oriented investors or investors who focus on "growth at a reasonable price" (as opposed to value-focused or index-based shareholders). Approximately 85% of the institutional shareholders are categorized as having a history of low or very low turnover in their stock holdings.

Given the Company's successful business model, significant track record of successful expansion over the last 15 years, and focus on earnings improvement and growth opportunities, it is fitting that the institutional shareholder base has a similar growth focus. It is also fitting that these investors tend to generally be patient investors, as evidenced by the low turnover metrics.

IBERIABANK Corporation has exhibited patience

in its 128 years of existence and tremendous high-quality growth over the last 15 years. The Company has grown from a small, limited-product mutual savings and loan serving one community to the 16th largest publicly traded bank holding company in the southeastern United States and the 56th largest publicly traded bank holding company in the country (50th including pending acquisitions), serving 28 MSAs throughout the southeast (34 MSAs including pending acquisitions). Importantly, the Company's multifaceted diversification along the lines of geographic areas, product, client segment, and business units provides its constituents with a strong economic engine on which to grow.

The Company has successfully navigated through many cycles—credit, interest rate, real estate, commodity prices, and regulatory and weather events, to name just a few. We recognize that long-term success would not be possible without our people—board members, advisory board members, leaders, associates, clients, shareholders, regulators, and communities.

financials 2014

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This Annual Report, including the Financial Review and the Financial Statements and related Notes, contains forward-looking statements, which may include forecasts of our financial results and condition, expectations for our operations and business, and our assumptions for those forecasts and expectations. Do not unduly rely on forward-looking statements. Actual results may differ materially from our forward-looking statements due to several factors. Factors that could cause our actual results to differ materially from our forward-looking statements are described in this Report, including in the “Forward-Looking Statements” and “Risk Factors” sections, and in the “Regulation and Supervision” section of our Annual Report on Form 10-K for the year ended December 31, 2014 (“2014 Form 10-K”).

When we refer to “the Company,” “we,” “our” or “us” in this Report, we mean IBERIABANK Corporation and Subsidiaries (consolidated). When we refer to the “Parent,” we mean IBERIABANK Corporation. See the Glossary of Acronyms at the end of this Report for terms used throughout this Report.

To the extent that statements in this Report relate to future plans, objectives, financial results or performance of the Company, these statements are deemed to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements, which are based on management’s current information, estimates and assumptions and the current economic environment, are generally identified by use of the words “may,” “plan,” “believe,” “expect,” “intend,” “will,” “should,” “continue,” “potential,” “anticipate,” “estimate,” “predict,” “project” or similar expressions, or the negative of these terms or other comparable terminology, including statements related to the expected timing of the closing of proposed mergers, the expected returns and other benefits of the proposed mergers to shareholders, expected improvement in operating efficiency resulting from the mergers, estimated expense reductions, the impact on and timing of the recovery of the impact on tangible book value, and the effect of the mergers on the Company’s capital ratios. The Company’s actual strategies and results in future periods may differ materially from those currently expected due to various risks and uncertainties.

Actual results could differ materially because of factors such as the level of market volatility, our ability to execute our growth strategy, including the availability of future bank acquisition opportunities, unanticipated losses related to the integration of, and refinements to purchase accounting adjustments for, acquired businesses and assets and assumed liabilities in these transactions, adjustments of fair values of acquired assets and assumed liabilities and of deferred taxes in acquisitions, actual results deviating from the Company’s current estimates and assumptions of timing and amounts of cash flows, credit risk of our customers, effects of the ongoing correction in residential real estate prices and reduced levels of home sales, our ability to satisfy new capital and liquidity standards such as those imposed by the Dodd-Frank Act and those adopted by the Basel Committee and federal banking regulators, sufficiency of our allowance for loan losses, changes in interest rates, access to funding sources, reliance on the services of executive management, competition for loans, deposits and investment dollars, reputational risk and social factors, changes in government regulations and legislation, increases in FDIC insurance assessments, geographic concentration of our markets and economic conditions in these markets, rapid changes in the financial services industry, dependence on our operational, technological, and organizational systems or infrastructure and those of third-party providers of those services, hurricanes and other adverse weather events, the modest trading volume of our common stock, and valuation of intangible assets. Those and other factors that may cause actual results to differ materially from these forward-looking statements are discussed in the Company’s Annual Report on Form 10-K and other filings with the Securities and Exchange Commission (the “SEC”), available at the SEC’s website, <http://www.sec.gov>, and the Company’s website, <http://www.iberiabank.com>, under the heading “Investor Information.” All information in this discussion is as of the date of this Report. The Company undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the Company’s expectations.

Included in this discussion and analysis are descriptions of the composition, performance, and credit quality of the Company’s loan portfolio. The Company has two primary descriptions of loans that are used to categorize the portfolio into its distinct risks and rewards to the consolidated financial statements: legacy loans and acquired loans. The accounting for acquired loans can differ materially from that of legacy loans. Additionally, certain acquired loans were acquired with loss protection provided by the FDIC, and the risks of the loans and foreclosed real estate acquired are significantly different from those assets not similarly covered by loss share agreements. Accordingly, the Company reports acquired loans subject to the loss share agreements as covered loans.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXECUTIVE OVERVIEW

The Company is a \$15.8 billion bank holding company primarily concentrated in commercial banking in the southeastern United States. We are shareholder- and client-focused, expect high performance from our associates, believe in a strong sense of community and strive to make the Company a great place to work. The Company strives to improve long-term shareholder returns by setting challenging financial goals and executing on these goals in consideration of the current and anticipated operating and regulatory environments. Management believes that improvement in core earnings drives shareholder value, and the Company has adopted a mission statement that is designed to provide guidance for our management, associates and Board of Directors regarding the sense of purpose and direction of the Company.

In 2014, the Board of Directors set long-term, strategic goals for executive management. Key long-term financial goals through 2016 and beyond are as follows:

- Return on Average Tangible Equity of 13% to 17%
- Tangible Efficiency Ratio of 60% or less
- Asset Quality in the top 10% of our peers
- Double-digit percentage growth in fully-diluted operating EPS

The Company also continues to focus on improving operating efficiency and profitability, as executive compensation programs were redesigned to align with strategic goals, profitability focus, and creation of shareholder value. The Company's short-term incentive programs place greater emphasis on pre-established performance objectives (as opposed to discretionary objectives), while long-term incentive programs place greater emphasis on performance-based metrics (as opposed to time-based metrics).

Highlights of the Company's operating performance in 2014 include:

- Continued improvement in operating efficiency through increased net revenues and reduced operating expenses:
 - Non-acquisition-related cost-save initiatives were implemented over the last two years, resulting in annualized benefits of an estimated \$11 million in 2014 and \$24 million in 2013.
 - Operating leverage improved as a result of organic revenue growth, driven by new and existing clients and their demand for loans and deposits.
- Acquisitions also contributed to the Company's improvement in operating leverage, as the Company realized cost-saving opportunities on the acquired companies' expense base through operational synergies while maintaining the acquirees' net revenues.

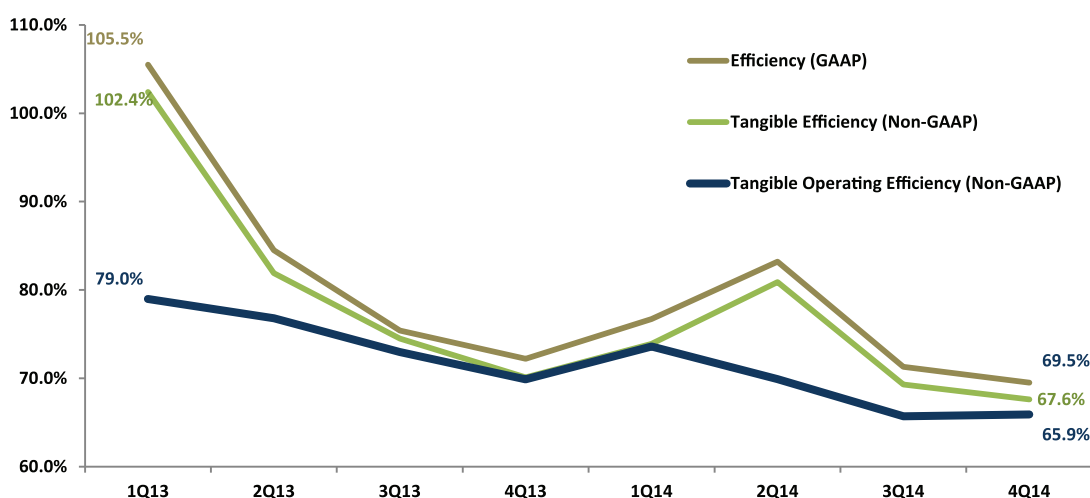


TABLE 1—SELECTED FINANCIAL INFORMATION

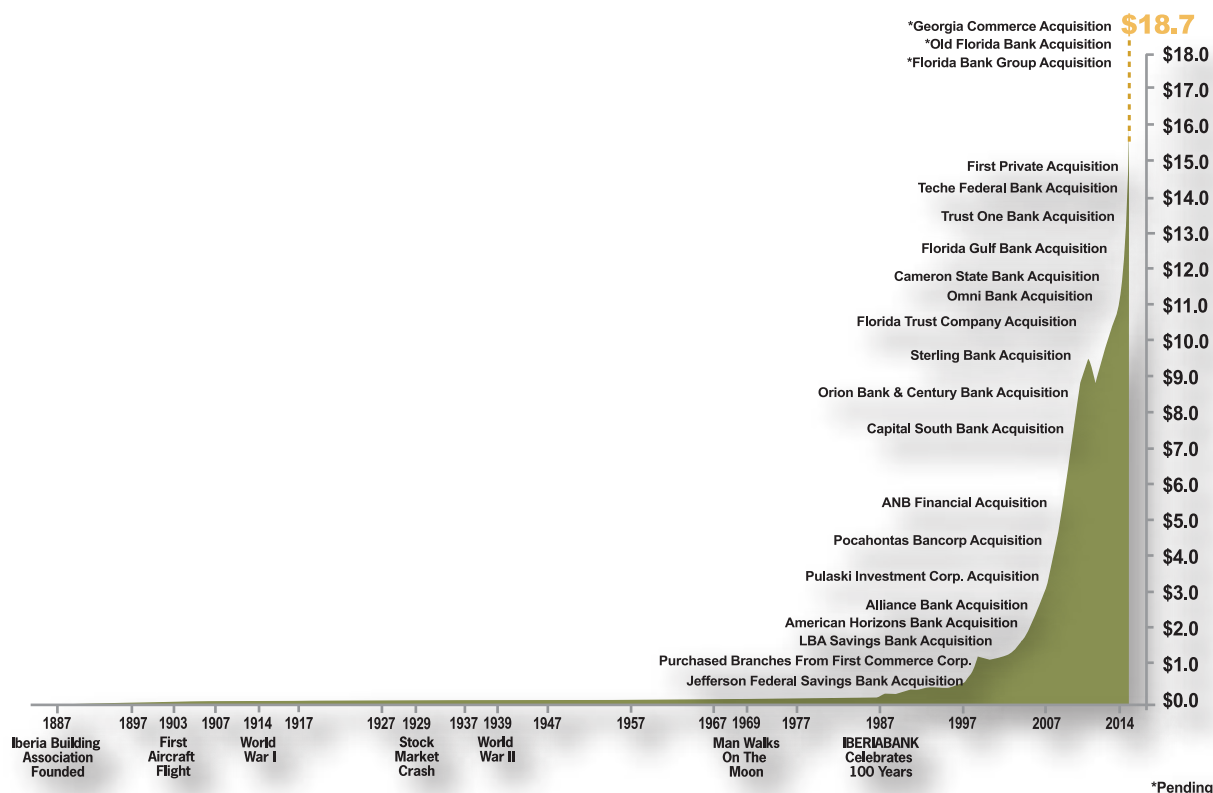
| (Dollars in thousands) | Years Ended December 31 | | | | |
|---|-------------------------|------------|------------|------------|------------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Key Ratios | | | | | |
| Efficiency Ratio..... | 74.87% | 84.60% | 77.49% | 79.50% | 73.22% |
| Tangible operating efficiency ratio (TE) (Non-GAAP)..... | 72.63% | 82.08% | 74.91% | 76.71% | 70.43% |
| Return on average assets | 0.72% | 0.50% | 0.63% | 0.49% | 0.47% |
| Return on average assets, operating basis (Non-GAAP)..... | 0.81% | 0.71% | 0.67% | 0.61% | 0.50% |
| Net interest margin (TE)..... | 3.51% | 3.38% | 3.58% | 3.51% | 3.05% |
| Non-interest income | \$ 173,628 | \$ 168,958 | \$ 175,997 | \$ 131,859 | \$ 133,890 |
| Non-interest income, operating (Non-GAAP)..... | 170,871 | 166,624 | 170,026 | 128,384 | 124,679 |
| Non-interest expense | 474,479 | 473,085 | 432,185 | 373,731 | 304,249 |
| Non-interest expense, operating (Non-GAAP)..... | 445,959 | 428,543 | 418,174 | 350,269 | 290,183 |

- The Company diversified its geographic presence through acquisitions and product mix growth by deepening relationships with commercial clients:
 - The Company expanded its presence into Dallas, Texas through the acquisition of First Private and announced two acquisitions in Florida, which will continue to result in a more geographically diverse company. In 2014, the Company also diversified its growth in product mix and fortified its franchises in Louisiana (Teche) and Memphis (Trust One) through separate acquisitions. Additional information on these and other acquisitions is included in the “Acquisition Activity” section below.
 - Beginning in 2012 and continuing into 2014, the Company began diversifying its product set, including expanding its operations across the U.S. Gulf Coast region. Over that time period, the Company’s efforts expanded its presence from Texas to Florida, including expanding into the Dallas, Texas market, and enhancing its presence in South Louisiana, South Florida, and Memphis, Tennessee. The Company has also diversified its product growth over the past year with additional investments in its retail and small business loan portfolios. This diversification of loan growth between commercial, retail, and small business loans has helped to limit the Company’s exposure to concentrations in certain markets, industries, and customers.
- The Company experienced loan and deposit growth from multiple markets and products:
 - For the year, legacy loans grew 17%, while the mix of legacy loans moved to 72% commercial, 22% consumer, and 6% mortgage. Of the \$1.4 billion in legacy loan growth, 70%, or \$961 million, was a result of commercial loan growth, including \$232 million in small business growth, while \$419 million was from the Company’s consumer and mortgage loan portfolios. Of the Company’s 21 primary markets, 18 experienced loan growth during the year, led by Houston, New Orleans, Acadiana and Dallas.
 - Total deposits grew \$1.8 billion, or 17%, during 2014, with \$619 million, or 24%, growth in non-interest bearing deposits. Non-interest bearing deposits increased to 26% of total deposits at December 31, 2014, up from 24% at December 31, 2013. Of the Company’s 21 primary markets, 17 had deposit growth in 2014, led by Acadiana, Houston, Memphis, Dallas, and Huntsville.
- The Company’s overall asset quality improved, continuing a multi-year trend, despite general economic conditions and a decrease in energy commodity prices toward the end of 2014:
 - Over the past five years, nonperforming assets in the Company’s legacy loan portfolio have decreased from 1.14% to 0.37% of total legacy loans, while total nonperforming assets have decreased 50 basis points to 0.41% of total assets over the same period.

During 2014, the Company continued to execute its business model successfully, as evidenced by solid organic loan growth during the year, despite the challenges of the current operating environment, which include the ever-changing regulatory environment, increased competition, and continued interest rate pressure.

Acquisition Activity

Over the past 15 years, the Company's growth has included growth from targeted acquisitions the Company determined would provide additional value to existing shareholders and be a strong strategic fit with the Company. The following diagram shows the Company's growth in total assets (dollars are in billions) since its inception.



From 2009 through 2014, the Company completed the following acquisitions, presented with selected assets and liabilities acquired and intangible assets created for each acquisition:

TABLE 2—SUMMARY OF ACQUISITION ACTIVITY FROM 2009 TO 2014

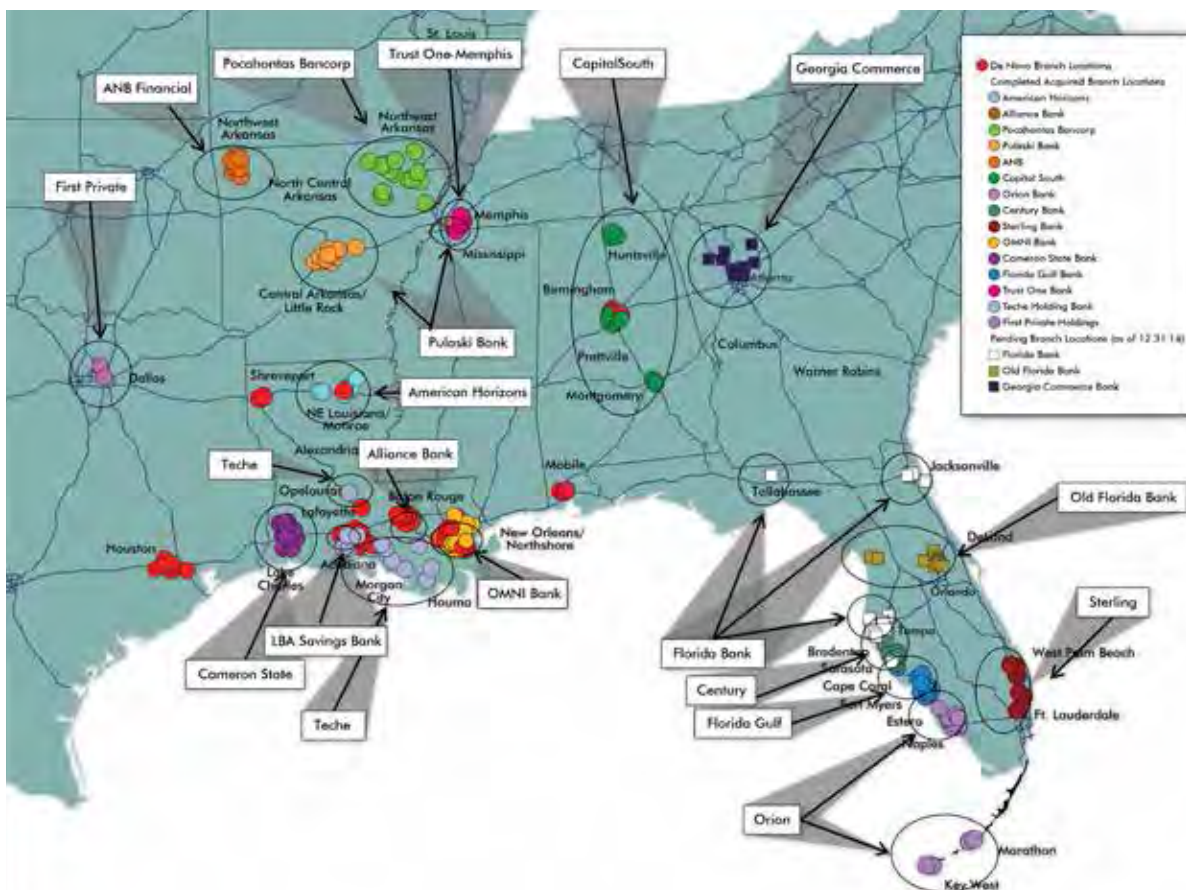
(Dollars in millions)

| Acquisition | Acquisition Date | Total Tangible Assets Acquired | Total Loans Acquired | Total Deposits Acquired | Goodwill | Other Intangible Assets |
|---|------------------|--------------------------------|----------------------|-------------------------|-----------------|-------------------------|
| CapitalSouth Bank | 2009 | \$ 610.7 | \$ 363.1 | \$ 517.9 | \$ — | \$ 0.4 |
| Orion Bank..... | 2009 | 2,377.3 | 961.1 | 1,883.1 | — | 10.4 |
| Century Bank, FSB | 2009 | 812.0 | 417.6 | 615.8 | — | 2.2 |
| Sterling Bank | 2010 | 305.5 | 151.3 | 287.0 | 7.1 | 1.6 |
| OMNI BANCSHARES, Inc. | 2011 | 680.7 | 441.4 | 635.6 | 63.8 | 0.8 |
| Cameron Bancshares, Inc..... | 2011 | 685.0 | 382.1 | 567.3 | 71.4 | 5.2 |
| Florida Trust Company | 2011 | — | — | — | 0.1 | 1.3 |
| Florida Gulf Bancorp, Inc. | 2012 | 307.3 | 215.8 | 286.0 | 32.4 | — |
| Trust One Bank - Memphis Operations | 2014 | 181.9 | 86.5 | 191.3 | 8.6 | 2.6 |
| Teche Holding Company | 2014 | 870.1 | 700.5 | 639.6 | 80.4 | 7.4 |
| First Private Holdings, Inc. | 2014 | 351.4 | 299.3 | 312.3 | 26.3 | 0.5 |
| Total Acquisitions, 2009-2014..... | | \$ 7,181.9 | \$ 4,018.7 | \$ 5,935.9 | \$ 290.1 | \$ 32.4 |

In addition, during 2014, the Company's subsidiary, LTC, acquired certain assets from The Title Company, LLC, a title office in Baton Rouge, Louisiana, and Louisiana Abstract and Title, LLC, a title office in Shreveport, Louisiana. These two acquisitions were immaterial and the assets recognized were primarily from goodwill and additional intangible assets.

During the fourth quarter of 2014, the Company also announced three additional acquisitions that are expected to close in 2015. The Company announced the signing of a definitive agreement to acquire Florida Bank Group, which will expand the Company's presence to the Tampa, Florida MSA and extend it into Tallahassee and Jacksonville, Florida. Additionally, the Company signed a definitive agreement to acquire Old Florida, which will expand the Company's presence into the Orlando, Florida MSA.

Lastly, the Company signed a definitive agreement to acquire Georgia Commerce, which will expand the Company's presence into the Atlanta, Georgia MSA. With the completion of the Georgia Commerce acquisition, the Company will serve all five of the largest MSAs in the southeastern United States and have a meaningful presence in 10 of the 20 largest MSAs in the region. The Florida Bank Group, Old Florida, and Georgia Commerce acquisitions are subject to customary closing conditions, including the receipt of required regulatory approvals and the approval of the acquired companies' shareholders.



The Company believes these acquisitions, as well as a continued focus on high quality organic growth, improvements in operating efficiency, and development of fee-based businesses, will allow the Company to achieve its long-term objectives into 2015 and continue to improve long-term shareholder value.

FINANCIAL OVERVIEW

Selected consolidated financial and other data for the past five years is shown in the following tables.

TABLE 3—SELECTED CONSOLIDATED FINANCIAL AND OTHER DATA⁽¹⁾

| (Dollars in thousands, except per share data) | Years Ended December 31 | | | | | 2014 vs. 2013 | |
|--|-------------------------|--------------|---------------|--------------|--------------|---------------|----------|
| | 2014 | 2013 | 2012 | 2011 | 2010 | \$ Change | % Change |
| | | | | | | | |
| Income Statement Data | | | | | | | |
| Interest income | \$ 504,815 | \$437,197 | \$445,200 | \$ 420,327 | \$ 396,371 | \$ 67,618 | 15 % |
| Interest expense | 44,704 | 46,953 | 63,450 | 82,069 | 114,744 | (2,249) | (5) |
| Net interest income | 460,111 | 390,244 | 381,750 | 338,258 | 281,627 | 69,867 | 18 |
| Provision for loan losses..... | 19,060 | 5,145 | 20,671 | 25,867 | 42,451 | 13,915 | 270 |
| Net interest income after provision for loan losses..... | 441,051 | 385,099 | 361,079 | 312,391 | 239,176 | 55,952 | 15 |
| Non-interest income | 173,628 | 168,958 | 175,997 | 131,859 | 133,890 | 4,670 | 3 |
| Non-interest expense | 474,479 | 473,085 | 432,185 | 373,731 | 304,249 | 1,394 | 0 |
| Income before income taxes | 140,200 | 80,972 | 104,891 | 70,519 | 68,817 | 59,228 | 73 |
| Income taxes..... | 34,750 | 15,869 | 28,496 | 16,981 | 19,991 | 18,881 | 119 |
| Net income..... | 105,450 | 65,103 | 76,395 | 53,538 | 48,826 | 40,347 | 62 |
| Earnings per share – basic..... | 3.32 | 2.20 | 2.59 | 1.88 | 1.90 | 1.12 | 51 |
| Earnings per share – diluted..... | 3.30 | 2.20 | 2.59 | 1.87 | 1.88 | 1.10 | 50 |
| Cash dividends per share | 1.36 | 1.36 | 1.36 | 1.36 | 1.36 | — | — |
| | | | | | | | |
| (Dollars in thousands, except per share data) | As of December 31 | | | | | 2014 vs. 2013 | |
| | 2014 | 2013 | 2012 | 2011 | 2010 | \$ Change | % Change |
| | | | | | | | |
| Balance Sheet Data | | | | | | | |
| Total assets | \$ 15,758,605 | \$13,365,550 | \$ 13,129,678 | \$11,757,928 | \$10,026,766 | \$ 2,393,055 | 18 % |
| Cash and cash equivalents | 548,095 | 391,396 | 970,977 | 573,296 | 337,778 | 156,699 | 40 |
| Loans, net of unearned income | 11,441,044 | 9,492,019 | 8,498,580 | 7,388,037 | 6,035,332 | 1,949,025 | 21 |
| Investment securities | 2,275,813 | 2,090,906 | 1,950,066 | 1,997,969 | 2,019,814 | 184,908 | 9 |
| Goodwill and other intangible assets, net..... | 548,130 | 425,442 | 429,584 | 401,888 | 263,925 | 122,688 | 29 |
| Deposits..... | 12,520,525 | 10,737,000 | 10,748,277 | 9,289,013 | 7,915,106 | 1,783,526 | 17 |
| Borrowings..... | 1,248,996 | 961,043 | 726,422 | 848,276 | 652,579 | 287,953 | 30 |
| Shareholders' equity..... | 1,852,849 | 1,530,979 | 1,529,868 | 1,482,661 | 1,303,457 | 321,869 | 21 |
| Book value per share ⁽²⁾ | 55.39 | 51.40 | 51.88 | 50.48 | 48.50 | 3.99 | 8 |
| Tangible book value per share ^{(2) (4)} | 39.11 | 37.17 | 37.34 | 36.80 | 38.68 | 1.94 | 5 |

| | As of and For the Years Ended December 31 | | | | |
|--|---|--------|--------|--------|--------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| Key Ratios ⁽³⁾ | | | | | |
| Return on average assets | 0.72% | 0.50% | 0.63% | 0.49% | 0.47% |
| Return on average common equity | 6.17 | 4.26 | 5.05 | 3.77 | 3.91 |
| Return on average tangible common equity ⁽⁴⁾ | 9.05 | 6.20 | 7.21 | 5.30 | 5.27 |
| Equity to assets at end of period | 11.76 | 11.45 | 11.65 | 12.61 | 13.00 |
| Earning assets to interest-bearing liabilities at end of period | 135.15 | 132.74 | 127.62 | 121.74 | 119.27 |
| Interest rate spread ⁽⁵⁾ | 3.40 | 3.26 | 3.43 | 3.34 | 2.84 |
| Net interest margin (TE) ⁽⁵⁾⁽⁶⁾ | 3.51 | 3.38 | 3.58 | 3.51 | 3.05 |
| Non-interest expense to average assets | 3.24 | 3.64 | 3.57 | 3.43 | 2.95 |
| Efficiency ratio ⁽⁷⁾ | 74.87 | 84.60 | 77.49 | 79.50 | 73.22 |
| Tangible efficiency ratio (TE) (Non-GAAP) ⁽⁶⁾⁽⁷⁾ | 72.63 | 82.08 | 74.91 | 76.71 | 70.43 |
| Common stock dividend payout ratio | 42.03 | 62.11 | 52.50 | 73.61 | 74.75 |
| Asset Quality Data (Legacy) | | | | | |
| Nonperforming assets to total assets at end of period ⁽⁸⁾ | 0.41% | 0.61% | 0.69% | 0.86% | 0.91% |
| Allowance for credit losses to nonperforming loans at end of period ⁽⁸⁾ | 246.26 | 175.35 | 150.57 | 132.98 | 122.59 |
| Allowance for credit losses to total loans at end of period | 0.91 | 0.95 | 1.10 | 1.40 | 1.40 |
| Consolidated Capital Ratios | | | | | |
| Tier 1 leverage capital ratio | 9.36% | 9.70% | 9.70% | 10.45% | 11.24% |
| Tier 1 risk-based capital ratio | 11.18 | 11.57 | 12.92 | 14.94 | 18.48 |
| Total risk-based capital ratio | 12.31 | 12.82 | 14.19 | 16.20 | 19.74 |

⁽¹⁾ 2010 Balance Sheet, Income Statement, and Asset Quality Data, as well as Key Ratios and Consolidated Capital Ratios, are impacted by the Company's acquisition of Sterling on July 23, 2010. 2011 data is impacted by the Company's acquisitions of OMNI and Cameron on May 31, 2011 and FTC on June 14, 2011. 2012 data is impacted by the Company's acquisition of Florida Gulf on July 31, 2012. 2014 data is impacted by the Company's acquisitions of certain assets and liabilities of the Trust One - Memphis on January 17, 2014, Teche on May 31, 2014, and First Private on June 30, 2014.

⁽²⁾ Shares used for book value purposes are net of shares held in treasury at the end of the period.

⁽³⁾ With the exception of end-of-period ratios, all ratios are based on average daily balances during the respective periods.

⁽⁴⁾ Tangible calculations eliminate the effect of goodwill and acquisition-related intangible assets and the corresponding amortization expense on a tax-effected basis where applicable.

⁽⁵⁾ Interest rate spread represents the difference between the weighted average yield on earning assets and the weighted average cost of interest-bearing liabilities. Net interest margin represents net interest income as a percentage of average net earning assets.

⁽⁶⁾ Fully taxable equivalent (TE) calculations include the tax benefit associated with related income sources that are tax-exempt using a marginal tax rate of 35%.

⁽⁷⁾ The efficiency ratio represents noninterest expense as a percentage of total revenues. Total revenues are the sum of net interest income and noninterest income.

⁽⁸⁾ Nonperforming loans consist of nonaccruing loans and loans 90 days or more past due. Nonperforming assets consist of nonperforming loans and repossessed assets.

The Company's net income available to common shareholders for the year ended December 31, 2014 totaled \$105 million, or \$3.30 per diluted share, compared to \$65 million, or \$2.20 per diluted share, for 2013. On an operating basis (non-GAAP), per share earnings were \$3.73 per share, up \$0.61 from the \$3.12 in operating earnings per share in 2013. Key components of the Company's 2014 performance are summarized below.

- Net interest income increased \$70 million, or 18%, in 2014 when compared to 2013, a result of a \$68 million, or 15%, increase in interest income and a \$2 million decrease in interest expense. Interest income was positively affected by a \$1.5 billion increase in average earning assets, due to both the addition of acquired earning assets in the current year and the organic growth in loans since December 31, 2013, and a seven basis point increase in the yield on earning assets. Compared to 2013, the Company's net interest margin ratio on a tax-equivalent basis increased 13 basis points to 3.51% from 3.38% due to changes in the volume and mix of the Company's assets and liabilities as well as rate decreases driven by federal funds, Treasury, and other Company borrowing rate decreases during 2014.

- The Company recorded a provision for loan losses of \$19 million in 2014, \$14 million higher than the provision recorded in 2013. The provision was impacted by loan growth during the period, but was tempered by an overall improvement in the Company's asset quality, especially in its legacy portfolio. The improvement in asset quality from December 31, 2013 has offset the need for a higher allowance for loan losses as a result of loan growth in 2014. As of December 31, 2014, the allowance for loan losses as a percent of total loans was 1.14% compared to 1.51% at December 31, 2013.
- Non-interest income increased \$5 million, or 3%, when compared to 2013, a result of a \$7 million increase in service charges, a \$3 million increase in ATM/debit card fee income, \$4 million in income from BOLI, and a \$2 million increase in broker commissions. These increases were partially offset by a \$12 million decrease in mortgage income from 2013.
- From 2013 to 2014, non-interest expense increased \$1 million, or less than 1%, while operating non-interest expenses increased \$17 million, or 4%. The increase in operating non-interest expense was attributable primarily to the Company's growth over the past twelve months, including higher salary and employee benefit costs of \$14 million and increased occupancy and equipment and other branch expenses resulting from the Company's expanded footprint.
- The Company paid a quarterly cash dividend of \$0.34 per common share in each quarter of 2014, resulting in dividends of \$1.36 for the year-to-date period. These amounts were consistent with the dividends paid in 2013 and 2012.
- Total assets at December 31, 2014 were \$15.8 billion, up \$2.4 billion, or 18%, from December 31, 2013. Legacy loan growth of \$1.4 billion across many of the Company's markets, net increases to acquired loans of \$844 million, and \$185 million in additional investment securities drove the increase in total assets. Offsetting these increases were decreases in covered assets and the receivables associated with the indemnification agreements with the FDIC. Due to the amortization and impairment of the FDIC loss share receivables, as well as cash receipts from the FDIC, the balances decreased \$93 million, or 57%, since December 31, 2013, and covered loans decreased \$275 million since the end of 2013.
- Total loans net of unearned income at December 31, 2014 were \$11.4 billion, an increase of \$1.9 billion, or 21%, from December 31, 2013. As noted above, loan growth during 2014 was driven by a 25% increase in non-covered loans. Covered loans decreased 38% from December 31, 2013, as covered loans were paid down or charged-off and submitted for reimbursement and the loss share coverage period for certain non-single family covered loans expired.
- Total customer deposits increased \$1.8 billion, or 17%, to \$12.5 billion at December 31, 2014. Non-interest-bearing deposits increased \$619 million, or 24%, while interest-bearing deposits increased \$1.2 billion, or 14%. Although deposit competition remained intense, the Company was able to generate growth across many of its deposit products.
- Shareholders' equity increased \$322 million, or 21% from year-end 2013. The increase was primarily driven by 3.3 million common shares issued in the Teche and First Private acquisitions, which resulted in additional equity of \$215 million, as well as undistributed net income of \$61 million and a \$24 million increase in accumulated other comprehensive income (net of tax), a result of the change in the unrealized gain in the Company's available for sale investment portfolio at the end of 2014.

The discussion and analysis included herein contains financial information determined by methods other than in accordance with GAAP. The Company's management uses these non-GAAP financial measures in their analysis of the Company's performance. These measures typically adjust GAAP performance measures to exclude the effects of the amortization of intangibles and include the tax benefit associated with revenue items that are tax-exempt, as well as adjust income available to common shareholders for certain significant activities or transactions that, in management's opinion can distort period-to-period comparisons of the Company's performance. Since the presentation of these GAAP performance measures and their impact differ between companies, management believes presentations of these non-GAAP financial measures provide useful supplemental information that is essential to a proper understanding of the operating results of the Company's core businesses. These non-GAAP disclosures should not be viewed as a substitute for operating 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 GAAP to non-GAAP disclosures are included in the table below.

TABLE 4—RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES

| (Dollars in thousands, except per share amounts) | 2014 | | | 2013 | | | 2012 | | |
|--|-------------------|-------------------|--------------------------|-------------------|------------------|--------------------------|-------------------|------------------|--------------------------|
| | Pre-tax | After-tax | Per share ⁽¹⁾ | Pre-tax | After-tax | Per share ⁽¹⁾ | Pre-tax | After-tax | Per share ⁽¹⁾ |
| Net income (loss) (GAAP)..... | \$ 140,200 | \$ 105,450 | \$ 3.30 | \$ 80,972 | \$ 65,103 | \$ 2.20 | \$ 104,891 | \$ 76,395 | \$ 2.59 |
| Non-interest and other expense adjustments: | | | | | | | | | |
| Merger-related expenses..... | 15,093 | 10,104 | 0.32 | 783 | 509 | 0.02 | 5,123 | 3,330 | 0.10 |
| Severance expenses | 6,951 | 4,518 | 0.14 | 2,538 | 1,649 | 0.05 | 2,355 | 1,530 | 0.05 |
| (Gain) Loss on sale of long-lived assets, net of impairment..... | 7,073 | 4,597 | 0.14 | 37,183 | 24,169 | 0.81 | 2,902 | 1,886 | 0.05 |
| Debt prepayment | — | — | — | 2,307 | 1,500 | 0.05 | — | — | — |
| (Reversal of) Provision for FDIC clawback liability..... | (797) | (518) | (0.02) | 797 | 518 | 0.02 | — | — | — |
| Other non-operating non-interest expense | 200 | 130 | 0.01 | 934 | 607 | 0.01 | 3,631 | 2,360 | 0.08 |
| Income tax benefits | — | (2,959) | (0.09) | — | — | — | — | — | — |
| Total non-operating expenses..... | 28,520 | 15,872 | 0.50 | 44,542 | 28,952 | 0.97 | 14,011 | 9,106 | 0.28 |
| Non-interest income adjustments: (Gain) loss on sale of investments, net | (773) | (502) | (0.01) | (2,334) | (1,517) | (0.05) | (3,775) | (2,453) | (0.08) |
| Other non-interest income | (1,984) | (1,817) | (0.06) | — | — | — | (2,196) | (1,427) | (0.05) |
| Total non-operating income..... | (2,757) | (2,319) | (0.07) | (2,334) | (1,517) | (0.05) | (5,971) | (3,880) | (0.13) |
| Operating earnings (non-GAAP) | 165,963 | 119,003 | 3.73 | 123,180 | 92,538 | 3.12 | 112,931 | 81,621 | 2.74 |
| Provision for (Reversal of) covered and acquired loan losses | 6,018 | 3,912 | 0.12 | (786) | (511) | (0.02) | 16,867 | 10,964 | 0.37 |
| Other provision for loan losses | 13,042 | 8,477 | 0.27 | 5,932 | 3,856 | 0.13 | 3,804 | 2,472 | 0.08 |
| Pre-provision operating earnings (non-GAAP)..... | \$ 185,023 | \$ 131,392 | \$ 4.12 | \$ 128,326 | \$ 95,883 | \$ 3.23 | \$ 133,602 | \$ 95,057 | \$ 3.19 |

- (1) Diluted per share amounts may not appear to foot due to rounding.
(2) After-tax amounts computed using a marginal tax rate of 35%.

| (Dollars in thousands) | 2014 | 2013 | 2012 |
|---|---------------|---------------|---------------|
| Net interest income (GAAP) | \$ 460,111 | \$ 390,244 | \$ 381,750 |
| Add: Effect of tax benefit on interest income..... | 8,609 | 9,452 | 9,659 |
| Net interest income (TE) (Non-GAAP) | \$ 468,720 | \$ 399,696 | \$ 391,409 |
| Non-interest income (GAAP)..... | \$ 173,628 | \$ 168,958 | \$ 175,997 |
| Add: Effect of tax benefit on non-interest income | 2,947 | 1,964 | 1,981 |
| Non-interest income (TE) (Non-GAAP)..... | \$ 176,575 | \$ 170,922 | \$ 177,978 |
| Non-interest expense (GAAP)..... | \$ 474,479 | \$ 473,085 | \$ 432,185 |
| Less: Intangible amortization expense | 5,807 | 4,720 | 5,150 |
| Tangible non-interest expense (Non-GAAP)..... | \$ 468,672 | \$ 468,365 | \$ 427,035 |
| Net income (GAAP)..... | \$ 105,450 | \$ 65,103 | \$ 76,395 |
| Add: Effect of intangible amortization, net of tax | 3,775 | 3,068 | 3,348 |
| Cash earnings (Non-GAAP) | \$ 109,225 | \$ 68,171 | \$ 79,743 |
| Total assets (GAAP)..... | \$ 15,758,605 | \$ 13,365,550 | \$ 13,129,678 |
| Less: Intangible assets, net | 548,130 | 425,442 | 429,584 |
| Total tangible assets (Non-GAAP) | \$ 15,210,475 | \$ 12,940,108 | \$ 12,700,094 |
| Average assets (Non-GAAP) | \$ 14,632,685 | \$ 13,003,988 | \$ 12,096,972 |
| Less: Average intangible assets, net..... | 501,770 | 427,485 | 407,672 |
| Total average tangible assets (Non-GAAP)..... | \$ 14,130,915 | \$ 12,576,503 | \$ 11,689,300 |
| Total shareholders' equity (GAAP)..... | \$ 1,852,849 | \$ 1,530,979 | \$ 1,529,868 |
| Less: intangible assets, net | 548,130 | 425,442 | 429,584 |
| Total tangible shareholders' equity (Non-GAAP) | \$ 1,304,719 | \$ 1,105,537 | \$ 1,100,284 |
| Average shareholders' equity (Non-GAAP) | \$ 1,708,051 | \$ 1,527,193 | \$ 1,513,517 |
| Less: Average intangible assets, net..... | 501,770 | 427,485 | 407,672 |
| Average tangible shareholders' equity (Non-GAAP)..... | \$ 1,206,281 | \$ 1,099,708 | \$ 1,105,845 |
| Return on average equity (GAAP) | 6.17 % | 4.26 % | 5.05 % |
| Add: Effect of intangibles | 2.87 | 1.94 | 2.16 |
| Return on average tangible common equity (Non-GAAP) | 9.04 % | 6.20 % | 7.21 % |
| Efficiency ratio (GAAP) | 74.9 % | 84.6 % | 77.5 % |
| Less: Effect of tax benefit related to tax-exempt income | 1.4 | 1.7 | 1.6 |
| Efficiency ratio (TE) (Non-GAAP) | 73.5 | 82.9 | 75.9 |
| Less: Effect of amortization of intangibles..... | 0.9 | 0.8 | 1.0 |
| Tangible efficiency ratio (TE) (Non-GAAP)..... | 72.6 % | 82.1 % | 74.9 % |
| Cash Yield: | | | |
| Earning assets average balance (GAAP) | \$ 13,235,541 | \$ 11,735,392 | \$ 10,832,415 |
| Add: Adjustments..... | 36,620 | (51,008) | (108,256) |
| Earning assets average balance, as adjusted (Non-GAAP) | \$ 13,272,161 | \$ 11,684,384 | \$ 10,724,159 |
| Net interest income (GAAP) | \$ 460,111 | \$ 390,244 | \$ 381,750 |
| Add: Adjustments..... | (12,371) | (11,092) | (44,498) |
| Net interest income, as adjusted (Non-GAAP) | \$ 447,740 | \$ 379,152 | \$ 337,252 |
| Yield, as reported | 3.51 % | 3.38 % | 3.56 % |
| Add: Adjustments..... | (0.10) | (0.08) | (0.37) |
| Yield, as adjusted (Non-GAAP)..... | 3.41 % | 3.30 % | 3.19 % |

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In preparing financial reports, management is required to apply significant judgment to various accounting, reporting and disclosure matters. Management must use assumptions and estimates to apply these principles where actual measurement is not possible or practical. The accounting principles and methods used by the Company conform with accounting principles generally accepted in the United States and general bank accounting practices. Estimates and assumptions most significant to the Company relate primarily to the calculation of the allowance for credit losses, the accounting for acquired loans and the related FDIC loss share receivable on covered loans, and the valuation of goodwill, intangible assets and other purchase accounting adjustments. These significant estimates and assumptions are summarized in the following discussion and are further analyzed in the footnotes to the consolidated financial statements.

Allowance for Credit Losses (“Legacy ACL”)

The determination of the overall allowance for credit losses has two components, the allowance for legacy credit losses and the allowance for acquired credit losses. The allowance for acquired impaired credit losses is calculated as described in the “Accounting for Acquired Loans and the Allowance for Acquired Impaired Loans” section below. The Legacy ACL, which represents management’s estimate of probable losses inherent in the Company’s legacy loan portfolio, excluding acquired loans, involves a high degree of judgment and complexity. The Company’s policy is to establish reserves through provisions for credit losses on the consolidated statements of comprehensive income for estimated losses on delinquent and other problem loans when it is determined that losses are expected to be incurred on such loans. Management’s determination of the appropriateness of the Legacy ACL is based on various factors requiring judgments and estimates, including management’s evaluation of the credit quality of the portfolio (determined through the assignment of risk ratings, assessments of past due status and scores from credit agencies), past loss experience, current economic conditions, the volume and type of lending conducted by the Company, composition of the portfolio, the amount of the Company’s classified assets, seasoning of the loan portfolio, the status of past due principal and interest payments, and other relevant factors. Two areas in which management exercises judgment are the assessments of risk ratings on the Company’s commercial loan portfolio and the application of qualitative adjustments to the quantitative measurements across all portfolios. Other changes in estimates included in the estimation of the allowance for credit losses may also have a significant impact on the consolidated financial statements. For further discussion of the allowance for credit losses, see the Asset Quality and Allowance for Credit Losses sections of this analysis and Note 1 and Note 7 of the footnotes to the consolidated financial statements.

Accounting for Acquired Loans and the Allowance for Acquired Impaired Loans

The Company accounts for its acquisitions under ASC Topic No. 805, Business Combinations, which requires the use of the acquisition method of accounting. All identifiable assets acquired, including loans, are recorded at fair value. No allowance for credit losses related to the acquired loans is recorded on the acquisition date, as the fair value of the loans acquired incorporates assumptions regarding credit risk. Loans acquired are recorded on the acquisition date at fair value in accordance with the fair value methodology prescribed in ASC Topic No. 820, Fair Value Measurement, and in the case of covered loans excludes the shared-loss agreements with the FDIC. These fair value estimates associated with acquired loans include estimates related to market interest rates and undiscounted projections of future cash flows that incorporate expectations of prepayments and the amount and timing of principal, interest and other cash flows, as well as any shortfalls thereof.

Acquired loans are evaluated at acquisition and classified as purchased impaired (“acquired impaired”) or purchased non-impaired (“acquired non-impaired”). Acquired impaired loans exhibit (in management’s judgment) credit deterioration since origination to the extent that it is expected at the time of acquisition that the Company will be unable to collect all contractually required payments and include all covered loans. All other acquired loans are classified as acquired non-impaired.

Over the life of the acquired impaired loans, the Company continues to estimate the amount and timing of cash flows expected to be collected on individual loans or on pools of loans sharing common risk characteristics. These expected cash flow estimates are updated for new information on a quarterly basis. Once cash flow estimates are updated, the Company evaluates whether the present value of these cash flows, determined using effective interest rates, have decreased and if so, recognizes provisions for credit losses in its consolidated statement of comprehensive income. For any increases in cash flows expected to be collected, the Company adjusts the amount of accretable yield recognized on a prospective basis over the respective loan’s or pool’s remaining life.

The allowance for credit losses for acquired non-impaired loans is calculated similarly to the Legacy ACL.

Because the FDIC reimburses the Company for losses on certain covered loans acquired in 2009 and 2010, indemnification assets were recorded at fair value as of the acquisition dates. The initial values of the indemnification assets were based on estimated cash flows to be received over the expected life of the acquired assets, not to exceed the term of the indemnification agreements. The loss sharing term of the Company’s commercial and single family residential indemnification agreements are five years and ten years, respectively, from the date of acquisition.

Because the indemnification assets are measured on the same basis as the indemnified loans, subject to contractual and collectability limitations, the indemnification assets are impacted by changes in expected cash flows on covered assets. Increases in credit losses

expected to occur within the loss share term are recorded as current period increases to the allowance for credit losses and increase the amount collectible from the FDIC by the applicable loss share percentage. Decreases in credit losses expected to occur within the loss share term reduce the amount collectible from the FDIC and increase the amount collectible from customers in the form of prospective accretion. Increases in the portion of indemnification asset collectible from customers are amortized to income. Periodic amortization represents the amount that is expected to result in symmetrical recognition of pool-level accretion and amortization over the shorter of 1) the life of the loans or 2) the life of the shared loss agreement.

The Company assesses the indemnification assets for collectability at the acquisition level based on three sources: 1) the FDIC, 2) OREO transactions, and 3) customers. Amounts collectible from the FDIC through loss reimbursements are comprised of losses currently expected within the loss share term. For certain covered assets, loss share coverage expires in the next 12 months. At December 31, 2014, the indemnification asset includes \$20 million and \$1 million related to these assets that are expected to be collected from the FDIC and OREO transactions, respectively. A current period impairment would be recorded to the extent that events or circumstances indicate that losses previously expected to occur within the loss share term are expected to occur subsequent to loss share termination. Amounts collectible through expected gains on the sale of OREO are written-up or impaired each period based on the best available information.

Loss assumptions used to measure the basis of the indemnified loans are consistent with the loss assumptions used to measure the indemnification assets.

A claim receivable is established within "Other assets" on the Company's consolidated balance sheets when a loss is incurred and the indemnification asset is reduced when cash is received from the FDIC.

If expected loss severities for all acquired impaired loans were to increase by 10%, the Company would recognize a gross increase to the provision for credit losses of \$3 million, which would be offset by a decrease of \$1 million in the FDIC loss share receivable. Similarly, if expected loss severities for all acquired impaired loans were to decrease by 10%, the Company would recognize a gross decrease to the provision for credit losses of \$1 million, which would be offset by an increase of \$0.2 million in the FDIC loss share receivable.

For further discussion of the Company's acquisition and loan accounting, see Note 1 and Note 7 of the footnotes to the consolidated financial statements.

Valuation of Goodwill, Intangible Assets and Other Purchase Accounting Adjustments

The Company accounts for acquisitions in accordance with ASC Topic No. 805, which requires the use of the acquisition method of accounting for business combinations. Under this method, the Company is required to record the assets acquired, including identified intangible assets, and liabilities assumed, at their fair value, which in many instances involves estimates based on third party valuations, such as appraisals, or internal valuations based on discounted cash flow analyses or other valuation techniques. The determination of the useful lives of intangible assets is subjective, as is the appropriate amortization period for such intangible assets. In addition, business combinations typically result in recording goodwill.

The Company performs a goodwill evaluation at least annually. As part of its testing, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the results of the qualitative assessment indicate impairment, the Company determines the fair value of a reporting unit relative to its carrying amount to determine whether quantitative factors of impairment are present. When the Company determines that the fair value of the reporting unit is below its carrying amount, the Company determines the fair value of the reporting unit's assets and liabilities, considering deferred taxes, and then measures impairment loss by comparing the implied fair value of goodwill with the carrying amount of that goodwill. Based on management's assessment of the qualitative factors in its goodwill impairment test of its IBERIABANK Reporting Unit, the Company concluded that the fair value of the Company's reporting unit was more likely than not above its carrying amount and accordingly did not recognize impairment in its tests of goodwill at October 1, 2014. Based on the testing performed in 2013 and 2014, management concluded that for the IBERIABANK, IMC, and LTC Reporting Units, respectively, goodwill was not impaired as of those dates. For additional information on goodwill and intangible assets, see Note 1 and Note 11 of the footnotes to the consolidated financial statements.

FINANCIAL CONDITION

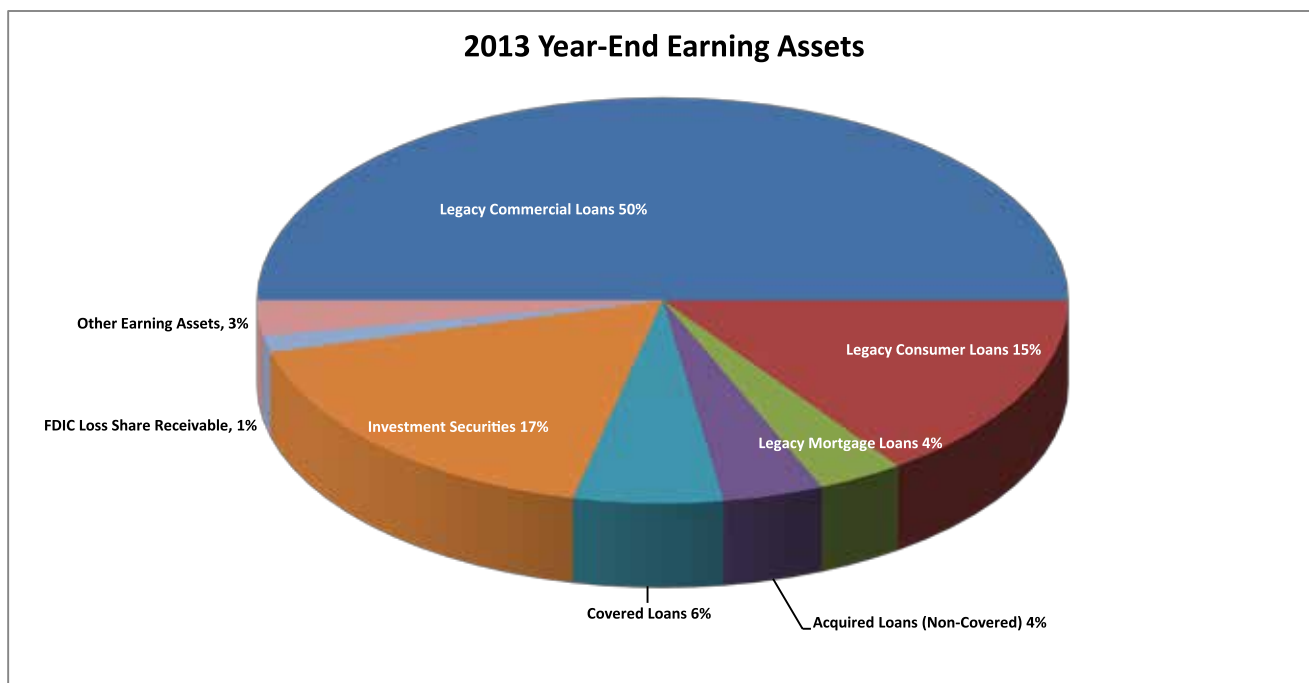
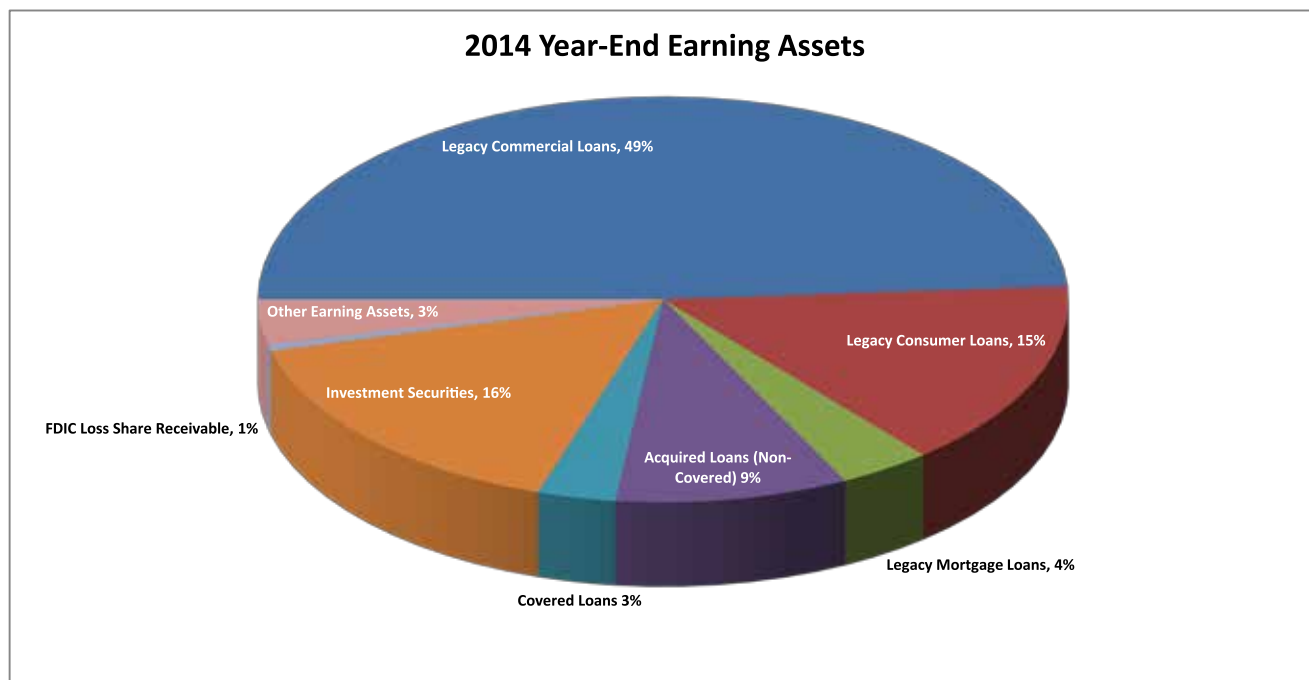
EARNING ASSETS

Interest income associated with earning assets is the Company's primary source of income. Earning assets are composed of interest-earning or dividend-earning assets, including loans, securities, short-term investments and loans held for sale. As a result of both acquired assets and organic growth, earning assets increased \$2.2 billion, or 18%, during 2014. Earning assets averaged \$13.2 billion during 2014, a \$1.5 billion, or 13%, increase when compared to 2013. Major components of earnings assets at December 31 are shown in the following table:

TABLE 5—EARNING ASSETS COMPOSITION

| (Dollars in thousands) | 2014 | 2013 | Increase (Decrease) | |
|--|----------------------|----------------------|---------------------|------------|
| Legacy Loans | | | | |
| Commercial Loans | \$ 7,002,198 | \$ 6,040,955 | \$ 961,243 | 16% |
| Mortgage Loans | 527,694 | 414,372 | 113,322 | 27 |
| Consumer Loans | 2,138,822 | 1,832,994 | 305,828 | 17 |
| Total Legacy Loans | 9,668,714 | 8,288,321 | 1,380,393 | 17 |
| Acquired Loans (Non-covered) | 1,327,786 | 483,905 | 843,881 | 174 |
| Covered Loans | 444,544 | 719,793 | (275,249) | (38) |
| Total Loans, Net of Unearned Income | 11,441,044 | 9,492,019 | 1,949,025 | 21 |
| FDIC Loss Share Receivables | 69,627 | 162,312 | (92,685) | (57) |
| Total Loans and FDIC Loss Share Receivables | 11,510,671 | 9,654,331 | 1,856,340 | 19 |
| Investment Securities | 2,275,813 | 2,090,906 | 184,907 | 9 |
| Other Earning Assets | 515,715 | 338,351 | 177,364 | 52 |
| Total Earning Assets | <u>\$ 14,302,199</u> | <u>\$ 12,083,588</u> | <u>\$ 2,218,611</u> | <u>18%</u> |

The year-end mix of earning assets is shown in the following charts.



The following discussion highlights the Company's major categories of earning assets.

Loans

The Company's total loan portfolio increased \$1.9 billion, or 21%, to \$11.4 billion at December 31, 2014, which was driven by non-covered loan growth of \$2.2 billion during the year, but was offset by a \$275 million, or 38%, decrease in covered loans. By loan type, the increase was primarily from commercial loan growth of \$951 million and consumer loan growth of \$505 million during 2014, 14% and 25% higher, respectively, than at the end of 2013.

The major categories of loans outstanding at December 31, 2014 and 2013 are presented in the following tables, segregated into covered, acquired non-covered and legacy loans.

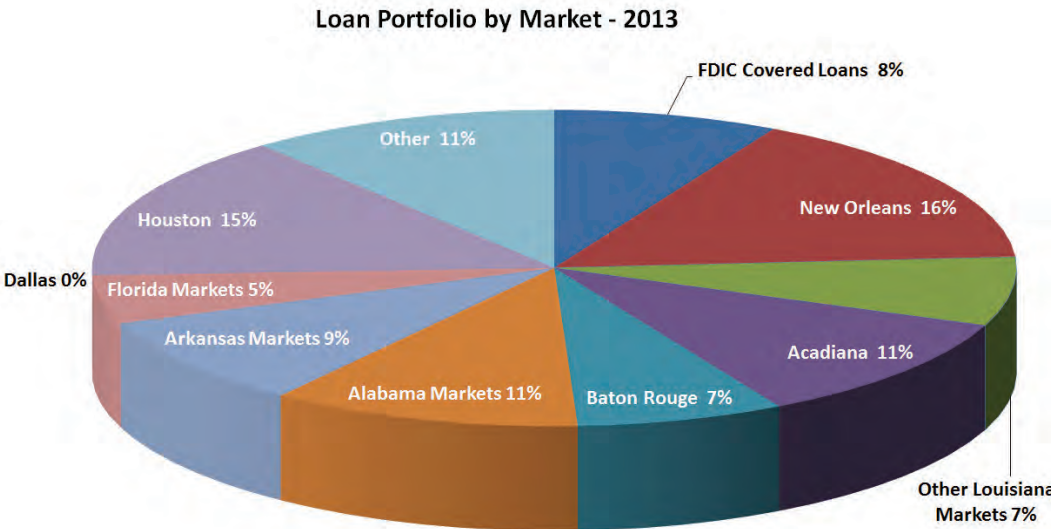
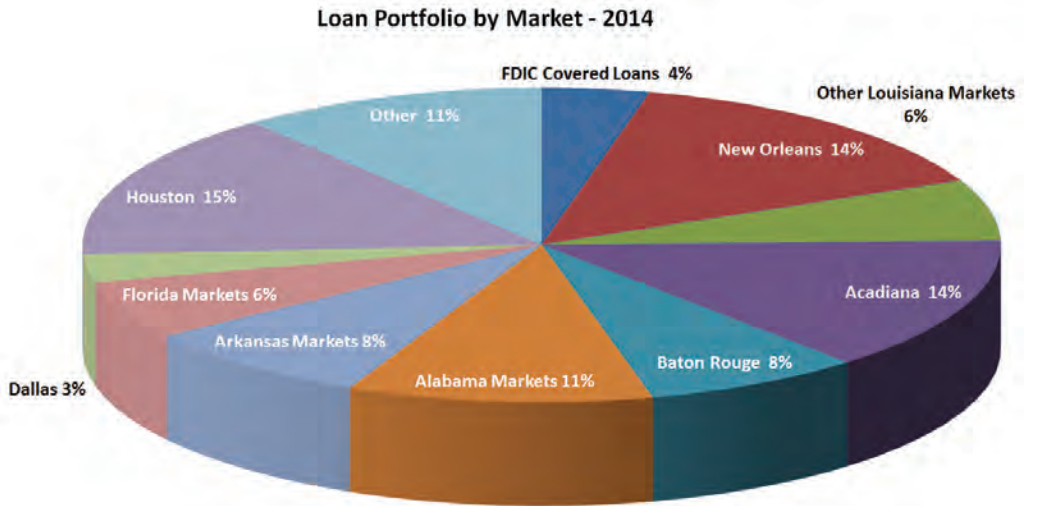
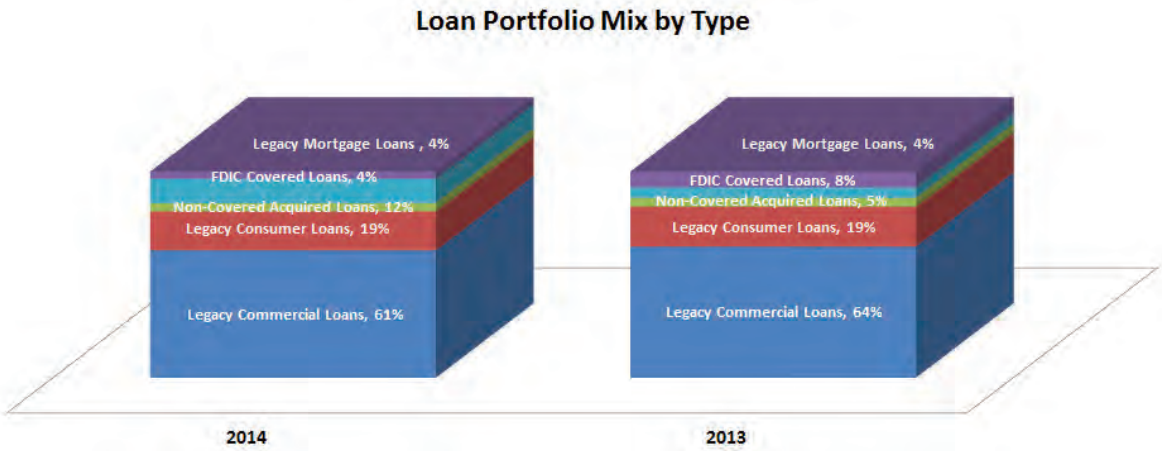
TABLE 6—SUMMARY OF LOANS

| (Dollars in thousands) | December 31, 2014 | | | | | | | | |
|-----------------------------------|--------------------|--------------------|----------------------|------------------|---------------------|--------------------|------------------|------------------|----------------------|
| | Commercial | | Residential Mortgage | | Consumer and Other | | | | Total |
| | Real Estate | Business | 1 - 4 Family | Construction | Indirect automobile | Home Equity | Credit Card | Other | |
| | | | | | | | | | |
| Covered | \$ 189,126 | \$ 31,260 | \$ 128,024 | \$ — | \$ — | \$ 92,430 | \$ 648 | \$ 3,056 | \$ 444,544 |
| Acquired Non-Covered | 497,949 | 93,549 | 424,579 | — | 392 | 217,699 | — | 93,618 | 1,327,786 |
| Total Acquired | 687,075 | 124,809 | 552,603 | — | 392 | 310,129 | 648 | 96,674 | 1,772,330 |
| Legacy | 3,718,058 | 3,284,140 | 495,638 | 32,056 | 396,766 | 1,290,976 | 72,745 | 378,335 | 9,668,714 |
| Total loans | \$4,405,133 | \$3,408,949 | \$1,048,241 | \$ 32,056 | \$397,158 | \$1,601,105 | \$ 73,393 | \$475,009 | \$ 11,441,044 |

| (Dollars in thousands) | December 31, 2013 | | | | | | | | |
|-----------------------------------|--------------------|--------------------|----------------------|-----------------|---------------------|--------------------|-----------------|------------------|---------------------|
| | Commercial | | Residential Mortgage | | Consumer and Other | | | | Total |
| | Real Estate | Business | 1 - 4 Family | Construction | Indirect automobile | Home Equity | Credit Card | Other | |
| | | | | | | | | | |
| Covered | \$ 387,332 | \$ 37,025 | \$ 154,025 | \$ — | \$ — | \$ 137,122 | \$ 679 | \$ 3,610 | \$ 719,793 |
| Acquired Non-Covered | 345,069 | 53,037 | 18,135 | — | 1,853 | 53,443 | — | 12,368 | 483,905 |
| Total Acquired | 732,401 | 90,062 | 172,160 | — | 1,853 | 190,565 | 679 | 15,978 | 1,203,698 |
| Legacy | 3,134,904 | 2,906,051 | 404,922 | 9,450 | 373,383 | 1,101,227 | 63,642 | 294,742 | 8,288,321 |
| Total Loans | \$3,867,305 | \$2,996,113 | \$ 577,082 | \$ 9,450 | \$ 375,236 | \$1,291,792 | \$64,321 | \$310,720 | \$ 9,492,019 |

Loan Portfolio Components

The Company believes its loan portfolio is well diversified by product and geography throughout its footprint. The year-end loan portfolio is segregated into various components and markets in the following charts.



The Company's loan to deposit ratio at December 31, 2014 and 2013 was 91.4% and 88.4%, respectively. The percentage of fixed rate loans to total loans decreased from 50% at the end of 2013 to 49% at December 31, 2014. The table below sets forth the composition of the loan portfolio at December 31, followed by a discussion of activity by major loan type.

TABLE 7—TOTAL LOANS BY LOAN TYPE

| (Dollars in thousands) | 2014 | | 2013 | | 2012 | | 2011 | | 2010 | |
|----------------------------------|----------------------|-------------|---------------------|-------------|---------------------|-------------|---------------------|-------------|---------------------|-------------|
| Commercial loans: | | | | | | | | | | |
| Real estate | \$ 4,405,133 | 39% | \$ 3,867,305 | 41% | \$ 3,631,543 | 43% | \$ 3,363,891 | 46% | \$ 2,647,107 | 44% |
| Business..... | 3,408,949 | 30 | 2,996,113 | 31 | 2,537,718 | 30 | 2,005,234 | 27 | 1,515,856 | 25 |
| Total commercial loans..... | 7,814,082 | 69 | 6,863,418 | 72 | 6,169,261 | 73 | 5,369,125 | 73 | 4,162,963 | 69 |
| Mortgage loans: | | | | | | | | | | |
| Residential 1-4 family | 1,048,241 | 9 | 577,082 | 6 | 471,183 | 5 | 522,357 | 7 | 616,550 | 10 |
| Construction/owner-occupied..... | 32,056 | — | 9,450 | — | 6,021 | — | 16,143 | — | 14,822 | — |
| Total mortgage loans..... | 1,080,297 | 9 | 586,532 | 6 | 477,204 | 5 | 538,500 | 7 | 631,372 | 10 |
| Consumer loans: | | | | | | | | | | |
| Home equity | 1,601,105 | 14 | 1,291,792 | 14 | 1,251,125 | 15 | 1,019,110 | 14 | 834,840 | 14 |
| Indirect automobile..... | 397,158 | 3 | 375,236 | 4 | 327,985 | 4 | 261,896 | 3 | 255,322 | 4 |
| Other..... | 548,402 | 5 | 375,041 | 4 | 273,005 | 3 | 199,406 | 3 | 150,835 | 3 |
| Total consumer loans..... | 2,546,665 | 22 | 2,042,069 | 22 | 1,852,115 | 22 | 1,480,412 | 20 | 1,240,997 | 21 |
| Total loans..... | \$ 11,441,044 | 100% | \$ 9,492,019 | 100% | \$ 8,498,580 | 100% | \$ 7,388,037 | 100% | \$ 6,035,332 | 100% |

Commercial Loans

Total commercial loans increased \$951 million, or 14%, from December 31, 2013, with \$1.2 billion, or 18%, in non-covered loan growth and a decrease in covered commercial loans of \$204 million, or 48%. During 2014, the Company's non-covered acquired commercial loans increased \$193 million on a net basis (acquired commercial loans from Teche, First Private and Trust One-Memphis were offset partially by loan payments and charge-offs), while legacy commercial loan growth during 2014 totaled \$961 million. The Company continued to attract and retain commercial customers in 2014 as commercial loans were 69% of the total loan portfolio at December 31, 2014. Unfunded commitments on commercial loans were \$2.8 billion at December 31, 2014, an increase of \$158 million, or 6%, when compared to the end of the prior year.

Commercial real estate loans include loans to commercial customers for long-term financing of land and buildings or for land development or construction of a building. These loans are repaid from revenues generated from the business of the borrower. Commercial real estate loans increased \$538 million, or 14%, during the year, driven by an increase in non-covered commercial real estate loans of \$736 million, or 21%. At December 31, 2014, commercial real estate loans totaled \$4.4 billion, or 39% of the total loan portfolio, compared to 41% at December 31, 2013. The Company's underwriting standards generally provide for loan terms of three to five years, with amortization schedules of generally no more than twenty years. Low loan-to-value ratios are maintained and usually limited to no more than 80% at the time of origination. In addition, the Company obtains personal guarantees of the principals as additional security for most commercial real estate loans.

Commercial business loans represent loans to commercial customers to finance general working capital needs, equipment purchases and other projects where repayment is derived from cash flows resulting from business operations. The Company originates commercial business loans on a secured and, to a lesser extent, unsecured basis. The Company's commercial business loans may be term loans or revolving lines of credit. Term loans are generally structured with terms of no more than three to five years, with amortization schedules of generally no more than seven years. Commercial business term loans are generally secured by equipment, machinery or other corporate assets. The Company also provides for revolving lines of credit generally structured as advances upon perfected security interests in accounts receivable and inventory. Revolving lines of credit generally have annual maturities. The Company obtains personal guarantees of the principals as additional security for most commercial business loans. As of December 31, 2014, commercial loans not secured by real estate totaled \$3.4 billion, or 30% of the total loan portfolio. This represents a \$413 million, or 14%, increase from December 31, 2013.

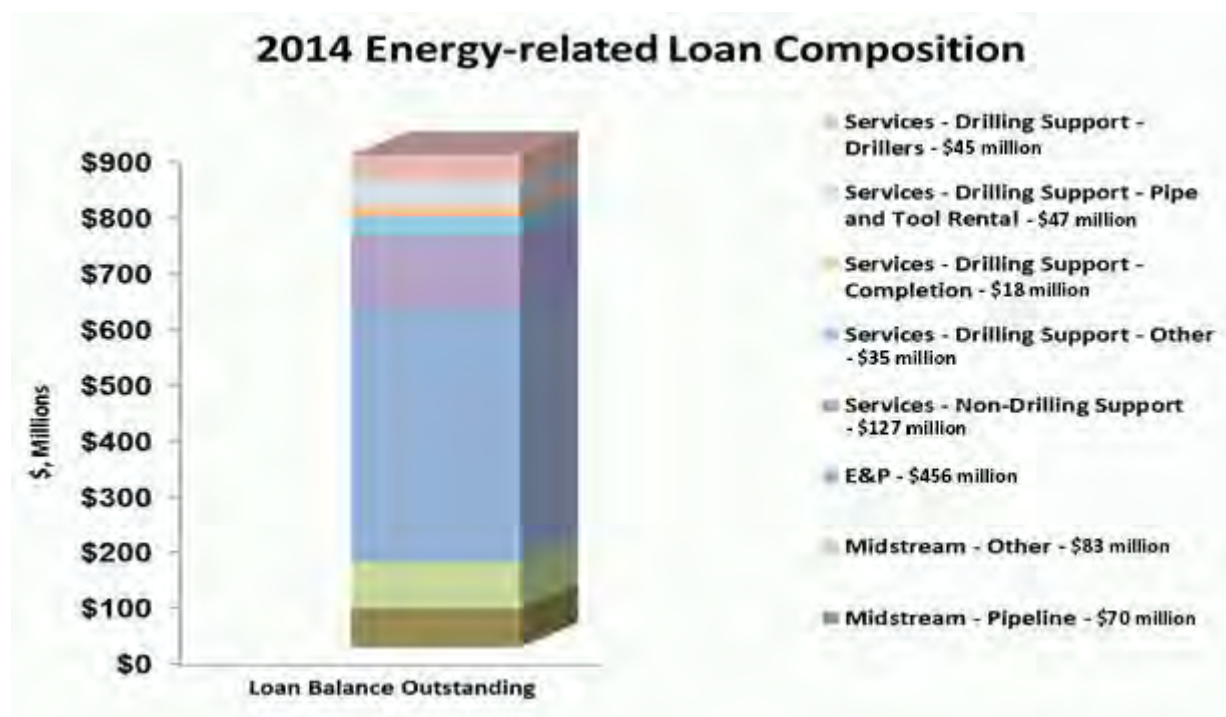
The following table details the Company's commercial loans by state.

TABLE 8—COMMERCIAL LOANS BY STATE

| (Dollars in thousands) | Louisiana | Florida | Alabama | Texas | Arkansas | Other | Total |
|-------------------------------------|---------------------|-------------------|-------------------|---------------------|-------------------|-------------------|---------------------|
| December 31, 2014 | | | | | | | |
| Covered..... | \$ — | \$ 220,386 | \$ — | \$ — | \$ — | \$ — | \$ 220,386 |
| Non-Covered Acquired..... | 351,148 | 128,582 | 33,845 | 52,438 | — | 25,485 | 591,498 |
| Legacy..... | 3,015,447 | 342,246 | 901,705 | 1,633,162 | 676,691 | 432,947 | 7,002,198 |
| Total commercial loans | \$ 3,366,595 | \$ 691,214 | \$ 935,550 | \$ 1,685,600 | \$ 676,691 | \$ 458,432 | \$ 7,814,082 |
| December 31, 2013 | | | | | | | |
| Covered..... | \$ — | \$ 363,372 | \$ 60,985 | \$ — | \$ — | \$ — | \$ 424,357 |
| Non-Covered Acquired..... | 284,572 | 113,534 | — | — | — | — | 398,106 |
| Legacy..... | 2,751,426 | 222,324 | 795,759 | 1,310,352 | 634,071 | 327,023 | 6,040,955 |
| Total commercial loans | \$ 3,035,998 | \$ 699,230 | \$ 856,744 | \$ 1,310,352 | \$ 634,071 | \$ 327,023 | \$ 6,863,418 |

Energy-related Loans

The Company's loan portfolio includes energy-related loans totaling \$881 million outstanding at December 31, 2014, or 8% of total loans, compared to \$764 million at December 31, 2013, an increase of \$117 million, or 15%. At December 31, 2014, exploration and production ("E&P") loans accounted for 52% of energy-related loans and 56% of energy-related commitments. Midstream companies accounted for 17% of both energy-related loans and commitments, while service company loans totaled 31% of energy-related loans and 27% of energy commitments.



As a result of the significant decline in energy commodity prices toward the end of 2014, the Company continues to assess its exposure to the energy industry and continues to take steps to identify the risk the decline in energy prices has on both the asset quality of its energy lending portfolio, as well as the asset quality of the Company's clients in its markets with higher exposure to these declines, including Houston, Texas, Southwest Louisiana, and Acadiana.

Generally, service companies are the most affected by fluctuations in commodity prices, while midstream companies are least affected. Based on the composition of its portfolio at December 31, 2014, the Company believes most of its exposure is in areas of lower credit risk. The Company believes it has generally lent to borrowers in the energy industry that are neither heavily leveraged nor lack either liquidity or guarantor support. Further, the Company's borrowers participate in a broadly diversified set of basins and a variety of oil and gas related activities.

The Company will continue to monitor its exposure to change in energy commodity prices and manage its risks throughout 2015.

Mortgage Loans

Residential mortgage loans consist of loans to consumers to finance a primary residence. The vast majority of the residential mortgage loan portfolio is comprised of 1-4 family mortgage loans secured by properties located in its market areas and originated under terms and documentation that permit their sale in the secondary market. Larger mortgage loans of current and prospective private banking clients are generally retained to enhance relationships, but also tend to be more profitable due to the expected shorter durations and relatively lower servicing costs associated with loans of this size. The Company does not originate or hold high loan-to-value, negative amortization, option ARM, or other exotic mortgage loans in its portfolio. In the third quarter of 2012, the Company began to invest in loans that would be considered subprime (e.g., loans with a FICO score of less than 620) in order to ensure compliance with relevant regulations. The Company expects to continue to invest in subprime loans through additional secondary market purchases, as well as direct originations, in 2015, albeit up to a limited amount. The Company did not make a significant investment in subprime loans in 2014. At December 31, 2014, the Company had \$119 million in subprime mortgage loans.

The Company continues to sell the majority of conforming mortgage loan originations in the secondary market rather than assume the interest rate risk associated with these longer term assets. Upon the sale, the Company retains servicing on a limited portion of these loans. Total residential mortgage loans increased \$494 million, or 84% compared to December 31, 2013, the result of private banking originations and acquired mortgage loans. Offsetting these purchases were decreases in the Company's covered mortgage loans of \$26 million as existing loans were paid down.

Consumer and Credit Card Loans

The Company offers consumer loans in order to provide a full range of retail financial services to its customers. The Company originates substantially all of its consumer loans in its primary market areas. At December 31, 2014, \$2.5 billion, or 22%, of the total loan portfolio was comprised of consumer loans, compared to \$2.0 billion, or 22%, at the end of 2013. Total consumer loans increased \$505 million from December 31, 2013, with 34% of the growth (\$173 million) from personal loans (including credit card loans), and the remaining growth split between indirect automobile loans (\$22 million) and home equity loans and lines of credit (\$309 million). Of the \$505 million increase from December 31, 2013, \$306 million, or 61%, was a result of legacy consumer loan growth.

Consistent with 2013, home equity loans comprised the largest component of the consumer loan portfolio at December 31, 2014. Home equity lending allows borrowers to borrow against the equity in their home and is secured by a first or second mortgage on the borrower's residence. Real estate market values at the time the loan is secured affect the amount of credit extended. Changes in these values may impact the extent of potential losses. The balance of home equity loans increased \$309 million during the year to \$1.6 billion at December 31, 2014. The Company's sales and marketing efforts in 2014 have also contributed to the growth in non-covered home equity loans since December 31, 2013. Unfunded commitments related to home equity loans and lines were \$694 million at December 31, 2014, an increase of \$180 million versus the prior year. The Company has approximately \$566 million of loans with junior liens where the Company does not hold or service the respective loan holding senior lien. The Company believes it has addressed the risks associated with these loans in its allowance for credit losses.

Indirect automobile loans comprised the second largest component of the Company's consumer loan portfolio. Independent automobile dealerships originate these loans based upon the Company's credit decisioning. The Company relies on the dealerships, in part, for loan qualifying information. To that extent, there is risk inherent in the Company's indirect automobile loan portfolio associated with fraud or negligence by the automobile dealership. In January 2015, the Company announced it will exit the indirect automobile lending business. The Company concluded compliance risk associated with these loans had become unbalanced relative to potential returns generated by the business on a risk-adjusted basis. At December 31, 2014, indirect automobile loans totaled \$397 million, or 3% of the total loan portfolio. Based on current amortization rates and expected maturities, the vast majority of these loans will be exited within four years.

The Company's credit card loans totaled \$73 million at December 31, 2014, a 14% increase from the end of 2013. The increase in credit card loans was the result of an increase in usage by customers at the end of the year. Year-to-date average credit card balances have increased from \$55.4 million in 2013 to \$66.4 million in 2014, a 20% increase.

The remainder of the consumer loan portfolio at December 31, 2014 consisted of direct automobile loans and other personal loans, and comprised 4% of the overall loan portfolio. Loans of this nature are vulnerable to unemployment and other consumer economic measures. At the end of 2014, the Company's direct automobile loans totaled \$150 million, a \$57 million increase over December 31, 2013, and the Company's other personal consumer loans were \$325 million, a \$107 million, or 49%, increase from December 31, 2013, primarily a result of installment loans and personal lines of credit.

In order to assess the risk characteristics of the loan portfolio, the Company considers the current U.S. economic environment and that of its primary market areas as well as risk factors listed above within the major categories of loans.

Additional information on the Company's consumer loan portfolio is presented in the following tables. For the purposes of Table 10, unscorable consumer loans have been included with loans with FICO scores below 660. FICO scores reflect information available as of the dates indicated.

TABLE 9—CONSUMER LOANS BY STATE

| (Dollars in thousands) | Louisiana | Florida | Alabama | Texas | Arkansas | Other | Total |
|-----------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| December 31, 2014 | | | | | | | |
| Covered..... | \$ — | \$ 90,908 | \$ 5,226 | \$ — | \$ — | \$ — | \$ 96,134 |
| Non-Covered Acquired..... | 186,147 | 30,671 | 830 | 75,473 | — | 18,588 | 311,709 |
| Legacy..... | 924,255 | 146,979 | 229,290 | 84,087 | 224,605 | 529,606 | 2,138,822 |
| Total consumer loans | \$ 1,110,402 | \$ 268,558 | \$ 235,346 | \$ 159,560 | \$ 224,605 | \$ 548,194 | \$ 2,546,665 |
| December 31, 2013 | | | | | | | |
| Covered..... | \$ — | \$ 132,174 | \$ 9,237 | \$ — | \$ — | \$ — | \$ 141,411 |
| Non-Covered Acquired..... | 43,564 | 24,100 | — | — | — | — | 67,664 |
| Legacy..... | 793,250 | 76,941 | 197,104 | 65,574 | 205,585 | 494,540 | 1,832,994 |
| Total consumer loans | \$ 836,814 | \$ 233,215 | \$ 206,341 | \$ 65,574 | \$ 205,585 | \$ 494,540 | \$ 2,042,069 |

TABLE 10—CONSUMER LOANS BY FICO SCORE

| (Dollars in thousands) | Below 660 | 660-720 | Above 720 | Discount | Total |
|-----------------------------------|-------------------|-------------------|---------------------|--------------------|---------------------|
| December 31, 2014 | | | | | |
| Covered..... | \$ 43,005 | \$ 23,496 | \$ 50,522 | \$ (20,889) | \$ 96,134 |
| Non-Covered Acquired..... | 55,757 | 70,672 | 197,956 | (12,676) | 311,709 |
| Legacy..... | 405,243 | 538,361 | 1,195,218 | — | 2,138,822 |
| Total consumer loans | \$ 504,005 | \$ 632,529 | \$ 1,443,696 | \$ (33,565) | \$ 2,546,665 |
| December 31, 2013 | | | | | |
| Covered..... | \$ 68,333 | \$ 35,628 | \$ 76,500 | \$ (39,050) | \$ 141,411 |
| Non-Covered Acquired..... | 22,449 | 18,664 | 33,655 | (7,104) | 67,664 |
| Legacy..... | 322,694 | 466,263 | 1,044,037 | — | 1,832,994 |
| Total consumer loans | \$ 413,476 | \$ 520,555 | \$ 1,154,192 | \$ (46,154) | \$ 2,042,069 |

Loan Maturities

The following table sets forth the scheduled contractual maturities of the Company's total loan portfolio at December 31, 2014, unadjusted for scheduled principal reductions, prepayments or repricing opportunities. Demand loans, loans having no stated schedule of repayments and no stated maturity, and overdraft loans are reported as due in one year or less. The average life of a loan may be substantially less than the contractual terms because of prepayments. As a result, scheduled contractual amortization of loans is not reflective of the expected term of the Company's loan portfolio. Of the loans with maturities greater than one year, approximately 77% of the balance of these loans bears a fixed rate of interest.

TABLE 11—LOAN MATURITIES BY LOAN TYPE

| (Dollars in thousands) | One Year or Less | One Through Five Years | After Five Years | Total |
|---|-----------------------------|-----------------------------------|-----------------------------|----------------------|
| Commercial - Real estate | \$ 1,798,438 | \$ 1,761,015 | \$ 845,680 | \$ 4,405,133 |
| Commercial - Business..... | 1,601,011 | 1,411,574 | 396,364 | 3,408,949 |
| Mortgage - Residential 1-4 family | 169,998 | 224,143 | 654,100 | 1,048,241 |
| Mortgage - Construction | 4,158 | 6,741 | 21,157 | 32,056 |
| Consumer | 1,202,141 | 529,839 | 814,685 | 2,546,665 |
| Total..... | <u>\$ 4,775,746</u> | <u>\$ 3,933,312</u> | <u>\$ 2,731,986</u> | <u>\$ 11,441,044</u> |

Mortgage Loans Held for Sale

Loans held for sale increased \$12 million, or 9%, to \$140 million at December 31, 2014. In 2014, the Company originated \$1.7 billion in mortgage loans, offset by sales of \$1.6 billion.

Loans held for sale have primarily been fixed-rate single-family residential mortgage loans under contracts to be sold in the secondary market. In most cases, loans in this category are sold within thirty days of closing. Buyers generally have recourse to return a purchased loan to the Company under limited circumstances. Recourse conditions may include fraud in the origination, breach of representations or warranties, and documentation deficiencies. At December 31, 2014, mortgage loans held for sale subject to repurchase were immaterial. The Company has recorded a reserve of \$1 million for potential repurchases at December 31, 2014. An insignificant number of loans have been returned to the Company.

Asset Quality

The Company's transition over time to a commercial bank brings the potential for increased risks in the form of potentially higher levels of charge-offs and nonperforming assets, as well as increased rewards in the form of potentially increased levels of shareholder returns. As the risks within the loan portfolio have evolved, management has responded by tightening underwriting guidelines and procedures, implementing more conservative loan charge-off and nonaccrual guidelines, revising loan policies and developing an internal loan review function. As a result of management's enhancements to underwriting loan risk/return dynamics, the credit quality of the loan portfolio has remained favorable when compared to peers. Management believes that it has demonstrated proficiency in managing credit risk through timely identification of significant problem loans, prompt corrective action, and transparent disclosure. Overall asset quality improved during 2014, primarily as a result of decreases in the number and amount of past due loans and nonperforming assets. Consistent with prior years, the assets and liabilities purchased and assumed through the Company's four failed bank acquisitions continue to have a disproportionate impact on overall asset quality. The Company continues to closely monitor the risk-adjusted level of return within the loan portfolio.

Written underwriting standards established by management and approved by the Board of Directors govern the lending activities of the Company. The commercial credit department, in conjunction with senior lending personnel, underwrites all commercial business and commercial real estate loans. The Company provides centralized underwriting of all residential mortgage, construction and consumer loans. Established loan origination procedures require appropriate documentation, including financial data and credit reports. For loans secured by real property, the Company generally requires property appraisals, title insurance or a title opinion, hazard insurance, and flood insurance, where appropriate.

Loan payment performance is monitored and late charges are assessed on past due accounts. A centralized department administers delinquent loans. Every effort is made to minimize any potential loss, including instituting legal proceedings as necessary. Commercial loans are periodically reviewed through a loan review process to provide an independent assessment of a loan's risks. All other loans are also subject to loan reviews through a periodic sampling process. The Company exercises significant judgment in determining the risk classification of its commercial loans.

The Company utilizes an asset risk classification system in accordance with guidelines established by the FRB as part of its efforts to monitor commercial asset quality. In connection with their examinations of insured institutions, both federal and state examiners also

have the authority to identify problem assets and, if appropriate, reclassify them. There are three classifications for problem assets: “substandard,” “doubtful” and “loss”, all of which are considered adverse classifications. Substandard assets have one or more defined weaknesses and are characterized by the distinct possibility that the Company will sustain some loss if the weaknesses are not corrected. Doubtful assets have the weaknesses of substandard assets with the additional characteristic that the weaknesses make collection or liquidation in full questionable, and there is a high probability of loss based on currently existing facts, conditions and values. An asset classified as loss is considered not collectable and of such little value that continuance as an asset of the Company is not warranted. Commercial loans with adverse classifications are reviewed by the Board Risk Committee of the Board of Directors periodically. Loans are placed on nonaccrual status when they are 90 days or more past due unless, in the judgment of management, the probability of timely collection of interest is deemed to be sufficient to warrant further accrual. When a loan is placed on nonaccrual status, the accrual of interest income ceases and accrued but unpaid interest attributable to the current year is reversed against interest income. Accrued interest receivable attributable to the prior year is recorded as a charge-off to the allowance for credit losses.

Real estate acquired by the Company through foreclosure or by deed-in-lieu of foreclosure is classified as OREO, and is recorded at the lesser of the related loan balance (the pro-rata carrying value for acquired loans) or estimated fair value less estimated costs to sell.

Under GAAP, certain loan modifications or restructurings are designated as TDRs. In general, the modification or restructuring of a debt constitutes a TDR if the Company, for economic or legal reasons related to the borrower’s financial difficulties, grants a concession to the borrower that the Company would not otherwise consider under current market conditions.

Non-performing Assets

The Company defines non-performing assets as non-accrual loans, accruing loans more than 90 days past due, OREO and foreclosed property. Management continually monitors loans and transfers loans to non-accrual status when warranted.

Covered loans represent loans acquired through failed bank acquisitions and continue to be covered by loss sharing agreements with the FDIC, whereby the FDIC reimburses the Company for the majority of the losses incurred during the loss share claim period. In addition to covered loans, the Company also accounts for loans formerly covered by loss sharing agreements with the FDIC, other loans acquired with deteriorated credit quality, as well as all loans acquired with significant discounts that did not exhibit deteriorated credit quality at acquisition, in accordance with ASC Topic 310-30. Collectively, all loans accounted for under ASC 310-30 are referred to as purchased impaired loans. Application of ASC Topic 310-30 results in significant accounting differences, compared to loans originated or acquired by the Company that are not accounted for under ASC 310-30. At acquisition, purchased impaired loans were individually evaluated and assigned to loan pools based on common risk characteristics, which included loan performance at the time of acquisition, loan type based on regulatory reporting guidelines, and/or the nature of collateral. The acquisition date fair values of each pool were estimated based on the expected cash flows of the underlying loans. Certain loan level information, including outstanding principal balance, maturity, term to re-price (if a variable rate loan), and interest rate were used to estimate the expected cash flows for each loan pool. ASC 310-30 does not permit carry over or recognition of an allowance for credit losses at acquisition. Credit quality deterioration, also referred to as credit losses, evident at acquisition with individual loans was reflected in the acquisition date fair value through the reduction of cash flows expected to be received over the life of loans. A provision for credit losses is recognized and an allowance for credit losses is recorded subsequent to acquisition to the extent that re-estimated expected losses exceed losses estimated at acquisition. Purchased impaired loans were considered to be performing as of the acquisition date regardless of their past due status based on their contractual terms. In accordance with regulatory reporting guidelines, purchased impaired loans that are contractually past due are reported as past due and accruing based on the number of days past due.

Due to the significant difference in accounting for covered loans and the related FDIC loss sharing agreements, as well as non-covered acquired loans accounted for as purchased impaired loans, and given the significant amount of acquired impaired loans that are past due but still accruing, the Company believes inclusion of these loans in certain asset quality ratios that reflect nonperforming assets in the numerator or denominator (or both) results in significant distortion to these ratios. In addition, because loan level charge-offs related to purchased impaired loans are not recognized in the financial statements until the cumulative amounts exceed the original loss projections on a pool basis, the net charge-off ratio for acquired loans is not consistent with the net charge-off ratio for other loan portfolios. The inclusion of these loans in certain asset quality ratios could result in a lack of comparability across quarters or years, and could impact comparability with other portfolios that were not impacted by purchased impaired loan accounting. The Company believes that the presentation of certain asset quality measures excluding either covered loans or all purchased impaired loans, as indicated below, and related amounts from both the numerator and denominator provides better perspective into underlying trends related to the quality of its loan portfolio. Accordingly, the asset quality measures in the tables below present asset quality information excluding either covered loans or all purchased impaired loans, as indicated within each table, and related amounts.

Non-performing assets excluding acquired loans decreased \$16 million, or 22%, compared to December 31, 2013, as non-accrual loans decreased \$9 million, OREO decreased \$7 million, and accruing loans 90 days or more past due decreased less than \$1 million. Including TDRs that are in compliance with their modified terms, total non-performing assets and TDRs decreased \$16.0 million over the past twelve months.

The following table sets forth the composition of the Company's legacy nonperforming assets, including accruing loans past due 90 or more days and TDRs, as of December 31.

**TABLE 12—NONPERFORMING ASSETS AND TROUBLED DEBT RESTRUCTURINGS
(LEGACY)**

| (Dollars in thousands) | 2014 | 2013 | 2012 | 2011 | 2010 | 2014 vs. 2013 | |
|--|-----------------|------------------|------------------|------------------|-----------------|-------------------|-------------|
| | | | | | | \$ Change | % Change |
| Non-accrual loans: | | | | | | | |
| Commercial | \$ 9,980 | \$ 24,471 | \$ 32,313 | \$ 42,655 | \$35,457 | \$(14,491) | (59)% |
| Residential mortgage | 14,363 | 10,237 | 8,367 | 4,910 | 5,917 | 4,126 | 40 |
| Consumer | 10,627 | 8,979 | 7,237 | 6,889 | 8,122 | 1,648 | 18 |
| Total non-accrual loans | 34,970 | 43,687 | 47,917 | 54,454 | 49,496 | (8,717) | (20) |
| Accruing loans 90 days or more past due | 754 | 1,075 | 1,371 | 1,841 | 1,455 | (321) | (30) |
| Total non-performing loans | 35,724 | 44,762 | 49,288 | 56,295 | 50,951 | (9,038) | (20) |
| OREO and foreclosed property | 21,243 | 28,272 | 26,380 | 21,382 | 18,496 | (7,029) | (25) |
| Total non-performing assets | 56,967 | 73,034 | 75,668 | 77,677 | 69,447 | (16,067) | (22) |
| Troubled debt restructuring in compliance with modified terms | 1,430 | 1,376 | 2,354 | 55 | 14,968 | 54 | 4 |
| Total non-performing assets and troubled debt restructurings | \$58,397 | \$ 74,410 | \$ 78,022 | \$ 77,732 | \$84,415 | \$(16,013) | (22) |
| Non-performing loans to total loans | 0.37 % | 0.54 % | 0.73 % | 1.05 % | 1.14 % | | |
| Non-performing assets to total assets | 0.41 % | 0.61 % | 0.69 % | 0.86 % | 0.91 % | | |
| Non-performing assets and troubled debt restructurings to total assets | 0.42 % | 0.62 % | 0.71 % | 0.86 % | 1.10 % | | |
| Allowance for credit losses to non-performing loans | 246.26% | 175.35% | 150.57 % | 132.98% | 122.59% | | |
| Allowance for credit losses to total loans | 0.91 % | 0.95 % | 1.10 % | 1.40 % | 1.40 % | | |

(1) Non-performing loans and assets include accruing loans 90 days or more past due.

(2) OREO and foreclosed property at December 31, 2014 and 2013 include \$11.6 million and \$9.2 million, respectively, of former bank properties held for development or resale.

(3) Troubled debt restructurings in compliance with modified terms for December 31, 2014 and 2013 do not include \$2.2 million and \$18.5 million, respectively, in troubled debt restructurings included in total non-accrual loans above.

(4) Total loans, total non-performing loans, and total assets exclude loans and assets covered by FDIC loss share agreements and acquired loans discussed below.

(5) The allowance for credit losses excludes the portion of the allowance related to covered loans and acquired non-covered loans discussed below.

Non-performing loans were 0.37% of total legacy loans at December 31, 2014, 17 basis points lower than at December 31, 2013. If covered loans and acquired loans accounted for in pools that meet non-performing criteria are included, non-performing loans were 1.50% of total loans at December 31, 2014 and 2.87% at December 31, 2013. The allowance for credit losses as a percentage of non-performing loans was 246.26% at December 31, 2014 and 175.35% at December 31, 2013. Including covered loans and pooled loans, the allowance for loan losses as a percentage of total loans was 1.14% at December 31, 2014 and 1.51% at December 31, 2013.

Non-performing assets as a percentage of total assets have remained at relatively low levels. Legacy nonperforming assets were 0.41% of total legacy assets at December 31, 2014, 20 basis points below December 31, 2013. Consistent with the overall improvement in asset quality, the Company's reserve for credit losses as a percentage of loans decreased four basis points from 2013 to 0.91% at December 31, 2014.

Loans defined as TDRs not included in non-performing assets were \$1 million at the end of 2014 and 2013. Legacy TDRs totaled \$4 million at December 31, 2014, \$16 million, or 82%, lower than at December 31, 2013, driven primarily from the payoff of one relationship during 2014, which totaled \$10 million at December 31, 2013. There were no additions to legacy TDRs during 2014.

The Company had gross charge-offs on legacy loans of \$11 million during the year ended December 31, 2014. Offsetting these charge-offs were recoveries of \$6 million. As a result, net charge-offs on legacy loans during 2014 were \$5 million, or 0.06% of average loans, as compared to net charge-offs of \$4 million, or 0.05%, for 2013.

At December 31, 2014, excluding loans covered by the FDIC loss share agreements (see “Covered Loans” below), the Company had \$123 million of assets classified as substandard, \$3 million of assets classified as doubtful, and no assets classified as loss (before the application of loan discounts to acquired loans). Accordingly, the aggregate of the Company’s classified assets was 0.79% of total assets, 1.09% of total loans, and 1.14% of non-covered loans. At December 31, 2013, classified assets totaled \$148 million, or 1.11% of total assets, 1.57% of total loans, and 1.70% of non-covered loans. The decrease in classified assets is consistent with the overall improvement in asset quality since December 31, 2013. As with non-classified assets, a reserve for credit losses has been recorded for all substandard loans at December 31, 2014 according to the Company’s allowance policy.

In addition to the problem loans described above, excluding covered loans, there were \$83 million of loans classified as special mention at December 31, 2014, which in management’s opinion were subject to potential future rating downgrades. Special mention loans are defined as loans where known information about possible credit problems of the borrowers causes management to have some doubt as to the ability of these borrowers to comply with the present loan repayment terms, which may result in future disclosure of these loans as nonperforming. Special mention loans increased \$16 million, or 24%, from December 31, 2013, and is attributable to both loan growth and a movement of loans from substandard to special mention, as special mention loans were 0.76% of total non-covered loans at both December 31, 2014 and 2013.

As noted above, the asset quality of the Company’s energy-related loan portfolio may be impacted by a sustained decline in commodity prices. At December 31, 2014, however, only \$35,000 in energy-related loans, or less than 1%, was rated as substandard. There were no energy-related credits rated as either doubtful or special mention.

Past Due Loans

Past due status is based on the contractual terms of loans. The majority of the Company's non-covered portfolio exhibited an improvement in past due status from the end of the previous year.

At December 31, 2014, total non-covered loans past due were 1.18% of total loans, a decrease of seven basis points from December 31, 2013. Including covered loans, loans past due 30 days or more were 1.92% of total loans before discount adjustments at December 31, 2014 and 3.24% at December 31, 2013. Past due non-covered loans (including nonaccrual loans) increased \$21 million, or 19%, from December 31, 2013, and can be attributed to a higher level of loans past due less than 60 days. Additional information on non-covered past due loans is presented in the following table.

TABLE 13—PAST DUE NON-COVERED LOAN SEGREGATION

| (Dollars in thousands) | | December 31, 2014 | | | | | |
|---|------------------|-------------------|--------------------------|--------------|--------------------------|-------------------|--------------------------|
| | | Legacy | | Acquired | | Total Non-covered | |
| | | Amount | % of Outstanding Balance | Amount | % of Outstanding Balance | Amount | % of Outstanding Balance |
| Accruing loans: | | | | | | | |
| 30-59 days past due | \$ 23,365 | 0.24% | \$ 11,537 | 0.83% | \$ 34,902 | 0.32% | |
| 60-89 days past due | 6,202 | 0.06 | 3,848 | 0.28 | 10,050 | 0.09 | |
| 90-119 days past due | 738 | 0.01 | 567 | 0.04 | 1,305 | 0.01 | |
| 120 days past due or more | 16 | — | 19 | — | 35 | — | |
| | 30,321 | 0.31 | 15,971 | 1.15 | 46,292 | 0.42 | |
| Non-accrual loans ⁽¹⁾ | 34,970 | 0.36 | 48,885 | 3.51 | 83,855 | 0.76 | |
| | \$ 65,291 | 0.67% | \$ 64,856 | 4.66% | \$ 130,147 | 1.18% | |

| (Dollars in thousands) | | December 31, 2013 | | | | | |
|---|------------------|-------------------|--------------------------|--------------|--------------------------|-------------------|--------------------------|
| | | Legacy | | Acquired | | Total Non-Covered | |
| | | Amount | % of Outstanding Balance | Amount | % of Outstanding Balance | Amount | % of Outstanding Balance |
| Accruing loans: | | | | | | | |
| 30-59 days past due | \$ 13,426 | 0.16% | \$ 3,251 | 0.67% | \$ 16,677 | 0.19% | |
| 60-89 days past due | 7,965 | 0.10 | 2,580 | 0.53 | 10,545 | 0.12 | |
| 90-119 days past due | 108 | — | 103 | 0.02 | 211 | — | |
| 120 days past due or more | 967 | 0.01 | 437 | 0.09 | 1,404 | 0.02 | |
| | 22,466 | 0.27 | 6,371 | 1.32 | 28,837 | 0.33 | |
| Non-accrual loans ⁽¹⁾ | 43,687 | 0.53 | 36,725 | 7.59 | 80,412 | 0.92 | |
| | \$ 66,153 | 0.80% | \$ 43,096 | 8.91% | \$ 109,249 | 1.25% | |

⁽¹⁾ The acquired loans balance represents the outstanding balance of loans that would otherwise meet the Company's definition of nonaccrual loans.

The \$18 million increase in loans past due 30-59 days is a result of a limited number of commercial loans that moved to past due at December 31, 2014. Three commercial loans accounted for \$11 million, or 31%, of total non-covered loans past due less than 60 days, and 47% of legacy loans past due less than 60 days. Subsequent to year-end 2014, these three commercial loans were current and no longer past due. Accruing loans past due more than 60 days decreased \$1 million from December 31, 2013 to December 31, 2014, and were 0.10% of total non-covered loans, a decrease of four basis points from December 31, 2013. Despite a \$3 million, or 4%, increase in total non-accrual non-covered loans, non-accrual loans as a percent of total non-covered loans decreased 16 basis points to 0.76% at December 31, 2014.

Legacy loans past due decreased \$1 million, or 1%, from December 31, 2013, which represented a decrease of 13 basis points of the total outstanding legacy loan balance. Legacy non-accrual loans as a percentage of total outstanding legacy loans decreased 17 basis points, while accruing loans past due increased four basis points to 0.31% of total legacy loans. Legacy commercial non-accrual loans decreased \$14 million, or 59%, while legacy mortgage non-accrual loans increased \$4 million and legacy consumer non-accrual loans increased \$2 million since December 31, 2013. The increase in mortgage and consumer non-accrual loans was a result of the

placement of past due consumer loans on non-accrual status during 2014 in response to their continued past due status. Legacy consumer non-accrual loans were 0.50% of legacy consumer loans at December 31, 2014 and 0.49% at December 31, 2013.

In the non-covered commercial loan portfolio, total accruing loans past due increased \$2 million, or 13%, from December 31, 2013 and was a result of the limited number of larger commercial loans noted above. Total non-covered mortgage loans past due increased \$2 million during 2014, with 88% due less than 90 days and 31% past due less than 60 days. At December 31, 2013, those percentages were 64.6% and 36.5%, respectively. Management is continually monitoring the past due status of these mortgage loans for indicators of overall asset quality issues.

Covered Loans

The loans and foreclosed real estate that were acquired in the CSB, Orion, Century, and Sterling acquisitions in 2009 and 2010 are covered by loss share agreements between the FDIC and IBERIABANK, which afford IBERIABANK loss protection. As a result of the loss protection provided by the FDIC, the risk of loss on the acquired loans and foreclosed real estate can be significantly different from those assets not covered under the loss share agreements.

As described above, covered assets were recorded at their acquisition date fair values.

Although covered loans are not included in the Company's nonperforming assets, in accordance with bank regulatory reporting standards, both acquired loans considered impaired at the time of acquisition and those performing at the time of acquisition that meet the Company's definition of a nonperforming loan at each balance sheet date are discussed below. Included in the discussion are all covered loans that are contractually past due based on the number of days past due. Certain measures of the asset quality of covered loans are discussed below. Loan balances are reported before consideration of applied loan discounts, as these discounts were recorded based on the estimated cash flow of the total loan pool and not on a specific loan basis. The loss share agreements with the FDIC limit the Company's exposure to loss during the loss claim period to no more than 20% of incurred losses for all covered loans and as little as 5% of incurred losses for certain loans. Therefore, balances discussed below are for general comparative purposes only and do not represent the Company's risk of loss on covered assets.

TABLE 14—PAST DUE COVERED LOAN SEGREGATION

| (Dollars in thousands) | December 31, 2014 | | December 31, 2013 | |
|---|-------------------|--------------------------|-------------------|--------------------------|
| | Amount | % of Outstanding Balance | Amount | % of Outstanding Balance |
| Accruing loans: | | | | |
| 30-59 days past due..... | \$ 3,277 | 0.63% | \$ 8,474 | 1.01% |
| 60-89 days past due..... | 2,912 | 0.56 | 5,222 | 0.62 |
| 90-119 days past due..... | 368 | 0.07 | 579 | 0.07 |
| 120 days past due or more | — | — | — | — |
| Total accruing loans | 6,557 | 1.27 | 14,275 | 1.70 |
| Non-accrual loans ⁽¹⁾ | 85,831 | 16.61 | 190,016 | 22.68 |
| Total past due loans..... | \$ 92,388 | 17.88% | \$ 204,291 | 24.38% |

⁽¹⁾ The covered loans balance represents the outstanding balance of loans that would otherwise meet the Company's definition of non-accrual loans.

Covered loans past due at December 31, 2014 totaled \$92 million before discounts, a decrease of \$112 million, or 55%, from December 31, 2013. The decrease is consistent with not only the overall decrease in the covered loan portfolio, but also with the steady improvement in asset quality in the covered loan portfolio over time. Past due covered loans at the end of 2014 included \$86 million in loans that would otherwise meet the Company's definition of nonaccrual loans and \$6 million in accruing loans past due of which 94% were past due less than 90 days. The indemnification agreements on covered assets include a provision for recapture of a portion of interest if the interest is included in total losses on the covered asset.

Of the \$112 million decrease in covered loans past due, loans past due 30 to 89 days decreased \$8 million, or 55%, while nonperforming loans (defined as accruing loans greater than 90 days past due and loans that meet the definition of nonaccrual loans) decreased \$104 million, or 55%. These decreases were primarily a result of loan payments during the current year, but also include the movement of certain non-single family loans to non-covered acquired loans after the expiration of their loss sharing agreements in 2014.

Of the \$445 million in covered assets at December 31, 2014, \$184 million lost loss share coverage as of January 1, 2015, while another \$26 million will lose loss share coverage by December 31, 2015. The following table provides additional information on the covered assets losing loss share coverage as of January 1, 2015. When the coverage period ends, these assets will be included in asset quality information presented in Table 13 above as part of the non-covered acquired loans.

TABLE 15—COVERED ASSETS BY LOSS SHARE COVERAGE PERIOD

| | Covered Assets | | |
|---|--|---|--|
| | Non-Single Family Residential Loans (Losing Loss Share Coverage as of January 1, 2015) | Non-Single Family Residential Loans (Losing Loss Share Coverage within 12 months) | Single Family Residential Loans (Losing Loss Share Coverage 10 years from Date of Acquisition) |
| (Dollars in thousands) | | | |
| Loans, net..... | \$ 174,711 | \$ 22,485 | \$ 247,348 |
| Other real estate owned..... | 9,596 | 3,639 | 10,461 |
| Allowance for loan losses | (29,771) | (1,710) | (13,283) |
| Non-accrual loans | \$ 36,755 | \$ 2,939 | \$ 46,137 |
| Foreclosed assets | 825 | — | — |
| Other real estate owned..... | 8,771 | 3,639 | 10,462 |
| Accruing loans more than 90 days past due | — | — | 368 |
| Nonperforming assets | \$ 46,351 | \$ 6,578 | \$ 56,967 |
| Total past due loans | \$ 40,629 | \$ 2,966 | \$ 48,793 |
| NPA's/(Loans + OREO) | 25.15% | 25.18% | 22.10% |
| (Past Dues & Nonaccruals)/Loans | 23.25% | 13.19% | 19.73% |

Allowance for Credit Losses

The allowance for credit losses represents management's best estimate of probable credit losses inherent at the balance sheet date. Determination of the allowance for credit losses involves a high degree of complexity and requires significant judgment. Several factors are taken into consideration in the determination of the overall allowance for credit losses, including a qualitative component. These factors include, but are not limited to, the overall risk profiles of the loan portfolios, net charge-off experience, the extent of impaired loans, the level of nonaccrual loans, the level of 90 days past due loans and the overall percentage level of the allowance. The Company also considers overall asset quality trends, changes in lending and risk management practices and procedures, trends in the nature and volume of the loan portfolio, including the existence and effect of any portfolio concentrations, changes in experience and depth of lending staff, the Company's legal, regulatory and competitive environment, national and regional economic trends, and data availability and applicability that might impact the portfolio. See the "Application of Critical Accounting Policies and Estimates" section for more information.

During 2014, the Company did not substantively change any material aspect of its overall approach in the determination of the allowance for credit losses and there have been no material changes in assumptions or estimation techniques as compared to December 31, 2013. However, during the third quarter of 2013, the Company modified its methodology for estimating its allowance for credit losses on its legacy loan portfolio to incorporate practices, processes, and methodologies consistent with the guidance provided in the FRB's inter-agency policy statement 2006 SR 06-17. The methodology was modified to segregate the RULC, previously included in the Company's allowance for loan losses, into a separate liability on the Company's consolidated balance sheets, and to enhance the previous methodology around loss migration.

Certain inherent, but unconfirmed losses are probable within the loan portfolio. The Company's current methodology for determining the level of losses is based on historical loss rates, current credit grades, specific allocation and other qualitative adjustments. In a stable or deteriorating credit environment, heavy reliance on historical loss rates and the credit grade rating process results in model-derived required reserves that tend to slightly lag behind portfolio deterioration. Similar lags can occur in an improving credit environment whereby required reserves can lag slightly behind portfolio improvement. Given these model limitations, qualitative adjustment factors may be incremental or decremental to the quantitative model results.

The manner in which the allowance for credit losses is determined is based on the accounting method applied to the underlying loans. The Company delineates between loans accounted for under the contractual yield method, primarily legacy loans, and loans accounted for as purchased impaired loans.

Legacy Loans

Legacy loans represent loans accounted for under the contractual yield method. The Company's legacy loans include loans originated by the Company. See the "Application of Critical Accounting Policies and Estimates" section for more information.

Acquired Loans

Acquired loans, which include covered loans and certain non-covered loans, represent loans acquired by the Company that are accounted for in accordance with ASC 310-30. See the discussion above, as well as the "Application of Critical Accounting Policies and Estimates" for more information.

Loans acquired in business combinations were recorded at their acquisition date fair values, which were based on expected cash flows and included estimates of expected future credit losses. If the Company determines that losses arose after the acquisition date, the additional losses will be reflected as a provision for credit losses.

At December 31, 2014, the Company had an allowance for credit losses of \$45 million to reserve for probable losses currently in the covered loan portfolio and \$9 million to reserve for probable losses currently in the acquired loan portfolio that have arisen after the losses estimated at the respective acquisition dates. Based on facts and circumstances available, management of the Company believes that the allowance for credit losses was appropriate at December 31, 2014 to cover probable losses in the Company's loan portfolio. However, future adjustments to the allowance may be necessary, and the results of operations could be adversely affected, if circumstances differ substantially from the assumptions used by management in determining the allowance for credit losses.

The following tables set forth the activity in the Company's allowance for credit losses.

TABLE 16—SUMMARY OF ACTIVITY IN THE ALLOWANCE FOR CREDIT LOSSES

| (Dollars in thousands) | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Balance at beginning of period | \$ 143,074 | \$ 251,603 | \$ 193,761 | \$ 136,100 | \$ 55,768 |
| Transfer of balance to OREO | (7,323) | (28,126) | (27,169) | (17,143) | — |
| Transfer of balance to the reserve for unfunded commitments | — | (9,828) | — | — | — |
| Provision charged to operations | 19,060 | 5,145 | 20,671 | 25,867 | 42,451 |
| (Reversal of) Provision recorded through the FDIC loss share receivable | (4,260) | (56,085) | 84,085 | 57,121 | 64,922 |
| Charge-offs: | | | | | |
| Commercial | (16,215) | (19,220) | (16,747) | (9,200) | (23,634) |
| Residential Mortgage | (811) | (518) | (2,376) | (244) | (1,068) |
| Consumer | (9,829) | (6,743) | (5,937) | (6,715) | (9,156) |
| | (26,855) | (26,481) | (25,060) | (16,159) | (33,858) |
| Recoveries: | | | | | |
| Commercial | 3,107 | 3,745 | 3,293 | 5,516 | 4,863 |
| Residential Mortgage | 248 | 765 | 38 | 170 | 77 |
| Consumer | 3,080 | 2,336 | 1,984 | 2,289 | 1,877 |
| | 6,435 | 6,846 | 5,315 | 7,975 | 6,817 |
| Net charge-offs | (20,420) | (19,635) | (19,745) | (8,184) | (27,041) |
| Allowance for loan losses at end of period | 130,131 | 143,074 | 251,603 | 193,761 | 136,100 |
| Balance at beginning of period | 11,147 | — | — | — | — |
| Transfer of balance from the allowance for loan losses | — | 9,828 | — | — | — |
| Provision for unfunded lending commitments | 654 | 1,319 | — | — | — |
| Reserve for unfunded lending commitments | 11,801 | 11,147 | — | — | — |
| Allowance for credit losses at end of period | \$ 141,932 | \$ 154,221 | \$ 251,603 | \$ 193,761 | \$ 136,100 |
| Allowance for loan losses to nonperforming assets ⁽¹⁾⁽²⁾ | 129.39% | 87.54% | 88.3 % | 96.4 % | 89.9 % |
| Allowance for loan losses to total loans at end of period ⁽²⁾ | 0.78 | 0.82 | 1.12 | 1.24 | 1.40 |
| Net charge-offs to average loans ⁽³⁾ | 0.07 | 0.05 | 0.07 | 0.13 | 0.47 |

⁽¹⁾ Nonperforming assets include accruing loans 90 days or more past due.

⁽²⁾ The allowance for loan losses in the calculation does not include either the allowance attributable to covered assets or covered loans.

⁽³⁾ Net charge-offs exclude charge-offs and recoveries on covered loans and average loans exclude covered loans.

TABLE 17—ALLOCATION OF THE ALLOWANCE FOR CREDIT LOSSES

| | 2014 | | 2013 | | 2012 | | 2011 | | 2010 | |
|--|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|------------------|-------------------|
| | Reserve % | % of Loans | Reserve % | % of Loans | Reserve % | % of Loans | Reserve % | % of Loans | Reserve % | % of Loans |
| Commercial..... | 70% | 69% | 69% | 72% | 71% | 73% | 73% | 73% | 59% | 69% |
| Mortgage..... | 7 | 9 | 10 | 6 | 10 | 5 | 11 | 7 | 22 | 10 |
| Consumer | 23 | 22 | 21 | 22 | 19 | 22 | 16 | 20 | 19 | 21 |
| Total allowance for credit losses | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

The allowance for credit losses was \$142 million at December 31, 2014, or 1.24% of total loans, \$12 million lower than at December 31, 2013. The allowance for credit losses as a percentage of loans was 1.62% at December 31, 2013.

The decrease in the allowance was primarily related to a decrease in reserves on the covered portfolio. The allowance for credit losses on the covered portion of the loan portfolio decreased \$26 million primarily due to a change in expected cash flows on certain of the acquired loan pools during 2014. The reserve was adjusted during 2014 to cover the expected losses in these pools.

The allowance for credit losses on the legacy portfolio increased \$9 million, or 12%, since December 31, 2013, primarily a result of \$1.4 billion in legacy loan growth in 2014. The overall improvement in legacy asset quality over the past 12 months, evidenced by continued lower levels of past due loans, partially offset the additional allowance needed to reserve for legacy loan growth.

The non-covered acquired allowance for credit losses includes a reserve of \$9 million for losses probable in those portfolios at December 31, 2014 above estimated expected credit losses at acquisition.

At December 31, 2014 and 2013, the allowance for loan losses covered nonperforming legacy loans 2.1 times and 1.5 times, respectively. Including acquired non-covered loans, the allowance for loan losses covered 66% of total past due and nonaccrual loans at both December 31, 2014 and 2013.

FDIC Loss Share Receivable

As part of the FDIC-assisted acquisitions in 2009 and 2010, the Company recorded a receivable from the FDIC, which represented the fair value of the expected reimbursable losses covered by the loss share agreements as of the acquisition dates. The FDIC loss share receivable decreased \$93 million, or 57%, during 2014 due to amortization of \$75 million, OREO cash flow improvements of \$12 million, impairment due to expected OREO sales moving outside the loss share term of \$5 million, and impairment recorded through the loan loss provision due to changes in the timing of estimated cash flows on covered loans of \$4 million, which were partially offset by \$3 million in net recoveries. See Note 8 to the consolidated financial statements for discussion of the reimbursable loss periods of the loss share agreements.

Based on improving economic trends, their impact on the amount and timing of expected future cash flows, and delays in the foreclosure process, the Company concluded that certain expected losses are probable of not being collected from the FDIC or the customer because such projected losses are anticipated to occur beyond the reimbursable periods of the loss share agreements. In both 2014 and 2013, management concluded that an impairment charge should be recognized in the consolidated financial statements. Therefore, the Company recognized a valuation allowance against the indemnification assets in the amount of \$5 million in 2014 and \$32 million in 2013 through a charge to net income.

Of the FDIC loss share receivables balance of \$70 million at December 31, 2014, approximately \$20 million is expected to be collected from the FDIC, \$49 million, which represents improvements in cash flows expected to be collected from customers, is expected to be amortized over time, and less than \$1 million is expected to be collected in conjunction with OREO transactions. For certain covered assets, loss share coverage expired on January 1, 2015. At December 31, 2014, the FDIC loss share receivables did not include any amounts related to these assets that are expected to be collected from the FDIC or OREO transactions. To the extent that loss share coverage ends prior to triggering events on covered assets that would enable the Company to collect these amounts from the FDIC or OREO transactions, future impairments would be required.

The Company may owe consideration previously received under indemnification agreements to the FDIC under the “clawback” provisions in three of these agreements. The clawback provisions generally stipulate that in the event of not meeting certain thresholds of loss, the Company is required to pay the FDIC a percentage as defined in the respective agreements. Cumulative losses to date under two of these agreements have exceeded the calculated loss amounts, which would result in clawback if not incurred. Previously, the sum of the historical and remaining projected losses under the remaining agreement was in excess of the clawback amount stated in that agreement. For the third agreement, the Company recorded a \$0.8 million liability at December 31, 2013 to reserve for the amount of clawback consideration due to the FDIC based on cumulative losses to date. During 2014, based on its estimate of projected net losses, the Company concluded the clawback payment was no longer probable, and reversed the accrued liability through a reduction of non-interest expense in its consolidated statements of comprehensive income for the year ended December 31, 2014. Although no liability for clawback is recorded at December 31, 2014, the future performance of the remaining covered assets (namely improvements in the forms of recoveries and/or reduced losses) for each of the three agreements beyond each agreement’s respective collection period could require the Company to be subject to the clawback provisions for that agreement.

Refer to the “Other Assets” discussion below for additional amounts due from the FDIC related to loss share agreements.

Investment Securities

Investment securities increased by \$185 million, or 9%, to \$2.3 billion over the past year due to both acquired investment securities and open-market security purchases. Investment securities decreased to 14% of total assets at December 31, 2014 from 16% at December 31, 2013. Investment securities were 15% of average earnings assets in the current year and 16% in 2013. The following table shows the carrying values of securities by category as of December 31 for the years indicated.

TABLE 18—CARRYING VALUE OF SECURITIES

| (Dollars in thousands) | 2014 | | 2013 | | 2012 | | 2011 | | 2010 | |
|---|--------------|------|-------------|------|-------------|------|-------------|------|-------------|------|
| Securities available for sale: | | | | | | | | | | |
| U.S. Government-sponsored enterprise obligations..... | \$ 315,553 | 14 % | \$ 395,561 | 19 % | \$ 285,724 | 15 % | \$ 342,488 | 17 % | \$ 422,800 | 21 % |
| Obligations of state and political subdivisions | 90,190 | 4 | 107,479 | 5 | 127,075 | 7 | 143,805 | 7 | 40,169 | 2 |
| Mortgage-backed securities.... | 1,751,615 | 77 | 1,432,278 | 68 | 1,330,656 | 68 | 1,317,374 | 66 | 1,263,869 | 63 |
| Other securities..... | 1,495 | — | 1,479 | — | 1,549 | — | 1,538 | — | 2,956 | — |
| | 2,158,853 | 95 | 1,936,797 | 92 | 1,745,004 | 90 | 1,805,205 | 90 | 1,729,794 | 86 |
| Securities held to maturity:..... | | | | | | | | | | |
| U.S. Government-sponsored enterprise obligations..... | 10,000 | — | 34,478 | 2 | 69,949 | 4 | 85,172 | 4 | 180,479 | 9 |
| Obligations of state and political subdivisions | 77,597 | 4 | 84,290 | 4 | 88,909 | 4 | 81,053 | 4 | 75,768 | 4 |
| Mortgage-backed securities.... | 29,363 | 1 | 35,341 | 2 | 46,204 | 2 | 26,539 | 2 | 33,773 | 1 |
| | 116,960 | 5 | 154,109 | 8 | 205,062 | 10 | 192,764 | 10 | 290,020 | 14 |
| | \$ 2,275,813 | 100% | \$2,090,906 | 100% | \$1,950,066 | 100% | \$1,997,969 | 100% | \$2,019,814 | 100% |

All of the Company's mortgage-backed securities are agency securities. The Company does not hold any Fannie Mae or Freddie Mac preferred stock, corporate equity, collateralized debt obligations, collateralized loan obligations, or structured investment vehicles, nor does it hold any private label collateralized mortgage obligations, sub-prime, Alt-A, or second lien elements in its investment portfolio. At December 31, 2014, the Company's investment portfolio did not contain any securities that are directly backed by subprime or Alt-A mortgages.

The following table summarizes activity in the Company's investment securities portfolio during 2014 and 2013. There were no transfers of securities between investment categories during 2014.

TABLE 19—INVESTMENT PORTFOLIO ACTIVITY

| (Dollars in thousands) | Available for Sale | | Held to Maturity | |
|---|----------------------------|----------------------------|--------------------------|--------------------------|
| | 2014 | 2013 | 2014 | 2013 |
| Balance at beginning of period..... | \$ 1,936,797 | \$ 1,745,004 | \$ 154,109 | \$ 205,062 |
| Purchases | 703,179 | 1,026,290 | — | 5,901 |
| Acquisitions | 44,386 | — | — | — |
| Sales, net of gains | (60,931) | (42,400) | — | — |
| Principal maturities, prepayments and calls, net of gains | (488,699) | (709,977) | (36,180) | (55,649) |
| Amortization of premiums and accretion of discounts | (12,827) | (17,748) | (969) | (1,205) |
| Unrealized gains (losses) | 36,948 | (64,372) | — | — |
| Balance at end of period | <u>\$ 2,158,853</u> | <u>\$ 1,936,797</u> | <u>\$ 116,960</u> | <u>\$ 154,109</u> |

Funds generated as a result of sales and prepayments are used to fund loan growth and purchase other securities. The Company continues to monitor market conditions and take advantage of market opportunities with appropriate risk and return elements.

The Company assesses the nature of the losses in its investment portfolio periodically to determine if there are losses that are deemed other-than-temporary. In its analysis of these securities, management considers numerous factors to determine whether there are instances where the amortized cost basis of the debt securities would not be fully recoverable, including, the length of time and extent to which the fair value of the securities was less than their amortized cost, whether adverse conditions were present in the operations, geographic area, or industry of the issuer, the payment structure of the security, including scheduled interest and principal payments, changes to the rating of the security by a rating agency, and subsequent recoveries or additional declines in fair value after the balance sheet date.

Management believes it has considered these factors, as well as all relevant information available, when determining the expected future cash flows of the securities in question. Based on its analysis, the Company concluded no declines in the market value of the Company's investment securities are deemed to be other-than-temporary at December 31, 2014 and 2013. Note 5 to the consolidated financial statements provides further information on the Company's investment securities.

Short-term Investments

Short-term investments result from excess funds invested overnight in interest-bearing deposit accounts at the FRB and the FHLB of Dallas. These balances fluctuate daily depending on the funding needs of the Company and earn interest at the current FHLB and Federal Reserve discount rate. The balance in interest-bearing deposits at other institutions of \$296 million at December 31, 2014 increased \$143 million, or 94%, from December 31, 2013. The primary cause was the Company's increase in deposits over the past 12 months, offset partially from the use of available cash to purchase higher-yielding investment securities, fund loan growth, and pay down its long-term debt, all in an attempt to improve its net interest margin. The Company's cash activity is further discussed in the "Liquidity" section below.

Other Assets

The following table details other asset balances as of December 31:

TABLE 20—OTHER ASSETS COMPOSITION

| (Dollars in thousands) | 2014 | 2013 | 2012 | 2011 | 2010 | 2014 vs. 2013 | |
|--|---------------------|---------------------|---------------------|---------------------|-------------------|-------------------|------------|
| | | | | | | \$ Change | % Change |
| Other Earning Assets | | | | | | | |
| FHLB and FRB stock..... | \$ 74,130 | \$ 53,773 | \$ 46,216 | \$ 60,155 | \$ 57,280 | \$ 20,357 | 38% |
| Fed funds sold and financing transactions..... | — | — | 4,875 | — | 9,038 | — | — |
| Other interest-earning assets ⁽¹⁾ | 5,412 | 3,412 | 3,412 | 3,412 | 3,358 | 2,000 | 59 |
| Total other earning assets | 79,542 | 57,185 | 54,503 | 63,567 | 69,676 | 22,357 | 39 |
| Non-Earning Assets | | | | | | | |
| Premises and equipment | 307,159 | 287,510 | 303,523 | 285,607 | 208,403 | 19,649 | 7 |
| Bank-owned life insurance | 122,573 | 104,203 | 100,556 | 96,876 | 72,536 | 18,370 | 18 |
| Goodwill | 517,526 | 401,872 | 401,872 | 369,811 | 234,228 | 115,654 | 29 |
| Core deposit intangibles..... | 19,595 | 14,622 | 19,122 | 24,021 | 22,975 | 4,973 | 34 |
| Title plant and other intangible assets | 7,511 | 7,439 | 7,660 | 7,911 | 6,722 | 72 | 1 |
| Accrued interest receivable..... | 37,696 | 32,143 | 32,183 | 36,006 | 34,250 | 5,553 | 17 |
| Other real estate owned..... | 53,947 | 99,173 | 121,536 | 125,046 | 69,218 | (45,226) | (46) |
| Derivative market value | 32,903 | 30,076 | 42,119 | 33,026 | 37,320 | 2,827 | 9 |
| Investment in tax credit entities | 139,326 | 132,487 | 137,508 | 120,247 | 114,751 | 6,839 | 5 |
| Other non-earning assets..... | 96,307 | 76,839 | 50,532 | 85,412 | 89,088 | 19,468 | 25 |
| Total non-earning assets | 1,334,543 | 1,186,364 | 1,216,611 | 1,183,963 | 889,491 | 148,179 | 12 |
| Total other assets | \$ 1,414,085 | \$ 1,243,549 | \$ 1,271,114 | \$ 1,247,530 | \$ 959,167 | \$ 170,536 | 14% |

⁽¹⁾ Other interest-earning assets are composed primarily of trust preferred common securities.

The \$20 million increase in FHLB and FRB stock was the result of \$9 million in acquired stock, as well as \$11 million in net stock purchases during 2014.

Fed funds sold and financing transactions represent short-term excess liquidity, and the balance varies based on the daily liquidity requirements needed by the Company and its subsidiaries for loan growth and other operating activities. There were no fed funds sold or financing transactions at December 31, 2014 or 2013.

Premises and equipment increased \$20 million as a result of \$24 million in acquired property and equipment from Teche, First Private, and Trust One-Memphis. Current period depreciation expense recorded on the assets in service and former bank properties moved to OREO partially offset the acquired premises and equipment.

Bank-owned life insurance increased \$18 million as a result of \$15 million in acquired policies from Teche and income earned on the outstanding policies during the year.

Core deposit intangibles increased \$5 million during the current year, the result of an additional \$11 million in core deposit intangibles recorded as part of the Trust One-Memphis, Teche and First Private acquisitions, which was partially offset by amortization expense recorded during 2014.

Other real estate includes all real estate, other than bank premises used in bank operations, which is owned or controlled by the Company, including real estate acquired in settlement of loans and former bank premises no longer used. The \$45 million decrease in OREO from December 31, 2013 was a result of the sale of OREO properties. Covered OREO properties at December 31, 2014 were \$24 million, 62% lower than at the end of 2013. Non-covered OREO decreased \$7 million, or 19%, and was primarily a result of the sales of non-covered OREO properties during 2014 outpacing increases from the acquisition of \$2 million from Teche and Trust One-Memphis and the movement of \$9 million in former bank properties to OREO.

The increase in the market value of the Company's derivatives was the result of both the change in value of existing derivatives from December 31, 2013 and an increase in derivative activity.

Investments in tax credit entities increased \$7 million as a result of additional low-income housing tax credit investments totaling \$10 million in 2014, partially offset by the amortization of tax credits as they are recognized in the Company's income tax provision calculation.

The \$20 million increase in other non-earning assets since December 31, 2013 was primarily the result of a \$16 million increase in the Company's net tax accounts as a result of excess tax payments made, as well as additional deferred tax assets arising from acquisitions. Also affecting other assets was a \$3 million increase in deferred compensation assets held that are related to current year employee compensation deferrals.

FUNDING SOURCES

Deposits obtained from clients in its primary market areas are the Company's principal source of funds for use in lending and other business purposes. The Company attracts local deposit accounts by offering a wide variety of products, competitive interest rates and convenient branch office locations and service hours. Increasing core deposits through acquisitions and the development of client relationships is a continuing focus of the Company. Short-term and long-term borrowings have become an important funding source as the Company has grown. Other funding sources include subordinated debt and shareholders' equity. Refer to the "Liquidity" section below for further discussion of the Company's funding sources. The following discussion highlights the major changes in the mix of deposits and other funding sources during 2014.

Deposits

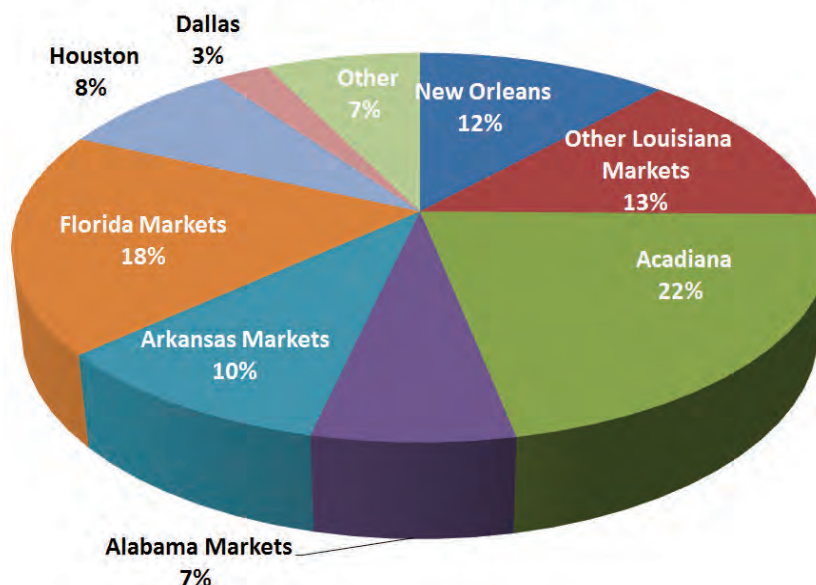
The Company's ability to attract and retain customer deposits is critical to the Company's continued success. During 2014, total deposits increased \$1.8 billion, or 17%, totaling \$12.5 billion at December 31, 2014. On average, total deposits increased \$936 million, or 9%, from 2013. Total non-interest-bearing deposits increased \$619 million, or 24%, and interest-bearing deposits increased \$1.2 billion, or 14%, from December 31, 2013. Acquired deposits of \$1.1 billion from Teche, First Private, and Trust One-Memphis accounted for the majority of the increase from year-end, while \$640 million, or 36% of the total growth from December 31, 2013, was a result of organic deposit growth.

The following table and chart set forth the composition of the Company's deposits as of December 31:

TABLE 21—DEPOSIT COMPOSITION BY PRODUCT

| (Dollars in thousands) | 2014 | | 2013 | | 2012 | | 2011 | | 2010 | | 2014 vs. 2013 | |
|-------------------------------------|---------------------|-------------|---------------------|-------------|---------------------|-------------|--------------------|-------------|--------------------|-------------|--------------------|------------|
| | | | | | | | | | | | \$ Change | % Change |
| Non-interest-bearing deposits | \$ 3,195,430 | 26% | \$ 2,575,939 | 24% | \$ 1,967,662 | 18% | \$ 1,485,058 | 16% | \$ 878,768 | 11% | \$ 619,491 | 24% |
| NOW accounts | 2,462,841 | 20 | 2,283,491 | 22 | 2,523,252 | 24 | 1,876,797 | 20 | 1,281,825 | 16 | 179,350 | 8% |
| Money market accounts | 4,168,504 | 33 | 3,779,581 | 35 | 3,738,480 | 35 | 3,049,151 | 33 | 2,660,702 | 34 | 388,923 | 10% |
| Savings accounts | 577,513 | 4 | 387,397 | 3 | 364,703 | 3 | 332,351 | 3 | 249,412 | 3 | 190,116 | 49% |
| Certificates of deposit | 2,116,237 | 17 | 1,710,592 | 16 | 2,154,180 | 20 | 2,545,656 | 28 | 2,844,399 | 36 | 405,645 | 24% |
| Total deposits | \$12,520,525 | 100% | \$10,737,000 | 100% | \$10,748,277 | 100% | \$9,289,013 | 100% | \$7,915,106 | 100% | \$1,783,525 | 17% |

Deposits by Market - 2014



Deposits by Market - 2013



From a product perspective, interest-bearing core deposits increased \$758 million, while time deposits increased \$406 million. Certificates of deposit in denominations of \$100,000 and over increased \$174 million, or 19%, to \$1.1 billion at December 31, 2014.

From a market perspective, total deposit growth was seen primarily in the Houston, Acadiana, Huntsville, and Birmingham markets. Houston's customer deposits increased \$126 million, or 14%, during 2014, while total deposits in the Acadiana market increased \$148 million, or 7%, since the end of 2013. Huntsville, Alabama had year-to-date customer deposit growth of \$58 million, or 92%. The Birmingham market had total customer deposit growth of \$54 million, or 12%. Total deposit growth was offset, however, by deposit runoff in the Sarasota, Florida market (\$39 million) and Southeast Florida (\$17 million).

The following table details large-denomination certificates of deposit by remaining maturity dates at December 31.

TABLE 22—REMAINING MATURITIES OF CDS \$100,000 AND OVER

| (Dollars in thousands) | 2014 | | 2013 | | 2012 | | 2011 | | 2010 | | | | | |
|---|-----------|------------------|-------------|------------------|-------------|-----------|------------------|-------------|-----------|------------------|-------------|-----------|------------------|-------------|
| 3 months or less | \$ | 204,041 | 19% | \$256,931 | 28% | \$ | 265,558 | 23% | \$ | 316,771 | 23% | \$ | 361,761 | 24% |
| 3 – 12 months..... | | 547,876 | 51 | 452,005 | 50 | | 572,734 | 50 | | 731,996 | 53 | | 764,771 | 51 |
| 12 – 36 months..... | | 274,038 | 25 | 157,430 | 17 | | 227,072 | 20 | | 213,865 | 16 | | 305,257 | 20 |
| More than 36 months..... | | 54,844 | 5 | 39,976 | 5 | | 81,151 | 7 | | 114,999 | 8 | | 82,245 | 5 |
| Total CDs \$100,000 and over | \$ | 1,080,799 | 100% | \$906,342 | 100% | \$ | 1,146,515 | 100% | \$ | 1,377,631 | 100% | \$ | 1,514,034 | 100% |

Short-term Borrowings

The Company may obtain advances from the FHLB of Dallas based upon its ownership of FHLB stock and certain pledges of its real estate loans and investment securities, provided certain standards related to the Company's creditworthiness have been met. These advances are made pursuant to several credit programs, each of which has its own interest rate and range of maturities. The level of short-term borrowings can fluctuate significantly on a daily basis depending on funding needs and the source of funds chosen to satisfy those needs.

The Company also enters into repurchase agreements to facilitate customer transactions that are accounted for as secured borrowings. These transactions typically involve the receipt of deposits from customers that the Company collateralizes with its investment portfolio and have rates ranging from 0.09% to 0.80%. The following table details the average and ending balances of repurchase transactions as of and for the years ending December 31:

TABLE 23—REPURCHASE TRANSACTIONS

| (Dollars in thousands) | 2014 | 2013 |
|------------------------|------------|------------|
| Average balance | \$ 282,596 | \$ 290,209 |
| Ending balance | 242,742 | 305,344 |

Total short-term borrowings increased \$165 million, or 24%, from December 31, 2013, to \$846 million at the end of 2014, a result of both acquired short-term borrowings from Teche and First Private and an additional \$228 million in advances outstanding which were originated by the Company. The Company borrowed these funds in order to manage its liquidity as it funded loan growth in 2014. On an average basis, short-term borrowings increased \$479 million, or 158%, from 2013. The increase in the average outstanding balance was largely due to the FHLB advances outstanding at December 31, 2014, as management's decision has typically been to use available cash to reduce higher-cost funding sources and to fund loan growth.

Total short-term borrowings were 6% of total liabilities and 68% of total borrowings at December 31, 2014 compared to 6% and 71%, respectively, at December 31, 2013. On an average basis, short-term borrowings were 6% of total liabilities and 70% of total borrowings in 2014, compared to 3% and 49%, respectively, during 2013.

The weighted average rate paid on short-term borrowings was 0.17% during 2014, up one basis point compared to 0.16% in 2013.

For additional information on the Company's short-term borrowings, see Note 15 of the consolidated financial statements.

Long-term Debt

The Company's long-term borrowings increased \$123 million, or 44%, from December 31, 2013, a result of acquired Teche and First Private debt, offset partially by the scheduled repayment of a portion of the Company's long-term FHLB advances during 2014. The Company also chose to enter into some long-term debt positions during 2014 to help manage the Bank's interest rate risk position.

On average, long-term debt increased to \$335 million in 2014, \$18 million, or 6%, higher than for the twelve months of 2013. Average long-term debt was 3% of total liabilities during the current year, consistent with the average during 2013. On a period-end basis, long-term debt was 3% of total liabilities at December 31, 2014, an increase from 2% of total liabilities at December 31, 2013.

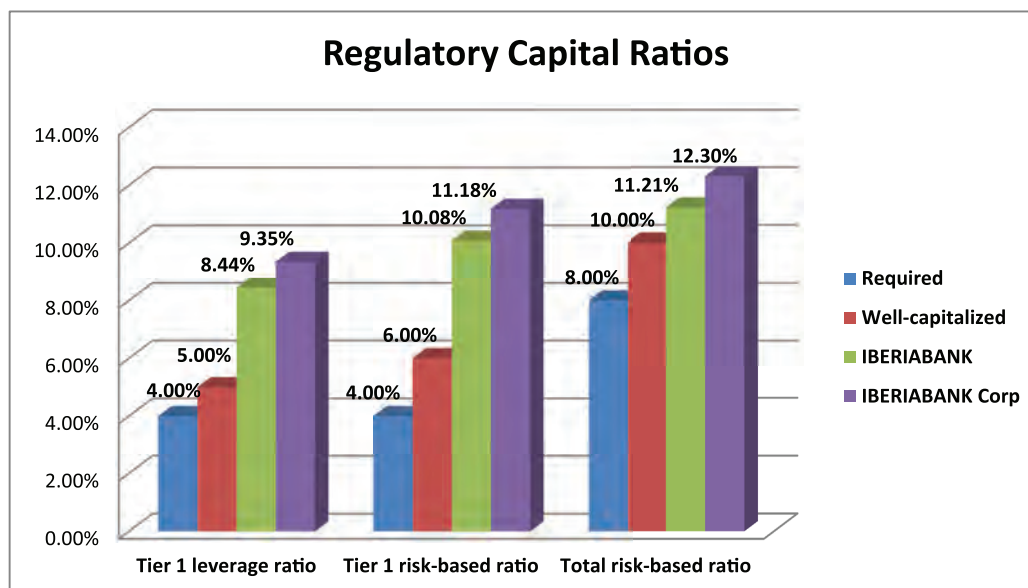
Long-term debt at December 31, 2014 included \$211 million in fixed-rate advances from the FHLB of Dallas that cannot be prepaid without incurring substantial penalties. The remaining debt consisted of \$112 million of the Company's junior subordinated deferrable interest debentures, and \$81 million in notes payable on investments in new market tax credit entities. The debentures are issued to statutory trusts that were funded by the issuance of floating rate capital securities of the trusts and qualify as Tier 1 Capital for regulatory purposes. Interest is payable quarterly and may be deferred at any time at the election of the Company for up to 20 consecutive quarterly periods. During any deferral period, the Company is subject to certain restrictions, including being prohibited from declaring dividends to its common shareholders. The securities are redeemable by the Company in whole or in part after five years, or earlier under certain circumstances. For additional information, see Note 16 of the consolidated financial statements.

CAPITAL RESOURCES

Federal regulations impose minimum regulatory capital requirements on all institutions with deposits insured by the FDIC. The FRB imposes similar capital regulations on bank holding companies. Compliance with bank and bank holding company regulatory capital requirements, which include leverage and risk-based capital guidelines, are monitored by the Company on an ongoing basis. Under the risk-based capital method, a risk weight is assigned to balance sheet and off-balance sheet items based on regulatory guidelines. At December 31, 2014 and 2013, the Company exceeded all required regulatory capital ratios, and the Company's regulatory capital ratios and those of IBERIABANK were also in excess of the levels established for "well-capitalized" institutions, as shown in the following table and chart.

TABLE 24—REGULATORY CAPITAL RATIOS

| Ratio | Entity | Well-Capitalized Minimums | December 31, 2014 | December 31, 2013 |
|--|------------------------|------------------------------|-------------------|-------------------|
| | | | Actual | Actual |
| Tier 1 Leverage | IBERIABANK Corporation | 5.00% | 9.36% | 9.70% |
| | IBERIABANK | 5.00 | 8.44 | 8.46 |
| Tier 1 risk-based capital | IBERIABANK Corporation | 6.00 | 11.18 | 11.57 |
| | IBERIABANK | 6.00 | 10.08 | 10.08 |
| Total risk-based capital | IBERIABANK Corporation | 10.00 | 12.31 | 12.82 |
| | IBERIABANK | 10.00 | 11.21 | 11.33 |



The decrease in IBERIABANK Corporation's risk-based capital ratio from December 31, 2013 was primarily the result of the Company's acquisitions of Teche and First Private, as well as the deployment of excess liquidity into loans and other investments that carried a higher risk rating. Also affecting capital ratios at December 31, 2014 was a decrease in covered assets, which typically are assigned a lower risk rating.

At both December 31, 2014 and 2013, \$109 million of the Company's junior subordinated debt was included as Tier 1 capital in the Company's risk-based capital ratios above. Due to the Company's acquisitions of Teche and First Private during the second quarter of 2014, the Company will begin to phase out its junior subordinated debt from Tier 1 capital. Effective January 1, 2015, 50% of the Company's junior subordinated debt will be excluded from Tier 1 capital. The remaining 50% will be excluded effective January 1, 2016. Once excluded from Tier 1 capital, the Company's junior subordinated debt will be included as Tier 2 capital, a component of total risk-based capital above. Although the phase-out of the Company's junior subordinated debt is not expected to impact its total risk-based capital ratio, the Company estimates that the phase-out would have lowered its consolidated Tier 1 leverage ratio and Tier 1 risk-based capital ratio at December 31, 2014 by 36 basis points and 54 basis points, respectively.

By the end of 2015, the Company's loss-share protection on certain acquired non-single family loans associated with its FDIC-assisted transactions will expire, which will increase the risk weighting associated with these assets, generally from a weighting of 20% to 100%. The effect of this increase in risk weighting would have decreased the Company's consolidated total risk-based capital ratio at December 31, 2014 by 12 basis points.

Although the impact of the phase-out of junior subordinated debt and the expiration of loss share coverage is expected to decrease certain capital ratios, the Company does not expect these events to impact its ability to meet minimum capital ratios to designate the Company or IBERIABANK as "well capitalized".

Regulatory Developments

In July 2013, the U.S. banking regulatory agencies, including the FRB, approved a final rule to implement the revised capital adequacy standards of the BCBS or Basel III, and to address relevant provisions of the Dodd-Frank Act. The Company and IBERIABANK became subject to the new rules on January 1, 2015. Certain provisions of the new rules will be phased in from that date to January 1, 2019.

The final rules:

- Permit banking organizations that had less than \$15 billion in total consolidated assets as of December 31, 2009, to include as Tier 1 capital trust preferred securities and cumulative perpetual preferred stock that were issued and included as Tier 1 capital prior to May 19, 2010, subject to a limit of 25% of Tier 1 capital elements, excluding any non-qualifying capital instruments and after all regulatory capital deductions and adjustments have been applied to Tier 1 capital,
- Establish new qualifying criteria for regulatory capital, including new limitations on the inclusion of deferred tax assets and mortgage servicing rights,
- Require a minimum ratio of common equity Tier 1, or CET1, capital to risk-weighted assets of 4.5%,

- Increase the minimum Tier 1 capital to risk-weighted assets ratio requirements from 4% to 6%,
- Retain the minimum total capital to risk-weighted assets ratio requirement of 8%,
- Establish a minimum leverage ratio requirement of 4%,
- Retain the existing regulatory capital framework for 1-4 family residential mortgage exposures,
- Implement a new capital conservation buffer requirement for a banking organization to maintain a CET1 capital ratio more than 2.5% above the minimum CET1 capital, Tier 1 capital and total risk-based capital ratios in order to avoid limitations on capital distributions, including dividend payments, and certain discretionary bonus payments to executive officers. The capital conservation buffer requirement will be phased in beginning on January 1, 2016 at 0.625%, and will be fully phased in at 2.50% by January 1, 2019. A banking organization with a buffer of less than the required amount would be subject to increasingly stringent limitations on such distributions and payments as the buffer approaches zero. The new rule also generally prohibits a banking organization from making such distributions or payments during any quarter if its eligible retained income is negative and its capital conservation buffer ratio was 2.5% or less at the end of the previous quarter. The eligible retained income of a banking organization is defined as its net income for the four calendar quarters preceding the current calendar quarter, based on the organization's quarterly regulatory reports, net of any distributions and associated tax effects not already reflected in net income,
- Increase capital requirements for past-due loans, high volatility commercial real estate exposures, and certain short-term commitments and securitization exposures,
- Expand the recognition of collateral and guarantors in determining risk-weighted assets, and
- Remove references to credit ratings consistent with the Dodd-Frank Act and establish due diligence requirements for securitization exposures.

Management continues to evaluate the provisions of the final rules and their expected impact on the Company and IBERIABANK. Management believes that at December 31, 2014, the Company and IBERIABANK would have met all new capital adequacy requirements on a fully phased-in basis if such requirements were then effective. There can be no assurances that the Basel III capital rules will not be revised before the effective date and expiration of the phase-in periods.

RESULTS OF OPERATIONS

The Company reported income available to common shareholders of \$105 million, \$65 million, and \$76 million for the years ended December 31, 2014, 2013, and 2012, respectively. EPS on a diluted basis were \$3.30 for 2014, \$2.20 for 2013, and \$2.59 for 2012.

In 2014, net interest income increased \$70 million, or 18%, over 2013, as interest income increased \$68 million, or 15%, and interest expense decreased \$2 million, or 5%. Net interest income increased both as a result of an increase in the average earning asset yield and a decrease in the cost of interest-bearing liabilities. Additional customer loan volume in 2014 also contributed to the improvement in interest income from 2013. Income available to common shareholders was negatively impacted by a \$14 million increase in the provision for loan losses, but was positively impacted by a \$5 million increase in non-interest income, the drivers of which are discussed below in the "Non-interest Income" section of the discussion.

Income tax expense increased \$19 million primarily due to higher income in 2014 when compared to 2013. During 2014, the Company also realized \$3 million in tax benefits as a result of amending previously filed tax returns for federal and state tax credits not previously claimed.

The following discussion provides additional information on the Company's operating results for the years ended December 31, 2014, 2013, and 2012, segregated by major income statement caption.

Net Interest Income

Net interest income is the difference between interest realized on earning assets and interest paid on interest-bearing liabilities and is also the driver of core earnings. As such, it is subject to constant scrutiny by management. The rate of return and relative risk associated with earning assets are weighed to determine the appropriateness and mix of earning assets. Additionally, the need for lower cost funding sources is weighed against relationships with clients and future growth opportunities. The Company's net interest spread, which is the difference between the yields earned on average earning assets and the rates paid on average interest-bearing liabilities, was 3.40%, 3.26%, and 3.43%, during the years ended December 31, 2014, 2013, and 2012, respectively. The Company's net interest margin on a taxable equivalent ("TE") basis, which is net interest income (TE) as a percentage of average earning assets, was 3.51%, 3.38%, and 3.58%, respectively, for the same periods.

The following table sets forth information regarding (i) the total dollar amount of interest income from earning assets and the resultant average yields; (ii) the total dollar amount of interest expense on interest-bearing liabilities and the resultant average rates; (iii) net interest income; (iv) net interest spread; and (v) net interest margin. Information is based on average daily balances during the indicated periods. Investment security market value adjustments and trade-date accounting adjustments are not considered to be earning assets and, as such, the net effect is included in non-earning assets.

TABLE 25—AVERAGE BALANCES, NET INTEREST INCOME AND INTEREST YIELDS / RATES

| (Dollars in thousands) | 2014 | | | 2013 | | | 2012 | | |
|---|----------------------|-------------------------|--------------|----------------------|-------------------------|--------------|----------------------|-------------------------|--------------|
| | Average Balance | Interest Income/Expense | Yield/Rate | Average Balance | Interest Income/Expense | Yield/Rate | Average Balance | Interest Income/Expense | Yield/Rate |
| Earning Assets: | | | | | | | | | |
| Loans receivable: | | | | | | | | | |
| Commercial loans | \$ 7,284,247 | \$ 359,801 | 4.95% | \$ 6,386,364 | \$ 350,451 | 5.50% | \$ 5,703,163 | \$ 373,497 | 6.54% |
| Mortgage loans | 869,510 | 44,563 | 5.13% | 520,872 | 30,598 | 5.87% | 442,088 | 33,247 | 7.52% |
| Consumer and other loans | 2,310,339 | 122,342 | 5.30% | 1,954,766 | 107,887 | 5.52% | 1,700,427 | 107,192 | 6.30% |
| Total loans ⁽¹⁾⁽²⁾ | 10,464,096 | 526,706 | 5.04% | 8,862,002 | 488,936 | 5.53% | 7,845,678 | 513,936 | 6.54% |
| Loans held for sale | 130,425 | 5,153 | 3.95% | 144,961 | 5,108 | 3.52% | 162,053 | 5,318 | 3.28% |
| Investment securities | 2,148,963 | 44,677 | 2.23% | 2,081,523 | 38,230 | 2.01% | 1,959,754 | 41,265 | 2.31% |
| FDIC loss share receivable | 120,567 | (74,617) | -61.04% | 266,856 | (97,849) | -36.16% | 485,270 | (118,100) | -23.94% |
| Other earning assets | 371,490 | 2,896 | 0.78% | 380,050 | 2,772 | 0.73% | 379,660 | 2,781 | 0.73% |
| Total earning assets | 13,235,541 | 504,815 | 3.85% | 11,735,392 | 437,197 | 3.78% | 10,832,415 | 445,200 | 4.16% |
| Allowance for loan losses | (134,830) | | | (184,217) | | | (184,127) | | |
| Nonearning assets | 1,531,974 | | | 1,452,813 | | | 1,448,684 | | |
| Total assets | <u>\$ 14,632,685</u> | | | <u>\$ 13,003,988</u> | | | <u>\$ 12,096,972</u> | | |
| Interest-bearing liabilities | | | | | | | | | |
| Deposits: | | | | | | | | | |
| NOW accounts | \$ 2,240,137 | 6,006 | 0.27% | \$ 2,337,831 | 7,557 | 0.32% | \$ 2,035,544 | 7,475 | 0.37% |
| Savings and money market accounts | 4,616,026 | 12,802 | 0.28% | 4,207,343 | 11,685 | 0.28% | 3,661,697 | 17,034 | 0.47% |
| Certificates of deposit | 1,889,858 | 14,282 | 0.76% | 1,964,702 | 16,604 | 0.85% | 2,302,081 | 24,855 | 1.08% |
| Total interest-bearing deposits | 8,746,021 | 33,090 | 0.38% | 8,509,876 | 35,846 | 0.42% | 7,999,322 | 49,364 | 0.62% |
| Short-term borrowings | 782,033 | 1,364 | 0.17% | 303,352 | 490 | 0.16% | 284,201 | 650 | 0.22% |
| Long-term debt | 335,211 | 10,250 | 3.02% | 316,775 | 10,617 | 3.31% | 431,133 | 13,436 | 3.07% |
| Total interest-bearing liabilities | 9,863,265 | 44,704 | 0.45% | 9,130,003 | 46,953 | 0.51% | 8,714,656 | 63,450 | 0.73% |
| Noninterest-bearing demand deposits | 2,916,509 | | | 2,216,959 | | | 1,718,849 | | |
| Noninterest-bearing liabilities | 144,861 | | | 129,833 | | | 149,950 | | |
| Total liabilities | 12,924,635 | | | 11,476,795 | | | 10,583,455 | | |
| Shareholders' equity | 1,708,050 | | | 1,527,193 | | | 1,513,517 | | |
| Total liabilities and shareholders' equity | <u>\$ 14,632,685</u> | | | <u>\$ 13,003,988</u> | | | <u>\$ 12,096,972</u> | | |
| Net earning assets | <u>\$ 3,372,276</u> | | | <u>\$ 2,605,389</u> | | | <u>\$ 2,117,759</u> | | |
| Net interest spread | | <u>\$ 460,111</u> | <u>3.40%</u> | | <u>\$ 390,244</u> | <u>3.26%</u> | | <u>\$ 381,750</u> | <u>3.43%</u> |
| Net interest income (TE) / Net interest margin (TE) | | <u>\$ 468,720</u> | <u>3.51%</u> | | <u>\$ 399,696</u> | <u>3.38%</u> | | <u>\$ 391,409</u> | <u>3.58%</u> |

(1) Total loans include nonaccrual loans for all periods presented.

(2) Interest income includes loan fees of \$2 million, \$3 million and \$3 million for the years ended December 31, 2014, 2013 and 2012, respectively.

(3) Taxable equivalent yields are calculated using a marginal tax rate of 35%.

Net interest income increased \$70 million to \$460 million in 2014 when compared to 2013. The improvement in net interest income was the result of a \$1.5 billion increase in average earning assets and a seven basis point improvement in earning asset yield, as well as a six basis point decrease in the average cost of interest-bearing liabilities. These improvements were offset by a \$733 million, or 8%, increase in the average balance of interest-bearing liabilities. The average balance sheet growth over the past twelve months is primarily a result of growth in both earning assets and deposits.

Average loans made up 79% and 76% of average earning assets in 2014 and 2013, respectively. Average loans increased \$1.6 billion, or 18%, from 2013 to 2014 as a result of loan growth in the non-covered loan portfolio. Investment securities made up 16% of average earning assets during the current year, compared to 18% during the same period of 2013.

Average interest-bearing deposits made up 89% of average interest-bearing liabilities during 2014, down from 93% during the twelve months of 2013. Average short-term borrowings and long-term debt made up 8% and 3% of average interest-bearing liabilities, respectively, in 2014, respectively, compared to 3% for both during 2013.

The seven basis point increase in yield on total earning assets between 2014 and 2013 was driven by higher yields on the Company's investment portfolio, held for sale loans, and other earnings assets, but was partially offset by a two basis point decrease in loan yield, net of amortization of the Company's FDIC loss share receivable (that results in a negative yield for this asset). As expected cash flow on the covered loan and OREO portfolios increases, the carrying value of the FDIC loss share receivable decreases, with the difference recorded as an adjustment to earnings.

The following table sets forth information regarding average loan balances and average yields, segregated into the covered and non-covered portfolio, for the periods indicated. Information on the Company's covered loan portfolio is presented both with and without the yield on the FDIC loss share receivable.

TABLE 26—AVERAGE LOAN BALANCE AND YIELDS

| | Years Ended December 31 | | | | | |
|--|-------------------------|---------------|---------------------|---------------|---------------------|---------------|
| | 2014 | | 2013 | | 2012 | |
| | Average Balance | Average Yield | Average Balance | Average Yield | Average Balance | Average Yield |
| (Dollars in thousands) | | | | | | |
| Legacy loans | \$ 8,860,141 | 4.00% | \$ 7,532,732 | 4.12% | \$ 6,011,544 | 4.35% |
| Acquired loans | 1,020,134 | 6.98 | 425,830 | 8.09 | 639,940 | 6.36 |
| Non-covered loans | 9,880,275 | 4.31 | 7,958,562 | 4.41 | 6,651,484 | 4.63 |
| Covered loans | 583,821 | 16.50 | 903,440 | 15.34 | 1,194,194 | 17.22 |
| FDIC loss share receivables..... | 120,567 | (61.04) | 266,856 | (36.16) | 485,270 | (23.94) |
| Covered loans, net of FDIC loss share receivables..... | 704,388 | 3.23 | 1,170,296 | 3.59 | 1,679,464 | 5.32 |
| Total loans and FDIC loss share receivables | \$ 10,584,663 | 4.29% | \$ 9,128,858 | 4.31% | \$ 8,330,948 | 4.77% |

The following table displays the dollar amount of changes in interest income and interest expense for major components of earning assets and interest-bearing liabilities. The table distinguishes between (i) changes attributable to volume (changes in average volume between periods times the average yield/rate for the two periods), (ii) changes attributable to rate (changes in average rate between periods times the average volume for the two periods), and (iii) total increase (decrease). Changes attributable to both volume and rate are allocated ratably between the volume and rate categories.

TABLE 27—SUMMARY OF CHANGES IN NET INTEREST INCOME

| | 2014/2013 | | | 2013/2012 | | |
|--|------------------------|--------------------|----------------------------|------------------------|---------------------|----------------------------|
| | Change Attributable To | | Net Increase (Decrease) | Change Attributable To | | Net Increase (Decrease) |
| (Dollars in thousands) | Volume | Rate | | Volume | Rate | |
| Earning assets: | | | | | | |
| Loans receivable: | | | | | | |
| Commercial loans (TE)..... | \$ 48,269 | \$ (38,919) | \$ 9,350 | \$ 41,070 | \$ (64,116) | \$ (23,046) |
| Mortgage loans | 18,286 | (4,321) | 13,965 | 5,344 | (7,993) | (2,649) |
| Consumer and other | | | | | | |
| loans | 18,566 | (4,111) | 14,455 | 13,828 | (13,133) | 695 |
| Loans held for sale | (540) | 585 | 45 | (585) | 375 | (210) |
| Investment securities (TE)..... | 773 | 5,674 | 6,447 | 1,926 | (4,961) | (3,035) |
| FDIC loss share receivable | 70,004 | (46,772) | 23,232 | 66,141 | (45,890) | 20,251 |
| Other earning assets..... | 767 | (643) | 124 | (392) | 383 | (9) |
| Net change in income on earning assets | 156,125 | (88,507) | 67,618 | 127,332 | (135,335) | (8,003) |
| Interest-bearing liabilities: | | | | | | |
| Deposits: | | | | | | |
| NOW accounts | (305) | (1,246) | (1,551) | 1,037 | (955) | 82 |
| Savings and money market | | | | | | |
| accounts..... | 1,821 | (704) | 1,117 | 1,875 | (7,224) | (5,349) |
| Certificates of deposit | (615) | (1,707) | (2,322) | (3,324) | (4,927) | (8,251) |
| Borrowings | 1,523 | (1,016) | 507 | (3,756) | 777 | (2,979) |
| Net change in expense on interest-bearing liabilities | 2,424 | (4,673) | (2,249) | (4,168) | (12,329) | (16,497) |
| Change in net interest spread | \$ 153,701 | \$ (83,834) | \$ 69,867 | \$ 131,500 | \$ (123,006) | \$ 8,494 |

Interest income includes income earned on interest-earning assets as well as applicable loan fees earned. Interest income that would have been earned on nonaccrual loans had they been on accrual status is not included in the data reported above.

For the year ended December 31, 2014, earning asset volume, both for acquired earnings assets and organic growth, drove the \$68 million increase in interest income. Average loan balances increased \$1.6 billion, 18%, over 2013 and can be attributed to the non-covered loan growth, as well as loans acquired from Trust One, Teche, and First Private. Covered loan yields, net of amortization, decreased 36 basis points during the current year. Interest income was also impacted in the current year by a ten basis point decrease in the yield on the Company's non-covered loan portfolio.

In addition to loan volume increases, interest income growth was also a result of both a 22 basis point increase in the yield on investment securities and an increase in average investment securities of \$67 million, or 3%, between 2013 and 2014.

Driven by a decrease of six basis points in the rate paid on interest-bearing liabilities during the current year, interest expense decreased \$2 million, or 5%, from 2013. Despite an increase of \$236 million in average interest-bearing deposits (a result of both acquired deposits and organic deposit growth), interest expense on deposits decreased 8%, or \$3 million, from 2013, as the average rate paid on these deposits decreased to 0.38% for the twelve months of 2014, a four basis point decline. Higher-yielding time deposits across many markets either matured or were repriced during 2014, driving the expense and rate decreases. Interest expense on the Company's short-term and long-term borrowings, however, increased from 2013, due to a \$479 million increase in average short-term borrowings and an \$18 million increase in average long-term borrowings offset by a 29 basis point decrease in the rate paid on long-term debt.

Between 2012 and 2013, the decrease in yield on total earning assets was driven by lower yields on the Company's loan and investment security portfolios, as well as a higher rate of amortization of the Company's FDIC loss share receivable.

For the year ended December 31, 2013, the decrease in the rates earned on the Company's assets drove the \$8 million decrease in interest income, but average balance increases in the largest components of earning assets partially offset these rate decreases. Average loan balances increased \$1.0 billion, or 13%, over 2012 and was attributable to the non-covered loan growth since December 31, 2012. Covered loan yields net of amortization decreased 173 basis points during 2013. Interest income was also impacted by a decrease in the yield on the Company's non-covered loan portfolio from 2012 to 2013 of 22 basis points to 4.41%. The total yield of the loan portfolio when including the loss share receivable was 4.31% in 2013, 46 basis points lower than in 2012, which offset the income earned on loan volume increases over 2012.

Interest income between 2012 and 2013 was also impacted by a 30 basis point decrease in the yield on investment securities. Average year-to-date investment securities increased \$122 million between 2012 and 2013, partially offsetting the effect the yield decline had on interest income.

Interest expense in 2013 decreased \$16 million, or 26%, from 2012. Despite an increase of \$511 million in average interest-bearing deposits, interest expense on deposits decreased 27%, or \$14 million, from 2012, as the average rate paid on these deposits decreased to 0.42% for the twelve months of 2013, a 20 basis point decline from 2012. Similar to 2014, higher-yielding time deposits across many markets either matured or were repriced during 2013, driving the expense and rate decreases. In 2013, interest expense on the Company's short-term borrowings and long-term debt also decreased from 2012. Short term borrowings increased \$19 million on average, offset by a six basis point decline in the rate paid. Average long-term debt decreased \$114 million, however, the rate paid increased by 24 basis points.

Provision for Loan Losses

Management of the Company assesses the allowance for credit losses monthly and will make provisions for credit losses as deemed appropriate in order to maintain the appropriateness of the allowance for credit losses. Increases in the allowance for credit losses are achieved through provisions for credit losses that are charged against income. Adjustments to the allowance may also result from credit quality changes associated with acquired loans.

On a consolidated basis, the Company recorded a provision for loan losses of \$19 million for the year ended December 31, 2014, a \$14 million increase from the provision recorded for the same period of 2013. The Company also recorded a provision for unfunded lending commitments of \$1 million during the current year, included in "Credit and other loan-related expense" in the Company's consolidated statement of comprehensive income. As a result, the Company's total provision for credit losses was \$20 million in 2014, \$13 million, or 205%, above the provision recorded in 2013. The Company's total provision for 2014 included provision for changes in expected cash flows on the acquired loan portfolios (covered and non-covered) of \$5 million and a \$14 million provision recorded on legacy loans, based primarily on loan growth. The total provision was limited in 2014 by an improvement in legacy portfolio asset quality over the past 12 months, as demonstrated by a decrease in non-accrual loans and low multi-year net charge-off trends relative to historical periods.

Total non-covered loans past due, including nonaccrual loans, totaled \$130 million at December 31, 2014, or 118 basis points of non-covered loans, a decrease of seven basis points from December 31, 2013. On the same basis, legacy loans past due were 0.67% of total legacy loans at December 31, 2014, an improvement of 13 basis points from December 31, 2013.

Net charge-offs on the legacy portfolio were \$5 million year-to-date, for a net charge-off percentage of 0.06%, relatively flat with 2013. The net charge-offs in 2014 were a result of \$11 million in charge-offs and \$6 million in recoveries.

The Company believes the allowance was appropriate at December 31, 2014 and 2013 to cover probable losses in the loan portfolio. The allowance for loan losses as a percentage of outstanding loans, net of unearned income, decreased 37 basis points from 1.51% at December 31, 2013 to 1.14% at December 31, 2014.

The allowance for loan losses for the legacy portfolio was 0.79% of legacy loans at December 31, 2014 and 0.81% at December 31, 2013. On the same basis, the Company's allowance for loan losses to total nonperforming legacy loans at December 31, 2014 was 213% compared to 150% at 2013.

Non-interest Income

The Company's operating results for the year ended December 31, 2014 included non-interest income of \$174 million compared to \$169 million and \$176 million for the same periods of 2013 and 2012, respectively. The increase in non-interest income from 2013 was primarily a result of an increase in service charges on deposit accounts, ATM/debit card fee income, BOLI income and broker commissions. Non-interest income growth has been a management focus in response to a challenging interest rate environment. As a result, the Company has continued to increase its investments in its wealth management, trust, and brokerage businesses in order to improve its non-interest income. Non-interest income as a percentage of total gross revenue (defined as total interest and non-interest income) in 2014 was 26% compared to 28% of total gross revenue in the prior year. Excluding mortgage income, other non-interest income for the year ended December 31, 2014 increased to 18% of total gross revenue from 17% for the same period of 2013.

The following table illustrates the primary components of non-interest income.

TABLE 28—NON-INTEREST INCOME

| (Dollars in thousands) | 2014 | 2013 | 2012 | 2014 vs. 2013 | | 2013 vs. 2012 | |
|--|-------------------|-------------------|-------------------|-----------------|-----------|-------------------|-------------|
| | | | | \$ Change | % Change | \$ Change | % Change |
| Service charges on deposit accounts..... | \$ 35,573 | \$ 28,871 | \$ 26,852 | \$ 6,702 | 23% | \$ 2,019 | 8% |
| Mortgage income | 51,797 | 64,197 | 78,053 | (12,400) | (19) | (13,856) | (18) |
| Title revenue | 20,492 | 20,526 | 20,987 | (34) | — | (461) | (2) |
| ATM/debit card fee income | 12,023 | 9,510 | 8,978 | 2,513 | 26 | 532 | 6 |
| Income from bank-owned life insurance | 5,473 | 3,647 | 3,680 | 1,826 | 50 | (33) | (1) |
| Gain on sale of available for sale investments | 771 | 2,277 | 3,739 | (1,506) | (66) | (1,462) | (39) |
| Broker commission income | 18,783 | 16,333 | 13,446 | 2,450 | 15 | 2,887 | 21 |
| Trust income | 6,019 | 5,536 | 4,330 | 483 | 9 | 1,206 | 28 |
| Credit card income | 9,718 | 6,298 | 4,833 | 3,420 | 54 | 1,465 | 30 |
| Other income..... | 12,979 | 11,763 | 11,099 | 1,216 | 10 | 664 | 6 |
| | \$ 173,628 | \$ 168,958 | \$ 175,997 | \$ 4,670 | 3% | \$ (7,040) | (4)% |

Service charges on deposit accounts increased \$7 million in 2014 over the prior year and \$2 million between 2012 and 2013 due primarily to an increase in service charge fees and NSF charges. Customers increased as a result of the Trust One, Teche and First Private acquisitions in 2014.

In 2014, IMC sales volume slowed, which resulted in a \$12 million decrease in mortgage income from the twelve months ended December 31, 2013. Sales proceeds decreased \$604 million, or 26%, while derivative valuation adjustments were \$6 million lower than the year ended December 31, 2013. Between 2013 and 2012, the volume of sales decreased \$68 million, or 3%, along with lower margins on those sales of mortgage loans.

Other fluctuations in non-interest income included increases from ATM/debit card fee income, brokerage commissions, BOLI income and credit card income offset partially by a decrease in the gain on available for sale investments.

Non-interest Expense

The Company's results for 2014 included non-interest expenses of \$474 million, which were \$1 million higher than non-interest expenses in 2013. Ongoing attention to expense control is part of the Company's corporate culture. However, the Company's continued focus on growth through acquisitions, product expansion, and operational investments have caused related increases in several components of non-interest expense. The Company currently operates 280 combined offices, an increase of 13 offices from December 31, 2013 after adjusting for closed or consolidated branches and offices.

In the current year, the increase in non-interest expenses over 2013 was primarily a result of direct merger-related expenses and expense increases as a result of the Company's three acquisitions in 2014. Excluding merger-related and other non-operating expenses (see Table 4), non-interest expense would have increased \$17 million, or 4%, an increase more representative of the Company's growth over the past 12 months. For the year, the Company's efficiency ratio was 74.9%, but excluding non-operating income and expenses, the Company's operating efficiency ratio would have been 69.4%, compared to 74.6% in 2013.

The following table illustrates the primary components of non-interest expense.

TABLE 29—NON-INTEREST EXPENSE

| (Dollars in thousands) | 2014 | 2013 | 2012 | 2014 vs. 2013 | | 2013 vs. 2012 | |
|---|-------------------|-------------------|-------------------|-----------------|------------|------------------|------------|
| | | | | \$ Change | % Change | \$ Change | % Change |
| Salaries and employee benefits | \$ 259,086 | \$ 244,981 | \$ 233,777 | \$ 14,105 | 6% | \$ 11,204 | 5% |
| Net occupancy and equipment | 59,571 | 58,037 | 54,672 | 1,534 | 3 | 3,365 | 6 |
| Communication and delivery | 12,029 | 12,024 | 12,671 | 5 | — | (647) | (5) |
| Marketing and business development | 11,707 | 10,143 | 12,546 | 1,564 | 15 | (2,403) | (19) |
| Data processing | 27,249 | 17,853 | 15,590 | 9,396 | 53 | 2,263 | 15 |
| Amortization of acquisition intangibles | 5,807 | 4,720 | 5,150 | 1,087 | 23 | (430) | (8) |
| Professional services | 18,975 | 18,217 | 21,095 | 758 | 4 | (2,878) | (14) |
| Costs of OREO, net | 2,748 | 1,943 | 6,352 | 805 | 41 | (4,409) | (69) |
| Credit and other loan-related expense | 13,692 | 15,931 | 18,095 | (2,239) | (14) | (2,164) | (12) |
| Insurance | 14,359 | 11,272 | 10,771 | 3,087 | 27 | 501 | 5 |
| Travel and entertainment | 9,033 | 8,126 | 9,563 | 907 | 11 | (1,437) | (15) |
| Impairment of FDIC loss share receivables and other long-lived assets | 6,437 | 37,893 | 2,902 | (31,456) | (83) | 34,991 | 1,206 |
| Other expenses | 33,786 | 31,945 | 29,001 | 1,841 | 6 | 2,944 | 10 |
| | \$ 474,479 | \$ 473,085 | \$ 432,185 | \$ 1,394 | — % | \$ 40,900 | 9 % |

Salaries and employee benefits increased \$14 million in 2014 when compared to 2013, primarily the result of increased staffing due to the growth of the Company, specifically from the three completed acquisitions during the year. The Company had 2,757 full-time equivalent employees at the end of 2014, an increase of 181, or 7%, from the end of 2013. During 2013, the Company increased revenue-producing positions both at IBERIABANK and at its mortgage origination subsidiary. Expenses for 2013 include the full year impact of personnel from Florida Gulf and the Company's new branches for a portion of the year. Full-time equivalent employees decreased to 2,576 at the end of 2013, despite the \$11 million increase between periods.

Net occupancy and equipment expenses were up \$2 million from 2013, primarily due to merger-related expenses in 2014, as the Company incurred lease termination, signage, and other expenses directly related to the Company's three acquisitions in the current year. Occupancy and equipment expenses also include repairs and maintenance on branches, utilities, rentals and property taxes. Repairs and maintenance expenses decreased \$1 million in the current year, but were partially offset by a slight increase in net rental expense.

Between 2012 and 2013, occupancy and equipment expenses increased \$3 million, or 6%, primarily from an increase in depreciation expense, the result of additional branches opened and the Florida Gulf branches, but also included accelerated depreciation on the Company's branches that were closed in 2013. Repairs and maintenance expenses increased \$3 million between periods, but were offset by a decrease in net rental expense, the result of \$2 million in lower equipment rental expenses.

Due to the growth of the Company over the past 12 months, professional services expense in 2014 was \$1 million higher than in 2013. The continued expansion of the size and breadth of the Company's operations has typically required additional expenditures for legal services, consulting engagements, exam and supervisory review, and audit services. In 2014, the Company incurred \$3 million in merger-related professional services expense, including legal, audit, and consulting expenses. Excluding merger-related expenses, total professional services would have decreased \$2 million, or 12%, as consulting expenses decreased \$ 2 million, or 34%, from 2013. The Company engaged consultants in 2013 and 2012 to address risk mitigation and improve the operational efficiency of the Company in an effort to improve various Company and business-line specific processes. The Company began to see the benefits of these improvements in 2013 and 2014 and expects to see additional improvements in future periods.

Professional services expense in 2013 was \$3 million lower than in 2012. Legal expenses decreased \$2 million between periods, driven by lower settlement and litigation expenses and a reduction in merger-related expenses, while consulting and other professional services decreased \$1 million.

Insurance expenses increased \$3 million from 2013 to 2014, which was a result of higher deposit insurance in the current period. The increase in deposit insurance was a result of a larger deposit base through organic growth and acquired deposits, as total average

deposits increased 9% in 2014. From 2012 to 2013, insurance expenses increased \$1 million, also a result of additional deposit insurance costs as the Company's average deposit base grew 10%.

Other non-interest expenses in 2014 included increases in almost all other categories when compared to 2013, which is consistent with growth in the Company's customer base and footprint.

Income Taxes

For the years ended December 31, 2014, 2013, and 2012, the Company recorded income tax expense of \$35 million, \$16 million, and \$28 million, respectively, which resulted in an effective income tax rate of 24.8% in 2014, 19.6% in 2013, and 27.2% in 2012.

The difference between the effective tax rate and the statutory federal and state tax rates primarily relates to items that are non-taxable or non-deductible, primarily the effect of tax-exempt income, the non-deductibility of a portion of the amortization recorded on acquisition intangibles, and various tax credits. In the current year, the benefits of tax-exempt income and tax credits on the Company's effective tax rate were more than offset by a \$59 million increase in income before income tax expense.

LIQUIDITY AND OTHER OFF-BALANCE SHEET ACTIVITIES

Liquidity refers to the Company's ability to generate sufficient cash flows to support its operations and to meet its obligations, including the withdrawal of deposits by customers, commitments to originate loans, and its ability to repay its borrowings and other liabilities. Liquidity risk is the risk to earnings or capital resulting from the Company's inability to fulfill its obligations as they become due. Liquidity risk also develops from the Company's failure to timely recognize or address changes in market conditions that affect the ability to liquidate assets in a timely manner or to obtain adequate funding to continue to operate on a profitable basis.

The primary sources of funds for the Company are deposits and borrowings. Other sources of funds include repayments and maturities of loans and investment securities, securities sold under agreements to repurchase, and, to a lesser extent, off-balance sheet borrowing needs. Certificates of deposit scheduled to mature in one year or less at December 31, 2014 totaled \$1.3 billion. Based on past experience, management believes that a significant portion of maturing deposits will remain with the Company. Additionally, the majority of the investment securities portfolio is classified as available-for-sale, which provides the ability to liquidate unencumbered securities as needed. Of the \$2.3 billion in the investment securities portfolio, \$894.1 million is unencumbered and \$1.4 billion has been pledged to support repurchase transactions, public funds deposits and certain long-term borrowings. Due to the relatively short implied duration of the investment securities portfolio, the Company has historically experienced significant cash inflows on a regular basis. Securities cash flows are highly dependent on prepayment speeds and could change materially as economic or market conditions change. See Notes 14, 15 and 16 to the consolidated financial statements for additional discussion related to the Company's funding requirements.

Scheduled cash flows from the amortization and maturities of loans and securities are relatively predictable sources of funds. Conversely, deposit flows, prepayments of loan and investment securities, and draws on customer letters and lines of credit are greatly influenced by general interest rates, economic conditions, competition, and customer demand. The FHLB of Dallas provides an additional source of liquidity to make funds available for general requirements and also to assist with the variability of less predictable funding sources. At December 31, 2014, the Company had \$814 million of outstanding FHLB advances, \$603 million of which was short-term and \$211 million was long-term. Additional FHLB advances available at December 31, 2014 amounted to \$2.8 billion. At December 31, 2014, the Company also had a \$25 million one-year line of credit available with an unaffiliated bank. The Company and IBERIABANK also have various funding arrangements with commercial banks providing up to \$130 million in the form of federal funds and other lines of credit. At December 31, 2014, there were no balances outstanding on these lines and all of the funding was available to the Company.

Liquidity management is both a daily and long-term function of business management. The Company manages its liquidity with the objective of maintaining sufficient funds to respond to the predicted needs of depositors and borrowers and to take advantage of investments in earning assets and other earnings enhancement opportunities. Excess liquidity is generally invested in short-term investments such as overnight deposits. On a longer-term basis, the Company maintains a strategy of investing in various lending and investment security products. The Company uses its sources of funds primarily to fund loan commitments and meet its ongoing commitments associated with its operations. Based on its available cash at December 31, 2014 and current deposit modeling, the Company believes it has adequate liquidity to fund ongoing operations. The Company has adequate availability of funds from deposits, borrowings, repayments and maturities of loans and investment securities to provide the Company additional working capital if needed.

In the normal course of business, the Company is a party to a number of activities that contain credit, market and operational risk that are not reflected in whole or in part in the Company's consolidated financial statements. Such activities include traditional off-balance sheet credit-related financial instruments, commitments under operating leases, and long-term debt. The Company provides customers with off-balance sheet credit support through loan commitments, lines of credit, and standby letters of credit. Many of the

commitments are expected to expire unused or be only partially used; therefore, the total amount of commitments does not necessarily represent future cash requirements. Based on its available liquidity and available borrowing capacity, the Company anticipates it will continue to have sufficient funds to meet its current commitments. At December 31, 2014, the Company's unfunded loan commitments outstanding totaled \$161 million. At the same date, unused lines of credit, including credit card lines, amounted to \$4.0 billion, as shown in the following table.

TABLE 30—COMMITMENT EXPIRATION PER PERIOD

| (Dollars in thousands) | Less than 1 year | 1—3 Years | 3—5 Years | Over 5 Years | Total |
|---------------------------------|---------------------|---------------------|-------------------|-------------------|---------------------|
| Unused lines of credit | \$ 1,983,620 | \$ 1,002,707 | \$ 886,545 | \$ 135,082 | \$ 4,007,954 |
| Unfunded loan commitments | 161,350 | — | — | — | 161,350 |
| Standby letters of credit | 95,434 | 19,909 | 19,232 | 307 | 134,882 |
| | \$ 2,240,404 | \$ 1,022,616 | \$ 905,777 | \$ 135,389 | \$ 4,304,186 |

The Company has entered into a number of long-term arrangements to support the ongoing activities of the Company. The required payments under such leasing and other debt commitments at December 31, 2014 are shown in the following table.

TABLE 31—CONTRACTUAL OBLIGATIONS AND OTHER DEBT COMMITMENTS

| (Dollars in thousands) | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 and After | Total |
|-------------------------------|---------------------|-------------------|-------------------|------------------|------------------|-------------------|---------------------|
| Operating leases | \$ 11,541 | \$ 9,878 | \$ 8,153 | \$ 7,333 | \$ 6,214 | \$ 31,860 | \$ 74,979 |
| Certificates of deposit | 1,297,125 | 493,944 | 171,884 | 57,580 | 49,967 | 45,737 | 2,116,237 |
| Short-term borrowings | 845,742 | — | — | — | — | — | 845,742 |
| Long-term debt | 6,941 | 41,916 | 101,321 | 20,741 | 8,696 | 223,639 | 403,254 |
| | \$ 2,161,349 | \$ 545,738 | \$ 281,358 | \$ 85,654 | \$ 64,877 | \$ 301,236 | \$ 3,440,212 |

ASSET/LIABILITY MANAGEMENT, MARKET RISK AND COUNTERPARTY CREDIT RISK

The principal objective of the Company's asset and liability management function is to evaluate the interest rate risk included in certain balance sheet accounts, determine the appropriate level of risk given the Company's business focus, operating environment, capital and liquidity requirements and performance objectives, establish prudent asset concentration guidelines and manage the risk consistent with Board approved guidelines. Through such management, the Company seeks to reduce the vulnerability of its operations to changes in interest rates. The Company's actions in this regard are taken under the guidance of the Asset and Liability Committee. The Asset and Liability Committee normally meets monthly to review, among other things, the sensitivity of the Company's assets and liabilities to interest rate changes, local and national market conditions and interest rates. In connection therewith, the Asset and Liability Committee generally reviews the Company's liquidity, cash flow needs, maturities of investments, deposits, borrowings and capital position.

The objective of interest rate risk management is to control the effects that interest rate fluctuations have on net interest income and on the net present value of the Company's earning assets and interest-bearing liabilities. Management and the Board are responsible for managing interest rate risk and employing risk management policies that monitor and limit this exposure. Interest rate risk is measured using net interest income simulation and asset/liability net present value sensitivity analyses. The Company uses financial modeling to measure the impact of changes in interest rates on the net interest margin and predict market risk. Estimates are based upon numerous assumptions including the nature and timing of interest rate levels including yield curve shape, prepayments on loans and securities, deposit decay rates, pricing decisions on loans and deposits, reinvestment/replacement of asset and liability cash flows and others. These analyses provide a range of potential impacts on net interest income and portfolio equity caused by interest rate movements.

Included in the modeling are instantaneous parallel rate shift scenarios, which are utilized to establish exposure limits. These scenarios are known as "rate shocks" because all rates are modeled to change instantaneously by the indicated shock amount, rather than a gradual rate shift over a period of time that has traditionally been more realistic.

The Company's interest rate risk model indicated that the Company was asset sensitive in terms of interest rate sensitivity. Based on the Company's interest rate risk model at December 31, 2014, the table below illustrates the impact of an immediate and sustained 100 and 200 basis point increase or decrease in interest rates on net interest income.

TABLE 32—CHANGE IN NET INTEREST INCOME FROM INTEREST RATE CHANGES

| Shift in Interest Rates (in bps) | % Change in Projected Net Interest Income |
|-------------------------------------|--|
| + 200..... | 9.1% |
| + 100..... | 4.5% |
| - 100..... | (2.0)% |
| - 200..... | (4.2)% |

The influence of using the forward curve as of December 31, 2014 as a basis for projecting the interest rate environment would approximate a 1.1% increase in net interest income. The computations of interest rate risk shown above do not necessarily include certain actions that management may undertake to manage this risk in response to anticipated changes in interest rates and other factors.

The interest rate environment is primarily a function of the monetary policy of the FRB. The principal tools of the FRB for implementing monetary policy are open market operations, or the purchases and sales of U.S. Treasury and federal agency securities, as well as the establishment of a short-term target rate. The FRB's objective for open market operations has varied over the years, but the focus has gradually shifted toward attaining a specified level of the federal funds rate to achieve the long-run goals of price stability and sustainable economic growth. The federal funds rate is the basis for overnight funding and drives the short end of the yield curve. Longer maturities are influenced by the market's expectations for economic growth and inflation, but can also be influenced by FRB purchases and sales and expectations of monetary policy going forward. In response to growing concerns about the banking industry and customer liquidity, the federal funds rate decreased to a new all-time low of 0.25% at the end of 2008. The federal funds rate has remained at 0.25% throughout 2014 and may remain at that rate through at least 2015. The Company's commercial loan portfolio is also impacted by fluctuations in the level of the LIBOR, as a large portion of this portfolio reprices based on this index. The decrease in the federal funds, LIBOR, and U.S. Treasury rates have resulted in compressed net interest margin for the Company, as assets have repriced more quickly than the Company's liabilities. Although management believes that the Company is not significantly affected by changes in interest rates over an extended period of time, any continued flattening of the yield curve will exert downward pressure on the net interest margin and net interest income. The table below presents the Company's anticipated repricing of loans and investment securities over the next four quarters.

TABLE 33—REPRICING OF CERTAIN EARNING ASSETS

| (Dollars in thousands) | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | Total less than one year |
|------------------------------|---------------------|-------------------|-------------------|-------------------|-----------------------------|
| Investment securities..... | \$ 68,525 | \$ 78,497 | \$ 76,702 | \$ 76,364 | \$ 300,088 |
| Covered loans | 190,224 | 64,152 | 43,210 | 53,817 | 351,403 |
| Non-covered loans: | | | | | |
| Fixed rate loans | 328,512 | 301,310 | 307,608 | 281,710 | 1,219,140 |
| Variable rate loans..... | 5,140,420 | 47,941 | 33,869 | 34,881 | 5,257,111 |
| Total non-covered loans..... | 5,468,932 | 349,251 | 341,477 | 316,591 | 6,476,251 |
| Total loans..... | 5,659,156 | 413,403 | 384,687 | 370,408 | 6,827,654 |
| | <u>\$ 5,727,681</u> | <u>\$ 491,900</u> | <u>\$ 461,389</u> | <u>\$ 446,772</u> | <u>\$ 7,127,742</u> |

Note: Amounts exclude the repricing of assets from prior periods, as well as nonaccrual loans and market value adjustments.

As part of its asset/liability management strategy, the Company has emphasized the origination of commercial and consumer loans, which typically have shorter terms than residential mortgage loans as well as adjustable or variable rates of interest. The majority of fixed-rate, long-term residential loans are sold in the secondary market to avoid assumption of the interest rate risk associated with longer duration assets in the current low rate environment. As of December 31, 2014, \$5.8 billion, or 51%, of the Company's total loan portfolio had adjustable interest rates. IBERIABANK had no significant concentration to any single borrower or industry segment at December 31, 2014.

The Company's strategy with respect to liabilities in recent periods has been to emphasize transaction accounts, particularly non-interest or low interest-bearing transaction accounts, which are significantly less sensitive to changes in interest rates. At December 31, 2014, 83% of the Company's deposits were in transaction and limited-transaction accounts, compared to 84% at December 31, 2013. Non-interest-bearing transaction accounts were 26% of total deposits at December 31, 2013, compared to 24% of total deposits at December 31, 2013.

Much of the liquidity increase experienced in the past several years has been due to a significant increase in non-interest-bearing demand deposits. The behavior of non-interest-bearing deposits and other types of demand deposits is one of the most important assumptions used in determining the interest rate and liquidity risk positions. A loss of these deposits in the future would reduce the asset sensitivity of the Company's balance sheet as interest-bearing funds would most likely be increased to offset the loss of this favorable funding source.

The table below presents the Company's anticipated repricing of liabilities over the next four quarters.

TABLE 34—REPRICING OF LIABILITIES

| (Dollars in thousands) | 1Q 2015 | 2Q 2015 | 3Q 2015 | 4Q 2015 | Total less than one year |
|-------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------------------------|
| Time deposits..... | \$ 674,633 | 362,422 | 320,690 | 264,776 | \$ 1,622,521 |
| Short-term borrowings..... | 525,742 | 290,000 | 20,000 | 10,000 | 845,742 |
| Long-term debt | 122,296 | 10,519 | 3,675 | 2,279 | 138,769 |
| | \$ 1,322,671 | \$ 662,941 | \$ 344,365 | \$ 277,055 | \$ 2,607,032 |

Note: Amounts exclude the repricing of liabilities from prior periods.

As part of an overall interest rate risk management strategy, derivative instruments may also be used as an efficient way to modify the repricing or maturity characteristics of on-balance sheet assets and liabilities. Management may from time to time engage in interest rate swaps to effectively manage interest rate risk. The interest rate swaps of the Company would modify net interest sensitivity to levels deemed appropriate.

IMPACT OF INFLATION AND CHANGING PRICES

The consolidated financial statements and related financial data presented herein have been prepared in accordance with generally accepted accounting principles, which generally require the measurement of financial position and operating results in terms of historical dollars, without considering changes in relative purchasing power over time due to inflation. Unlike most industrial companies, the majority of the Company's assets and liabilities are monetary in nature. As a result, interest rates generally have a more significant impact on the Company's performance than does the effect of inflation. Although fluctuations in interest rates are neither completely predictable nor controllable, the Company regularly monitors its interest rate position and oversees its financial risk management by establishing policies and operating limits. Interest rates do not necessarily move in the same direction or in the same magnitude as the prices of goods and services, since such prices are affected by inflation to a larger extent than interest rates. Although not as critical to the banking industry as to other industries, inflationary factors may have some impact on the Company's growth, earnings, total assets and capital levels. Management does not expect inflation to be a significant factor in 2015.

Glossary of Defined Terms

| Term | Definition |
|--------------------|--|
| ACL | Allowance for credit losses |
| Acquired loans | Loans acquired in a business combination |
| AFS | Available-for-sale securities |
| ALLL | Allowance for loan and lease losses |
| AOCI | Accumulated other comprehensive income (loss) |
| ASC | Accounting Standards Codification |
| ASU | Accounting Standards Update |
| Basel III | Global regulatory standards on bank capital adequacy and liquidity published by the BCBS |
| BCBS | Basel Committee on Banking Supervision |
| CDE | IBERIA CDE, LLC |
| CSB | CapitalSouth Bank |
| Company | IBERIABANK Corporation and Subsidiaries |
| Covered Loans | Acquired loans with loss protection provided by the FDIC |
| Dodd-Frank Act | Dodd-Frank Wall Street Reform and Consumer Protection Act |
| EPS | Earnings per common share |
| FASB | Financial Accounting Standards Board |
| FDIC | Federal Deposit Insurance Corporation |
| First Private | First Private Holdings, Inc |
| FHLB | Federal Home Loan Bank |
| Florida Bank Group | Florida Bank Group, Inc |
| FRB | Board of Governors of the Federal Reserve System |
| GAAP | Accounting principles generally accepted in the United States of America |
| Georgia Commerce | Georgia Commerce Bancshares, Inc. |
| GSE | Government-sponsored enterprises |
| HTM | Held-to-maturity |
| IAM | IBERIA Asset Management, Inc. |
| ICP | IBERIA Capital Partners, LLC |
| IMC | IBERIABANK Mortgage Company |
| Legacy loans | Loans that were originated directly by the Company |
| LIBOR | London Interbank Borrowing Offered Rate |
| LIHTC | Low-income housing tax credit |
| LTC | Lenders Title Company |
| MSA | Metropolitan statistical area |
| Old Florida | Old Florida Bancshares, Inc. |
| OREO | Other real estate owned |
| Parent | IBERIABANK Corporation |
| RRP | Recognition and Retention Plan |
| RULC | Reserve for unfunded lending commitments |
| SEC | Securities and Exchange Commission |
| Teche | Teche Holding Company |
| TDR | Troubled debt restructuring |
| Trust One-Memphis | Trust One Bank (Memphis Operations) |
| U.S. | United States of America |

MANAGEMENT REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors of IBERIABANK Corporation

The management of IBERIABANK Corporation (the “Company”) is responsible for establishing and maintaining effective internal control over financial reporting. The Company’s internal control system was designed to provide reasonable assurance to the Company’s management and Board of Directors regarding the preparation and fair presentation of the Company’s financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Internal control over financial reporting includes self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

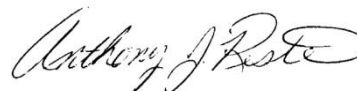
All internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements in the Company’s financial statements, including the possibility of circumvention or overriding of controls. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of a change in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company’s management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2014. In making this assessment, it used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control—Integrated Framework (2013 Framework)*. Based on its assessment, management believes that, as of December 31, 2014, the Company’s internal control over financial reporting is effective based on those criteria.

The Company’s independent registered public accounting firm has also issued an attestation report on the effectiveness of the Company’s internal control over financial reporting as of December 31, 2014.



Daryl G. Byrd
President and Chief Executive Officer



Anthony J. Restel
Senior Executive Vice President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
IBERIABANK Corporation

We have audited IBERIABANK Corporation and subsidiaries' internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). IBERIABANK Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, IBERIABANK Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of IBERIABANK Corporation and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2014 and our report dated March 2, 2015, expressed an unqualified opinion thereon.

New Orleans, Louisiana
March 2, 2015

Ernst & Young LLP

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
IBERIABANK Corporation

We have audited the accompanying consolidated balance sheets of IBERIABANK Corporation as of December 31, 2014 and 2013, and the related consolidated statements of comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of IBERIABANK Corporation at December 31, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014 in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), IBERIABANK Corporation's internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 2, 2015, expressed an unqualified opinion thereon.

Ernst & Young LLP

New Orleans, Louisiana
March 2, 2015

IBERIABANK CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets

| | December 31 | |
|---|----------------------|----------------------|
| | 2014 | 2013 |
| (Dollars in thousands, except share data) | | |
| Assets | | |
| Cash and due from banks | \$ 251,994 | \$ 238,672 |
| Interest-bearing deposits in banks | 296,101 | 152,724 |
| Total cash and cash equivalents | 548,095 | 391,396 |
| Securities available for sale, at fair value | 2,158,853 | 1,936,797 |
| Securities held to maturity (fair values of \$119,481 and \$152,566, respectively) | 116,960 | 154,109 |
| Mortgage loans held for sale (\$139,950 and \$97,273 recorded at fair value, respectively) | 140,072 | 128,442 |
| Loans covered by loss share agreements | 444,544 | 719,793 |
| Non-covered loans, net of unearned income | 10,996,500 | 8,772,226 |
| Total loans, net of unearned income | 11,441,044 | 9,492,019 |
| Allowance for loan losses | (130,131) | (143,074) |
| Loans, net | 11,310,913 | 9,348,945 |
| FDIC loss share receivables | 69,627 | 162,312 |
| Premises and equipment, net | 307,159 | 287,510 |
| Goodwill | 517,526 | 401,872 |
| Other assets | 589,400 | 554,167 |
| Total Assets | \$ 15,758,605 | \$ 13,365,550 |
| Liabilities | | |
| Deposits: | | |
| Non-interest-bearing | \$ 3,195,430 | \$ 2,575,939 |
| Interest-bearing | 9,325,095 | 8,161,061 |
| Total deposits | 12,520,525 | 10,737,000 |
| Short-term borrowings | 845,742 | 680,344 |
| Long-term debt | 403,254 | 280,699 |
| Other liabilities | 136,235 | 136,528 |
| Total Liabilities | 13,905,756 | 11,834,571 |
| Shareholders' Equity | | |
| Preferred stock, \$1 par value - 5,000,000 shares authorized | — | — |
| Common stock, \$1 par value - 50,000,000 shares authorized; 35,262,901 and 31,917,385 shares issued, respectively | 35,263 | 31,917 |
| Additional paid-in capital | 1,398,633 | 1,178,284 |
| Retained earnings | 497,274 | 436,141 |
| Accumulated other comprehensive income (loss) | 7,525 | (16,491) |
| Treasury stock at cost - 1,809,497 and 2,130,841 shares, respectively | (85,846) | (98,872) |
| Total Shareholders' Equity | 1,852,849 | 1,530,979 |
| Total Liabilities and Shareholders' Equity | \$ 15,758,605 | \$ 13,365,550 |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

IBERIABANK CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income

| (Dollars in thousands, except per share data) | Years Ended December 31 | | |
|---|-------------------------|----------------|----------------|
| | 2014 | 2013 | 2012 |
| Interest and Dividend Income | | | |
| Loans, including fees | \$ 526,706 | \$ 488,936 | \$ 513,936 |
| Mortgage loans held for sale, including fees | 5,153 | 5,108 | 5,318 |
| Investment securities: | | | |
| Taxable interest | 38,815 | 31,562 | 33,890 |
| Tax-exempt interest | 5,862 | 6,668 | 7,375 |
| Amortization of FDIC loss share receivable | (74,617) | (97,849) | (118,100) |
| Other | 2,896 | 2,772 | 2,781 |
| Total interest and dividend income | 504,815 | 437,197 | 445,200 |
| Interest Expense | | | |
| Deposits: | | | |
| NOW and MMDA | 18,483 | 18,933 | 23,936 |
| Savings | 325 | 309 | 573 |
| Time deposits | 14,282 | 16,604 | 24,855 |
| Short-term borrowings | 1,364 | 490 | 650 |
| Long-term debt | 10,250 | 10,617 | 13,436 |
| Total interest expense | 44,704 | 46,953 | 63,450 |
| Net interest income | 460,111 | 390,244 | 381,750 |
| Provision for loan losses | 19,060 | 5,145 | 20,671 |
| Net interest income after provision for loan losses | 441,051 | 385,099 | 361,079 |
| Non-interest Income | | | |
| Service charges on deposit accounts | 35,573 | 28,871 | 26,852 |
| Mortgage income | 51,797 | 64,197 | 78,053 |
| Title revenue | 20,492 | 20,526 | 20,987 |
| ATM/debit card fee income | 12,023 | 9,510 | 8,978 |
| Income from bank owned life insurance | 5,473 | 3,647 | 3,680 |
| Gain on sale of available for sale investments | 771 | 2,277 | 3,739 |
| Derivative losses reclassified from other comprehensive income | — | (391) | (1,618) |
| Broker commissions | 18,783 | 16,333 | 13,446 |
| Other income | 28,716 | 23,988 | 21,880 |
| Total non-interest income | 173,628 | 168,958 | 175,997 |
| Non-interest Expense | | | |
| Salaries and employee benefits | 259,086 | 244,981 | 233,777 |
| Net occupancy and equipment | 59,571 | 58,037 | 54,672 |
| Impairment of FDIC loss share receivables and other long-lived assets | 6,437 | 37,893 | 2,902 |
| Communication and delivery | 12,029 | 12,024 | 12,671 |
| Marketing and business development | 11,707 | 10,143 | 12,546 |
| Data processing | 27,249 | 17,853 | 15,590 |
| Amortization of acquisition intangibles | 5,807 | 4,720 | 5,150 |
| Professional services | 18,975 | 18,217 | 21,095 |
| Costs of OREO property, net | 2,748 | 1,943 | 6,352 |
| Credit and other loan related expense | 13,692 | 15,931 | 18,095 |
| Insurance | 14,359 | 11,272 | 10,771 |
| Travel and entertainment | 9,033 | 8,126 | 9,563 |
| Other expenses | 33,786 | 31,945 | 29,001 |
| Total non-interest expense | 474,479 | 473,085 | 432,185 |
| Income before income tax expense | 140,200 | 80,972 | 104,891 |
| Income tax expense | 34,750 | 15,869 | 28,496 |
| Net Income | 105,450 | 65,103 | 76,395 |
| Income Available to Common Shareholders - Basic | \$ 105,450 | \$ 65,103 | \$ 76,395 |
| Earnings Allocated to Unvested Restricted Stock | (1,685) | (1,209) | (1,437) |
| Earnings Available to Common Shareholders - Diluted | 103,765 | 63,894 | 74,958 |
| Earnings per common share – Basic | \$ 3.32 | \$ 2.20 | \$ 2.59 |
| Earnings per common share – Diluted | 3.30 | 2.20 | 2.59 |
| Cash dividends declared per common share | 1.36 | 1.36 | 1.36 |

Other comprehensive income (loss)

| | | | |
|---|--------------------------|-------------------------|-------------------------|
| Unrealized gains on securities: | | | |
| Unrealized holding gains (losses) arising during the period | \$ 37,719 | \$ (62,095) | \$ 2,174 |
| Reclassification adjustment for gains included in net income | (771) | (2,277) | (3,739) |
| | <u>36,948</u> | <u>(64,372)</u> | <u>(1,565)</u> |
| Unrealized gain (loss) on securities, before tax | | | |
| Fair value of derivative instruments designated as cash flow hedges: | | | |
| Change in fair value of derivative instruments designated as cash flow hedges | | | |
| during the period | — | 953 | (22) |
| Reclassification adjustment for losses included in net income | — | 391 | 1,618 |
| | <u>—</u> | <u>1,344</u> | <u>1,596</u> |
| Fair value of derivative instruments designated as cash flow hedges, before tax | | | |
| Other comprehensive income (loss), before tax | 36,948 | (63,028) | 31 |
| Income tax expense (benefit) related to items of other comprehensive (loss) income .. | 12,932 | (22,060) | 11 |
| | <u>24,016</u> | <u>(40,968)</u> | <u>20</u> |
| Other comprehensive income (loss), net of tax | | | |
| Comprehensive income | <u><u>\$ 129,466</u></u> | <u><u>\$ 24,135</u></u> | <u><u>\$ 76,415</u></u> |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

IBERIABANK CORPORATION AND SUBSIDIARIES
Consolidated Statements of Shareholders' Equity

| (Dollars in thousands, except share and per share data) | Common Stock | | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | | Total |
|--|--------------|----------|----------------------------------|----------------------|--|----------------|--------------|-------------|
| | Shares | Amount | | | | Shares | Amount | |
| Balance, December 31, 2011 | 31,163,070 | \$31,163 | \$1,135,880 | \$ 375,184 | \$ 24,457 | 1,789,165 | \$ (84,023) | 1,482,661 |
| Net income | — | — | — | 76,395 | — | — | — | 76,395 |
| Other comprehensive income | — | — | — | — | 20 | — | — | 20 |
| Cash dividends declared, \$1.36 per share | — | — | — | (40,107) | — | — | — | (40,107) |
| Reissuance of treasury stock under incentive plans, net of shares surrendered in payment, including tax benefit | — | — | (354) | — | — | (51,328) | 2,576 | 2,222 |
| Common stock issued for acquisitions ... | 754,315 | 754 | 38,449 | — | — | — | — | 39,203 |
| Treasury stock issued for recognition and retention plans | — | — | (7,702) | — | — | (163,505) | 7,702 | — |
| Share-based compensation cost | — | — | 9,907 | — | — | — | — | 9,907 |
| Treasury stock acquired at cost | — | — | — | — | — | 853,308 | (40,433) | (40,433) |
| Balance, December 31, 2012 | 31,917,385 | \$31,917 | \$1,176,180 | \$ 411,472 | \$ 24,477 | 2,427,640 | \$ (114,178) | \$1,529,868 |
| Net income | — | — | — | 65,103 | — | — | — | 65,103 |
| Other comprehensive loss | — | — | — | — | (40,968) | — | — | (40,968) |
| Cash dividends declared, \$1.36 per share | — | — | — | (40,434) | — | — | — | (40,434) |
| Reissuance of treasury stock under incentive plans, net of shares surrendered in payment, including tax benefit | — | — | (607) | — | — | (147,392) | 7,314 | 6,707 |
| Treasury stock issued for recognition and retention plans | — | — | (7,992) | — | — | (149,407) | 7,992 | — |
| Share-based compensation cost | — | — | 10,703 | — | — | — | — | 10,703 |
| Balance, December 31, 2013 | 31,917,385 | \$31,917 | \$1,178,284 | \$ 436,141 | \$ (16,491) | 2,130,841 | \$ (98,872) | \$1,530,979 |
| Net income | — | — | — | 105,450 | — | — | — | 105,450 |
| Other comprehensive income | — | — | — | — | 24,016 | — | — | 24,016 |
| Cash dividends declared, \$1.36 per share | — | — | — | (44,317) | — | — | — | (44,317) |
| Reissuance of treasury stock under incentive plans, net of shares surrendered in payment, including tax benefit | — | — | 3,242 | — | — | (190,443) | 6,829 | 10,071 |
| Common stock issued for acquisitions ... | 3,345,516 | 3,346 | 211,319 | — | — | — | — | 214,665 |
| Treasury stock issued for recognition and retention plans | — | — | (6,197) | — | — | (130,901) | 6,197 | — |
| Share-based compensation cost | — | — | 11,985 | — | — | — | — | 11,985 |
| Balance, December 31, 2014 | 35,262,901 | \$35,263 | \$1,398,633 | \$ 497,274 | \$ 7,525 | 1,809,497 | \$ (85,846) | \$1,852,849 |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

IBERIABANK CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows

| | Years Ended December 31 | | |
|--|-------------------------|--------------------|-------------------|
| | 2014 | 2013 | 2012 |
| (Dollars in thousands) | | | |
| Cash Flows from Operating Activities | | | |
| Net income | \$ 105,450 | \$ 65,103 | \$ 76,395 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation, amortization, and accretion | 15,791 | 25,388 | 21,685 |
| Amortization of purchase accounting adjustments, net | 7,536 | (5,965) | (47,383) |
| Provision for loan losses | 19,060 | 5,145 | 20,671 |
| Share-based equity compensation expense | 11,985 | 10,703 | 9,907 |
| (Gain) Loss on sale of assets, net | (14) | (251) | (42) |
| Gain on sale of available for sale investments | (771) | (2,277) | (3,739) |
| Gain on sale of OREO, net | (4,221) | (6,022) | (4,985) |
| Loss on abandonment of fixed assets | — | 4,941 | 2,743 |
| Impairment of FDIC loss share receivables | 5,121 | 31,813 | — |
| Amortization of premium/discount on investments | 13,793 | 18,953 | 21,013 |
| Derivative losses (gains) on swaps | 1 | (209) | 1 |
| Benefit for deferred income taxes | (24,955) | (35,943) | (7,527) |
| Originations of mortgage loans held for sale | (1,675,538) | (2,116,460) | (2,432,367) |
| Proceeds from sales of mortgage loans held for sale | 1,716,565 | 2,320,885 | 2,388,716 |
| Gain on sale of mortgage loans held for sale, net | (59,156) | (65,393) | (70,811) |
| Tax benefit associated with share-based payment arrangements | (2,105) | (886) | (1,221) |
| Decrease (Increase) in other assets | 11,702 | (17,534) | 7,437 |
| Other operating activities, net | (20,881) | 77,792 | 7,319 |
| Net Cash Provided by (Used in) Operating Activities | 119,363 | 309,783 | (12,188) |
| Cash Flows from Investing Activities | | | |
| Proceeds from sales of securities available for sale | 61,702 | 44,677 | 154,222 |
| Proceeds from maturities, prepayments and calls of securities available for sale | 488,699 | 709,977 | 880,425 |
| Purchases of securities available for sale | (703,179) | (1,026,290) | (935,164) |
| Proceeds from maturities, prepayments and calls of securities held to maturity | 36,182 | 55,706 | 43,535 |
| Purchases of securities held to maturity | — | (5,901) | (57,075) |
| Reimbursement of recoverable covered asset losses (to) from the FDIC | 5,734 | 68,233 | 157,694 |
| Increase in loans receivable, net | (824,437) | (1,030,545) | (870,577) |
| Proceeds from sale of premises and equipment | 5,129 | 8,714 | 1,274 |
| Purchases of premises and equipment | (29,841) | (16,941) | (32,825) |
| Proceeds from disposition of real estate owned | 84,429 | 116,612 | 109,067 |
| Cash paid for additional investment in tax credit entities | (13,191) | (2,213) | (21,368) |
| Cash received in excess of cash paid for acquisition | 188,803 | — | 32,425 |
| Other investing activities, net | (12,785) | (2,636) | 10,691 |
| Net Cash Used in Investing Activities | (712,755) | (1,080,607) | (527,676) |
| Cash Flows from Financing Activities | | | |
| Increase (decrease) in deposits, net of deposits acquired | 641,026 | (10,689) | 1,174,829 |
| Net change in short-term borrowings, net of borrowings acquired | 110,298 | 377,299 | (102,320) |
| Proceeds from long-term debt | 54,637 | 2,867 | 24,086 |
| Repayments of long-term debt | (22,871) | (144,609) | (80,770) |
| Dividends paid to shareholders | (43,070) | (40,332) | (40,069) |
| Proceeds from sale of treasury stock for stock options exercised | 11,693 | 8,101 | 2,813 |
| Payments to repurchase common stock | (3,727) | (2,280) | (42,245) |
| Tax benefit associated with share-based payment arrangements | 2,105 | 886 | 1,221 |
| Net Cash Provided by Financing Activities | 750,091 | 191,243 | 937,545 |
| Net Increase (Decrease) In Cash and Cash Equivalents | 156,699 | (579,581) | 397,681 |
| Cash and Cash Equivalents at Beginning of Period | 391,396 | 970,977 | 573,296 |
| Cash and Cash Equivalents at End of Period | \$ 548,095 | \$ 391,396 | \$ 970,977 |
| Supplemental Schedule of Noncash Activities | | | |
| Acquisition of real estate in settlement of loans | \$ 27,050 | \$ 93,040 | \$ 99,134 |
| Common stock issued in acquisition | \$ 214,665 | \$ — | \$ 39,203 |
| Transfers of property into Other Real Estate | \$ 37,273 | \$ 93,040 | \$ 106,427 |
| Supplemental Disclosures | | | |
| Cash paid for: | | | |
| Interest on deposits and borrowings | \$ 43,210 | \$ 47,466 | \$ 63,984 |
| Income taxes, net | \$ 52,094 | \$ 29,063 | \$ 15,957 |

The accompanying Notes are an integral part of these Consolidated Financial Statements.

IBERIABANK CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, IBERIABANK, Lenders Title Company (“LTC”), IBERIA Capital Partners L.L.C. (“ICP”), IB Aircraft Holdings, LLC, 1887 Leasing LLC, IBERIA Asset Management, Inc. (“IAM”), and IBERIA CDE, L.L.C. (“CDE”). All significant intercompany balances and transactions have been eliminated in consolidation. All normal, recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the financial statements have been included. Certain amounts reported in prior periods have been reclassified to conform to the current period presentation.

NATURE OF OPERATIONS

The Company offers commercial and retail banking products and services to customers throughout locations in six states through IBERIABANK. The Company also operates mortgage production offices in twelve states through IBERIABANK Mortgage Company (“IMC”), and offers a full line of title insurance and closing services throughout Arkansas and Louisiana through LTC and its subsidiaries. ICP provides equity research, institutional sales and trading, and corporate finance services. 1887 Leasing LLC owns an aircraft used by management of the Company, and IB Aircraft Holdings, LLC owns a fractional share of a separate aircraft also used by management. IAM provides wealth management and trust services for commercial and private banking clients. CDE is engaged in the purchase of tax credits.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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. Material estimates that are susceptible to significant change in the near term are the allowance for credit losses, valuation of and accounting for loans covered by loss sharing arrangements with the FDIC and the related loss share receivables, and determination of fair values of assets acquired in acquisitions.

CONCENTRATION OF CREDIT RISKS

Most of the Company’s business activity is with customers located within the States of Louisiana, Florida, Arkansas, Alabama, Texas, and Tennessee. The Company’s lending activity is concentrated in its market areas in those states. The Company has emphasized originations of commercial loans and private banking loans, defined as loans to larger consumer clients. Repayments on loans are expected to come from cash flows of the borrower and/or guarantor. Losses on secured loans are limited by the value of the collateral upon default of the borrowers. The Company does not have any significant concentrations to any one industry or customer.

CASH AND CASH EQUIVALENTS

For purposes of presentation in the consolidated statements of cash flows, cash and cash equivalents are defined as cash, interest-bearing deposits and non-interest-bearing demand deposits at other financial institutions with original maturities less than three months. IBERIABANK may be required to maintain average balances on hand or with the Federal Reserve Bank to meet regulatory reserve and clearing requirements. At December 31, 2014 and 2013, the required reserve balances were \$17.4 million and \$6.7 million, respectively. IBERIABANK had enough cash deposited with the Federal Reserve at December 31, 2014 and 2013 to cover the required reserve balance.

INVESTMENT SECURITIES

Debt securities that management has the ability and intent to hold to maturity are classified as held to maturity and carried at cost, adjusted for amortization of premiums and accretion of discounts using methods approximating the interest method. Securities not classified as held to maturity or trading, including equity securities with readily determinable fair values, are classified as available for sale and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. Declines in the value of individual held to maturity and available for sale securities below their cost that are other than temporary are included in earnings as realized losses. In estimating other than temporary impairment losses, management considers 1) the length of time and the extent to which the fair value has been less than cost, 2) the financial condition and near-term prospects of the issuer, 3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value, and 4) for debt securities, the recovery of contractual principal and interest. Gains or losses on securities sold are recorded on the trade date, using the specific identification method.

LOANS HELD FOR SALE

Loans held for sale primarily consist of fixed rate single-family residential mortgage loans originated and under contract to be sold in the secondary market. Mortgage loans originated and held for sale are recorded at fair value under the fair value option, unless otherwise noted. Any other loans held for sale are carried at the lower of cost or estimated fair value. For mortgage loans for which the Company has elected the fair value option, gains and losses are included in mortgage income. For any other loans held for sale, net unrealized losses, if any, are recognized through a valuation allowance that is recorded as a charge to income. See Note 23 for further discussion of the determination of fair value for loans held for sale. In most cases, loans in this category are sold within thirty days and are generally sold with the mortgage servicing rights released. Buyers generally have recourse to return a purchased loan to the Company under limited circumstances. Recourse conditions may include early payment default, breach of representations or warranties, and documentation deficiencies. During 2014 and 2013, an insignificant number of loans were returned to the Company. At December 31, 2014, mortgage loans held for sale subject to repurchase were immaterial.

LOANS, EXCLUDING ACQUIRED LOANS (“LEGACY LOANS”)

The Company grants mortgage, commercial and consumer loans to customers. Except for loans acquired, loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are stated at the unpaid principal balances, less the allowance for credit losses and net deferred loan origination fees and unearned discounts.

Interest income on loans is accrued over the term of the loans based on the principal balance outstanding. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield, using the effective interest method.

The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in process of collection. Mortgage, credit card and other personal loans are typically charged down to net collateral value, less cost to sell, no later than 180 days past due. Past due status is based on the contractual terms of loans. In all cases, loans are placed on nonaccrual status or charged off at an earlier date if collection of principal or interest is considered doubtful.

The Company’s covered loan portfolio and non-covered loan portfolio, which is delineated between a) legacy loans and b) acquired loans, are disaggregated into portfolio segments for purposes of determining the allowance for credit losses. The Company’s portfolio segments include commercial, mortgage, and consumer. The Company further disaggregates each commercial, mortgage, and consumer portfolio segment into classes for purposes of monitoring and assessing credit quality based on certain risk characteristics. Classes within the commercial loan portfolio segment include commercial real estate construction, commercial real estate – other, and commercial business. Classes within the mortgage portfolio segment include mortgage – prime and mortgage – subprime. Classes within the consumer portfolio segment include home equity, indirect auto, credit card, and consumer – other.

Credit Quality

The Company utilizes an asset risk classification system in accordance with guidelines established by the Federal Reserve Board as part of its efforts to monitor commercial asset quality. “Special mention” loans are defined as loans where known information about possible credit problems of the borrower cause management to have some doubt as to the ability of these borrowers to comply with the present loan repayment terms and which may result in future disclosure of these loans as nonperforming. For assets with identified credit issues, the Company has two primary classifications for problem assets: “substandard” and “doubtful.” Substandard assets have one or more defined weaknesses and are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. Doubtful assets have the weaknesses of substandard assets with the additional characteristic that the weaknesses make collection or liquidation in full satisfaction of the loan balance outstanding questionable, which makes probability of loss based on currently existing facts, conditions and values higher. Loans classified as “Pass” do not meet the criteria set forth for special mention, substandard, or doubtful classification and are not considered criticized. Asset risk classifications are periodically reviewed and changed if, in the opinion of management, the risk profile of the customer has changed since the last review of the loan relationship.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Impairment losses are measured on a loan by loan basis for commercial and certain consumer loans based on either the present value of expected future cash flows discounted at the loan’s effective interest rate, the loan’s observable market price, or the fair value of the collateral if the loan is collateral dependent.

In general, all interest accrued but not collected for loans that are placed on nonaccrual status or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis method or cost-recovery method, until the loans qualify

for a return to accrual status. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Troubled Debt Restructurings

During the course of its lending operations, the Company periodically grants concessions to its customers in an attempt to protect as much of its investment as possible and minimize risk of loss. These concessions may include restructuring the terms of a customer loan to alleviate the burden of the customer's near-term cash requirements. In order to be considered a troubled debt restructuring ("TDR"), the Company must conclude that the restructuring constitutes a concession and the customer is experiencing financial difficulties. The Company defines a concession to the customer as a modification of existing terms for economic or legal reasons that it would otherwise not consider. The concession is either granted through an agreement with the customer or is imposed by a court or law. Concessions include modifying original loan terms to reduce or defer cash payments required as part of the loan agreement, including but not limited to:

- a reduction of the stated interest rate for the remaining original life of the debt,
- extension of the maturity date or dates at a stated interest rate lower than the current market rate for new debt with similar risk characteristics,
- reduction of the face amount or maturity amount of the debt as stated in the agreement, or
- reduction of accrued interest receivable on the debt.

In its determination of whether the customer is experiencing financial difficulties, the Company considers numerous indicators, including, but not limited to:

- whether the customer is currently in default on its existing loan, or is in an economic position where it is probable the customer will be in default on its loan in the foreseeable future without a modification,
- whether the customer has declared or is in the process of declaring bankruptcy,
- whether there is substantial doubt about the customer's ability to continue as a going concern,
- whether, based on its projections of the customer's current capabilities, the Company believes the customer's future cash flows will be insufficient to service the debt, including interest, in accordance with the contractual terms of the existing agreement for the foreseeable future, and
- whether, without modification, the customer cannot obtain sufficient funds from other sources at an effective interest rate equal to the current market rate for similar debt for a nontroubled debtor.

If the Company concludes that both a concession has been granted and the concession was granted to a customer experiencing financial difficulties, the Company identifies the loan as a TDR. For purposes of the determination of an allowance for credit losses for TDRs, the Company considers a loss probable on the loan, which is reviewed for specific impairment in accordance with the Company's allowance for loan loss methodology. If it is determined that losses are probable on such TDRs, either because of delinquency or other credit quality indicator, the Company establishes specific reserves for these loans.

ACQUIRED LOANS

The Company accounts for its business combinations under the acquisition method, where all identifiable assets acquired, including loans, are recorded at fair value. Acquired loans are recorded at fair value in accordance with the fair value methodology consistent with the exit price concept. Credit risk assumptions and any resulting credit discounts are included in the determination of fair value. Therefore, an allowance for credit losses is not recorded at the acquisition date. The determination of fair value includes estimates related to discount rates, expected prepayments and the amount and timing of undiscounted expected principal, interest and other cash flows.

Acquired loans are evaluated at acquisition and classified as purchased impaired ("acquired impaired") or purchased non-impaired ("acquired non-impaired"). Purchased impaired loans reflect credit deterioration since origination to the extent that it is probable at the time of acquisition that the Company will be unable to collect all contractually required payments. At the time of acquisition, purchased impaired loans are accounted for individually or aggregated into loan pools with similar characteristics, which include:

- whether the loan is performing according to contractual terms at the time of acquisition,
- the loan type based on regulatory reporting guidelines, namely whether the loan was a mortgage, consumer, or commercial loan
- the nature of collateral,
- the interest rate type, whether fixed or variable rate, and
- the loan payment type, primarily whether the loan is amortizing or interest-only.

From these pools, the Company uses certain loan information, including outstanding principal balance, estimated expected losses, weighted average maturity, weighted average term to re-price (if a variable rate loan), weighted average margin, and weighted average interest rate to estimate the expected cash flow for each loan pool.

For purchased impaired loans, expected cash flows at the acquisition date in excess of the fair value of loans are recorded as interest income over the life of the loans using a level yield method if the timing and amount of future cash flows is reasonably estimable. For purchased non-impaired loans, the difference between the fair value and unpaid principal balance of the loan at acquisition, referred to as a purchase premium or purchase discount, is amortized or accreted to income over the estimated life of the loans using a method that approximates the interest method.

Subsequent to acquisition, the Company performs cash flow re-estimations at least quarterly for each purchased impaired loan and/or loan pool. Increases in estimated cash flows above those expected at acquisition are recognized on a prospective basis as interest income over the remaining life of the pool. Decreases in expected cash flows subsequent to acquisition result in recognition of a provision for credit loss.

Purchased impaired loans are placed on nonaccrual status when the Company cannot reasonably estimate cash flows on a loan or loan pool.

FDIC LOSS SHARE RECEIVABLE

Because the FDIC reimburses the Company for losses on certain loans acquired in 2009 and 2010, indemnification assets were recorded at fair value as of the acquisition dates. The initial values of the indemnification assets were based on estimated cash flows to be received over the expected life of the acquired assets, not to exceed the term of the indemnification agreements. The loss sharing terms of the Company's commercial and single family residential indemnification agreements are five years and ten years, respectively, from the date of acquisition. The CSB reimbursable loss period ended as of October 1, 2014 for all covered assets excluding single family residential assets. The CSB reimbursable loss period for single family residential assets will end during the third quarter of 2019. The Century and Orion reimbursable loss periods ended as of January 1, 2015 for all covered assets excluding single family residential assets and will end during the fourth quarter of 2019 for single family residential assets. The Sterling reimbursable loss period ends during the third quarter of 2015 for all covered assets excluding single family residential assets and during the third quarter of 2020 for single family residential assets. Assets are covered through expiration of the loss share term, at which point such assets are considered non-covered.

Because the indemnification assets are measured on the same basis as the indemnified ("covered") loans, subject to contractual and collectability limitations, the indemnification assets are impacted by changes in expected cash flows on covered assets. Increases in credit losses expected to occur within the loss share term are recorded as current period increases to the allowance for credit losses and increase the amount collectible from the FDIC by the applicable loss share percentage. Decreases in credit losses expected to occur within the loss share term reduce the amount collectible from the FDIC and increase the amount collectible from customers in the form of prospective accretion on loans. Increases in the portion of indemnification asset collectible from customers are amortized to income. Periodic amortization represents the amount that is expected to result in symmetrical recognition of pool-level accretion and amortization over the shorter of 1) the life of the loan or 2) the life of the shared loss agreement.

The Company assesses the indemnification assets for collectability at the acquisition level based on three sources: 1) the FDIC, 2) OREO transactions, and 3) customers. Amounts collectible from the FDIC through loss reimbursements are comprised of losses currently expected within the loss share term. A current period impairment would be recorded to the extent that events or circumstances indicate that losses previously expected to occur within the loss share term are expected to occur subsequent to loss share termination. Amounts collectible through expected gains on the sale of OREO are written-up or impaired each period based on the best available information.

Loss assumptions used to measure the basis of the indemnified loans are consistent with the loss assumptions used to measure the indemnification assets.

The indemnification asset is reduced when cash is received from the FDIC.

ALLOWANCE FOR CREDIT LOSSES

The manner in which the allowance for credit losses is determined is based on the accounting method applied to the underlying loans. The Company delineates between loans accounted for under the contractual yield method, primarily legacy loans, and loans accounted for as purchased impaired loans, primarily acquired loans.

Legacy Loans

Legacy loans represent loans accounted for under the contractual yield method. The Company's legacy loans include loans originated by the Company and acquired loans that are not accounted for as acquired credit impaired loans.

The Legacy ACL represents management's best estimate of probable credit losses inherent at the balance sheet date. Determination of the Legacy ACL involves a high degree of complexity and requires significant judgment. Several factors are taken into consideration in the determination of the overall Legacy ACL, including a qualitative component. These factors include, but are not limited to, the overall risk profiles of the loan portfolios, net charge-off experience, the extent of impaired loans, the level of nonaccrual loans, the level of 90 days past due loans and the overall percentage level of the allowance. The Company also considers overall asset quality trends, changes in lending and risk management practices and procedures, trends in the nature and volume of the loan portfolio, including the existence and effect of any portfolio concentrations, changes in experience and depth of lending staff, the Company's legal, regulatory and competitive environment, national and regional economic trends, and data availability and applicability that might impact the portfolio. See the "Application of Critical Accounting Policies and Estimates" section for more information.

During 2014, the Company did not substantively change any material aspect of its overall approach in the determination of the allowance for credit losses and there have been no material changes in assumptions or estimation techniques as compared to December 31, 2013. However, during the third quarter of 2013, the Company modified its methodology for estimating its allowance for credit losses on its non-covered, non-acquired loan portfolio to incorporate practices, processes, and methodologies consistent with the guidance provided in the FRB's inter-agency policy statement 2006 SR 06-17. The methodology was modified to segregate the reserve for unfunded lending commitments ("RULC"), previously included in the Company's allowance for loan losses, into a separate liability on the Company's consolidated balance sheet, and to enhance the previous methodology around loss migration.

Certain inherent, but unconfirmed losses are probable within the loan portfolio. The Company's current methodology for determining the level of losses is based on historical loss rates, current credit grades, specific allocation and other qualitative adjustments. In a stable or deteriorating credit environment, heavy reliance on historical loss rates and the credit grade rating process results in model-derived required reserves that tend to slightly lag behind portfolio deterioration. Similar lags can occur in an improving credit environment whereby required reserves can lag slightly behind portfolio improvement. Given these model limitations, qualitative adjustment factors may be incremental or decremental to the quantitative model results.

Acquired Impaired Loans

Acquired impaired loans, which include covered loans and certain non-covered loans, represent loans acquired by the Company that are accounted for in accordance with ASC Topic 310-30.

Loans acquired in business combinations were recorded at their acquisition date fair values, which were based on expected cash flows and included estimates of expected future credit losses. Under current accounting principles, information regarding the Company's estimates of loan fair values may be adjusted for a period of up to one year as the Company continues to refine its estimate of expected future cash flows in the acquired portfolio. If the Company discovers that it has materially underestimated the credit losses expected in the loan portfolio based on information available at the acquisition date within the purchase accounting period, it will retroactively reduce or eliminate the gain and/or increase goodwill recorded on the acquisition. If the Company determines that losses arose after the acquisition date, the additional losses will be reflected as a provision for credit losses.

At December 31, 2014, the Company had an allowance for credit losses of \$45 million to reserve for expected losses currently in the covered loan portfolio and \$9 million to reserve for probable losses currently in the acquired impaired loan portfolio that have arisen after the losses were estimated at the respective acquisition dates. Based on facts and circumstances available, management of the Company believes that the acquired impaired allowance for credit losses was appropriate at December 31, 2014. However, future adjustments to the allowance may be necessary, and the results of operations could be adversely affected, if circumstances differ substantially from the assumptions used by management in determining the allowance for credit losses.

OFF-BALANCE SHEET CREDIT-RELATED FINANCIAL INSTRUMENTS

The Company accounts for its guarantees in accordance with the provisions of ASC Topic 460. In the ordinary course of business, the Company has entered into commitments to extend credit, including commitments under commercial construction arrangements, commercial and home equity lines of credit, credit card arrangements, commercial letters of credit and standby letters of credit. Such financial instruments are recorded when they are funded.

DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivative financial instruments to manage interest rate risk, asset sensitivity, and other exposures such as liquidity and credit risk. The primary types of derivatives used by the Company include interest rate swap agreements, interest rate lock commitments, forward sales commitments, and written and purchased options. All derivative instruments are recognized on the consolidated balance sheets as other assets or other liabilities at fair value, as required by ASC Topic 815.

As part of its activities to manage interest rate risk (i.e., the exposure to the variability of future cash flows or other forecasted transactions due to fluctuating market rates), the Company enters into interest rate contracts, which typically include interest rate swap agreements. The Company primarily utilizes these instruments, which the Company designates as cash flow hedges, to convert a portion of its variable-rate loans or debt to a fixed rate. In addition to using interest rate swap agreements to manage interest rate risk, the Company also enters into derivative instruments to help its commercial customers manage their exposure to interest rate fluctuations or other customers to facilitate business transactions. To mitigate the market risk associated with these customer contracts, the Company enters into offsetting derivative contract positions. The Company manages its credit risk, or potential risk of default by its commercial customers, through credit limit approval and monitoring procedures.

Interest rate swap agreements

Interest rate swaps are agreements to exchange interest payments based upon notional amounts. The exchange of payments typically involves paying a fixed rate and receiving a variable rate or vice versa.

Interest rate lock commitments

The Company enters into commitments to originate mortgage loans intended for sale whereby the interest rate on the prospective loan is determined prior to funding ("rate lock"). A rate lock is given to a borrower, subject to conditional performance obligations, for a specified period of time that typically does not exceed 60 days. Rate lock commitments on mortgage loans that are intended to be sold are considered to be derivatives. Accordingly, such commitments are recorded at fair value as derivative assets or liabilities, with changes in fair value recorded in mortgage income on the consolidated statements of comprehensive income.

Forward sales commitments

The Company uses forward sales commitments to protect the value of its rate locks and mortgage loans held for sale from changes in interest rates and pricing between the origination of the rate lock and sale of these loans, as changes in interest rates have the potential to cause a decline in value of rate locks and mortgage loans included in the held for sale portfolio. These commitments are considered to be derivatives and are recorded at fair value as derivative assets or liabilities, with changes in fair value recorded in mortgage income on the consolidated statements of comprehensive income.

Equity-indexed certificates of deposit

IBERIABANK offers its customers a certificate of deposit that provides the purchaser a guaranteed return of principal at maturity plus potential return, which allows IBERIABANK to identify a known cost of funds. The rate of return is based on the performance of a basket of publically traded stocks that represent a variety of industry segments. Because it is based on an equity index, the rate of return represents an embedded derivative that is not clearly and closely related to the host instrument and is to be accounted for separately. Accordingly, the certificate of deposit is separated into two components: a zero coupon certificate of deposit (the host instrument) and a written option purchased by the depositor (an embedded derivative). The discount on the zero coupon deposit is amortized over the life of the deposit, and the written option is carried at fair value on the Company's consolidated balance sheets, with changes in fair value recorded through earnings. IBERIABANK offsets the risks of the written option by purchasing an option with terms that mirror the written option and that is also carried at fair value on the Company's consolidated balance sheets.

Derivatives Designated in Hedging Relationships

For cash flow hedges, the effective portion of the gain or loss related to the derivative instrument is initially reported as a component of other comprehensive income and subsequently reclassified into earnings when the forecasted transaction affects earnings or when the hedge is terminated. The ineffective portion of the gain or loss is reported in earnings immediately. In applying hedge accounting for derivatives, the Company establishes and documents a method for assessing the effectiveness of the hedging derivative and a measurement approach for determining the ineffective aspect of the hedge upon the inception of the hedge.

At December 31, 2014, there were no hedging relationships designated for hedge accounting purposes.

Derivatives Not Designated in Hedging Relationships

For derivative instruments that are not designated as hedging instruments, changes in the fair value of the derivatives are recognized in earnings immediately.

PREMISES AND EQUIPMENT

Land is carried at cost. Buildings, furniture, fixtures, and equipment are carried at cost, less accumulated depreciation computed on a straight line basis over the estimated useful lives of 10 to 40 years for buildings and 3 to 15 years for furniture, fixtures and equipment. Capitalized leasehold improvements are amortized over the length of the initial lease agreement or their useful life, whichever is shorter.

OTHER REAL ESTATE

Other real estate includes all real estate, other than bank premises used in bank operations, owned or controlled by the Company, including real estate acquired in settlement of loans. Properties are recorded at the balance of the loan (which is the pro-rata carrying value of loans accounted for in accordance with ASC Topic 310-30) or at estimated fair value less estimated selling costs, whichever is less, at the date acquired. Subsequent to foreclosure, management periodically performs valuations and the assets are carried at the lower of cost or fair value less estimated selling costs. Revenue and expenses from operations, gain or loss on sale and changes in the valuation allowance are included in net expenses from foreclosed assets.

GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Goodwill is accounted for in accordance with ASC Topic 350, and accordingly is not amortized but is evaluated at least annually for impairment. As part of its testing, the Company first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the results of the qualitative assessment indicate impairment, the Company determines the fair value of a reporting unit relative to its carrying amount to determine whether quantitative indicators of impairment are present. When the Company determines that the fair value of the reporting unit is below its carrying amount, the Company determines the fair value of the reporting unit's assets and liabilities, considering deferred taxes, and then measures impairment loss by comparing the implied fair value of goodwill with the carrying amount of that goodwill.

Title Plant

The Company records its title plant assets in accordance with ASC Topic 950. Under ASC Topic 950, costs incurred to construct a title plant, including the costs incurred to obtain, organize, and summarize historical information, are capitalized until the title plant can be used to perform title searches. Purchased title plant, including a purchased undivided interest in title plant, is recorded at cost at the date of acquisition. For title plant acquired separately or as part of a company acquisition, cost is measured as the fair value of the consideration given. Capitalized costs of title plant are not depreciated or charged to income unless circumstances indicate that the carrying amount of the title plant has been impaired. Impairment identifiers include a change in legal requirements or statutory practices, identification of obsolescence, and abandonment of the title plant, among other identifiers.

Intangible assets subject to amortization

The Company's acquired intangible assets that are subject to amortization include core deposit intangibles, amortized on a straight line or accelerated basis, and a customer relationship intangible asset, amortized on an accelerated basis over average lives not to exceed 10 years.

TRANSFERS OF FINANCIAL ASSETS

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when 1) the assets have been isolated from the Company, 2) the transferee obtains the right, free of conditions that constrain it from taking advantage of that right, to pledge or exchange the transferred assets, and 3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity. Should the transfer not meet these three criteria, the transaction is treated as a secured financing.

INCOME TAXES

The Company and all subsidiaries file a consolidated federal income tax return on a calendar year basis. The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions through IBERIABANK, IMC, LTC and their subsidiaries. In lieu of Louisiana state income tax, IBERIABANK is subject to the Louisiana bank shares tax, a portion of which is included in both non-interest expense and income tax expense in the Company's consolidated statements of comprehensive income. With few exceptions, the Company is no longer subject to U.S. federal, state or local income tax examinations for years before 2011.

Deferred income tax assets and liabilities are determined using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is determined based on the tax effects of the temporary differences between the book and tax bases of the various balance sheet assets and liabilities and gives current recognition to changes in tax rates and laws. The measurement of deferred tax assets is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realized.

The Company recognizes interest and penalties accrued related to unrecognized tax benefits, if applicable, in non-interest expense.

STOCK COMPENSATION PLANS

The Company issues stock options and restricted stock under various plans to directors, officers and other key employees. The Company accounts for its stock compensation plans in accordance with ASC Topics 718 and 505. Under those provisions, the Company has adopted a fair value based method of accounting for employee stock compensation plans, whereby compensation cost is measured at the grant date based on the value of the award and is recognized on a straight-line basis over the service period, which is usually the vesting period, taking into account retirement eligibility. For service awards with graded vesting, the Company recognizes compensation cost on a straight-line basis. As a result, compensation expense relating to stock options and restricted stock is reflected in net income as part of "Salaries and employee benefits" on the consolidated statements of comprehensive income for employees and "Professional services" for non-employee directors. The Company's practice has been to grant options at no less than the fair market value of the stock at the grant date.

EARNINGS PER COMMON SHARE

Basic earnings per share represents income available to common shareholders divided by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflect additional common shares that would have been outstanding if dilutive potential common shares, in the form of stock options, had been issued, as well as any adjustment to income that would result from the assumed issuance. Participating common shares issued by the Company relate to unvested outstanding restricted stock awards, the earnings allocated to which are used in determining income available to common shareholders under the two-class method. The two-class method allocates earnings for the period between common shareholders and other participating securities holders. The participating awards receiving dividends will be allocated the same amount of income as if they were outstanding shares.

TREASURY STOCK

The purchase of the Company's common stock is recorded at cost. At the date of retirement or subsequent reissuance, treasury stock is reduced by the cost of such stock with differences recorded in additional paid-in capital or retained earnings, as applicable.

As of December 31, 2014, 1,809,497 shares of the Company's common stock were classified as treasury stock in the consolidated financial statements. Effective January 1, 2015, companies incorporated in Louisiana became subject to the Louisiana Business Corporation Act (which replaced the Louisiana Business Corporation Law). Provisions of the Louisiana Business Corporation Act eliminate the concept of treasury stock and provide that shares reacquired by a company are to be treated as authorized but unissued shares. As a result of this change in law, for the consolidated financial statements beginning with the quarterly period ended March 31, 2015, the Company will begin to classify shares previously classified as treasury stock as a reduction to issued shares of common stock, and, accordingly, will adjust the stated value of common stock and paid in capital.

COMPREHENSIVE INCOME

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Although certain changes in assets and liabilities, such as unrealized gains and losses on available for sale securities and cash flow hedges, are reported as a separate component of the shareholders' equity section of the consolidated balance sheets, such items, along with net income, are components of comprehensive income.

FAIR VALUE MEASUREMENTS

The Company estimates fair value based on the assumptions market participants would use when selling an asset or transferring a liability and characterizes such measurements within the fair value hierarchy based on the inputs used to develop those assumptions and measure fair value. The hierarchy requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- **Level 1** - Quoted prices in active markets for identical assets or liabilities.
- **Level 2** - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- **Level 3** - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

A description of the valuation methodologies used for instruments measured at fair value follows, as well as the classification of such instruments within the valuation hierarchy.

Investment securities

Securities are classified within Level 1 where quoted market prices are available in an active market. Inputs include securities that have quoted prices in active markets for identical assets. If quoted market prices are unavailable, fair value is estimated using quoted prices of securities with similar characteristics, at which point the securities would be classified within Level 2 of the hierarchy.

Mortgage loans held for sale

Mortgage loans originated and held for sale are recorded at fair value under the fair value option, unless otherwise noted. When determining the fair value of loans held for sale, the Company obtains quotes or bids on these loans directly from the purchasing financial institutions (Level 2).

Impaired loans

Loans are measured for impairment using the methods permitted by ASC Topic 310. Fair value measurements are used in determining impairment using either the loan's observable market price (Level 1), if available, or the fair value of the collateral if the loan is collateral dependent (Level 2). Measuring the impairment of loans using the present value of expected future cash flows, discounted at the loan's effective interest rate, is not considered a fair value measurement. Fair value of the collateral is determined by appraisals or independent valuation.

Other real estate owned (OREO)

Fair values of OREO at December 31, 2014 are determined by sales agreement or appraisal, and costs to sell are based on estimation per the terms and conditions of the sales agreement or amounts commonly used in real estate transactions. Inputs include appraisal values on the properties or recent sales activity for similar assets in the property's market, and thus OREO measured at fair value would be classified within Level 2 of the hierarchy. The Company included property write-downs of \$3.8 million, \$4.8 million, and \$6.4 million in earnings as part of "Costs of OREO property, net" on the consolidated statements of comprehensive income for the years ended December 31, 2014, 2013, and 2012, respectively.

Derivative financial instruments

The Company enters into commitments to originate loans whereby the interest rate on the prospective loan is determined prior to funding. Rate locks on mortgage loans that are intended to be sold are considered to be derivatives. The Company offers its customers a certificate of deposit that provides the purchaser a guaranteed return of principal at maturity plus potential return, which allows the Company to identify a known cost of funds. The rate of return is based on an equity index, and as such represents an embedded derivative. Fair value of interest rate swaps, interest rate locks, forward sales commitments, and equity-linked written and purchased options are estimated using prices of financial instruments with similar characteristics, and thus are classified within Level 2 of the fair value hierarchy.

NOTE 2 – RECENT ACCOUNTING PRONOUNCEMENTS

ASU No. 2014-01

In January 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-01, *Investments – Equity Method and Joint Ventures*, in order to provide guidance on accounting for investments in flow-through limited liability entities that manage or invest in affordable housing projects that qualify for low-income housing tax credits (“LIHTC”). Through the Company’s investments in these entities, the Company receives tax credits and/or tax deductions from operating losses, which are allowable on the Company’s filed income tax returns over a 10-year period, subject to recapture over a 15-year period beginning with the first year the tax credits are earned.

Under current U.S. generally accepted accounting principles (“U.S. GAAP”), the Company may elect to account for the investments using the effective yield method if certain conditions are met, and if they are not met, the investments are accounted for under either the equity method or the cost method. The Company currently accounts for its investments under the equity method. The provisions of ASU No. 2014-01 permit the Company to make an accounting policy election to account for its investments in LIHTC entities using the proportional amortization method if certain conditions are met. Under the proportional amortization method, the Company would amortize the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognize the net investment performance in the Company’s consolidated statements of comprehensive income as a component of income tax expense or benefit. ASU No. 2014-01 would also require the Company to disclose information that enables users of the consolidated financial statements to understand the nature of the Company’s investments, the measurement of these investments, and their effect on the Company’s financial position and results of operations.

ASU No. 2014-01 is effective beginning with the Company’s first quarter ending March 31, 2015. When adopted, the provisions of ASU No. 2014-01 would be applied retrospectively to all financial statement periods presented. The Company is currently assessing the effect of the change, but does not anticipate that a change would be material to the financial condition, results of operations, or liquidity of the Company. The expanded disclosures required by ASU No. 2014-01 will be incorporated in the Company’s future consolidated financial statements upon adoption.

ASU No. 2014-04

In January 2014, the FASB issued ASU No. 2014-04, *Receivables-Troubled Debt Restructurings by Creditors: Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans Upon Foreclosure*, in order to clarify when a creditor should reclassify mortgage loans collateralized by residential real estate from their loan portfolio to other real estate owned (“OREO”) upon foreclosure. ASU No. 2014-04 clarifies that an in-substance repossession or foreclosure has occurred when either the creditor obtains legal title to the property or the borrower conveys all interest in the property to the creditor to satisfy the loan through completion of a deed in-lieu-of foreclosure or similar legal agreement. Additionally, ASU No. 2014-04 requires the Company to disclose both the amount of foreclosed residential real estate property held and the investment in consumer mortgage loans collateralized by residential real estate that are in the process of foreclosure.

ASU No. 2014-04 is effective beginning with the Company’s first quarter ending March 31, 2015. When adopting the provisions of ASU No. 2014-04, the Company could apply the provisions using either a prospective transition method or a modified retrospective method. The Company is currently assessing the effect that the adoption would have on its consolidated financial statements, but does not anticipate that adoption would materially affect the Company’s financial condition, results of operations, or liquidity. The expanded disclosures required by this ASU will be incorporated in the Company’s future consolidated financial statements upon adoption.

ASU No. 2014-09

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which implements a common revenue standard and clarifies the principles used for recognizing revenue. The amendments in the ASU clarify that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. As part of that principle, the entity should identify the contract(s) with the customer, identify the performance obligation(s) of the contract, determine the transaction price, allocate that transaction price to the performance obligation(s) of the contract, and then recognize revenue when or as the entity satisfies the performance obligation(s).

ASU No. 2014-09 is effective beginning with the Company's first quarter ending March 31, 2017. The Company is currently assessing the effect, but does not expect that such adoption will have a significant impact on the Company's consolidated financial statements.

ASU No. 2014-11

In June 2014, the FASB issued ASU No. 2014-11, *Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosure*, which will implement two accounting changes.

ASU No. 2014-11 changes the accounting for repurchase-to-maturity transactions to secured borrowing accounting. For repurchase financing arrangements, ASU No. 2014-11 requires separate accounting for a transfer of a financial asset executed contemporaneously with a repurchase agreement with the same counterparty, which will result in secured borrowing accounting for the repurchase agreement. The amendments in ASU No. 2014-11 also require certain disclosures for transfers of financial assets and repurchase agreements.

ASU No. 2014-11 is effective beginning with the Company's first quarter ending March 31, 2015. Early adoption is not permitted. Changes will be applied as a cumulative-effect adjustment to retained earnings at the beginning of the adoption period. The disclosures of certain transactions accounted for as a sale is required to be presented beginning with the Company's first quarter ending March 31, 2015. The company is currently assessing the effect, but does not expect that such adoption will have a significant impact on the Company's consolidated financial statements.

ASU No. 2014-14

In August 2014, the FASB issued ASU No. 2014-14, *Receivables - Troubled Debt Restructurings by Creditors: Classification of Certain*

Government-Guaranteed Mortgage Loans Upon Foreclosure, in order to clarify how creditors classify government-guaranteed mortgage loans upon foreclosure, including loans guaranteed by the Federal Housing Administration ("FHA") of the U.S. Department of Housing and Urban Development and the U.S. Department of Veteran Affairs ("VA").

ASU No. 2014-14 clarifies that a mortgage loan should be derecognized and that a separate other receivable be recognized upon foreclosure in creditor financial statements if 1) the loan has a government guarantee that is not separable from the loan before foreclosure, 2) at the time of foreclosure the creditor has the intent to convey the real estate property to the guarantor and make a claim on the guarantee, and 3) at the time of foreclosure, any amount of the claim that is determined on the basis of the fair value of the real estate is fixed. Upon foreclosure, the separate other receivable should be measured based on the amount of the loan balance, including principal and interest, expected to be recovered from the guarantor.

ASU No. 2014-14 is effective beginning with the Company's first quarter ending March 31, 2015, using either a prospective transition method (application of the amendments of the ASU to foreclosures occurring after the adoption date) or modified retrospective transition method (by means of a cumulative-effect adjustment through a reclassification to a separate other receivable). The Company is currently assessing the effect but does not expect that such adoption will have a significant impact on the Company's consolidated financial statements.

ASU No. 2014-15

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements – Going Concern: Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, which requires management to evaluate whether there are conditions or events that raise substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. ASU No. 2014-15 will require management to perform a going concern evaluation similar to the auditor's evaluation required by standards issued by the Public Company Accounting Oversight Board ("PCAOB") and American Institute of Public Accountants ("AICPA").

ASU No. 2014-15 is effective for annual periods ending after December 15, 2016 and for annual and interim periods thereafter. Early application is permitted. The Company does not expect that such adoption will have a significant impact on the Company's consolidated financial statements.

ASU No. 2014-16

In November 2014, the FASB issued ASU No. 2014-16, *Derivatives and Hedging: Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity*, which requires management to assess each existing hybrid financial instrument issued in the form of a share to determine whether any of those hybrid financial instruments contain one or more embedded derivative features. The guidance clarifies that an entity should consider the economic characteristics and risks of the entire hybrid financial instrument, including the embedded derivative being evaluated for bifurcation, in evaluating the nature of the host contract.

ASU No. 2014-16 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption, including adoption in an interim period, is permitted. If an entity early adopts the amendments in an interim period, any adjustment shall be reflected as of the beginning of the fiscal year that includes that interim period. The Company does not expect that such adoption will have a significant impact on the Company's consolidated financial statements.

ASU No. 2014-17

In November 2014, the FASB issued ASU No. 2014-17, *Business Combinations: Pushdown Accounting*, which provides an acquired entity guidance on whether and at what threshold it can apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. If an acquired entity elects the option to apply pushdown accounting in its separate financial statements, it should disclose information in the current reporting period that enables the users of financial statements to evaluate the effect of pushdown accounting.

ASU No. 2014-17 became effective on November 18, 2014. After the effective date, an acquired entity can make an election to apply the guidance to future change-in control events or to its most recent change-in-control event. If the financial statements for the period in which the most recent change-in-control event occurred have already been issued or made available to be issued, the application of ASU No. 2014-17 would be a change in accounting principle. Adoption will not have a significant impact on the Company's consolidated financial statements.

NOTE 3 –EARNINGS PER SHARE

Share-based payment awards that entitle holders to receive non-forfeitable dividends before vesting are considered participating securities and thus included in the calculation of basic earnings per share under the two-class method.

The following table presents the calculation of basic and diluted earnings per share for the periods indicated.

| | For the Years Ended December 31 | | |
|---|---------------------------------|-----------|-----------|
| | 2014 | 2013 | 2012 |
| (In thousands, except per share data) | | | |
| Income available to common shareholders | \$ 105,450 | \$ 65,103 | \$ 76,395 |
| Earnings to unvested restricted stock | (1,652) | (1,206) | (1,443) |
| Earnings to common shareholders - basic | 103,798 | 63,897 | 74,952 |
| Earnings reallocated to unvested restricted stock | (33) | (3) | 6 |
| Earnings to common shareholders - diluted | \$ 103,765 | \$ 63,894 | \$ 74,958 |
| Weighted average shares outstanding - basic | 31,307 | 29,052 | 28,901 |
| Potential common shares | 126 | 53 | 57 |
| Weighted average shares outstanding - diluted | 31,433 | 29,105 | 28,958 |
| Weighted average shares outstanding - unvested restricted stock | 518 | 553 | 553 |
| Earnings per common share - basic | \$ 3.32 | \$ 2.20 | \$ 2.59 |
| Earnings per common share - diluted | 3.30 | 2.20 | 2.59 |
| Earnings per unvested restricted stock share - basic | 3.19 | 2.18 | 2.61 |
| Earnings per unvested restricted stock share - diluted | 3.13 | 2.18 | 2.60 |

Additional information on the Company's basic earnings per common share is shown in the following table.

| | For the Years Ended December 31 | | |
|--|---------------------------------|-----------|-----------|
| | 2014 | 2013 | 2012 |
| (Dollars in thousands, except per share data) | | | |
| Distributed earnings to common shareholders..... | \$ 43,623 | \$ 39,685 | \$ 39,349 |
| Undistributed earnings to common shareholders..... | 60,175 | 24,212 | 35,603 |
| Total earnings to common shareholders | \$ 103,798 | \$ 63,897 | \$ 74,952 |
| Distributed earnings to unvested restricted stock..... | \$ 694 | \$ 749 | \$ 758 |
| Undistributed earnings to unvested restricted stock..... | 958 | 457 | 685 |
| Total earnings allocated to unvested restricted stock..... | \$ 1,652 | \$ 1,206 | \$ 1,443 |
| Distributed earnings per common share | \$ 1.40 | \$ 1.37 | \$ 1.36 |
| Undistributed earnings per common share..... | 1.92 | 0.83 | 1.23 |
| Total earnings per common share | \$ 3.32 | \$ 2.20 | \$ 2.59 |
| Distributed earnings per unvested restricted stock share | \$ 1.34 | \$ 1.35 | \$ 1.37 |
| Undistributed earnings per unvested restricted stock share | 1.85 | 0.83 | 1.24 |
| Total earnings per unvested restricted stock share..... | \$ 3.19 | \$ 2.18 | \$ 2.61 |

For the years ended December 31, 2014, 2013, and 2012, the calculations for basic shares outstanding exclude the weighted average shares owned by the Recognition and Retention Plan ("RRP") of 625,555, 642,008, and 612,097, respectively, and are adjusted for the weighted average shares in treasury stock of 1,879,440, 2,223,306, and 1,964,825, respectively.

The effects from the assumed exercises of 13,101, 483,696, and 752,188 stock options were not included in the computation of diluted earnings per share for years ended December 31, 2014, 2013, and 2012, respectively, because such amounts would have had an antidilutive effect on earnings per common share.

NOTE 4 –ACQUISITION AND DISPOSITION ACTIVITY

Completed Acquisitions

Acquisition of Certain Assets and Liabilities of Trust One Bank

On January 17, 2014, IBERIABANK acquired certain assets and assumed certain liabilities of the Memphis, Tennessee operations of Trust One Bank, a division of Synovus Bank. Under terms of the agreement, IBERIABANK received \$91.6 million in cash to acquire four Trust One-Memphis branches in the Memphis, Tennessee market, which resulted in goodwill of \$8.6 million. With this acquisition, IBERIABANK expanded its presence in the Memphis, Tennessee MSA through the addition of four branches and an experienced in-market team that enhances IBERIABANK's ability to compete in that market.

Acquisition of Teche Holding Company

On May 31, 2014, the Company acquired Teche, the holding company of Teche Federal Bank, a New Iberia, Louisiana-based commercial bank servicing south Louisiana. Under terms of the agreement, for each share of Teche stock outstanding, Teche shareholders received 1.162 shares of the Company's common stock, as well as a cash payment for any fractional share and unexercised options to purchase Teche common stock. The Company acquired all of the outstanding common stock of the former Teche shareholders for total consideration of \$156.7 million, which resulted in goodwill of \$80.4 million, as shown in the table below. With this acquisition, IBERIABANK expanded its presence in the Acadiana region of Louisiana through the addition of 20 branches and an experienced in-market team that enhances IBERIABANK's ability to compete in that market. The Company projects cost savings will be recognized in future periods through the elimination of redundant operations. The following summarizes consideration paid and a preliminary allocation of purchase price to net assets acquired.

| (Dollars in thousands) | Number of Shares | | Amount |
|--|-------------------------|----|---------------|
| | | | |
| Equity consideration..... | | | |
| Common stock issued..... | 2,498,007 | \$ | 156,026 |
| Total equity consideration..... | | | 156,026 |
| Non-Equity consideration | | | |
| Cash | | | 714 |
| Total consideration paid | | | 156,740 |
| Fair value of net assets assumed including identifiable intangible assets..... | | | 76,311 |
| Goodwill..... | | \$ | 80,429 |

Acquisition of First Private Holdings, Inc.

On June 30, 2014, the Company acquired First Private, the holding company of First Private Bank of Texas, a Dallas, Texas-based commercial bank with four branch locations, including two mobile branches. Under terms of the agreement, for each share of First Private stock outstanding, First Private shareholders received 0.27 of a share of the Company's common stock, as well as a cash payment for any fractional share. The Company acquired all of the outstanding common stock of the former First Private shareholders for total consideration of \$58.6 million, which resulted in goodwill of \$26.3 million, as shown in the table below. With this acquisition, IBERIABANK expanded its presence into the Dallas, Texas MSA through the addition of branches and an experienced in-market team. The Company projects cost savings will be recognized in future periods through the elimination of redundant operations. The following summarizes consideration paid and a preliminary allocation of purchase price to net assets acquired.

| (Dollars in thousands) | <u>Number of Shares</u> | <u>Amount</u> |
|---|-------------------------|---------------|
| Equity consideration | | |
| Common stock issued | 847,509 | \$ 58,639 |
| Total equity consideration | | 58,639 |
| Non-Equity consideration | | |
| Cash | | 1 |
| Total consideration paid | | 58,640 |
| Fair value of net assets assumed including identifiable intangible assets | | 32,387 |
| Goodwill | | \$ 26,253 |

The Company accounted for the aforementioned business combinations under the acquisition method in accordance with ASC Topic 805. Accordingly, the purchase price is allocated to the fair value of the assets acquired and liabilities assumed as of the date of acquisition. The following purchase price allocations on these acquisitions are preliminary and will be finalized upon the receipt of final valuations on certain assets and liabilities. Upon receipt of final fair value estimates, which must be within one year of the acquisition dates, the Company will make any final adjustments to the purchase price allocation and retrospectively adjust any goodwill recorded. Material adjustments to acquisition date estimated fair values would be recorded in the period in which the acquisition occurred, and as a result, previously reported results are subject to change. Information regarding the Company's loan discount and related deferred tax asset, core deposit intangible asset and related deferred tax liability, as well as income taxes payable and the related deferred tax balances recorded in the acquisitions may be adjusted as the Company refines its estimates. Determining the fair value of assets and liabilities, particularly illiquid assets and liabilities, is a complicated process involving significant judgment regarding estimates and assumptions used to calculate estimated fair value. Fair value adjustments based on updated estimates could materially affect the goodwill recorded on the acquisition. The Company may incur losses on the acquired loans that are materially different from losses the Company originally projected.

The acquired assets and liabilities, as well as the preliminary adjustments to record the assets and liabilities at their estimated fair values, are presented in the following tables.

| Trust One- Memphis (Dollars in thousands) | <u>As Acquired</u> | <u>Preliminary Fair Value Adjustments</u> | <u>As recorded by IBERIABANK</u> |
|--|--------------------|---|--------------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 92,060 | \$ — | \$ 92,060 |
| Loans | 88,179 | (1,726) ⁽¹⁾ | 86,453 |
| Other real estate owned | 1,325 | — | 1,325 |
| Core deposit intangible | — | 2,597 ⁽²⁾ | 2,597 |
| Other assets | 368 | — | 368 |
| Total Assets | \$ 181,932 | \$ 871 | \$ 182,803 |
| Liabilities | | | |
| Interest-bearing deposits | \$ 164,942 | \$ — | \$ 164,942 |
| Non-interest-bearing deposits | 26,373 | — | 26,373 |
| Deferred tax liability | — | — | — |
| Other liabilities | 84 | — | 84 |
| Total Liabilities | \$ 191,399 | \$ — | \$ 191,399 |

Explanation of certain fair value adjustments:

- ⁽¹⁾ The amount represents the adjustment of the book value of Trust One-Memphis loans to their estimated fair value based on current interest rates and expected cash flows, which includes estimates of expected credit losses inherent in the portfolio.
- ⁽²⁾ The amount represents the fair value of the core deposit intangible asset created in the acquisition.

| Teche (Dollars in thousands) | As Acquired | Preliminary Fair Value Adjustments | As recorded by IBERIABANK |
|-------------------------------------|-------------------|--|------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 71,611 | \$ — | \$ 71,611 |
| Investment securities | 24,077 | 1,092 ⁽¹⁾ | 25,169 |
| Loans | 716,327 | (15,869) ⁽²⁾ | 700,458 |
| Other real estate owned..... | 329 | (153) ⁽³⁾ | 176 |
| Core deposit intangible | — | 7,440 ⁽⁴⁾ | 7,440 |
| Deferred tax asset | 1,057 | 4,835 ⁽⁵⁾ | 5,892 |
| Other assets | 56,730 | (5,653) ⁽⁶⁾ | 51,077 |
| Total Assets | \$ 870,131 | \$ (8,308) | \$ 861,823 |
| Liabilities | | | |
| Interest-bearing deposits | \$ 520,446 | \$ 902 ⁽⁷⁾ | \$ 521,348 |
| Non-interest-bearing deposits | 118,256 | — | 118,256 |
| Borrowings | 134,228 | 6,304 ⁽⁸⁾ | 140,532 |
| Other liabilities | 5,376 | — | 5,376 |
| Total Liabilities | \$ 778,306 | \$ 7,206 | \$ 785,512 |

Explanation of certain fair value adjustments:

- ⁽¹⁾ The amount represents the adjustment of the book value of Teche's investments to their estimated fair value based on fair values on the date of acquisition.
- ⁽²⁾ The amount represents the adjustment of the book value of Teche loans to their estimated fair value based on current interest rates and expected cash flows, which includes estimates of expected credit losses inherent in the portfolio.
- ⁽³⁾ The amount represents the adjustment to the book value of Teche's OREO to their estimated fair value on the date of acquisition.
- ⁽⁴⁾ The amount represents the fair value of the core deposit intangible asset created in the acquisition.
- ⁽⁵⁾ The amount represents the deferred tax asset recognized on the fair value adjustment of Teche acquired assets and assumed liabilities.
- ⁽⁶⁾ The amount represents the adjustment of the book value of Teche's property, equipment, and other assets to their estimated fair value at the acquisition date based on their appraised value, as well as the fair value of mortgage servicing rights created in the acquisition.
- ⁽⁷⁾ The adjustment is necessary because the weighted average interest rate of Teche's deposits exceeded the cost of similar funding at the time of acquisition. The fair value adjustment will be amortized to reduce future interest expense over the life of the portfolio, which is estimated at 85 months.
- ⁽⁸⁾ The adjustment represents the adjustment of the book value of Teche's borrowings to their estimated fair value based on current interest rates and the credit characteristics inherent in the liability.

| First Private (Dollars in thousands) | As Acquired | Preliminary Fair Value Adjustments | As recorded by IBERIABANK |
|---|--------------------|---|--------------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 26,621 | \$ — | \$ 26,621 |
| Investment securities | 18,920 | 297 ⁽¹⁾ | 19,217 |
| Loans | 300,177 | (910) ⁽²⁾ | 299,267 |
| Other real estate owned..... | — | — | — |
| Core deposit intangible | — | 506 ⁽³⁾ | 506 |
| Deferred tax asset | 530 | 122 ⁽⁴⁾ | 652 |
| Other assets | 5,148 | — | 5,148 |
| Total Assets | \$ 351,396 | \$ 15 | \$ 351,411 |
| Liabilities | | | |
| Interest-bearing deposits | \$ 261,713 | \$ 220 ⁽⁵⁾ | \$ 261,933 |
| Non-interest-bearing deposits | 50,334 | — | 50,334 |
| Borrowings | 6,451 | — | 6,451 |
| Other liabilities | 306 | — | 306 |
| Total Liabilities | \$ 318,804 | \$ 220 | \$ 319,024 |

Explanation of certain fair value adjustments:

- (1) The amount represents the adjustment of the book value of First Private's investments to their estimated fair value based on fair values on the date of acquisition.
- (2) The amount represents the adjustment of the book value of First Private loans to their estimated fair value based on current interest rates and expected cash flows, which includes estimates of expected credit losses inherent in the portfolio.
- (3) The amount represents the fair value of the core deposit intangible asset created in the acquisition.
- (4) The amount represents the deferred tax asset recognized on the fair value adjustment of First Private acquired assets and assumed liabilities.
- (5) The adjustment is necessary because the weighted average interest rate of First Private's deposits exceeded the cost of similar funding at the time of acquisition. The fair value adjustment will be amortized to reduce future interest expense over the life of the portfolio, which is estimated at 39 months.

Acquisitions of LTC

On February 24, 2014, the Company's subsidiary, LTC, acquired The Title Company, LLC. Under terms of the agreement, LTC paid \$0.4 million in cash to acquire a title office in Baton Rouge, Louisiana, which resulted in goodwill of \$0.2 million.

On May 1, 2014, LTC acquired Louisiana Abstract and Title, LLC. Under terms of the agreement, LTC paid \$0.2 million in cash to acquire a title office in Shreveport, Louisiana, which resulted in goodwill of \$0.2 million. In addition, the agreement provides for potential additional cash consideration based on earnings over a four-year period after the acquisition.

The acquisitions were accounted for under the acquisition method of accounting in accordance with ASC Topic 805. Purchased assets were recorded at their acquisition date fair values. Identifiable intangible assets were recorded at fair value. Because the consideration paid, including contingent consideration, was greater than the fair value of the acquired net assets, the Company recorded goodwill as part of the acquisitions. The goodwill recognized was the result of LTC's expanded presence into the Baton Rouge and Shreveport Louisiana MSAs and experienced in-market teams that enhance its ability to compete in those markets. As part of the acquisitions, LTC also acquired or created the following other assets:

| (Dollars in thousands) | The Title Company LLC | Louisiana Abstract and Title LLC |
|-------------------------------|------------------------------|---|
| Goodwill..... | \$ 221 | \$ 155 |
| Non-compete agreement | 63 | 100 |
| Title plant | 14 | 9 |
| Other intangible assets | 75 | 130 |
| Other assets | 3 | 6 |
| Total Assets | \$ 376 | \$ 400 |

Pending Acquisitions

Acquisition of Florida Bank Group, Inc.

During the fourth quarter of 2014, the Company announced the signing of a definitive agreement pursuant to which IBERIABANK will acquire Florida Bank Group, Inc. ("Florida Bank Group"). The proposed acquisition of Florida Bank Group has been approved by the Board of Directors of each company, Florida Bank Group's shareholders, and the Company's regulators, and closed on February 28, 2015.

Under the terms of the agreement, Florida Bank Group shareholders will receive a combination of cash and shares of the Company's common stock. Florida Bank Group shareholders will receive cash equal to \$7.81 per share of then outstanding Florida Bank Group common stock, including shares of preferred stock that will convert to common shares in the acquisition. Each Florida Bank Group common share will be exchanged for 0.149 share of the Company's common stock. All unexercised Florida Bank Group stock options, whether or not vested, will be cashed out.

Acquisition of Old Florida Bancshares, Inc.

During the fourth quarter of 2014, the Company announced the signing of a definitive agreement pursuant to which IBERIABANK will acquire Old Florida Bancshares, Inc. ("Old Florida"), holding company of Old Florida Bank and New Traditions Bank. The proposed acquisition has been approved by the Board of Directors of each company, Old Florida's shareholders, and the Company's regulators, and is expected to close on March 31, 2015.

Under the terms of the agreement, Old Florida shareholders will receive 0.34 share of the Company's common stock for each of the Old Florida common stock shares outstanding, subject to certain market price adjustments provided for in the agreement. All unexercised Old Florida stock options, whether or not vested, will be cashed out.

Acquisition of Georgia Commerce Bancshares, Inc.

During the fourth quarter of 2014, the Company announced the signing of a definitive agreement pursuant to which IBERIABANK will acquire Georgia Commerce Bancshares, Inc. ("Georgia Commerce"), holding company of Georgia Commerce Bank. The proposed acquisition has been approved by the Board of Directors of each company and the Company's regulators and is expected to close in the first half of 2015, subject to customary closing conditions, including the receipt of the approval of Georgia Commerce's shareholders.

Supplemental unaudited pro forma information

The following unaudited pro forma information for the year ended December 31, 2013 reflects the Company's estimated consolidated results of operations as if the acquisitions of Trust One-Memphis, Teche, and First Private occurred at January 1, 2013, unadjusted for potential cost savings and preliminary purchase price adjustments.

| (Dollars in thousands, except per share data) | 2013 | 2012 |
|---|------------|------------|
| Interest and non-interest income | \$ 669,607 | \$ 687,279 |
| Net income | 74,624 | 86,473 |
| Earnings per share - basic | 2.26 | 2.63 |
| Earnings per share - diluted | 2.26 | 2.63 |

The Company's consolidated financial statements as of and for the year ended December 31, 2014 include the operating results of the acquired assets and assumed liabilities for the days subsequent to the respective acquisition dates. Due to the system conversion of the acquired entities throughout the current year and subsequent integration of the operating activities of the acquired branches into existing Company markets, historical reporting for the former Trust One-Memphis, Teche, and First Private branches is impracticable and thus disclosure of the revenue from the assets acquired and income before income taxes is impracticable for the period subsequent to acquisition.

Under the terms of the agreement, Georgia Commerce shareholders will receive 0.6134 share of the Company's common stock for each of the Georgia Commerce common stock shares outstanding, subject to certain market price adjustments provided for in the agreement. All unexercised Georgia Commerce stock options, whether or not vested, will be cashed out.

Branch Dispositions

In 2012, the Company closed ten branches as part of its ongoing business strategy, which includes a periodic review of its branch network to maximize shareholder return. In 2013, the Company closed or consolidated an additional 14 branches. As part of these branch closures, the Company incurred various disposal costs during the years ended December 31, 2013 and 2012, including personnel termination costs, contract termination costs, and fixed asset disposals. The following table shows the costs the Company incurred that are included in its consolidated statements of comprehensive income for the years indicated. Costs associated with branch dispositions for the year ended December 31, 2014 were immaterial.

| | For the Years Ended December 31 | |
|--------------------------------|------------------------------------|-----------------|
| | 2013 | 2012 |
| (Dollars in thousands) | | |
| Employee termination | \$ 299 | \$ 477 |
| Accelerated depreciation | 1,033 | 576 |
| Contract termination | 659 | 20 |
| Impairment | 4,941 | 2,743 |
| | <u>\$ 6,932</u> | <u>\$ 3,816</u> |

NOTE 5 – INVESTMENT SECURITIES

The amortized cost and fair values of investment securities, with gross unrealized gains and losses, consist of the following:

| | December 31, 2014 | | | |
|--|---------------------|------------------------------|-------------------------------|----------------------------|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| (Dollars in thousands) | | | | |
| Securities available for sale: | | | | |
| U.S. Government-sponsored enterprise obligations | \$ 317,386 | \$ 1,700 | \$ (3,533) | \$ 315,553 |
| Obligations of state and political obligations | 86,513 | 3,679 | (2) | 90,190 |
| Mortgage-backed securities | 1,741,917 | 16,882 | (7,184) | 1,751,615 |
| Other securities | 1,460 | 35 | — | 1,495 |
| Total securities available for sale | \$ 2,147,276 | \$ 22,296 | \$ (10,719) | \$ 2,158,853 |
| Securities held to maturity: | | | | |
| U.S. Government-sponsored enterprise obligations | \$ 10,000 | \$ 88 | \$ — | \$ 10,088 |
| Obligations of state and political obligations | 77,597 | 3,153 | (145) | 80,605 |
| Mortgage-backed securities | 29,363 | 151 | (726) | 28,788 |
| Total securities held to maturity | \$ 116,960 | \$ 3,392 | \$ (871) | \$ 119,481 |
| | December 31, 2013 | | | |
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Estimated Fair Value |
| (Dollars in thousands) | | | | |
| Securities available for sale: | | | | |
| U.S. Government-sponsored enterprise obligations | \$ 406,092 | \$ 1,382 | \$ (11,913) | \$ 395,561 |
| Obligations of state and political obligations | 105,300 | 2,435 | (256) | 107,479 |
| Mortgage-backed securities | 1,450,194 | 10,031 | (27,947) | 1,432,278 |
| Other securities | 1,460 | 19 | — | 1,479 |
| Total securities available for sale | \$ 1,963,046 | \$ 13,867 | \$ (40,116) | \$ 1,936,797 |
| Securities held to maturity: | | | | |
| U.S. Government-sponsored enterprise obligations | \$ 34,478 | \$ 484 | \$ — | \$ 34,962 |
| Obligations of state and political obligations | 84,290 | 1,463 | (1,624) | 84,129 |
| Mortgage-backed securities | 35,341 | 258 | (2,124) | 33,475 |
| Total securities held to maturity | \$ 154,109 | \$ 2,205 | \$ (3,748) | \$ 152,566 |

At December 31, 2014, the Company's exposure to two investment security issuers individually exceeded 10% of shareholders' equity:

| (Dollars in thousands) | Amortized Cost | Market Value |
|--|---------------------|---------------------|
| Federal National Mortgage Association (Fannie Mae) | \$ 1,220,841 | \$ 1,226,654 |
| Federal Home Loan Mortgage Corporation (Freddie Mac) | 707,592 | 706,514 |
| | <u>\$ 1,928,433</u> | <u>\$ 1,933,168</u> |

Securities with carrying values of \$1.4 billion and \$1.5 billion were pledged to secure public deposits and other borrowings at December 31, 2014 and 2013, respectively.

Information pertaining to securities with gross unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous loss position, is as follows:

| (Dollars in thousands) | December 31, 2014 | | | | | |
|--|-------------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|
| | Less Than Twelve Months | | Over Twelve Months | | Total | |
| | Gross Unrealized Losses | Estimated Fair Value | Gross Unrealized Losses | Estimated Fair Value | Gross Unrealized Losses | Estimated Fair Value |
| Securities available for sale: | | | | | | |
| U.S. Government-sponsored enterprise obligations | \$ — | \$ — | \$ (3,533) | \$ 240,498 | \$ (3,533) | \$ 240,498 |
| Obligations of state and political obligations | (2) | 185 | — | — | (2) | 185 |
| Mortgage-backed securities | (1,189) | 304,686 | (5,995) | 294,549 | (7,184) | 599,235 |
| Total securities available for sale | \$ (1,191) | \$ 304,871 | \$ (9,528) | \$ 535,047 | \$ (10,719) | \$ 839,918 |
| Securities held to maturity: | | | | | | |
| Obligations of state and political obligations | \$ (9) | \$ 2,287 | \$ (136) | \$ 8,590 | \$ (145) | \$ 10,877 |
| Mortgage-backed securities | — | — | (726) | 20,812 | (726) | 20,812 |
| Total securities held to maturity | \$ (9) | \$ 2,287 | \$ (862) | \$ 29,402 | \$ (871) | \$ 31,689 |
| | | | | | | |
| (Dollars in thousands) | December 31, 2013 | | | | | |
| | Less Than Twelve Months | | Over Twelve Months | | Total | |
| | Gross Unrealized Losses | Estimated Fair Value | Gross Unrealized Losses | Estimated Fair Value | Gross Unrealized Losses | Estimated Fair Value |
| Securities available for sale: | | | | | | |
| U.S. Government-sponsored enterprise obligations | \$ (11,764) | \$ 298,515 | \$ (149) | \$ 5,515 | \$ (11,913) | \$ 304,030 |
| Obligations of state and political obligations | (30) | 2,415 | (226) | 1,047 | (256) | 3,462 |
| Mortgage-backed securities | (23,749) | 864,899 | (4,198) | 81,870 | (27,947) | 946,769 |
| Total securities available for sale | \$ (35,543) | \$ 1,165,829 | \$ (4,573) | \$ 88,432 | \$ (40,116) | \$ 1,254,261 |
| Securities held to maturity: | | | | | | |
| Obligations of state and political obligations | \$ (1,181) | \$ 29,355 | \$ (443) | \$ 6,240 | \$ (1,624) | \$ 35,595 |
| Mortgage-backed securities | (952) | 12,913 | (1,172) | 11,616 | (2,124) | 24,529 |
| Total securities held to maturity | \$ (2,133) | \$ 42,268 | \$ (1,615) | \$ 17,856 | \$ (3,748) | \$ 60,124 |

The Company assessed the nature of the losses in its portfolio as of December 31, 2014 and 2013 to determine if there are losses that should be deemed other-than-temporary. In its analysis of these securities, management considered numerous factors to determine whether there were instances where the amortized cost basis of the debt securities would not be fully recoverable, including, but not limited to:

- The length of time and extent to which the estimated fair value of the securities was less than their amortized cost,
- Whether adverse conditions were present in the operations, geographic area, or industry of the issuer,
- The payment structure of the security, including scheduled interest and principal payments, including the issuer's failures to make scheduled payments, if any, and the likelihood of failure to make scheduled payments in the future,
- Changes to the rating of the security by a rating agency, and
- Subsequent recoveries or additional declines in fair value after the balance sheet date.

Management believes it has considered these factors, as well as all relevant information available, when determining the expected future cash flows of the securities in question. Except for the particular municipal bond discussed below, in each instance, management has determined the cost basis of the securities would be fully recoverable. Management also has the intent to hold debt securities until their maturity or anticipated recovery if the security is classified as available for sale. In addition, management does not believe the Company will be required to sell debt securities before the anticipated recovery of the amortized cost basis of the security.

At December 31, 2014, 112 debt securities had unrealized losses of 1.31% of the securities' amortized cost basis. At December 31, 2013, 207 debt securities had unrealized losses of 3.23% of the securities' amortized cost basis. The unrealized losses for each of the securities related to market interest rate changes. Additional information on securities that have been in a continuous loss position for over twelve months at December 31 is presented in the following table.

| (Dollars in thousands) | 2014 | 2013 |
|--|-------------------|-------------------|
| Number of securities | | |
| Issued by Fannie Mae, Freddie Mac, or Ginnie Mae | 66 | 20 |
| Issued by political subdivisions | 5 | 5 |
| | 71 | 25 |
| Amortized Cost Basis | | |
| Issued by Fannie Mae, Freddie Mac, or Ginnie Mae | \$ 566,113 | \$ 104,520 |
| Issued by political subdivisions | 8,727 | 7,956 |
| | \$ 574,840 | \$ 112,476 |
| Unrealized Loss | | |
| Issued by Fannie Mae, Freddie Mac, or Ginnie Mae | \$ 10,254 | \$ 5,519 |
| Issued by political subdivisions | 136 | 669 |
| | \$ 10,390 | \$ 6,188 |

The Fannie Mae, Freddie Mac, and Ginnie Mae securities are rated AA+ by S&P and Aaa by Moodys. Five of the securities in a continuous loss position for over twelve months were issued by political subdivisions. The securities issued by political subdivisions have credit ratings by S&P ranging from A+ to AAA and credit ratings from Moody's ranging from A2 to Aaa.

Prior to 2012, management assessed the operating environment of a bond issuer as adverse and concluded that the Company had one unrated revenue municipal bond that warranted an other-than-temporary impairment charge. The specific impairment was related to the loss of the contracted revenue source required for bond repayment. The Company determined the impairment charge using observable market data for similar assets, including third party valuation of the security, as well as information from unobservable inputs, including its best estimate of the recoverability of the amortized cost of the security as outlined above. The Company recorded total impairment of 50% of the par value of the bond and provided a fair value of the bond that was consistent with current market pricing. During the third quarter of 2014, the Company sold the municipal bond and recorded a gain of \$0.6 million in the Company's consolidated statements of comprehensive income for the year ended December 31, 2014. The following table reflects activity during the years ended December 31, 2014, 2013, and 2012 related to credit losses on the other-than-temporarily impaired investment security where a portion of the unrealized loss was recognized in comprehensive income.

| (Dollars in thousands) | 2014 | 2013 | 2012 |
|---|-------------|-------------------|-------------------|
| Balance at beginning of period | \$ (1,273) | \$ (1,273) | \$ (1,273) |
| Credit losses on securities not previously considered other-than-temporarily impaired | — | — | — |
| Credit losses on securities for which OTTI was previously recognized | — | — | — |
| Reduction for securities sold/settled during the period | 1,273 | — | — |
| Balance at end of period | \$ — | \$ (1,273) | \$ (1,273) |

As a result of the Company's analysis, no declines in the estimated fair value of the Company's investment securities were deemed to be other-than-temporary at December 31, 2014 or 2013.

The amortized cost and estimated fair value of investment securities by maturity at December 31, 2014 are shown in the following table. Securities are classified according to their contractual maturities without consideration of principal amortization, potential prepayments or call options. Accordingly, actual maturities may differ from contractual maturities. Weighted average yields are calculated on the basis of the yield to maturity based on the amortized cost of each security.

| (Dollars in thousands) | Securities Available for Sale | | | Securities Held to Maturity | | |
|------------------------------------|-------------------------------|---------------------|----------------------|-----------------------------|-------------------|----------------------|
| | Weighted Average Yield | Amortized Cost | Estimated Fair Value | Weighted Average Yield | Amortized Cost | Estimated Fair Value |
| Within one year or less | 1.54% | \$ 14,643 | \$ 14,764 | 2.65% | \$ 10,000 | \$ 10,088 |
| One through five years | 1.73 | 241,231 | 241,796 | 2.78 | 13,858 | 14,191 |
| After five through ten years | 2.15 | 425,233 | 429,973 | 3.10 | 20,945 | 21,729 |
| Over ten years | 2.20 | 1,466,169 | 1,472,320 | 2.86 | 72,157 | 73,473 |
| | 2.13% | \$ 2,147,276 | \$ 2,158,853 | 2.87% | \$ 116,960 | \$ 119,481 |

The following is a summary of realized gains and losses from the sale of securities classified as available for sale. Gains or losses on securities sold are recorded on the trade date, using the specific identification method.

| (Dollars in thousands) | Years Ended December 31 | | |
|------------------------|-------------------------|-----------------|-----------------|
| | 2014 | 2013 | 2012 |
| Realized gains | \$ 863 | \$ 2,387 | \$ 3,754 |
| Realized losses | (92) | (110) | (15) |
| | \$ 771 | \$ 2,277 | \$ 3,739 |

In addition to the gains above, the Company realized certain immaterial gains on calls of held to maturity securities.

Other Equity Securities

The Company included the following securities in "Other assets" on the consolidated balance sheets at December 31:

| (Dollars in thousands) | 2014 | 2013 |
|---|------------------|------------------|
| Federal Home Loan Bank (FHLB) stock | \$ 38,476 | \$ 24,369 |
| Federal Reserve Bank (FRB) stock | 34,348 | 28,098 |
| Other investments | 1,306 | 1,306 |
| | \$ 74,130 | \$ 53,773 |

NOTE 6 – LOANS

Loans consist of the following, segregated into non-covered and covered loans, for the periods indicated:

| December 31, 2014 | | | | |
|-------------------------------------|---------------------|---------------------|-------------------|----------------------|
| (Dollars in thousands) | Non-covered loans | | Covered Loans(1) | Total |
| | Legacy Loans | Acquired Loans | | |
| Commercial loans: | | | | |
| Real estate | \$ 3,718,058 | \$ 497,949 | \$ 189,126 | \$ 4,405,133 |
| Business | 3,284,140 | 93,549 | 31,260 | 3,408,949 |
| | 7,002,198 | 591,498 | 220,386 | 7,814,082 |
| Residential mortgage loans: | | | | |
| Residential 1-4 family | 495,638 | 424,579 | 128,024 | 1,048,241 |
| Construction / Owner Occupied | 32,056 | — | — | 32,056 |
| | 527,694 | 424,579 | 128,024 | 1,080,297 |
| Consumer and other loans: | | | | |
| Home equity | 1,290,976 | 217,699 | 92,430 | 1,601,105 |
| Indirect automobile | 396,766 | 392 | — | 397,158 |
| Other | 451,080 | 93,618 | 3,704 | 548,402 |
| | 2,138,822 | 311,709 | 96,134 | 2,546,665 |
| Total | \$ 9,668,714 | \$ 1,327,786 | \$ 444,544 | \$ 11,441,044 |

| December 31, 2013 | | | | |
|-------------------------------------|---------------------|-------------------|-------------------|---------------------|
| (Dollars in thousands) | Non-covered loans | | Covered Loans | Total |
| | Legacy Loans | Acquired Loans | | |
| Commercial loans: | | | | |
| Real estate | \$ 3,134,904 | \$ 345,069 | \$ 387,332 | \$ 3,867,305 |
| Business | 2,906,051 | 53,037 | 37,025 | 2,996,113 |
| | 6,040,955 | 398,106 | 424,357 | 6,863,418 |
| Residential mortgage loans: | | | | |
| Residential 1-4 family | 404,922 | 18,135 | 154,025 | 577,082 |
| Construction / Owner Occupied | 9,450 | — | — | 9,450 |
| | 414,372 | 18,135 | 154,025 | 586,532 |
| Consumer and other loans: | | | | |
| Home equity | 1,101,227 | 53,443 | 137,122 | 1,291,792 |
| Indirect automobile | 373,383 | 1,853 | — | 375,236 |
| Other | 358,384 | 12,368 | 4,289 | 375,041 |
| | 1,832,994 | 67,664 | 141,411 | 2,042,069 |
| Total | \$ 8,288,321 | \$ 483,905 | \$ 719,793 | \$ 9,492,019 |

- (1) Included as covered loans at December 31, 2014 is \$174.7 million of assets whose reimbursable loss periods ended as of January 1, 2015.

In 2009, the Company acquired substantially all of the assets and liabilities of CapitalSouth Bank (“CSB”), and certain assets, deposits, and other liabilities of Orion Bank (“Orion”) and Century Bank (“Century”). In 2010, the Company acquired certain assets and assumed certain deposits and other liabilities of Sterling Bank (“Sterling”). Substantially all of the loans and foreclosed real estate that were acquired in these transactions are covered by loss sharing agreements between the FDIC and IBERIABANK, which afford IBERIABANK loss protection. Refer to Note 8 for additional information regarding the Company’s loss sharing agreements.

Because of the loss protection provided by the FDIC, the risks associated with CSB, Orion, Century, and Sterling covered loans and foreclosed real estate are significantly different from those assets not covered under the loss share agreements. Accordingly, the Company presents loans currently indemnified as “covered loans” and loans that are not currently indemnified as “non-covered loans.”

Deferred loan origination fees were \$20.6 million and \$18.6 million and deferred loan expenses were \$9.4 million and \$7.6 million at December 31, 2014 and 2013, respectively. In addition to loans issued in the normal course of business, the Company considers overdrafts on customer deposit accounts to be loans and reclassifies these overdrafts as loans in its consolidated balance sheets. At December 31, 2014 and 2013, overdrafts of \$5.6 million and \$3.1 million, respectively, have been reclassified to loans.

Loans with carrying values of \$3.1 billion and \$2.3 billion were pledged to secure public deposits and other borrowings at December 31, 2014 and 2013, respectively.

Non-covered Loans

The following tables provide an analysis of the aging of non-covered loans as of December 31, 2014 and 2013. Because of the difference in accounting for acquired loans, the tables below further segregate the Company's non-covered loans between legacy loans and acquired loans. For purposes of the following tables, subprime mortgage loans are defined as the Company's mortgage loans that have borrower FICO scores that are less than 620 at the time of origination or were purchased outside of a business combination.

| December 31, 2014 | | | | | | | |
|---|-------------------------|----------------|-----------------|-----------------|--------------------|--|--|
| Legacy loans | | | | | | | |
| (Dollars in thousands) | Past Due ⁽¹⁾ | | | | Current | Total Legacy Loans, Net of Unearned Income | Recorded Investment > 90 days and Accruing |
| | 30-59 days | 60-89 days | > 90 days | Total | | | |
| Commercial real estate - Construction | \$ 507 | \$ — | \$ 69 | \$ 576 | \$ 483,663 | \$ 484,239 | \$ — |
| Commercial real estate - Other | 11,799 | 148 | 6,883 | 18,830 | 3,214,989 | 3,233,819 | — |
| Commercial business | 1,589 | 1,860 | 3,228 | 6,677 | 3,277,463 | 3,284,140 | 200 |
| Residential mortgage - Prime | 1,389 | 2,616 | 11,305 | 15,310 | 392,900 | 408,210 | 538 |
| Residential mortgage - Subprime | — | — | 3,595 | 3,595 | 115,889 | 119,484 | — |
| Consumer - Home equity | 4,096 | 595 | 7,420 | 12,111 | 1,278,865 | 1,290,976 | 16 |
| Consumer - Indirect automobile | 2,447 | 396 | 1,419 | 4,262 | 392,504 | 396,766 | — |
| Consumer - Credit card | 253 | 163 | 1,032 | 1,448 | 71,297 | 72,745 | — |
| Consumer - Other | 1,285 | 424 | 773 | 2,482 | 375,853 | 378,335 | — |
| Total | \$23,365 | \$6,202 | \$35,724 | \$65,291 | \$9,603,423 | \$9,668,714 | \$ 754 |

| December 31, 2013 | | | | | | | |
|---|-------------------------|----------------|-----------------|-----------------|--------------------|--|--|
| Legacy loans | | | | | | | |
| (Dollars in thousands) | Past Due ⁽¹⁾ | | | | Current | Total Legacy Loans, Net of Unearned Income | Recorded Investment > 90 days and Accruing |
| | 30-59 days | 60-89 days | > 90 days | Total | | | |
| Commercial real estate - Construction | \$ — | \$ — | \$ 1,803 | \$ 1,803 | \$ 381,292 | \$ 383,095 | \$ — |
| Commercial real estate - Other | 6,098 | 5,630 | 7,650 | 19,378 | 2,732,431 | 2,751,809 | 2 |
| Commercial business | 2,117 | 423 | 15,020 | 17,560 | 2,888,491 | 2,906,051 | — |
| Residential mortgage - Prime | 1,104 | 852 | 9,684 | 11,640 | 286,167 | 297,807 | 1,073 |
| Residential mortgage - Subprime | — | — | 1,626 | 1,626 | 114,939 | 116,565 | — |
| Consumer - Home equity | 1,956 | 569 | 6,808 | 9,333 | 1,091,894 | 1,101,227 | — |
| Consumer - Indirect automobile | 1,427 | 293 | 1,275 | 2,995 | 370,388 | 373,383 | — |
| Consumer - Credit card | 266 | 92 | 411 | 769 | 62,873 | 63,642 | — |
| Consumer - Other | 458 | 106 | 485 | 1,049 | 293,693 | 294,742 | — |
| Total | \$13,426 | \$7,965 | \$44,762 | \$66,153 | \$8,222,168 | \$8,288,321 | \$ 1,075 |

- (1) Past due loans greater than 90 days include all loans on nonaccrual status, regardless of past due status, as of the period indicated. Nonaccrual loans are presented separately in the "Nonaccrual Loans" section below.

| December 31, 2014 | | | | | | | | |
|--|-------------------------|----------------|-----------------|-----------------|--------------------|----------------------|---|--|
| Non-covered acquired loans | | | | | | | | |
| (Dollars in thousands) | Past Due ⁽¹⁾ | | | | Current | Discount/ Premium | Total Non-covered Acquired Loans, Net of Unearned Income | Recorded Investment > 90 days and Accruing |
| | 30-59 days | 60-89 days | > 90 days | Total | | | | |
| Commercial real estate - | | | | | | | | |
| Construction..... | \$ 2,740 | \$ 57 | \$ 1,284 | \$ 4,081 | \$ 26,667 | \$ (1,170) | \$ 29,578 | \$ 1,284 |
| Commercial real estate - Other | 4,419 | 840 | 26,480 | 31,739 | 475,751 | (39,119) | 468,371 | 26,376 |
| Commercial business | 2,106 | 70 | 1,635 | 3,811 | 94,962 | (5,224) | 93,549 | 1,635 |
| Residential mortgage - Prime..... | 152 | 2,367 | 9,339 | 11,858 | 418,552 | (5,831) | 424,579 | 8,087 |
| Consumer - Home equity | 649 | 385 | 8,774 | 9,808 | 216,310 | (8,419) | 217,699 | 8,383 |
| Consumer - Indirect automobile..... | 13 | 17 | 9 | 39 | 393 | (40) | 392 | 9 |
| Consumer - Other..... | 1,458 | 113 | 1,949 | 3,520 | 94,315 | (4,217) | 93,618 | 1,829 |
| Total..... | \$11,537 | \$3,849 | \$49,470 | \$64,856 | \$1,326,950 | \$ (64,020) | \$ 1,327,786 | \$ 47,603 |

| December 31, 2013 | | | | | | | | |
|--|-------------------------|----------------|-----------------|-----------------|-------------------|----------------------|---|--|
| Non-covered acquired loans | | | | | | | | |
| (Dollars in thousands) | Past Due ⁽¹⁾ | | | | Current | Discount/ Premium | Total Non-covered Acquired Loans, Net of Unearned Income | Recorded Investment > 90 days and Accruing |
| | 30-59 days | 60-89 days | > 90 days | Total | | | | |
| Commercial real estate - | | | | | | | | |
| Construction..... | \$ 388 | \$ — | \$ 2,542 | \$ 2,930 | \$ 19,833 | \$ (2,532) | \$ 20,231 | \$ 2,542 |
| Commercial real estate - Other | 1,798 | 1,963 | 27,967 | 31,728 | 345,286 | (52,176) | 324,838 | 27,967 |
| Commercial business | 544 | — | 1,218 | 1,762 | 54,189 | (2,914) | 53,037 | 1,218 |
| Residential mortgage - Prime..... | — | — | 226 | 226 | 18,796 | (887) | 18,135 | 226 |
| Consumer - Home equity | 313 | 516 | 4,242 | 5,071 | 53,995 | (5,623) | 53,443 | 4,242 |
| Consumer - Indirect automobile..... | 33 | — | 95 | 128 | 1,725 | — | 1,853 | 95 |
| Consumer - Other..... | 175 | 101 | 975 | 1,251 | 12,598 | (1,481) | 12,368 | 975 |
| Total..... | \$ 3,251 | \$2,580 | \$37,265 | \$43,096 | \$ 506,422 | \$ (65,613) | \$ 483,905 | \$ 37,265 |

⁽¹⁾ Past due information presents acquired loans at the gross loan balance, prior to application of discounts.

Non-accrual Loans

The following table provides the recorded investment of legacy loans on non-accrual status at December 31:

| (Dollars in thousands) | 2014 | 2013 |
|---|------------------|------------------|
| Commercial real estate - Construction | \$ 69 | \$ 1,803 |
| Commercial real estate - Other..... | 6,883 | 7,648 |
| Commercial business | 3,028 | 15,020 |
| Residential mortgage - Prime | 10,767 | 8,611 |
| Residential mortgage - Subprime | 3,595 | 1,626 |
| Consumer - Home equity | 7,404 | 6,808 |
| Consumer - Indirect automobile..... | 1,419 | 1,275 |
| Consumer - Credit card | 1,032 | 411 |
| Consumer - Other | 773 | 485 |
| Total..... | \$ 34,970 | \$ 43,687 |

The amount of interest income that would have been recorded in 2014, 2013 and 2012 if total nonaccrual loans had been current in accordance with their contractual terms was approximately \$1.8 million, \$2.9 million and \$3.2 million respectively.

Covered Loans

The carrying amount of the acquired covered loans at December 31, 2014 and 2013 consisted of loans determined to be impaired at the acquisition date, which are accounted for in accordance with ASC Topic 310-30, and loans that were considered to be performing at the acquisition date, accounted for by analogy to ASC Topic 310-30, as detailed in the following tables.

| | | December 31, 2014 | | |
|-------------------------------------|-----------|-------------------------------|---------------------------------|---------------------------|
| | | Acquired Impaired Loans | Acquired Performing Loans | Total Covered Loans |
| (Dollars in thousands) | | | | |
| Commercial loans: | | | | |
| Real estate | \$ | 1,253 | \$ 187,873 | \$ 189,126 |
| Business | | — | 31,260 | 31,260 |
| | | 1,253 | 219,133 | 220,386 |
| Residential mortgage loans: | | | | |
| Residential 1-4 family | | 22,918 | 105,106 | 128,024 |
| Construction / Owner Occupied | | — | — | — |
| | | 22,918 | 105,106 | 128,024 |
| Consumer and other loans: | | | | |
| Home equity | | 12,872 | 79,558 | 92,430 |
| Indirect automobile | | — | — | — |
| Other | | 489 | 3,215 | 3,704 |
| | | 13,361 | 82,773 | 96,134 |
| Total | \$ | 37,532 | \$ 407,012 | \$ 444,544 |
| | | December 31, 2013 | | |
| | | Acquired Impaired Loans | Acquired Performing Loans | Total Covered Loans |
| (Dollars in thousands) | | | | |
| Commercial loans: | | | | |
| Real estate | \$ | 14,904 | \$ 372,428 | \$ 387,332 |
| Business | | — | 37,025 | 37,025 |
| | | 14,904 | 409,453 | 424,357 |
| Residential mortgage loans: | | | | |
| Residential 1-4 family | | 28,223 | 125,802 | 154,025 |
| Construction / Owner Occupied | | — | — | — |
| | | 28,223 | 125,802 | 154,025 |
| Consumer and other loans: | | | | |
| Home equity | | 21,768 | 115,354 | 137,122 |
| Indirect automobile | | — | — | — |
| Other | | 1,182 | 3,107 | 4,289 |
| | | 22,950 | 118,461 | 141,411 |
| Total | \$ | 66,077 | \$ 653,716 | \$ 719,793 |

Loans Acquired

As discussed in Note 4, during 2014, the Company acquired loans of \$86.5 million from Trust One-Memphis, \$700.5 million from Teche, and \$299.3 million from First Private. Of the total \$1.1 billion of loans acquired in 2014, \$1.0 billion were determined to have no evidence of deteriorated credit quality and are accounted for under ASC Topics 310-10 and 310-20. The remaining \$66.7 million were determined to have deteriorated credit quality under ASC Topic 310-30. The tables below show the balances acquired during 2014 for these two subsections of the portfolio as of the acquisition date.

(Dollars in thousands)

| | |
|---|---------------------|
| Contractually required principal and interest at acquisition..... | \$ 1,224,635 |
| Expected losses and foregone interest | (20,790) |
| Cash flows expected to be collected at acquisition | 1,203,845 |
| Fair value of acquired loans at acquisition | \$ 1,014,903 |

| (Dollars in thousands) | Acquired Impaired Loans | Acquired Performing Impaired Loans | Total Acquired Loans |
|--|-------------------------------|---|----------------------------|
| Contractually required principal and interest at acquisition..... | \$ 71,871 | \$ 15,130 | \$ 87,001 |
| Nonaccretable difference (expected losses and foregone interest) ... | (6,117) | (361) | (6,478) |
| Cash flows expected to be collected at acquisition | 65,754 | 14,769 | 80,523 |
| Accretable yield | (12,312) | (1,536) | (13,848) |
| Basis in acquired loans at acquisition | \$ 53,442 | \$ 13,233 | \$ 66,675 |

The following is a summary of changes in the accretable difference for loans accounted for under ASC 310-30 of acquired impaired loans during the years ended December 31:

| (Dollars in thousands) | 2014 | | |
|--|-------------------------------|---|----------------------------|
| | Acquired Impaired Loans | Acquired Performing Impaired Loans | Total Acquired Loans |
| Balance at beginning of period | \$ 78,349 | \$ 276,543 | \$ 354,892 |
| Acquisition..... | 12,312 | 1,536 | 13,848 |
| Transfers from nonaccretable difference to accretable yield | 4,405 | 21,439 | 25,844 |
| Accretion | (15,095) | (88,138) | (103,233) |
| Changes in expected cash flows not affecting nonaccretable differences ⁽¹⁾ | (5,722) | 2,022 | (3,700) |
| Balance at end of period | \$ 74,249 | \$ 213,402 | \$ 287,651 |

| (Dollars in thousands) | 2013 | | |
|--|-------------------------------|---|----------------------------|
| | Acquired Impaired Loans | Acquired Performing Impaired Loans | Total Acquired Loans |
| Balance at beginning of period | \$ 76,623 | \$ 279,770 | \$ 356,393 |
| Transfers from nonaccretable difference to accretable yield | 7,849 | 42,894 | 50,743 |
| Accretion | (16,273) | (163,183) | (179,456) |
| Changes in expected cash flows not affecting nonaccretable differences ⁽¹⁾ | 10,150 | 117,062 | 127,212 |
| Balance at end of period | \$ 78,349 | \$ 276,543 | \$ 354,892 |

| | 2012 | | |
|--|-------------------------------|---|----------------------------|
| | Acquired Impaired Loans | Acquired Performing Impaired Loans | Total Acquired Loans |
| Balance at beginning of period | \$ 83,834 | \$ 386,977 | \$ 470,811 |
| Acquisition | 1,190 | 22,899 | 24,089 |
| Transfers from nonaccretable difference to accretable yield | (11,816) | (47,842) | (59,658) |
| Accretion | (30,417) | (218,892) | (249,309) |
| Changes in expected cash flows not affecting nonaccretable differences ⁽¹⁾ | 33,832 | 136,628 | 170,460 |
| Balance at end of period | \$ 76,623 | \$ 279,770 | \$ 356,393 |

⁽¹⁾ Includes changes in cash flows expected to be collected due to the impact of changes in actual or expected timing of liquidation events, modifications, changes in interest rates and changes in prepayment assumptions.

Troubled Debt Restructurings

Information about the Company's TDRs at December 31, 2014 and 2013 is presented in the following tables. The Company excludes as TDRs modifications of loans that are accounted for within a pool under ASC Topic 310-30, which include the covered loans above, as well as certain acquired loans. Accordingly, such modifications do not result in the removal of those loans from the pool, even if the modification of those loans would otherwise be considered a TDR. As a result, all covered and certain acquired loans that would otherwise meet the criteria for classification as a TDR are excluded from the tables below.

| (Dollars in thousands) | December 31, 2014 | | | | December 31, 2013 | | | |
|--|-------------------|-----------------------|--------------------|-----------------|-------------------|-----------------------|--------------------|------------------|
| | Accruing Loans | | Nonaccrual TDRs | Total TDRs | Accruing Loans | | Nonaccrual TDRs | Total TDRs |
| | Current | Past Due > 30 days | | | Current | Past Due > 30 days | | |
| Commercial real estate - Construction | \$ — | \$ — | \$ — | \$ — | \$ — | — | — | — |
| Commercial real estate - Other | 355 | — | — | 355 | 400 | — | 4,452 | 4,852 |
| Commercial business | 1,075 | — | 1,971 | 3,046 | 976 | — | 13,791 | 14,767 |
| Residential mortgage - Prime | — | — | — | — | — | — | — | — |
| Residential mortgage - Subprime | — | — | — | — | — | — | — | — |
| Consumer - Home equity | — | — | 238 | 238 | — | — | 258 | 258 |
| Consumer - Indirect automobile | — | — | — | — | — | — | — | — |
| Consumer - Credit card | — | — | — | — | — | — | — | — |
| Consumer - Other | — | — | — | — | — | — | — | — |
| Total | \$ 1,430 | \$ — | \$ 2,209 | \$ 3,639 | \$ 1,376 | \$ — | \$ 18,501 | \$ 19,877 |

At December 31, 2014, there were no TDRs that occurred during the current year through modification of the original loan terms. TDRs totaling \$14.6 million occurred during the year ending December 31, 2013. The following table provides information on how the TDRs were modified during years ended December 31:

| (Dollars in thousands) | 2014 | 2013 |
|---|-------------|------------------|
| Extended maturities | \$ — | \$ — |
| Interest rate adjustment | — | — |
| Maturity and interest rate adjustment | — | — |
| Movement to or extension of interest-rate only payments | — | — |
| Forbearance | — | 12,975 |
| Other concession(s) ⁽¹⁾ | — | 1,587 |
| Total | \$ — | \$ 14,562 |

⁽¹⁾ Other concessions include concessions or a combination of concessions that do not consist of maturity extensions, interest rate adjustments, forbearance or covenant modifications.

The Company had no commercial real estate, residential mortgage or consumer TDRs that were added during the years ended December 31, 2014 and 2013. Information about the Company's TDRs occurring in these periods is presented in the following table.

| | December 31, 2014 | | | December 31, 2013 | | |
|--|--------------------|---|---|--------------------|---|---|
| | Number of Loans | Pre-modification Outstanding Recorded Investment | Post-modification Outstanding Recorded Investment ⁽¹⁾ | Number of Loans | Pre-modification Outstanding Recorded Investment | Post-modification Outstanding Recorded Investment ⁽¹⁾ |
| (In thousands, except number of loans) | | | | | | |
| Commercial business | — | — | — | 9 | 14,835 | 12,429 |
| Total | — | \$ — | \$ — | 9 | \$ 14,835 | \$ 12,429 |

⁽¹⁾ Recorded investment includes any allowance for credit losses recorded on the TDRs at the dates indicated.

Information detailing non-covered TDRs that subsequently defaulted during the previous twelve months is presented in the following table. The Company has defined a default as any loan with a loan payment that is currently past due greater than 30 days, or was past due greater than 30 days at any point during the previous twelve months, or since the date of modification, whichever is shorter.

| | December 31, 2014 | | December 31, 2013 | |
|--|--------------------|------------------------|--------------------|------------------------|
| | Number of Loans | Recorded Investment | Number of Loans | Recorded Investment |
| (In thousands, except number of loans) | | | | |
| Commercial real estate | 30 | \$ — | 35 | \$ 4,452 |
| Commercial business | 9 | 1,600 | 17 | 12,808 |
| Residential mortgage - Prime | — | — | — | — |
| Consumer - Home Equity | — | — | 1 | 45 |
| Consumer - Indirect automobile | — | — | — | — |
| Consumer - Credit card | — | — | — | — |
| Consumer - Other | 1 | — | 1 | — |
| Total | 40 | \$ 1,600 | 54 | \$ 17,305 |

NOTE 7 – ALLOWANCE FOR CREDIT LOSSES AND CREDIT QUALITY

Allowance for Credit Losses Activity

A summary of changes in the allowance for credit losses for the covered loan and non-covered loan portfolios for the years ended December 31 is as follows:

| (Dollars in thousands) | 2014 | | | |
|---|-------------------|-----------------|------------------|-------------------|
| | Non-covered loans | | Covered Loans | Total |
| | Legacy Loans | Acquired Loans | | |
| Allowance for credit losses | | | | |
| Balance at beginning of period..... | \$ 67,342 | \$ 4,557 | \$ 71,175 | \$ 143,074 |
| (Reversal of) Provision for loan losses before benefit attributable to FDIC loss share agreements..... | 14,274 | (1,546) | 2,072 | 14,800 |
| Adjustment attributable to FDIC loss share arrangements..... | — | — | 4,260 | 4,260 |
| Net (reversal of) provision for loan losses..... | 14,274 | (1,546) | 6,332 | 19,060 |
| Adjustment attributable to FDIC loss share arrangements..... | — | — | (4,260) | (4,260) |
| Transfer of balance to OREO..... | — | (933) | (6,390) | (7,323) |
| Transfer of balance to non-covered..... | — | 8,661 | (8,661) | — |
| Loans charged-off..... | (11,312) | (2,073) | (13,470) | (26,855) |
| Recoveries..... | 5,870 | 527 | 38 | 6,435 |
| Balance at end of period..... | \$ 76,174 | \$ 9,193 | \$ 44,764 | \$ 130,131 |
| Reserve for unfunded lending commitments | | | | |
| Balance, beginning of period..... | \$ 11,147 | \$ — | \$ — | \$ 11,147 |
| Provision for unfunded lending commitments..... | 654 | — | — | 654 |
| Balance at end of period..... | \$ 11,801 | \$ — | \$ — | \$ 11,801 |
| | 2013 | | | |
| | Non-covered loans | | Covered Loans | Total |
| | Legacy Loans | Acquired Loans | | |
| Allowance for loan losses | | | | |
| Balance at beginning of period..... | \$ 74,211 | \$ 8,816 | \$ 168,576 | \$ 251,603 |
| (Reversal of) Provision for loan losses before adjustment attributable to FDIC loss share agreements..... | 6,828 | (3,158) | (54,610) | (50,940) |
| Adjustment attributable to FDIC loss share arrangements..... | — | — | 56,085 | 56,085 |
| Net (reversal of) provision for loan losses..... | 6,828 | (3,158) | 1,475 | 5,145 |
| Adjustment attributable to FDIC loss share arrangements..... | — | — | (56,085) | (56,085) |
| Transfer of balance to OREO..... | — | (1,085) | (27,041) | (28,126) |
| Transfer of balance to the RULC..... | (9,828) | — | — | (9,828) |
| Loans charged-off..... | (10,686) | (31) | (15,764) | (26,481) |
| Recoveries..... | 6,817 | 15 | 14 | 6,846 |
| Balance at end of period..... | 67,342 | 4,557 | \$ 71,175 | \$ 143,074 |
| Reserve for unfunded lending commitments | | | | |
| Balance, beginning of period..... | — | — | — | — |
| Transfer of balance from the allowance for loan losses..... | 9,828 | — | — | 9,828 |
| Provision for unfunded lending commitments..... | 1,319 | — | — | 1,319 |
| Balance at end of period..... | \$ 11,147 | \$ — | \$ — | \$ 11,147 |

| | 2012 | | | |
|---|-------------------|-----------------|-------------------|-------------------|
| | Non-covered loans | | Covered Loans | Total |
| | Legacy Loans | Acquired Loans | | |
| Allowance for loan losses | | | | |
| Balance at beginning of period | \$ 74,861 | \$ — | \$ 118,900 | \$ 193,761 |
| Provision for loan losses before adjustment attributable to FDIC loss share agreements | 3,804 | 9,799 | 91,153 | 104,756 |
| Adjustment attributable to FDIC loss share arrangements | — | — | (84,085) | (84,085) |
| Net provision for loan losses | 3,804 | 9,799 | 7,068 | 20,671 |
| Adjustment attributable to FDIC loss share arrangements | — | — | 84,085 | 84,085 |
| Transfer of balance to OREO | — | (826) | (26,343) | (27,169) |
| Loans charged-off | (9,728) | (179) | (15,153) | (25,060) |
| Recoveries | 5,274 | 22 | 19 | 5,315 |
| Balance at end of period | \$ 74,211 | \$ 8,816 | \$ 168,576 | \$ 251,603 |

A summary of changes in the allowance for credit losses for non-covered loans, by loan portfolio type, for the years ended December 31 is as follows:

| | 2014 | | | | |
|---|------------------------|---------------------|----------------------|------------------|------------------|
| | Commercial Real Estate | Commercial Business | Residential Mortgage | Consumer | Total |
| (Dollars in thousands) | | | | | |
| Allowance for loan losses | | | | | |
| Balance at beginning of period | \$ 26,590 | \$ 28,515 | \$ 2,546 | \$ 14,248 | \$ 71,899 |
| (Reversal of) Provision for loan losses | (295) | 4,302 | 694 | 8,027 | 12,728 |
| Transfer of balance to OREO | — | (868) | — | (65) | (933) |
| Transfer of balance to non-covered | 6,009 | 1,699 | — | 953 | 8,661 |
| Loans charged off | (2,247) | (1,659) | (613) | (8,866) | (13,385) |
| Recoveries | 2,964 | 105 | 248 | 3,080 | 6,397 |
| Balance at end of period | \$ 33,021 | \$ 32,094 | \$ 2,875 | \$ 17,377 | \$ 85,367 |
| Reserve for unfunded commitments | | | | | |
| Balance at beginning of period | \$ 3,089 | \$ 4,839 | \$ 72 | \$ 3,147 | \$ 11,147 |
| (Reversal of) Provision for unfunded commitments | 350 | 421 | 96 | (213) | 654 |
| Balance at end of period | \$ 3,439 | \$ 5,260 | \$ 168 | \$ 2,934 | \$ 11,801 |
| Allowance on loans individually evaluated for impairment | \$ 20 | \$ 407 | \$ — | \$ 3 | \$ 430 |
| Allowance on loans collectively evaluated for impairment | 33,001 | 31,687 | 2,875 | 17,374 | 84,939 |
| Loans, net of unearned income: | | | | | |
| Balance at end of period | \$ 4,216,007 | \$ 3,377,689 | \$ 952,273 | \$ 2,450,531 | \$ 10,996,500 |
| Balance at end of period individually evaluated for impairment | 7,013 | 3,988 | — | 699 | 11,700 |
| Balance at end of period collectively evaluated for impairment | 4,186,968 | 3,369,982 | 936,604 | 2,438,569 | 10,932,123 |
| Balance at end of period acquired with deteriorated credit quality | 22,026 | 3,719 | 15,669 | 11,263 | 52,677 |

| | 2013 | | | | |
|---|---------------------------|------------------------|-------------------------|------------------|------------------|
| | Commercial Real Estate | Commercial Business | Residential Mortgage | Consumer | Total |
| (Dollars in thousands) | | | | | |
| Allowance for credit losses | | | | | |
| Balance at beginning of period | \$ 38,264 | \$ 28,721 | \$ 2,125 | \$ 13,917 | \$ 83,027 |
| (Reversal of) Provision for loan losses | (8,830) | 3,543 | 860 | 8,097 | 3,670 |
| Transfer of balance to OREO | (319) | (113) | (646) | (7) | (1,085) |
| Transfer of balance to the RULC | (2,939) | (3,497) | (40) | (3,352) | (9,828) |
| Loans charged off | (2,940) | (516) | (518) | (6,743) | (10,717) |
| Recoveries | 3,354 | 377 | 765 | 2,336 | 6,832 |
| Balance at end of period | \$ 26,590 | \$ 28,515 | \$ 2,546 | \$ 14,248 | \$ 71,899 |
| Reserve for unfunded commitments | | | | | |
| Balance at beginning of period | \$ — | \$ — | \$ — | \$ — | \$ — |
| Transfer of balance from the allowance for loan losses | 2,939 | 3,497 | 40 | 3,352 | 9,828 |
| Provision for unfunded commitments | 150 | 1,342 | 32 | (205) | 1,319 |
| Balance at end of period | \$ 3,089 | \$ 4,839 | \$ 72 | \$ 3,147 | \$ 11,147 |
| Allowance on loans individually evaluated for impairment | \$ 8 | \$ 841 | \$ 180 | \$ — | \$ 1,029 |
| Allowance on loans collectively evaluated for impairment | 26,582 | 27,674 | 2,366 | 14,248 | 70,870 |
| Loans, net of unearned income: | | | | | |
| Balance at end of period | \$ 3,479,973 | \$ 2,959,088 | \$ 432,507 | \$ 1,900,658 | \$ 8,772,226 |
| Balance at end of period individually evaluated for impairment | 8,705 | 15,812 | 1,407 | 258 | 26,182 |
| Balance at end of period collectively evaluated for impairment | 3,459,028 | 2,943,246 | 430,974 | 1,899,013 | 8,732,261 |
| Balance at end of period acquired with deteriorated credit quality | 12,240 | 30 | 126 | 1,387 | 13,783 |

| | 2012 | | | | |
|---|---------------------------|------------------------|-------------------------|------------------|------------------|
| | Commercial Real estate | Commercial Business | Residential Mortgage | Consumer | Total |
| (Dollars in thousands) | | | | | |
| Allowance for credit losses | | | | | |
| Balance at beginning of period | \$ 35,604 | \$ 25,705 | \$ 897 | \$ 12,655 | \$ 74,861 |
| (Reversal of) Provision for loan losses | 1,786 | 4,021 | 2,578 | 5,218 | 13,603 |
| Transfer of balance to OREO | (292) | — | (525) | (9) | (826) |
| Loans charged off | (2,000) | (1,116) | (863) | (5,928) | (9,907) |
| Recoveries | 3,166 | 111 | 38 | 1,981 | 5,296 |
| Balance at end of period | \$ 38,264 | \$ 28,721 | \$ 2,125 | \$ 13,917 | \$ 83,027 |
| Allowance on loans individually evaluated for impairment | \$ 226 | \$ 449 | \$ 163 | \$ 42 | \$ 880 |
| Allowance on loans collectively evaluated for impairment | 38,038 | 28,272 | 1,962 | 13,875 | 82,147 |
| Loans, net of unearned income: | | | | | |
| Balance at end of period | \$ 2,990,700 | \$ 2,450,667 | \$ 290,040 | \$ 1,674,417 | \$ 7,405,824 |
| Balance at end of period individually evaluated for impairment | 28,052 | 4,401 | 1,703 | 315 | 34,471 |
| Balance at end of period collectively evaluated for impairment | 2,906,792 | 2,442,796 | 288,007 | 1,669,067 | 7,306,662 |
| Balance at end of period acquired with deteriorated credit quality | 55,856 | 3,470 | 330 | 5,035 | 64,691 |

A summary of changes in the allowance for credit losses for covered loans, by loan portfolio type, for the years ended December 31 is as follows:

| | 2014 | | | | |
|--|---------------------------|------------------------|-------------------------|------------------|------------------|
| | Commercial Real Estate | Commercial Business | Residential Mortgage | Consumer | Total |
| (Dollars in thousands) | | | | | |
| Allowance for loan losses | | | | | |
| Balance at beginning of period | \$ 38,772 | \$ 5,380 | \$ 10,889 | \$ 16,134 | \$ 71,175 |
| (Reversal of) Provision for loan losses | 3,058 | 399 | 1,168 | 1,707 | 6,332 |
| (Decrease) Increase in FDIC loss share receivable | 227 | 509 | (3,854) | (1,142) | (4,260) |
| Transfer of balance to OREO | (1,897) | (1,162) | (1,719) | (1,612) | (6,390) |
| Transfer of balance to non-covered | (6,009) | (1,699) | — | (953) | (8,661) |
| Loans charged off | (10,117) | (2,192) | (198) | (963) | (13,470) |
| Recoveries | 38 | — | — | — | 38 |
| Balance at end of period | \$ 24,072 | \$ 1,235 | \$ 6,286 | \$ 13,171 | \$ 44,764 |
| Allowance on loans individually evaluated for impairment .. | \$ — | \$ — | \$ — | \$ — | \$ — |
| Allowance on loans collectively evaluated for impairment ... | 24,072 | 1,235 | 6,286 | 13,171 | 44,764 |
| Loans, net of unearned income: | | | | | |
| Balance at end of period | \$ 189,126 | \$ 31,260 | \$ 128,024 | \$ 96,134 | \$ 444,544 |
| Balance at end of period individually evaluated for impairment | — | — | — | — | — |
| Balance at end of period collectively evaluated for impairment | 187,873 | 31,260 | 105,106 | 82,773 | 407,012 |
| Balance at end of period acquired with deteriorated credit quality | 1,253 | — | 22,918 | 13,361 | 37,532 |
| (Dollars in thousands) | | | | | |
| | 2013 | | | | |
| | Commercial Real Estate | Commercial Business | Residential Mortgage | Consumer | Total |
| Allowance for credit losses | | | | | |
| Balance at beginning of period | \$ 100,871 | \$ 11,375 | \$ 22,566 | \$ 33,764 | \$ 168,576 |
| (Reversal of) Provision for loan losses | 1,523 | (649) | 286 | 315 | 1,475 |
| (Decrease) Increase in FDIC loss share receivable | (28,238) | (5,032) | (4,896) | (17,919) | (56,085) |
| Transfer of balance to OREO | (19,634) | (314) | (7,067) | (26) | (27,041) |
| Loans charged off | (15,764) | — | — | — | (15,764) |
| Recoveries | 14 | — | — | — | 14 |
| Balance at end of period | \$ 38,772 | \$ 5,380 | \$ 10,889 | \$ 16,134 | \$ 71,175 |
| Allowance on loans individually evaluated for impairment | \$ — | \$ — | \$ — | \$ — | \$ — |
| Allowance on loans collectively evaluated for impairment | 38,772 | 5,380 | 10,889 | 16,134 | 71,175 |
| Loans, net of unearned income: | | | | | |
| Balance at end of period | \$ 387,332 | \$ 37,025 | \$ 154,025 | \$ 141,411 | \$ 719,793 |
| Balance at end of period individually evaluated for impairment | — | — | — | — | — |
| Balance at end of period collectively evaluated for impairment | 372,428 | 37,025 | 125,802 | 118,461 | 653,716 |
| Balance at end of period acquired with deteriorated credit quality | 14,904 | — | 28,223 | 22,950 | 66,077 |

| | 2012 | | | | |
|---|---------------------------|------------------------|-------------------------|------------------|-------------------|
| | Commercial Real estate | Commercial business | Residential Mortgage | Consumer | Total |
| (Dollars in thousands) | | | | | |
| Allowance for credit losses | | | | | |
| Balance at beginning of period | \$ 69,175 | \$ 9,788 | \$ 21,184 | \$ 18,753 | \$ 118,900 |
| (Reversal of) Provision for loan losses | 4,970 | 964 | 323 | 811 | 7,068 |
| (Decrease) Increase in FDIC loss share receivable ... | 51,543 | 3,616 | 13,895 | 15,031 | 84,085 |
| Transfer of balance to OREO | (11,202) | (2,993) | (11,323) | (825) | (26,343) |
| Loans charged off | (13,631) | — | (1,513) | (9) | (15,153) |
| Recoveries | 16 | — | — | 3 | 19 |
| Balance at end of period | \$ 100,871 | \$ 11,375 | \$ 22,566 | \$ 33,764 | \$ 168,576 |
| Allowance on loans individually evaluated for impairment | \$ — | \$ — | \$ — | \$ — | \$ — |
| Allowance on loans collectively evaluated for impairment .. | 100,871 | 11,375 | 22,566 | 33,764 | 168,576 |
| Loans, net of unearned income: | | | | | |
| Balance at end of period | \$ 640,843 | \$ 87,051 | \$ 187,164 | \$ 177,698 | \$ 1,092,756 |
| Balance at end of period individually evaluated for impairment | — | — | — | — | — |
| Balance at end of period collectively evaluated for impairment | 473,101 | 84,294 | 166,932 | 154,784 | 879,111 |
| Balance at end of period acquired with deteriorated credit quality | 167,742 | 2,757 | 20,232 | 22,914 | 213,645 |

Credit Quality

The Company's investment in non-covered loans by credit quality indicator is presented in the following tables. Because of the difference in accounting for acquired loans, the tables below further segregate the Company's non-covered loans between legacy loans and acquired loans. Loan premiums/discounts in the tables below represent the adjustment of non-covered acquired loans to fair value at the acquisition date, as adjusted for income accretion and changes in cash flow estimates in subsequent periods. Asset risk classifications for commercial loans reflect the classification as of December 31, 2014 and 2013, respectively. Credit quality information in the tables below includes loans acquired at the gross loan balance, prior to the application of premiums/discounts, at December 31, 2014 and 2013.

| | Legacy loans | | | | | | | | | |
|--|--------------------|--------------------|------------------|-----------------|--------------------|--------------------|--------------------|------------------|-----------------|--------------------|
| | December 31, 2014 | | | | | December 31, 2013 | | | | |
| | Pass | Special Mention | Sub- standard | Doubtful | Total | Pass | Special Mention | Sub- standard | Doubtful | Total |
| (Dollars in thousands) | | | | | | | | | | |
| Commercial real estate - Construction | \$ 483,930 | \$ 240 | \$ 69 | \$ — | \$ 484,239 | \$ 370,824 | \$ 9,309 | \$ 2,962 | \$ — | \$ 383,095 |
| Commercial real estate - Other | 3,161,593 | 49,847 | 22,217 | 162 | 3,233,819 | 2,694,161 | 27,227 | 30,308 | 113 | 2,751,809 |
| Commercial business | 3,245,912 | 7,330 | 28,965 | 1,933 | 3,284,140 | 2,866,794 | 6,164 | 32,167 | 926 | 2,906,051 |
| Total | \$6,891,435 | \$57,417 | \$51,251 | \$ 2,095 | \$7,002,198 | \$5,931,779 | \$42,700 | \$65,437 | \$ 1,039 | \$6,040,955 |

| | Legacy loans | | | | | |
|---------------------------------------|---------------------|----------------------|---------------------|---------------------|----------------------|---------------------|
| | December 31, 2014 | | | December 31, 2013 | | |
| | Current | 30+ Days Past Due | Total | Current | 30+ Days Past Due | Total |
| (Dollars in thousands) | | | | | | |
| Residential mortgage - Prime | \$ 392,900 | \$ 15,310 | \$ 408,210 | \$ 286,167 | \$ 11,640 | \$ 297,807 |
| Residential mortgage - Subprime | 115,889 | 3,595 | 119,484 | 114,939 | 1,626 | 116,565 |
| Consumer - Home equity | 1,278,865 | 12,111 | 1,290,976 | 1,091,894 | 9,333 | 1,101,227 |
| Consumer - Indirect automobile | 392,504 | 4,262 | 396,766 | 370,388 | 2,995 | 373,383 |
| Consumer - Credit card | 71,297 | 1,448 | 72,745 | 62,873 | 769 | 63,642 |
| Consumer - Other | 375,853 | 2,482 | 378,335 | 293,693 | 1,049 | 294,742 |
| Total | \$ 2,627,308 | \$ 39,208 | \$ 2,666,516 | \$ 2,219,954 | \$ 27,412 | \$ 2,247,366 |

Non-covered acquired loans

| (Dollars in thousands) | December 31, 2014 | | | | | | December 31, 2013 | | | | | |
|---|-------------------|------------------|------------------|---------------|--------------------|------------------|-------------------|-----------------|------------------|--------------|--------------------|------------------|
| | Pass | Special Mention | Substandard | Doubtful | Discount | Total | Pass | Special Mention | Substandard | Doubtful | Discount | Total |
| Commercial real estate - Construction.... | \$ 24,118 | \$ 2,006 | \$ 4,624 | \$ — | \$ (1,170) | \$ 29,578 | \$ 21,244 | \$ — | \$ 1,519 | \$ — | \$ (2,532) | \$ 20,231 |
| Commercial real estate - Other.... | 445,557 | 12,794 | 49,139 | — | (39,119) | 468,371 | 350,412 | 5,096 | 21,413 | 93 | (52,176) | 324,838 |
| Commercial business..... | 91,837 | 1,861 | 4,818 | 257 | (5,224) | 93,549 | 53,533 | 517 | 1,901 | — | (2,914) | 53,037 |
| Total | \$ 561,512 | \$ 16,661 | \$ 58,581 | \$ 257 | \$ (45,513) | \$591,498 | \$ 425,189 | \$ 5,613 | \$ 24,833 | \$ 93 | \$ (57,622) | \$398,106 |

Non-covered acquired loans

| (Dollars in thousands) | December 31, 2014 | | | | December 31, 2013 | | | |
|-------------------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|--------------------|------------------|
| | Current | 30+ Days Past Due | Premium (discount) | Total | Current | 30+ Days Past Due | Premium (discount) | Total |
| Residential mortgage - Prime | \$ 418,552 | \$ 11,858 | \$ (5,831) | \$ 424,579 | \$ 18,796 | \$ 226 | \$ (887) | \$ 18,135 |
| Consumer - Home equity | 216,310 | 9,808 | (8,419) | 217,699 | 53,995 | 5,071 | (5,623) | 53,443 |
| Consumer - Indirect automobile..... | 393 | 39 | (40) | 392 | 1,725 | 128 | — | 1,853 |
| Consumer - Other..... | 94,315 | 3,520 | (4,217) | 93,618 | 12,598 | 1,251 | (1,481) | 12,368 |
| Total..... | \$ 729,570 | \$ 25,225 | \$ (18,507) | \$ 736,288 | \$ 87,114 | \$ 6,676 | \$ (7,991) | \$ 85,799 |

The Company's investment in covered loans by credit quality indicator is presented in the following table. Loan premiums/discounts in the tables below represent the adjustment of covered loans to net book value before allowance at the reporting date.

Covered loans

| (Dollars in thousands) | December 31, 2014 | | | | | December 31, 2013 | | | | |
|--|-------------------|-----------------|------------------|-------------|------------------|-------------------|-----------------|-------------------|-----------------|------------------|
| | Pass | Special Mention | Substandard | Doubtful | Total | Pass | Special Mention | Substandard | Doubtful | Total |
| Commercial real estate - Construction..... | \$ 34,731 | \$ 1,928 | \$ 8,008 | \$ — | \$ 44,667 | \$ 42,886 | \$ 7,401 | \$ 23,891 | \$ 497 | \$ 74,675 |
| Commercial real estate - Other | 87,509 | 20,422 | 51,252 | — | 159,183 | 148,579 | 49,699 | 144,680 | 3,267 | 346,225 |
| Commercial business..... | 23,380 | 395 | 9,275 | — | 33,050 | 30,710 | 780 | 14,556 | 984 | 47,030 |
| | \$145,620 | \$22,745 | \$ 68,535 | \$ — | \$236,900 | \$222,175 | \$57,880 | \$ 183,127 | \$ 4,748 | \$467,930 |
| Discount | | | | | (16,514) | | | | | (43,573) |
| Total..... | | | | | \$220,386 | | | | | \$424,357 |

Covered loans

| (Dollars in thousands) | December 31, 2014 | | | | December 31, 2013 | | | |
|------------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|--------------------|-------------------|
| | Current | 30+ Days Past Due | Premium (discount) | Total | Current | 30+ Days Past Due | Premium (discount) | Total |
| Residential prime | \$ 140,628 | \$ 22,058 | \$ (34,662) | \$ 128,024 | \$ 158,710 | \$ 30,814 | \$ (35,499) | \$ 154,025 |
| Consumer - Home equity | 99,478 | 16,542 | (23,590) | 92,430 | 143,236 | 35,811 | (41,925) | 137,122 |
| Consumer - Credit card | 614 | 34 | — | 648 | 648 | 31 | — | 679 |
| Consumer - Other..... | 337 | 18 | 2,701 | 3,056 | 591 | 144 | 2,875 | 3,610 |
| Total..... | \$ 241,057 | \$ 38,652 | \$ (55,551) | \$ 224,158 | \$ 303,185 | \$ 66,800 | \$ (74,549) | \$ 295,436 |

Legacy Impaired Loans

Information on the Company's investment in legacy impaired loans is presented in the following tables as of and for the periods indicated.

| December 31, 2014 | | | | | |
|--|---------------------|--------------------------|-------------------|-----------------------------|----------------------------|
| (Dollars in thousands) | Recorded Investment | Unpaid Principal Balance | Related Allowance | Average Recorded Investment | Interest Income Recognized |
| With no related allowance recorded: | | | | | |
| Commercial real estate | \$ 6,680 | \$ 6,680 | \$ — | \$ 6,703 | \$ 132 |
| Commercial business | 2,483 | 2,483 | — | 2,873 | 57 |
| Consumer - Home equity | 682 | 682 | — | 696 | 19 |
| With an allowance recorded: | | | | | |
| Commercial real estate | 1,068 | 1,093 | (25) | 1,158 | 39 |
| Commercial business | 1,212 | 1,620 | (408) | 2,117 | 23 |
| Residential mortgage - Prime | 10,532 | 10,768 | (236) | 10,577 | 11 |
| Residential mortgage - Subprime | 3,579 | 3,595 | (16) | 3,686 | 99 |
| Consumer - Home equity | 7,121 | 7,165 | (44) | 7,544 | 43 |
| Consumer - Indirect automobile | 1,410 | 1,419 | (9) | 2,016 | 51 |
| Consumer - Credit card | 1,012 | 1,032 | (20) | 797 | — |
| Consumer - Other | 781 | 790 | (9) | 1,009 | 39 |
| Total | \$ 36,560 | \$ 37,327 | \$ (767) | \$ 39,176 | \$ 513 |
| Total commercial loans | \$ 11,443 | \$ 11,876 | \$ (433) | \$ 12,851 | \$ 251 |
| Total mortgage loans | 14,111 | 14,363 | (252) | 14,263 | 110 |
| Total consumer loans | 11,006 | 11,088 | (82) | 12,062 | 152 |

| December 31, 2013 | | | | | |
|--|---------------------|--------------------------|-------------------|-----------------------------|----------------------------|
| (Dollars in thousands) | Recorded Investment | Unpaid Principal Balance | Related Allowance | Average Recorded Investment | Interest Income Recognized |
| With no related allowance recorded: | | | | | |
| Commercial real estate | \$ 8,567 | \$ 8,567 | \$ — | \$ 10,443 | \$ 43 |
| Commercial business | 13,256 | 13,256 | — | 11,074 | 170 |
| Consumer - Home equity | 258 | 258 | — | 281 | 1 |
| With an allowance recorded: | | | | | |
| Commercial real estate | 1,268 | 1,284 | (16) | 4,414 | 8 |
| Commercial business | 1,927 | 2,770 | (843) | 2,892 | 100 |
| Residential mortgage - Prime | 9,791 | 10,019 | (228) | 8,096 | 98 |
| Residential mortgage - Subprime | 1,617 | 1,626 | (9) | 1,579 | — |
| Consumer - Home equity | 6,506 | 6,550 | (44) | 7,593 | 93 |
| Consumer - Indirect automobile | 1,267 | 1,275 | (8) | 2,090 | 55 |
| Consumer - Credit card | 404 | 411 | (7) | 418 | — |
| Consumer - Other | 481 | 485 | (4) | 765 | 19 |
| Total | \$ 45,342 | \$ 46,501 | \$ (1,159) | \$ 49,645 | \$ 587 |
| Total commercial loans | \$ 25,018 | \$ 25,877 | \$ (859) | \$ 28,823 | \$ 321 |
| Total mortgage loans | 11,408 | 11,645 | (237) | 9,675 | 98 |
| Total consumer loans | 8,916 | 8,979 | (63) | 11,147 | 168 |

As of December 31, 2014 and 2013, the Company was not committed to lend additional funds to any customer whose loan was classified as impaired or as a troubled debt restructuring.

NOTE 8 – LOSS SHARING AGREEMENTS AND FDIC LOSS SHARE RECEIVABLE

Loss Sharing Agreements

In 2009, the Company acquired substantially all of the assets and liabilities of CSB, and certain assets and assumed certain deposits and other liabilities of Orion and Century. In 2010, the Company acquired certain assets, deposits, and other liabilities of Sterling. Excluding consumer loans acquired from Sterling, the loans and foreclosed real estate that were acquired in these transactions are covered by loss share agreements between the FDIC and IBERIABANK, which afford IBERIABANK loss protection.

During the reimbursable loss periods, the FDIC will cover 80% of covered loan and foreclosed real estate losses up to certain thresholds for all four acquisitions, and 95% of losses that exceed contractual thresholds for CSB, Orion, and Century. The CSB reimbursable loss period ended as of October 1, 2014 for all covered assets excluding single family residential assets. The CSB reimbursable loss period for single family residential assets will end during the third quarter of 2019. The Century and Orion reimbursable loss periods ended as of January 1, 2015 for all covered assets excluding single family residential assets and will end during the fourth quarter of 2019 for single family residential assets. The Sterling reimbursable loss period ends during the third quarter of 2015 for all covered assets excluding single family residential assets and will end during the third quarter of 2020 for single family residential assets. To the extent that loss share coverage ends prior to triggering events on covered assets that would enable the Company to collect these amounts from the FDIC, future impairments may be required.

In addition, all covered assets, excluding single family residential assets, have a three year recovery period, which begins upon expiration of the reimbursable loss period. During the recovery periods, the Company must reimburse the FDIC for its share of any recovered losses, net of certain expenses, consistent with the covered loss reimbursement rates in effect during the recovery periods.

The Orion, Century, and Sterling loss share agreements include “clawback” provisions. The clawback provisions require the Company to make payments to the FDIC to the extent that specified cumulative loss floors are not met. For each of the three loss share agreements that contain clawback provisions, cumulative losses have exceeded the cumulative loss floors that would trigger a clawback payment. Previously, the sum of the historical and remaining projected losses and recoveries under one agreement was less than the clawback threshold stated in that agreement. The Company had \$0.8 million recorded at December 31, 2013, to reserve for the amount of clawback consideration due to the FDIC based on projected net losses. As of December 31, 2014, projected net losses indicate that a clawback payment is no longer probable. Accordingly, the reserve balance was reversed in 2014 through a reduction of expense in the Company’s consolidated statement of comprehensive income for the year ended December 31, 2014. Improvement in the performance of covered assets in excess of current expectations, particularly in regard to improvements in recoveries and/or reduced losses, through expiration of the recovery periods could result in reduced levels of cumulative losses that trigger the clawback provisions within any or all of the applicable loss share agreements.

FDIC loss share receivables

The Company recorded indemnification assets in the form of FDIC loss share receivables as of the acquisition date of each of the four banks covered by loss share agreements. At acquisition, the indemnification assets represented the fair value of the expected cash flows to be received from the FDIC under the loss share agreements. Subsequent to acquisition, the FDIC loss share receivables are updated to reflect changes in actual and expected amounts collectible adjusted for amortization.

The following is a summary of FDIC loss share receivables year-to-date activity:

| (Dollars in thousands) | December 31 | |
|---|------------------|-------------------|
| | 2014 | 2013 |
| Balance at beginning of period..... | \$ 162,312 | \$ 423,069 |
| Change due to (reversal of) loan loss provision recorded on FDIC covered loans | (4,260) | (56,085) |
| Amortization..... | (74,617) | (97,849) |
| Recoveries payable (submission of reimbursable losses) to the FDIC | 3,282 | (52,586) |
| Impairment | (5,121) | (31,813) |
| Changes due to a change in cash flow assumptions on OREO and other changes..... | (11,969) | (22,424) |
| Balance at end of period | \$ 69,627 | \$ 162,312 |

Impairment of FDIC loss share receivables

Based on improving economic trends, their impact on the amount and timing of expected future cash flows, and delays in the foreclosure process, during the loss share receivable collectability assessment completed for the year ended December 31, 2014, the Company concluded that certain expected losses were probable of not being collected from either the FDIC or the customer because such projected losses were no longer expected to occur or were expected to occur beyond the reimbursable loss periods specified within the loss share agreements. Management deemed an impairment charge necessary for the year ended December 31, 2014 for \$5.1 million attributable to losses on OREO transactions that moved beyond the loss share term.

On April 10, 2013, management concluded that an impairment charge of \$31.8 million was required and was recognized in the Company's consolidated financial statements during the three-month period ended March 31, 2013.

FDIC loss share receivables collectability assessment

The Company assesses the FDIC loss share receivables for collectability on a quarterly basis. Based on the collectability analysis completed for the year ended December 31, 2014, the Company concluded that the \$69.6 million FDIC loss share receivable is fully collectible as of December 31, 2014.

NOTE 9 –TRANSFERS AND SERVICING OF FINANCIAL ASSETS (INCLUDING MORTGAGE BANKING ACTIVITY)

Commercial Banking Activity

The unpaid principal balances of loans serviced for others were \$533.8 million and \$345.0 million at December 31, 2014 and 2013, respectively. Custodial escrow balances maintained in connection with the foregoing portfolio of loans serviced for others, and included in demand deposits, were immaterial at December 31, 2014 and 2013.

Mortgage Banking Activity

IBERIABANK through its subsidiary, IMC, originates mortgage loans for sale into the secondary market. The loans originated primarily consist of residential first mortgages that conform to standards established by the GSEs, but can also consist of junior lien loans secured by residential property. These sales are primarily to private companies that are unaffiliated with the GSEs on a servicing released basis. Changes to the carrying amount of mortgage loans held for sale at December 31 are presented in the following table.

| (Dollars in thousands) | 2014 | 2013 | 2012 |
|--------------------------------------|-------------------|-------------------|-------------------|
| Balance at beginning of period | \$ 128,442 | \$ 267,475 | \$ 153,013 |
| Originations and Purchases | 1,675,538 | 2,116,460 | 2,432,367 |
| Sales, net of gains | (1,657,409) | (2,255,493) | (2,317,905) |
| Other | (6,499) | — | — |
| Balance at end of period | \$ 140,072 | \$ 128,442 | \$ 267,475 |

The following table details the components of mortgage income for the years ended December 31:

| (Dollars in thousands) | 2014 | 2013 | 2012 |
|---|------------------|------------------|------------------|
| Fair value changes of derivatives and mortgage loans held for sale: | | | |
| Mortgage loans held for sale and derivatives | \$ 631 | \$ (4,822) | \$ 6,772 |
| Derivative settlements | (8,743) | 3,100 | — |
| Gains on sales | 59,156 | 65,393 | 70,811 |
| Servicing and other income, net | 753 | 526 | 470 |
| | \$ 51,797 | \$ 64,197 | \$ 78,053 |

Mortgage Servicing Rights

Mortgage servicing rights are recorded at the lower of cost or market in “Other assets” on the consolidated balance sheets and are amortized over the remaining servicing life of the loans, with consideration given to prepayment assumptions. Mortgage servicing rights had the following carrying values as of December 31:

| (Dollars in thousands) | 2014 | | | 2013 | | |
|---------------------------------|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Mortgage servicing rights | \$ 4,751 | \$ (1,253) | \$ 3,498 | \$ 2,146 | \$ (638) | \$ 1,508 |

The related amortization expense of mortgage servicing rights is as follows:

| (Dollars in thousands) | Amount |
|--|----------|
| Aggregate amortization expense for the years ended December 31: | |
| 2012 | \$ 225 |
| 2013 | 480 |
| 2014 | 759 |
| Estimated amortization expense for the years ended December 31: | |
| 2015 | \$ 1,550 |
| 2016 | 697 |
| 2017 | 531 |
| 2018 | 371 |
| 2019 | 230 |
| 2020 and thereafter | 119 |

NOTE 10 – PREMISES AND EQUIPMENT

Premises and equipment consisted of the following at December 31:

| (Dollars in thousands) | 2014 | 2013 |
|--|-------------------|-------------------|
| Land | \$ 75,916 | \$ 77,113 |
| Buildings | 232,727 | 217,469 |
| Furniture, fixtures and equipment | 128,388 | 110,663 |
| Total premises and equipment | 437,031 | 405,245 |
| Accumulated depreciation | (129,872) | (117,735) |
| Total premises and equipment, net | \$ 307,159 | \$ 287,510 |

Depreciation expense was \$19.4 million, \$19.6 million, and \$18.3 million, for the years ended December 31, 2014, 2013, and 2012, respectively.

The Company actively engages in leasing office space available in buildings it owns. Leases have different terms ranging from monthly rental to five-year leases. For the year ended December 31, 2014, income from these leases averaged \$0.1 million per month. Total lease income for the years ended December 31, 2014, 2013, and 2012 was \$1.6 million, \$1.5 million, and \$1.6 million, respectively. Income from leases is reported as a reduction in occupancy and equipment expense. The total allocated cost of the portion of the buildings held for lease at December 31, 2014 and 2013 was \$7.6 million and \$9.5 million, respectively, with related accumulated depreciation of \$2.4 million and \$3.0 million, respectively.

The Company leases certain branch and corporate offices, land and ATM facilities through non-cancelable operating leases with terms that range from one to 50 years, with renewal options thereafter. Certain of the leases have escalation clauses and renewal options ranging from monthly renewal to 50 years. Rent expense for the years ended December 31, 2014, 2013, and 2012 totaled \$10.7 million, \$11.4 million, and \$10.6 million, respectively.

Minimum future annual rent commitments under lease agreements for the periods indicated are as follows:

| (Dollars in thousands) | |
|---------------------------|-------------------------|
| 2015 | \$ 11,541 |
| 2016 | 9,878 |
| 2017 | 8,153 |
| 2018 | 7,333 |
| 2019 | 6,214 |
| 2020 and thereafter | 31,860 |
| | <u><u>\$ 74,979</u></u> |

NOTE 11 – GOODWILL AND OTHER ACQUIRED INTANGIBLE ASSETS

Goodwill

Changes to the carrying amount of goodwill by reporting unit for the years ended December 31, 2014 and 2013 are provided in the following table.

| (Dollars in thousands) | IBERIABANK | IMC | LTC | Total |
|---|--------------------------|-------------------------|------------------------|--------------------------|
| Balance, December 31, 2012 | \$ 373,905 | \$ 23,178 | \$ 4,789 | \$ 401,872 |
| Goodwill acquired during the year | — | — | — | — |
| Balance, December 31, 2013 | 373,905 | \$ 23,178 | \$ 4,789 | 401,872 |
| Goodwill acquired during the year | 115,278 | — | 376 | 115,654 |
| Balance, December 31, 2014 | <u><u>\$ 489,183</u></u> | <u><u>\$ 23,178</u></u> | <u><u>\$ 5,165</u></u> | <u><u>\$ 517,526</u></u> |

The goodwill acquired in 2014 was a result of the Trust One-Memphis, Teche, First Private, The Title Company, LLC and Louisiana Abstract and Title, LLC acquisitions. See Note 4 for further information.

The Company performed the required annual goodwill impairment test as of October 1, 2014. The Company's annual impairment test did not indicate impairment in any of the Company's reporting units as of the testing date. Subsequent to the testing date, management has evaluated the events and changes that could indicate that goodwill might be impaired and concluded that a subsequent test is not required.

Prior to 2012, the Company recognized goodwill impairment of \$9.7 million at the Company's LTC reporting unit based on a decrease in operating revenue and income, which resulted in the conclusion that the fair value of LTC may have been reduced below its carrying amount.

Title Plant

The Company held title plant assets recorded in "Other assets" on the consolidated balance sheets totaling \$6.7 million at both December 31, 2014 and 2013, respectively. No events or changes in circumstances occurred during 2014 or 2013 to suggest the carrying value of the title plant was not recoverable.

Intangible assets subject to amortization

Definite-lived intangible assets had the following carrying values included in “Other assets” on the Company’s consolidated balance sheets as of December 31:

| (Dollars in thousands) | 2014 | | | 2013 | | |
|---|-----------------------|--------------------------|---------------------|-----------------------|--------------------------|---------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Core deposit intangibles..... | \$ 55,949 | \$ (36,354) | \$ 19,595 | \$ 45,406 | \$ (30,784) | \$ 14,622 |
| Customer relationship intangible asset..... | 1,348 | (822) | 526 | 1,348 | (631) | 717 |
| Non-compete agreement..... | 163 | (82) | 81 | — | — | — |
| Other intangible assets..... | 205 | (46) | 159 | — | — | — |
| Total..... | \$ 57,665 | \$ (37,304) | \$ 20,361 | \$ 46,754 | \$ (31,415) | \$ 15,339 |

The related amortization expense of intangible assets is as follows:

| (Dollars in thousands) | Amount |
|--|----------|
| Aggregate amortization expense for the years ended December 31: | |
| 2012 | \$ 5,150 |
| 2013 | 4,720 |
| 2014 | 5,807 |
| Estimated amortization expense for the years ended December 31: | |
| 2015 | \$ 5,646 |
| 2016 | 5,187 |
| 2017 | 3,586 |
| 2018 | 2,597 |
| 2019 | 1,877 |
| 2020 and thereafter..... | 1,468 |

NOTE 12 – OTHER REAL ESTATE OWNED

Other real estate owned is included in Other assets on the Company’s consolidated balance sheets. Other real estate owned, segregated into non-covered and covered properties, consists of the following at December 31 for the periods indicated. For further discussion of loss share coverage periods applicable to the covered foreclosed assets, see Note 8 to these consolidated financial statements.

| (Dollars in thousands) | 2014 | | | 2013 | | |
|---|------------------|------------------------|------------------|------------------|------------------|------------------|
| | Non-covered | Covered ⁽¹⁾ | Total | Non-covered | Covered | Total |
| Real estate owned acquired by foreclosure..... | \$ 18,614 | \$ 22,872 | \$ 41,486 | \$ 28,072 | \$ 60,474 | \$ 88,546 |
| Real estate acquired for development or resale..... | 11,556 | — | 11,556 | 9,206 | — | 9,206 |
| Other foreclosed property | 81 | 824 | 905 | 93 | 1,328 | 1,421 |
| Total..... | \$ 30,251 | \$ 23,696 | \$ 53,947 | \$ 37,371 | \$ 61,802 | \$ 99,173 |

⁽¹⁾ Included in covered OREO at December 31, 2014 is \$9.6 million of assets whose reimbursable loss periods ended as of January 1, 2015.

During the second quarter of 2013, the Company announced plans to close ten branches as part of its business strategy. In addition, during the second quarter of 2014, the Company closed nine branches as part of its acquisition of Teche. The Company notified customers of these branch closings and received the required regulatory approvals to proceed with closure. The Company reviewed the carrying amount of the owned properties and concluded carrying amounts exceeded the fair value of certain branches at that date. Fair value of the branches was based on a third-party broker opinion of value using both a comparable sales and cash flow approach. The Company did not modify the third-party pricing information for unobservable inputs. As a result, the Company recorded impairment losses in other non-interest expense in its consolidated statements of comprehensive income for the years ended December 31, 2014 and 2013. After the impairment losses, the carrying value of the branches was \$3.0 million and \$5.1 million at December 31, 2014 and 2013, respectively, and is included in OREO (as real estate acquired for development or resale) on the Company’s consolidated balance sheets.

NOTE 13 –DERIVATIVE INSTRUMENTS AND OTHER HEDGING ACTIVITIES

Information pertaining to outstanding derivative instruments is as follows:

| | | Asset Derivatives Fair Value | | | Liability Derivatives Fair Value | |
|---|------------------------|-----------------------------------|-------------------|------------------------|---------------------------------------|-------------------|
| (Dollars in thousands) | Balance Sheet Location | December 31, 2014 | December 31, 2013 | Balance Sheet Location | December 31, 2014 | December 31, 2013 |
| Derivatives not designated as hedging instruments under ASC Topic 815: | | | | | | |
| Interest rate contracts..... | Other assets | \$ 15,434 | \$ 10,621 | Other liabilities | \$ 15,434 | \$ 10,620 |
| Forward sales contracts..... | Other assets | 25 | 1,468 | Other liabilities | 2,556 | 287 |
| Written and purchased options | Other assets | 17,444 | 17,987 | Other liabilities | 13,364 | 15,828 |
| Total..... | | \$ 32,903 | \$ 30,076 | | \$ 31,354 | \$ 26,735 |
| | | | | | | |
| | | Asset Derivatives Notional Amount | | | Liability Derivatives Notional Amount | |
| (Dollars in thousands) | | December 31, 2014 | December 31, 2013 | | December 31, 2014 | December 31, 2013 |
| Derivatives not designated as hedging instruments under ASC Topic 815: | | | | | | |
| Interest rate contracts..... | | \$ 444,703 | \$ 380,303 | | \$ 444,703 | \$ 380,303 |
| Forward sales contracts..... | | 15,897 | 192,876 | | 391,992 | 45,091 |
| Written and purchased options | | 362,580 | 295,425 | | 225,741 | 199,061 |
| Total..... | | \$ 823,180 | \$ 868,604 | | \$ 1,062,436 | \$ 624,455 |

The Company is party to collateral agreements with certain derivative counterparties. Such agreements require that the Company maintain collateral based on the fair values of individual derivative transactions. In the event of default by the Company, the counterparty would be entitled to the collateral.

At December 31, 2014 and 2013, the Company was required to post \$11.5 million and \$5.0 million, respectively, in cash as collateral for its derivative transactions, which are included in interest-bearing deposits in banks on the Company's consolidated balance sheets. The Company does not anticipate additional assets will be required to be posted as collateral, nor does it believe additional assets would be required to settle its derivative instruments immediately if contingent features were triggered at December 31, 2014. The Company's master netting agreements represent written, legally enforceable bilateral agreements that (1) create a single legal obligation for all individual transactions covered by the master agreement and (2) in the event of default, provide the non-defaulting counterparty the right to accelerate, terminate, and close-out on a net basis all transactions under the agreement and to promptly liquidate or set-off collateral posted by the defaulting counterparty. As permitted by U.S. GAAP, the Company does not offset fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral against recognized fair value amounts of derivatives executed with the same counterparty under a master netting agreement. The following table reconciles the gross amounts presented in the consolidated balance sheets to the net amounts that would result in the event of offset.

| (Dollars in thousands) | December 31, 2014 | | | |
|--|--|--|---------------------------|------------------|
| | Gross Amounts Presented in the Balance Sheet | Gross Amounts Not Offset in the Balance Sheet | | Net |
| | | Derivatives | Collateral ⁽¹⁾ | |
| Derivatives subject to master netting arrangements | | | | |
| Derivative assets | | | | |
| Interest rate contracts designated as hedging instruments..... | \$ — | \$ — | \$ — | \$ — |
| Interest rate contracts not designated as hedging instruments..... | 15,411 | — | — | 15,411 |
| Written and purchased options..... | 13,387 | — | — | 13,387 |
| Total derivative assets subject to master netting arrangements | \$ 28,798 | \$ — | \$ — | \$ 28,798 |
| Derivative liabilities | | | | |
| Interest rate contracts designated as hedging instruments..... | \$ — | \$ — | \$ — | \$ — |
| Interest rate contracts not designated as hedging instruments..... | 15,411 | — | (3,735) | 11,676 |
| Total derivative liabilities subject to master netting arrangements | \$ 15,411 | \$ — | \$ (3,735) | \$ 11,676 |

⁽¹⁾ Consists of cash collateral recorded at cost, which approximates fair value, and investment securities.

| (Dollars in thousands) | December 31, 2013 | | | |
|--|--|--|---------------------------|------------------|
| | Gross Amounts Presented in the Balance Sheet | Gross Amounts Not Offset in the Balance Sheet | | Net |
| | | Derivatives | Collateral ⁽¹⁾ | |
| Derivatives subject to master netting arrangements | | | | |
| Derivative assets | | | | |
| Interest rate contracts designated as hedging instruments..... | \$ — | \$ — | \$ — | \$ — |
| Interest rate contracts not designated as hedging instruments..... | 10,621 | — | — | 10,621 |
| Written and purchased options | 15,801 | — | — | 15,801 |
| Total derivative assets subject to master netting arrangements..... | \$ 26,422 | \$ — | \$ — | \$ 26,422 |
| Derivative liabilities | | | | |
| Interest rate contracts designated as hedging instruments..... | \$ — | \$ — | \$ — | \$ — |
| Interest rate contracts not designated as hedging instruments..... | 10,620 | — | (5,419) | 5,201 |
| Total derivative liabilities subject to master netting arrangements | \$ 10,620 | \$ — | \$ (5,419) | \$ 5,201 |

⁽¹⁾ Consists of cash collateral recorded at cost, which approximates fair value, and investment securities.

During the years ended December 31, 2014 and 2013, the Company has not reclassified into earnings any gain or loss as a result of the discontinuance of cash flow hedges because it was probable the original forecasted transaction would not occur by the end of the originally specified term.

At December 31, 2014, the fair value of derivatives that will mature within the next twelve months is \$0.4 million. The Company does not expect to reclassify any amount from accumulated other comprehensive income into interest income over the next twelve months for derivatives that will be settled.

At December 31, 2014 and 2013, and for years then ended, information pertaining to the effect of the hedging instruments on the consolidated financial statements is as follows:

| (Dollars in thousands) | Amount of Gain (Loss) Recognized in OCI net of taxes (Effective Portion) | | Location of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) | | Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) | Amount of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) | |
|---|---|------|---|---|------|--|--|------|
| | As of December 31 | | | | | | For the Years Ended December 31 | |
| | 2014 | 2013 | | 2014 | 2013 | | 2014 | 2013 |
| | | | | | | | | |
| Derivatives in ASC Topic 815 Cash Flow Hedging Relationships | | | | | | | | |
| Interest rate contracts | \$ | — | \$ | — | | Other income (expense) | \$ | — |
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| | Location of Gain (Loss) Recognized in Income on Derivatives | Amount of Gain (Loss) Recognized in Income on Derivatives | |
|--|---|--|-------------------|
| (Dollars in thousands) | | 2014 | 2013 |
| Derivatives Not Designated as Hedging Instruments under ASC Topic 815 | | | |
| Interest rate contracts | Other income (expense) | \$ 2,513 | \$ 2,991 |
| Forward sales contracts | Mortgage Income | (3,225) | (1,716) |
| Written and purchased options | Mortgage Income | (5,739) | (3,032) |
| Total | | \$ (6,451) | \$ (1,757) |

At December 31, additional information pertaining to outstanding interest rate swap agreements not designated as hedging instruments is as follows:

| (Dollars in thousands) | 2014 | 2013 |
|--|---------|---------|
| Weighted average pay rate | 2.9% | 3.0% |
| Weighted average receive rate | 0.4% | 0.2% |
| Weighted average maturity in years | 7.7 yrs | 7.6 yrs |
| Unrealized gain (loss) relating to interest rate swaps | \$ — | \$ — |

NOTE 14 – DEPOSITS

Deposits at December 31 are summarized as follows:

| (Dollars in thousands) | 2014 | 2013 |
|--|----------------------|----------------------|
| Non-interest-bearing deposits | \$ 3,195,430 | \$ 2,575,939 |
| Negotiable order of withdrawal (NOW) | 2,462,841 | 2,283,491 |
| Money market deposits accounts (MMDA) | 4,168,504 | 3,779,581 |
| Savings deposits | 577,513 | 387,397 |
| Certificates of deposit and other time deposits..... | 2,116,237 | 1,710,592 |
| | <u>\$ 12,520,525</u> | <u>\$ 10,737,000</u> |

Total time deposits summarized by denomination at December 31 are as follows:

| (Dollars in thousands) | 2014 | 2013 |
|--|---------------------|---------------------|
| Time deposits less than \$100,000..... | \$ 1,035,438 | \$ 804,250 |
| Time deposits greater than \$100,000 | 1,080,799 | 906,342 |
| | <u>\$ 2,116,237</u> | <u>\$ 1,710,592</u> |

A schedule of maturities of all certificates of deposit as of December 31, 2014 is as follows:

| (Dollars in thousands) | |
|---------------------------|---------------------|
| Years ending December 31 | |
| 2015 | \$ 1,297,125 |
| 2016 | 493,944 |
| 2017 | 171,884 |
| 2018 | 57,580 |
| 2019 | 49,967 |
| 2020 and thereafter | 45,737 |
| | <u>\$ 2,116,237</u> |

NOTE 15 – SHORT-TERM BORROWINGS

Short-term borrowings at December 31 are summarized as follows:

| (Dollars in thousands) | 2014 | 2013 |
|--|-------------------|-------------------|
| Federal Home Loan Bank advances..... | \$ 603,000 | \$ 375,000 |
| Securities sold under agreements to repurchase | 242,742 | 305,344 |
| | <u>\$ 845,742</u> | <u>\$ 680,344</u> |

Securities sold under agreements to repurchase, which are classified as secured borrowings, generally mature daily and are reflected at the amount of cash received in connection with the transaction. The Company may be required to provide additional collateral based on the fair value of the underlying securities.

Additional information on the Company's short-term borrowings for the years indicated is as follows:

| (Dollars in thousands) | 2014 | 2013 | 2012 |
|--|------------|------------|------------|
| Outstanding at December 31..... | \$ 845,742 | \$ 680,344 | \$ 303,045 |
| Maximum month-end outstanding balance..... | 1,034,741 | 680,344 | 640,768 |
| Average daily outstanding balance | 782,033 | 303,352 | 284,201 |
| Average rate during the year..... | 0.17 % | 0.16 % | 0.22 % |
| Average rate at year end | 0.18 % | 0.15 % | 0.22 % |

NOTE 16 – LONG-TERM DEBT

Long-term debt at December 31 is summarized as follows:

| (Dollars in thousands) | 2014 | 2013 |
|---|--------------------------|--------------------------|
| IBERIABANK: | | |
| Federal Home Loan Bank notes, 0.724% to 7.040%..... | \$ 210,549 | \$ 92,267 |
| Notes payable - Investment fund contribution, 7 to 40 year term, 0.50% to 5.00% fixed | 80,843 | 76,570 |
| | <u>291,392</u> | <u>168,837</u> |
| IBERIABANK Corporation (junior subordinated debt): | | |
| Statutory Trust I, 3 month LIBOR ⁽¹⁾ , plus 3.25%..... | 10,310 | 10,310 |
| Statutory Trust II, 3 month LIBOR ⁽¹⁾ , plus 3.15% | 10,310 | 10,310 |
| Statutory Trust III, 3 month LIBOR ⁽¹⁾ , plus 2.00%..... | 10,310 | 10,310 |
| Statutory Trust IV, 3 month LIBOR ⁽¹⁾ , plus 1.60%..... | 15,464 | 15,464 |
| American Horizons Statutory Trust I, 3 month LIBOR ⁽¹⁾ , plus 3.15%..... | 6,186 | 6,186 |
| Statutory Trust V, 3 month LIBOR ⁽¹⁾ , plus 1.435%..... | 10,310 | 10,310 |
| Statutory Trust VI, 3 month LIBOR ⁽¹⁾ , plus 2.75%..... | 12,372 | 12,372 |
| Statutory Trust VII, 3 month LIBOR ⁽¹⁾ , plus 2.54% | 13,403 | 13,403 |
| Statutory Trust VIII, 3 month LIBOR ⁽¹⁾ , plus 3.50%..... | 7,217 | 7,217 |
| OMNI Trust I, 3 month LIBOR ⁽¹⁾ , plus 3.30%..... | 8,248 | 8,248 |
| OMNI Trust II, 3 month LIBOR ⁽¹⁾ , plus 2.79% | 7,732 | 7,732 |
| | <u>111,862</u> | <u>111,862</u> |
| | <u>\$ 403,254</u> | <u>\$ 280,699</u> |

⁽¹⁾ The interest rate on the Company's long-term debt indexed to LIBOR is based on the 3-month LIBOR rate. The 3-month LIBOR rate was 0.26% and 0.25% at December 31, 2014 and 2013, respectively.

Outstanding FHLB advances are amortized over periods ranging from 2 to 20 years, and have a balloon feature at maturity. Advances are collateralized by a blanket pledge of eligible loans, subject to contractual adjustments which reduce the borrowing base, as well as a secondary pledge of FHLB stock and FHLB demand deposits, the amount of which can exceed the amounts borrowed based on contractually required adjustments. Total additional advances available from the FHLB at December 31, 2014 were \$2.8 billion under the blanket floating lien and an additional \$736.3 million with a pledge of investment securities. The weighted average advance rate was 3.24% and 3.95% at December 31, 2014 and 2013, respectively.

The Company has various funding arrangements with commercial banks providing up to \$155.0 million in the form of federal funds and other lines of credit. At December 31, 2014, there were no balances outstanding on these lines and all of the funding was available to the Company.

Junior subordinated debt consists of a total of \$111.9 million in Junior Subordinated Deferrable Interest Debentures of the Company issued to statutory trusts that were funded by the issuance of floating rate capital securities of the trusts. Issuances of \$10.3 million each were completed in November 2002, June 2003, September 2004, and June 2007 and an issuance of \$15.5 million was completed in October 2006. The issue of \$6.2 million completed in March 2003 was assumed in the American Horizons acquisition. The Company issued \$25.8 million in November 2007 and \$7.2 million in March 2008 to provide funding for various business activities, primarily loan growth. Issuances of \$8.2 million and \$7.7 million were assumed in the OMNI acquisition during 2011.

The terms of the junior subordinated debt are 30 years, and they are callable at par by the Company any time after 5 years. Interest is payable quarterly and may be deferred at any time at the election of the Company for up to 20 consecutive quarterly periods. During a deferral period, the Company is subject to certain restrictions, including being prohibited from declaring and paying dividends to its common shareholders.

As of December 31, 2014, the junior subordinated debt qualifies as Tier 1 capital for regulatory purposes.

Advances and long-term debt at December 31, 2014 have maturities or call dates in future years as follows:

| (Dollars in thousands) | |
|---------------------------|--------------------------|
| 2015 | \$ 6,941 |
| 2016 | 41,916 |
| 2017 | 101,321 |
| 2018 | 20,741 |
| 2019 | 8,696 |
| 2020 and thereafter | 223,639 |
| | <u><u>\$ 403,254</u></u> |

NOTE 17 – INCOME TAXES

The provision for income tax expense consists of the following for the years ended December 31:

| (Dollars in thousands) | 2014 | 2013 | 2012 |
|---|-------------------------|-------------------------|-------------------------|
| Current expense | \$ 69,612 | \$ 62,468 | \$ 44,125 |
| Deferred benefit | (24,955) | (35,943) | (7,527) |
| Tax credits | (12,012) | (11,690) | (8,756) |
| Tax benefits attributable to items charged to equity and goodwill | 2,105 | 1,034 | 654 |
| | <u><u>\$ 34,750</u></u> | <u><u>\$ 15,869</u></u> | <u><u>\$ 28,496</u></u> |

There was a balance receivable of \$2 million and a balance payable of \$8 million for federal and state income taxes at December 31, 2014 and 2013, respectively. The provision for federal income taxes differs from the amount computed by applying the federal income tax statutory rate of 35 percent on income before income tax expense as indicated in the following analysis for the years ended December 31:

| (Dollars in thousands) | 2014 | 2013 | 2012 |
|---|-------------------------|-------------------------|-------------------------|
| Federal tax based on statutory rate..... | \$ 49,070 | \$ 28,340 | \$ 36,712 |
| Increase (decrease) resulting from: | | | |
| Effect of tax-exempt income | (7,064) | (7,282) | (7,558) |
| Interest and other nondeductible expenses | 2,642 | 2,007 | 1,847 |
| State taxes, net of federal Benefit..... | 2,531 | 3,237 | 4,938 |
| Tax credits..... | (12,012) | (11,690) | (8,756) |
| Other..... | (417) | 1,257 | 1,313 |
| | <u><u>\$ 34,750</u></u> | <u><u>\$ 15,869</u></u> | <u><u>\$ 28,496</u></u> |
| Effective tax rate | 24.8% | 19.6% | 27.2% |

The composition of other items resulting in a net tax benefit of \$0.4 million for the year ending December 31, 2014 arose principally from an increase of \$3.2 million for basis reductions associated with federal tax credits, offset by \$3.6 million of other discrete items, including BOLI death benefits and prior year provision-to-return adjustments.

The net deferred tax asset at December 31 is as follows:

| (Dollars in thousands) | 2014 | 2013 |
|---|-------------------------|-------------------------|
| Deferred tax asset: | | |
| NOL carryforward | \$ 978 | \$ 1,001 |
| Allowance for credit losses | 59,267 | 85,101 |
| Deferred compensation | 6,631 | 6,315 |
| Basis difference in acquired assets | 53,202 | 70,136 |
| Unrealized loss on available for sale investments | — | 8,880 |
| OREO | 9,845 | 31,943 |
| Other | 13,530 | 19,509 |
| | <u>143,453</u> | <u>222,885</u> |
| Deferred tax liability: | | |
| Basis difference in acquired assets | (53,940) | (130,426) |
| Gain on acquisition | (2,426) | (17,693) |
| FHLB stock | (85) | (36) |
| Premises and equipment | (9,652) | (10,209) |
| Acquisition intangibles | (12,151) | (12,113) |
| Deferred loan costs | (3,771) | (2,915) |
| Unrealized gain on available for sale investments | (4,052) | — |
| Investments acquired | (570) | (235) |
| Swap gain | (75) | (75) |
| Other | (12,908) | (11,089) |
| | <u>(99,630)</u> | <u>(184,791)</u> |
| Net deferred tax asset | <u><u>\$ 43,823</u></u> | <u><u>\$ 38,094</u></u> |

The Company determined that the net deferred tax asset is more likely than not to be realized based on an assessment of all available positive and negative evidence and therefore no valuation allowance has been recorded as of December 31, 2014 or 2013.

Retained earnings at December 31, 2014 and 2013 included approximately \$21.9 million accumulated prior to January 1, 1987 for which no provision for federal income taxes has been made. If this portion of retained earnings is used in the future for any purpose other than to absorb bad debts, it will be added to future taxable income.

The Company does not believe it has any unrecognized tax benefits included in its consolidated financial statements. The Company has not had any settlements in the current period with taxing authorities, nor has it recognized tax benefits as a result of a lapse of the applicable statute of limitations.

During the years ended December 31, 2014, 2013, and 2012, the Company did not recognize any interest or penalties in its consolidated financial statements, nor has it recorded a liability for interest or penalty payments.

NOTE 18 – SHAREHOLDERS' EQUITY AND OTHER COMPREHENSIVE INCOME (LOSS)

Other Comprehensive Income

The following is a summary of the tax effects of each component of other comprehensive income for the years ended December 31:

| | 2014 | | |
|---|--------------------|--------------------|--------------------|
| | Before Tax | Tax Expense | Net-of-Tax Amount |
| (Dollars in thousands) | | | |
| Unrealized gain on securities: | | | |
| Unrealized holding gains arising during the period..... | \$ 37,719 | \$ (13,202) | \$ 24,517 |
| Reclassification adjustment for gains included in net income..... | (771) | 270 | (501) |
| Net unrealized gains | 36,948 | (12,932) | 24,016 |
| Fair value of derivative instruments designated as cash flow hedges | | | |
| Change in fair value of derivative instruments designated as cash flow hedges during the period | \$ — | \$ — | \$ — |
| Reclassification adjustment for losses included in net income..... | — | — | — |
| Fair value of derivative instruments designated as cash flow hedges | — | — | — |
| Total other comprehensive income..... | \$ 36,948 | \$ (12,932) | \$ 24,016 |
| | | | |
| | 2013 | | |
| | Before Tax | Tax Benefit | Net-of-Tax Amount |
| (Dollars in thousands) | | | |
| Unrealized loss on securities: | | | |
| Unrealized holding losses arising during the period | \$ (62,095) | \$ 21,733 | \$ (40,362) |
| Reclassification adjustment for gains included in net income..... | (2,277) | 797 | (1,480) |
| Net unrealized losses | (64,372) | 22,530 | (41,842) |
| Fair value of derivative instruments designated as cash flow hedges | | | |
| Change in fair value of derivative instruments designated as cash flow hedges during the period | \$ 953 | \$ (333) | \$ 620 |
| Reclassification adjustment for losses included in net income | 391 | (137) | 254 |
| Fair value of derivative instruments designated as cash flow hedges | 1,344 | (470) | 874 |
| Total other comprehensive loss | \$ (63,028) | \$ 22,060 | \$ (40,968) |
| | | | |
| | 2012 | | |
| | Before Tax | Tax Expense | Net-of-Tax Amount |
| (Dollars in thousands) | | | |
| Unrealized loss on securities: | | | |
| Unrealized holding gains arising during the period..... | \$ 2,174 | \$ (761) | \$ 1,413 |
| Reclassification adjustment for gains included in net income | (3,739) | 1,308 | (2,431) |
| Net unrealized losses | (1,565) | 547 | (1,018) |
| Fair value of derivative instruments designated as cash flow hedges | | | |
| Change in fair value of derivative instruments designated as cash flow hedges during the period | \$ (22) | \$ 8 | \$ (14) |
| Reclassification adjustment for losses included in net income | 1,618 | (566) | 1,052 |
| Fair value of derivative instruments designated as cash flow hedges | 1,596 | (558) | 1,038 |
| Total other comprehensive income..... | \$ 31 | \$ (11) | \$ 20 |

NOTE 19 – CAPITAL REQUIREMENTS AND OTHER REGULATORY MATTERS

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

Quantitative measures established by regulation to ensure capital adequacy require the Company and IBERIABANK to maintain minimum amounts and ratios of total and Tier 1 capital to risk-weighted assets and of Tier 1 capital to average assets. Management believes, as of December 31, 2014 and 2013, that the Company and IBERIABANK met all capital adequacy requirements to which they are subject.

As of December 31, 2014, the most recent notification from the FDIC categorized IBERIABANK as well capitalized under the regulatory framework for prompt corrective action (the prompt corrective action requirements are not applicable to the Company). To be categorized as well capitalized, an institution must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the following table. There are no conditions or events since the notification that management believes have changed that categorization. The Company's and IBERIABANK's actual capital amounts and ratios as of December 31 are presented in the following table.

| | | 2014 | | | | | |
|----------------------------------|----|-----------|-------|------------------|-----------|--------|---------------------|
| | | Minimum | | Well Capitalized | | Actual | |
| | | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| (Dollars in thousands) | | | | | | | |
| Tier 1 Leverage | | | | | | | |
| Consolidated | \$ | 602,387 | 4.00% | \$ | N/A | N/A% | \$ 1,408,842 9.36% |
| IBERIABANK | | 600,149 | 4.00 | | 750,186 | 5.00 | 1,266,241 8.44 |
| Tier 1 risk-based capital | | | | | | | |
| Consolidated | \$ | 504,114 | 4.00% | \$ | N/A | N/A% | \$ 1,408,842 11.18% |
| IBERIABANK | | 502,421 | 4.00 | | 753,631 | 6.00 | 1,266,241 10.08 |
| Total risk-based capital | | | | | | | |
| Consolidated | \$ | 1,008,227 | 8.00% | \$ | N/A | N/A% | \$ 1,550,789 12.31% |
| IBERIABANK | | 1,004,841 | 8.00 | | 1,256,052 | 10.00 | 1,408,188 11.21 |
| | | 2013 | | | | | |
| | | Minimum | | Well Capitalized | | Actual | |
| | | Amount | Ratio | Amount | Ratio | Amount | Ratio |
| Tier 1 Leverage | | | | | | | |
| Consolidated | \$ | 507,760 | 4.00% | \$ | N/A | N/A% | \$ 1,231,886 9.70% |
| IBERIABANK | | 505,723 | 4.00 | | 632,154 | 5.00 | 1,069,783 8.46 |
| Tier 1 risk-based capital | | | | | | | |
| Consolidated | \$ | 426,002 | 4.00% | \$ | N/A | N/A% | \$ 1,231,886 11.57% |
| IBERIABANK | | 424,578 | 4.00 | | 636,868 | 6.00 | 1,069,783 10.08 |
| Total risk-based capital | | | | | | | |
| Consolidated | \$ | 852,005 | 8.00% | \$ | N/A | N/A% | \$ 1,365,280 12.82% |
| IBERIABANK | | 849,157 | 8.00 | | 1,061,446 | 10.00 | 1,202,738 11.33 |

NOTE 20 – SHARE-BASED COMPENSATION

The Company has various types of share-based compensation plans. These plans are administered by the Compensation Committee of the Board of Directors, which selects persons eligible to receive awards and determines the number of shares and/or options subject to each award, the terms, conditions and other provisions of the awards. During the years ended December 31, 2014 and 2013, the Company did not have any equity awards that were settled in cash.

Stock option awards

The Company issues stock options under various plans to directors, officers and other key employees. The option exercise price cannot be less than the fair value of the underlying common stock as of the date of the option grant and the maximum option term cannot exceed ten years. The stock options granted were issued with vesting periods ranging from one-and-a half to seven years. At December 31, 2014, future option or restricted stock awards of 1,038,945 shares could be made under approved incentive compensation plans.

The following table represents the compensation expense that is included in non-interest expense and related income tax benefits in the accompanying consolidated statements of comprehensive income related to stock options for the years ended December 31:

| (Dollars in thousands, except per share data) | 2014 | 2013 | 2012 |
|--|-----------|----------|----------|
| Compensation expense related to stock options | \$ 2,053 | \$ 2,110 | \$ 1,873 |
| Income tax benefit related to stock options | 719 | 739 | 656 |
| Impact on basic earnings per share | 0.04 | 0.05 | 0.04 |
| Impact on diluted earnings per share | 0.04 | 0.05 | 0.04 |
| Proceeds from the exercise of stock options | \$ 11,693 | \$ 8,101 | \$ 2,813 |
| Excess tax benefits related to the exercise of stock options | 2,105 | 886 | 1,221 |

The Company uses the Black-Scholes option pricing model to estimate the fair value of stock option awards. The following weighted-average assumptions were used for option awards issued during the years ended December 31:

| | 2014 | 2013 | 2012 |
|--|----------|----------|----------|
| Expected dividends | 2.1% | 2.6% | 2.7% |
| Expected volatility | 35.8% | 34.8% | 40.1% |
| Risk-free interest rate | 2.3% | 1.7% | 0.8% |
| Expected term (in years) | 7.5 | 8.6 | 5.00 |
| Weighted-average grant-date fair value | \$ 21.26 | \$ 15.37 | \$ 14.50 |

The assumptions above are based on multiple factors, including historical stock option exercise patterns and post-vesting employment termination behaviors, expected future exercise patterns and the expected volatility of the Company's stock price.

At December 31, 2014, there was \$3.2 million of unrecognized compensation cost related to stock options that is expected to be recognized over a weighted-average period of 5.1 years.

The following table represents the activity related to stock options during the periods indicated.

| | Number of shares | Weighted Average Exercise Price | Aggregate Intrinsic Value (Dollars in thousands) | Weighted Average Remaining Contract Life (in years) |
|---|------------------|---------------------------------|--|---|
| Outstanding options, December 31, 2011 | 1,097,620 | \$ 50.14 | | |
| Granted..... | 230,665 | 51.69 | | |
| Issued in connection with acquisition | 32,863 | 41.30 | | |
| Exercised | (92,092) | 30.43 | \$ 1,765 | |
| Forfeited or expired..... | (32,981) | 56.79 | | |
| Outstanding options, December 31, 2012 | 1,236,075 | \$ 51.48 | | |
| Granted..... | 75,722 | 52.36 | | |
| Exercised | (200,748) | 40.35 | 2,740 | |
| Forfeited or expired..... | (38,220) | 55.87 | | |
| Outstanding options, December 31, 2013 | 1,072,829 | \$ 53.47 | | |
| Granted..... | 77,434 | 65.31 | | |
| Exercised | (267,421) | 48.57 | 4,612 | |
| Forfeited or expired..... | (15,160) | 60.38 | | |
| Outstanding options, December 31, 2014 | 867,682 | \$ 55.92 | 8,220 | 5.1 |
| Exercisable options, December 31, 2012 | 792,444 | 50.05 | | |
| Exercisable options, December 31, 2013 | 707,934 | 53.54 | | |
| Exercisable options, December 31, 2014 | 562,752 | 55.92 | \$ 5,449 | 3.7 |

The following table presents weighted average remaining life as of December 31, 2014 for options outstanding within the stated exercise prices:

| Exercise Price Range Per Share | Options Outstanding | | | Options Exercisable | |
|--------------------------------|---------------------|---------------------------------|---------------------------------|---------------------|---------------------------------|
| | Number of Options | Weighted Average Exercise Price | Weighted Average Remaining Life | Number of Options | Weighted Average Exercise Price |
| \$34.33 to \$51.69 | 182,416 | \$ 49.24 | 4.3 Years | 118,312 | \$ 48.53 |
| \$51.70 to \$52.35 | 111,197 | 52.33 | 7.1 Years | 43,156 | 52.33 |
| \$52.36 to \$54.68 | 146,995 | 53.43 | 6.5 Years | 90,146 | 54.10 |
| \$54.69 to \$57.60 | 142,360 | 56.52 | 3.7 Years | 120,873 | 56.68 |
| \$57.61 to \$59.83 | 105,666 | 58.38 | 1.5 Years | 105,666 | 58.38 |
| \$59.84 to \$111.71 | 179,048 | 65.06 | 6.7 Years | 84,599 | 65.89 |
| Total options | 867,682 | \$ 55.92 | 5.1 Years | 562,752 | \$ 55.92 |

Restricted stock awards

The Company issues restricted stock under various plans for certain officers and directors. The 2005, 2008, and 2010 Incentive Plans allow grants of restricted stock. The plans allow for the issuance of restricted stock awards that may not be sold or otherwise transferred until certain restrictions have lapsed. The holders of the restricted stock receive dividends and have the right to vote the shares. The fair value of the restricted stock shares awarded under these plans is recorded as unearned share-based compensation, a contra-equity account. The unearned compensation related to these awards is amortized to compensation expense over the vesting period (generally three to seven years). The total share-based compensation expense for these awards is determined based on the market price of the Company's common stock at the date of grant applied to the total number of shares granted and is amortized over the vesting period. As of December 31, 2014 and 2013, unearned share-based compensation associated with these awards totaled \$19.8 million and \$21.1 million, respectively.

The following table represents the compensation expense that was included in non-interest expense in the accompanying consolidated statements of comprehensive income related to restricted stock grants for the years ended December 31:

| (Dollars in thousands) | 2014 | 2013 | 2012 |
|--|----------|----------|----------|
| Compensation expense related to restricted stock | \$ 9,932 | \$ 8,593 | \$ 8,035 |

The following table represents unvested restricted stock award activity for the years ended December 31:

| | 2014 | 2013 | 2012 |
|--------------------------------------|----------------|----------------|----------------|
| Balance at beginning of period | 523,756 | 538,202 | 512,112 |
| Granted | 149,072 | 167,095 | 176,669 |
| Forfeited | (167,550) | (28,713) | (13,164) |
| Earned and issued | (18,171) | (152,828) | (137,415) |
| Balance at end of period | 487,107 | 523,756 | 538,202 |

Phantom stock awards

As part of the IBKC Phantom Award Plan, the 2009 Phantom Stock Plan, and the 2014 Phantom Stock Plan, the Company issues phantom stock awards to certain key officers and employees. The award is subject to a vesting period of five to seven years and is paid out in cash upon vesting. The amount paid per vesting period is calculated as the number of vested “share equivalents” multiplied by the closing market price of a share of the Company’s common stock on the vesting date. Share equivalents are calculated on the date of grant as the total award’s dollar value divided by the closing market price of a share of the Company’s common stock on the grant date. Award recipients are also entitled to a “dividend equivalent” on each unvested share equivalent held by the award recipient. A dividend equivalent is a dollar amount equal to the cash dividends that the participant would have been entitled to receive if the participant’s share equivalents were issued in shares of common stock. Dividend equivalents will be deemed to be reinvested as share equivalents that will vest and be paid out on the same date as the underlying share equivalents on which the dividend equivalents were paid. The number of share equivalents acquired with a dividend equivalent is determined by dividing the aggregate of dividend equivalents paid on the unvested share equivalents by the closing price of a share of the Company’s common stock on the dividend payment date.

The following table indicates compensation expense recorded for phantom stock based on the number of share equivalents vested at December 31 of the periods indicated and the current market price of the Company’s stock at that time.

| (Dollars in thousands) | 2014 | 2013 | 2012 |
|---|----------|----------|----------|
| Compensation expense related to phantom stock | \$ 5,496 | \$ 4,855 | \$ 2,185 |

The following table represents phantom stock award activity during the periods indicated.

| | Number of share equivalents | Dividend equivalents | Total share equivalents | Value of share equivalents ⁽¹⁾ |
|-----------------------------------|-----------------------------|----------------------|-------------------------|---|
| Balance, December 31, 2011 | 232,921 | 8,942 | 241,863 | \$ 11,924,000 |
| Granted | 119,038 | 9,152 | 128,190 | 6,297,000 |
| Forfeited share equivalents | (10,949) | (367) | (11,316) | 556,000 |
| Vested share equivalents | (22,281) | (1,692) | (23,973) | 1,180,000 |
| Balance, December 31, 2012 | 318,729 | 16,035 | 334,764 | \$ 16,444,000 |
| Granted | 169,662 | 11,189 | 180,851 | 11,366,000 |
| Forfeited share equivalents | (18,975) | (785) | (19,760) | 1,242,000 |
| Vested share equivalents | (52,178) | (4,088) | (56,266) | 2,922,000 |
| Balance, December 31, 2013 | 417,238 | 22,351 | 439,589 | \$ 27,628,000 |
| Granted | 118,859 | 9,566 | 128,425 | 8,328,000 |
| Forfeited share equivalents | (19,736) | (1,754) | (21,490) | 1,394,000 |
| Vested share equivalents | (75,331) | (7,515) | (82,846) | 5,512,000 |
| Balance, December 31, 2014 | 441,030 | 22,648 | 463,678 | \$ 30,070,000 |

⁽¹⁾ Except for share equivalents at the beginning of each period, which are based on the value at that time, and vested share payments, which are based on the cash paid at the time of vesting, the value of share equivalents is calculated based on the market price of the Company’s stock at the end of the respective periods. The market price of the Company’s stock was \$64.85, \$62.85 and \$49.12 on December 31, 2014, 2013 and 2012, respectively.

Restricted Share Units

In 2014, the Company issued shares of restricted share units to some of the executive officers. Restricted share units vest after the end of a three-year performance period, based on satisfaction of the performance conditions set forth in the restricted share unit agreement. Recipients do not possess voting or investment power over the common stock underlying such units until vesting. The value of these restricted share units is the same as the value of the corresponding number of shares of common stock.

Performance Units

In 2014, the Company issued shares of performance units to some of the executive officers. Performance units vest after the end of a three-year performance period, based on satisfaction of the performance conditions set forth in the performance unit agreement. Performance units are tied to the value of shares of the Company's common stock, are payable in cash, and vest in increments of one-third per year after attainment of one or more performance measures. The value of performance unit is the same as the value of the corresponding number of shares of common stock.

401(k) defined contribution plan

The Company has a 401(k) Profit Sharing Plan covering substantially all of its employees. Annual employer contributions to the plan are set by the Board of Directors. The Company made contributions of \$1.5 million, \$1.3 million, and \$1.3 million for the years ended December 31, 2014, 2013, and 2012, respectively. The Plan provides, among other things, that participants in the Plan be able to direct the investment of their account balances within the Profit Sharing Plan into alternative investment funds. Participant deferrals under the salary reduction election may be matched by the employer based on a percentage to be determined annually by the employer.

NOTE 21 – COMMITMENTS AND CONTINGENCIES

Off-balance sheet commitments

The Company is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments of the Company to extend credit and standby letters of credit to or on behalf of particular customers. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheets. The credit policies used for these commitments are consistent with those used for on-balance sheet instruments. The Company's exposure to credit loss in the event of nonperformance by its customers under such commitments or standby letters of credit represents the contractual amount of the financial instruments as indicated in the table below. At December 31, 2014 and 2013, the fair value of guarantees under commercial and standby letters of credit was \$1.3 million and \$1.1 million, respectively. This fair value amount represents the unamortized fee associated with these guarantees and is included in "Other liabilities" on the consolidated balance sheets of the Company. This fair value will decrease as the existing commercial and standby letters of credit approach their expiration dates.

At December 31, the Company had the following financial instruments outstanding, whose contract amounts represent credit risk:

| (Dollars in thousands) | 2014 | 2013 |
|--|------------|------------|
| Commitments to grant loans | \$ 161,350 | \$ 221,627 |
| Unfunded commitments under lines of credit | 4,007,954 | 3,326,448 |
| Commercial and standby letters of credit | 134,882 | 105,026 |
| Reserve for unfunded lending commitments | 11,801 | 11,147 |

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to be drawn upon, the total commitment amounts generally represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral, if any, is based on management's credit evaluation of the counterparty.

Unfunded commitments under commercial lines-of-credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. Many of these types of commitments do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed. See Note 7 for additional discussion related to the Company's unfunded lending commitments.

Commercial and standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. These guarantees are primarily issued to support public and private borrowing arrangements, including commercial paper issuance, bond financing, and similar transactions. The credit risk involved in issuing letters or credit is essentially the same as that involved in extending loan facilities to customers and as such, are collateralized when necessary, generally in the form of marketable securities and cash equivalents.

Legal proceedings

The nature of the business of the Company's banking and other subsidiaries ordinarily results in a certain amount of claims, litigation, investigations and legal and administrative cases and proceedings, all of which are considered incidental to the normal conduct of business. Some of these claims are against entities or assets of which the Company is a successor or acquired in business acquisitions, and certain of these claims will be covered by loss sharing agreements with the FDIC. The Company has asserted defenses to these litigations and, with respect to such legal proceedings, intends to continue to defend itself vigorously, litigating or settling cases according to management's judgment as to what is in the best interest of the Company and its shareholders.

The Company assesses its liabilities and contingencies in connection with outstanding legal proceedings utilizing the latest information available. Where it is probable that the Company will incur a loss and the amount of the loss can be reasonably estimated, the Company records a liability in its consolidated financial statements. These legal reserves may be increased or decreased to reflect any relevant developments on a quarterly basis. Where a loss is not probable or the amount of loss is not estimable, the Company does not accrue legal reserves. While the outcome of legal proceedings is inherently uncertain, based on information currently available, advice of counsel and available insurance coverage, the Company's management believes that it has established appropriate legal reserves. Any liabilities arising from pending legal proceedings are not expected to have a material adverse effect on the Company's consolidated financial position, consolidated results of operations or consolidated cash flows. However, in the event of unexpected future developments, it is possible that the ultimate resolution of these matters, if unfavorable, may be material to the Company's consolidated financial position, consolidated results of operations or consolidated cash flows.

As of the date of this filing, the Company believes the amount of losses associated with legal proceedings that it is reasonably possible to incur above amounts already accrued is immaterial.

NOTE 22 – RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Company has granted loans to executive officers and directors and their affiliates amounting to \$0.1 million and \$0.1 million at December 31, 2014 and 2013, respectively. During the years ended December 31, 2014, 2013, and 2012, total principal additions were \$60,000, \$41,000, and \$252,000, respectively. Total principal payments were \$0.1 million, \$0.7 million, and \$0.9 million for the years ended December 31, 2014, 2013, and 2012, respectively. Unfunded commitments to executive officers and directors and their affiliates totaled \$30,000 and \$37,000 at December 31, 2014 and 2013, respectively. None of the related party loans were classified as nonaccrual, past due, restructured or potential problem loans at December 31, 2014 or 2013.

Deposits from related parties held by the Company through IBERIABANK at December 31, 2014 and 2013 amounted to \$3.0 million and \$5.9 million, respectively.

NOTE 23 – FAIR VALUE MEASUREMENTS

Fair value option

The Company may elect the fair value option, which permits the Company to choose to measure eligible financial assets and liabilities at fair value at specified election dates and recognize prospective changes in unrealized gains and losses on items for which the fair value option has been elected in earnings at each reporting date.

Beginning in 2013, the Company elected the fair value option for certain originated residential mortgage loans held for sale, which allows for a more effective offset of the changes in fair values of the loans and the derivative instruments used to hedge them without the burden of complying with the requirements for hedge accounting.

The following table summarizes the difference between the aggregate fair value and the aggregate unpaid principal balance for mortgage loans held for sale measured at fair value:

| | December 31, 2014 | | | December 31, 2013 | | |
|---|----------------------|----------------------------|--|----------------------|----------------------------|--|
| | Aggregate Fair Value | Aggregate Unpaid Principal | Aggregate Fair Value Less Unpaid Principal | Aggregate Fair Value | Aggregate Unpaid Principal | Aggregate Fair Value Less Unpaid Principal |
| (Dollars in thousands) | | | | | | |
| Mortgage loans held for sale, at fair value | \$ 139,950 | \$ 134,639 | \$ 5,311 | \$ 97,273 | \$ 96,875 | \$ 398 |

Interest income on mortgage loans held for sale is recognized based on contractual rates and is reflected in interest income on loans held for sale in the consolidated statements of comprehensive income. Net losses resulting from the change in fair value of these loans that were recorded in mortgage income in the consolidated statement of comprehensive income for the year ended December 31, 2014 totaled \$3.5 million, while net gains resulting from the change in fair value of these loans were \$0.4 million for year ended December 31, 2013. There were no net gains or losses recorded in mortgage income for the year ended December 31, 2012 resulting from the change in fair value of loans accounted for under the fair value option. The changes in fair value are mostly offset by economic hedging activities, with an immaterial portion of these changes attributable to changes in instrument-specific credit risk.

Items measured at fair value on a recurring basis

The Company has segregated all financial assets and liabilities that are measured at fair value on a recurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to estimate the fair value at the measurement date in the tables below.

| | December 31, 2014 | | | |
|-------------------------------------|-------------------|---------------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| (Dollars in thousands) | | | | |
| Assets | | | | |
| Available for sale securities | \$ — | \$ 2,158,853 | \$ — | \$ 2,158,853 |
| Mortgage loans held for sale | — | 139,950 | — | 139,950 |
| Derivative instruments | — | 32,903 | — | 32,903 |
| Total | \$ — | \$ 2,331,706 | \$ — | \$ 2,331,706 |
| Liabilities | | | | |
| Derivative instruments | — | 31,354 | — | 31,354 |
| Total | \$ — | \$ 31,354 | \$ — | \$ 31,354 |
| | December 31, 2013 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| (Dollars in thousands) | | | | |
| Assets | | | | |
| Available for sale securities | \$ 15,496 | \$ 1,921,301 | \$ — | \$ 1,936,797 |
| Mortgage loans held for sale | — | 97,273 | — | 97,273 |
| Derivative instruments | — | 30,076 | — | 30,076 |
| Total | \$ 15,496 | \$ 2,048,650 | \$ — | \$ 2,064,146 |
| Liabilities | | | | |
| Derivative instruments | — | 26,735 | — | 26,735 |
| Total | \$ — | \$ 26,735 | \$ — | \$ 26,735 |

During 2014, available for sale securities with a market value of \$14.4 million were transferred from the Level 1 to Level 2 fair value category in the table above. The security was issued by Freddie Mac and was included in the Level 1 category at December 31, 2013 based on a recent trade price in the open market.

Gains and losses (realized and unrealized) included in earnings (or accumulated other comprehensive income) during 2014 related to assets and liabilities measured at fair value on a recurring basis are reported in non-interest income or other comprehensive income as follows:

| (Dollars in thousands) | Noninterest income | Other comprehensive income |
|--|-----------------------|----------------------------------|
| Total gains (losses) included in earnings | \$ (7,348) | \$ — |
| Change in unrealized gains (losses) relating to assets still held at December 31, 2014..... | — | 24,016 |

Items measured at fair value on a non-recurring basis

The Company has segregated all financial assets and liabilities that are measured at fair value on a non-recurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date in the tables below.

| | | December 31, 2014 | | | |
|------------------------|------|-------------------|---------|----------|-------|
| (Dollars in thousands) | | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | | |
| Loans | \$ — | \$ 4,864 | \$ — | \$ 4,864 | |
| OREO | — | 1,483 | — | 1,483 | |
| Total | \$ — | \$ 6,347 | \$ — | \$ 6,347 | |

| | | December 31, 2013 | | | |
|-----------------------------------|------|-------------------|---------|-----------|-------|
| (Dollars in thousands) | | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | | |
| Loans | \$ — | \$ 3,070 | \$ — | \$ 3,070 | |
| Mortgage loans held for sale..... | — | 11,876 | — | 11,876 | |
| OREO | — | 14,598 | — | 14,598 | |
| Total | \$ — | \$ 29,544 | \$ — | \$ 29,544 | |

The tables above exclude the initial measurement of assets and liabilities that were acquired as part of the acquisitions completed in 2011 through 2014. These assets and liabilities were recorded at their fair value upon acquisition in accordance with U.S. GAAP and were not re-measured during the periods presented unless specifically required by U.S. GAAP. Acquisition date fair values represent either Level 2 fair value measurements (investment securities, OREO, property, equipment, and debt) or Level 3 fair value measurements (loans, deposits, and core deposit intangible asset).

The Company did not record any liabilities at fair value for which measurement of the fair value was made on a nonrecurring basis during the years ended December 31, 2014, 2013 and 2012.

NOTE 24 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. ASC Topic 825 excludes certain financial instruments and all non-financial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value. Refer to Note 1 to these consolidated financial statements for the methods and assumptions used to measure the fair value of investment securities and derivative instruments.

Cash and cash equivalents

The carrying amounts of cash and cash equivalents approximate their fair value.

Loans

The fair values of non-covered mortgage loans are estimated based on present values using entry-value rates (the interest rate that would be charged for a similar loan to a borrower with similar risk at the indicated balance sheet date) at December 31, 2014 and 2013, weighted for varying maturity dates. Other non-covered loans are valued based on present values using entry-value interest rates at December 31, 2014 and 2013 applicable to each category of loans, which would be classified within Level 3 of the hierarchy. Fair values of mortgage loans held for sale are based on commitments on hand from investors or prevailing market prices, a Level 2 measurement. Covered loans are measured using projections of expected cash flows, exclusive of the shared-loss agreements with the FDIC. Fair value of the covered loans included in the table below reflects the current fair value of these loans, which is based on an updated estimate of the projected cash flow as of the dates indicated. The fair value associated with the loans includes estimates related to expected prepayments and the amount and timing of undiscounted expected principal, interest and other cash flows, which also would be classified within Level 3 of the hierarchy.

Accrued Interest Receivable and Accrued Interest Payable

The carrying amount of accrued interest approximates fair value because of the short maturity of these financial instruments.

FDIC Loss Share Receivable

The fair value is determined using projected cash flows from loss sharing agreements based on expected reimbursements for losses at the applicable loss sharing percentages based on the terms of the loss share agreements. Cash flows are discounted to reflect the timing and receipt of the loss sharing reimbursements from the FDIC. The fair value of the Company's FDIC loss share receivable would be categorized within Level 3 of the hierarchy.

Deposits

The fair values of NOW accounts, money market deposits and savings accounts are the amounts payable on demand at the reporting date. Certificates of deposit were valued using a discounted cash flow model based on the weighted-average rate at December 31, 2014 and 2013 for deposits with similar remaining maturities. The fair value of the Company's deposits would therefore be categorized within Level 3 of the fair value hierarchy.

Short-term borrowings

The carrying amounts of short-term borrowings maturing within ninety days approximate their fair values.

Long-term debt

The fair values of long-term debt are estimated using discounted cash flow analyses based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. The fair value of the Company's long-term debt would therefore be categorized within Level 3 of the fair value hierarchy.

Off-balance sheet items

The Company has outstanding commitments to extend credit and standby letters of credit. These off-balance sheet financial instruments are generally exercisable at the market rate prevailing at the date the underlying transaction will be completed. At December 31, 2014 and 2013, the fair value of guarantees under commercial and standby letters of credit was immaterial.

The estimated fair values and carrying amounts of the Company's financial instruments are as follows:

| (Dollars in thousands) | December 31, 2014 | | December 31, 2013 | |
|--|-------------------|---------------|-------------------|---------------|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial Assets | | | | |
| Cash and cash equivalents | \$ 548,095 | \$ 548,095 | \$ 391,396 | \$ 391,396 |
| Investment securities..... | 2,275,813 | 2,278,334 | 2,090,906 | 2,089,363 |
| Loans and loans held for sale, net of unearned income | 11,581,116 | 11,605,446 | 9,620,461 | 9,724,432 |
| FDIC loss share receivable | 69,627 | 19,606 | 162,312 | 21,918 |
| Derivative instruments | 32,903 | 32,903 | 30,076 | 30,076 |
| Accrued interest receivable..... | 37,696 | 37,696 | 32,143 | 32,143 |
| Financial Liabilities | | | | |
| Deposits | \$ 12,520,525 | \$ 12,298,017 | \$ 10,737,000 | \$ 10,226,573 |
| Short-term borrowings | 845,742 | 845,742 | 680,344 | 680,344 |
| Long-term debt | 403,254 | 376,139 | 280,699 | 235,503 |
| Derivative instruments | 31,354 | 31,354 | 26,735 | 26,735 |
| Accrued interest payable..... | 8,258 | 8,258 | 6,102 | 6,102 |

The fair value estimates presented herein are based upon pertinent information available to management as of December 31, 2014 and 2013. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these financial statements since that date and, therefore, current estimates of fair value may differ significantly from the amounts presented herein.

NOTE 25 – RESTRICTIONS ON DIVIDENDS, LOANS AND ADVANCES

IBERIABANK is restricted under applicable laws in the payment of dividends to an amount equal to current year earnings plus undistributed earnings for the immediately preceding year, unless prior permission is received from the Commissioner of Financial Institutions for the State of Louisiana. Dividends payable by IBERIABANK in 2015 without permission will be limited to 2015 earnings plus an additional \$108.4 million.

Funds available for loans or advances by IBERIABANK to the Company amounted to \$140.8 million. In addition, any dividends that may be paid by IBERIABANK to the Company would be prohibited if the effect thereof would cause IBERIABANK's capital to be reduced below applicable minimum capital requirements.

During any deferral period under the Company's junior subordinated debt, the Company would be prohibited from declaring and paying dividends to common shareholders. See Note 16 to the consolidated financial statements for additional information.

NOTE 26 – BUSINESS SEGMENTS

Each of the Company's reportable operating segments is a business unit that serves the specific needs of the Company's customers based on the products and services it offers. The reportable segments are based upon those revenue-producing components for which separate financial information is produced internally and are subject to evaluation by the chief operating decision maker in deciding how to allocate resources to segments. The Company reports the results of its operations through three business segments: IBERIABANK, IMC, and LTC.

The IBERIABANK segment represents the Company's commercial and retail banking functions including its lending, investment, and deposit activities. IBERIABANK also includes the Company's wealth management, capital markets, and other corporate functions that are not specifically related to a strategic business unit. The IMC segment represents the Company's origination, funding and subsequent sale of one-to-four family residential mortgage loans. The LTC segment represents the Company's title insurance and loan closing services. Certain expenses not directly attributable to a specific reportable segment are allocated to segments based on pre-determined means that reflect utilization.

Also within IBERIABANK are certain reconciling items in order to translate reportable segment results into consolidated results. The following tables present certain information regarding our operations by reportable segment, including a reconciliation of segment results to reported consolidated results for the periods presented. Reconciling items between segment results and reported results include:

- Elimination of interest income and interest expense representing interest earned by IBERIABANK on interest-bearing checking accounts held by related companies, as well as the elimination of the related deposit balances at the IBERIABANK segment;
- Elimination of investment in subsidiary balances on certain operating segments included in total and average segment assets; and
- Elimination of intercompany due to and due from balances on certain operating segments that are included in total and average segment assets.

IBERIABANK is considered a reportable segment based on the quantitative thresholds specified within ASC Topic 280, Segment Reporting (“ASC 280”). The Company’s wealth management, capital markets and trust operating segments are aggregated within the IBERIABANK reportable operating segment because they do not meet the thresholds specified by ASC 280 and based on the qualitative factors presented within ASC 280. The Company’s IMC and LTC segments do not meet the quantitative thresholds specified by ASC 280, but are reported because management believes information about those segments is useful to users of the financial statements.

| | Year Ended December 31, 2014 | | | |
|---|------------------------------|------------|--------|---------------|
| (Dollars in thousands) | IBERIABANK | IMC | LTC | Consolidated |
| Interest income | \$ 498,820 | \$ 5,992 | \$ 3 | \$ 504,815 |
| Interest expense | 42,983 | 1,721 | — | 44,704 |
| Net interest income | 455,837 | 4,271 | 3 | 460,111 |
| Provision for loan losses | 18,966 | 94 | — | 19,060 |
| Mortgage income | 71 | 51,726 | — | 51,797 |
| Title income | — | — | 20,492 | 20,492 |
| Other non-interest income | 101,401 | (61) | (1) | 101,339 |
| Core deposit intangible amortization | 5,569 | — | — | 5,569 |
| Allocated expenses | (11,602) | 8,203 | 3,399 | — |
| Other non-interest expenses | 407,461 | 44,761 | 16,688 | 468,910 |
| Income before income taxes | 136,915 | 2,878 | 407 | 140,200 |
| Income tax provision | 33,419 | 1,148 | 183 | 34,750 |
| Net income | \$ 103,496 | \$ 1,730 | \$ 224 | \$ 105,450 |
| Total loans and loans held for sale, net of unearned income | \$ 11,415,973 | \$ 165,143 | \$ — | \$ 11,581,116 |
| Total assets | 15,538,432 | 194,156 | 26,017 | 15,758,605 |
| Total deposits | 12,515,329 | 5,196 | — | 12,520,525 |
| Average assets | 14,431,459 | 176,003 | 25,223 | 14,632,685 |

Year Ended December 31, 2013

| (Dollars in thousands) | IBERIABANK | IMC | LTC | Consolidated |
|---|-------------------|------------|------------|---------------------|
| Interest income | \$ 431,418 | \$ 5,747 | \$ 32 | \$ 437,197 |
| Interest expense | 45,150 | 1,803 | — | 46,953 |
| Net interest income | 386,268 | 3,944 | 32 | 390,244 |
| Provision for loan losses | 5,123 | 22 | — | 5,145 |
| Mortgage income | 2 | 64,195 | — | 64,197 |
| Title income | — | — | 20,526 | 20,526 |
| Other non-interest income | 84,243 | (10) | 2 | 84,235 |
| Core deposit intangible amortization | 4,499 | — | — | 4,499 |
| Allocated expenses | (7,453) | 5,417 | 2,036 | — |
| Other non-interest expenses | 402,170 | 49,723 | 16,693 | 468,586 |
| Income before income taxes | 66,174 | 12,967 | 1,831 | 80,972 |
| Income tax provision | 10,035 | 5,093 | 741 | 15,869 |
| Net income | \$ 56,139 | \$ 7,874 | \$ 1,090 | \$ 65,103 |
| Total loans and loans held for sale, net of unearned income | \$ 9,472,908 | \$ 147,553 | \$ — | \$ 9,620,461 |
| Total assets | 13,167,162 | 173,131 | 25,257 | 13,365,550 |
| Total deposits | 10,734,030 | 2,970 | — | 10,737,000 |
| Average assets | 12,794,997 | 183,513 | 25,478 | 13,003,988 |

Year Ended December 31, 2012

| (Dollars in thousands) | IBERIABANK | IMC | LTC | Consolidated |
|---|-------------------|------------|------------|---------------------|
| Interest income | \$ 439,245 | \$ 5,858 | \$ 97 | \$ 445,200 |
| Interest expense | 61,349 | 2,101 | — | 63,450 |
| Net interest income | 377,896 | 3,757 | 97 | 381,750 |
| Provision for loan losses | 20,550 | 121 | — | 20,671 |
| Mortgage income | 6 | 78,047 | — | 78,053 |
| Title income | — | — | 20,987 | 20,987 |
| Other non-interest income | 76,967 | (10) | — | 76,957 |
| Core deposit intangible amortization | 4,900 | — | — | 4,900 |
| Allocated expenses | (3,282) | 2,340 | 942 | — |
| Other non-interest expenses | 361,428 | 49,084 | 16,773 | 427,285 |
| Income before income taxes | 71,273 | 30,249 | 3,369 | 104,891 |
| Income tax provision | 15,192 | 11,871 | 1,433 | 28,496 |
| Net income | \$ 56,081 | \$ 18,378 | \$ 1,936 | \$ 76,395 |
| Total loans and loans held for sale, net of unearned income | \$ 8,485,363 | \$ 280,692 | \$ — | \$ 8,766,055 |
| Total assets | 12,796,811 | 308,152 | 24,715 | 13,129,678 |
| Total deposits | 10,745,528 | 2,749 | — | 10,748,277 |
| Average assets | 11,879,761 | 194,832 | 22,379 | 12,096,972 |

NOTE 27 – CONDENSED PARENT COMPANY ONLY FINANCIAL STATEMENTS

Condensed financial statements of IBERIABANK Corporation (parent company only) are shown below. The parent company has no significant operating activities.

Condensed Balance Sheets

| | December 31 | |
|---|---------------------|---------------------|
| | 2014 | 2013 |
| (Dollars in thousands) | | |
| Assets | | |
| Cash in bank | \$ 36,064 | \$ 98,108 |
| Investment in subsidiaries | 1,842,120 | 1,487,337 |
| Other assets | 119,494 | 80,528 |
| | \$ 1,997,678 | \$ 1,665,973 |
| Liabilities and Shareholders' Equity | | |
| Liabilities | \$ 144,829 | \$ 134,994 |
| Shareholders' Equity | 1,852,849 | 1,530,979 |
| | \$ 1,997,678 | \$ 1,665,973 |

Condensed Statements of Income

| | Year Ended December 31 | | |
|--|------------------------|------------------|------------------|
| | 2014 | 2013 | 2012 |
| (Dollars in thousands) | | | |
| Operating income | | | |
| Dividends from bank subsidiary | \$ — | \$ 49,000 | \$ 70,000 |
| Dividends from non-bank subsidiaries | — | 1,511 | — |
| Reimbursement of management expenses | 46,433 | 34,474 | 94,053 |
| Other income | 437 | 869 | (836) |
| Total operating income | 46,870 | 85,854 | 163,217 |
| Operating expenses | | | |
| Interest expense | 3,224 | 3,232 | 3,427 |
| Salaries and employee benefits expense | 31,981 | 29,159 | 76,527 |
| Other expenses | 14,576 | 13,676 | 47,309 |
| Total operating expenses | 49,781 | 46,067 | 127,263 |
| Income (loss) before income tax benefit and increase in equity in undistributed earnings of subsidiaries | (2,911) | 39,787 | 35,954 |
| Income tax benefit | (518) | (2,808) | (11,842) |
| Income (loss) before equity in undistributed earnings of subsidiaries | (2,393) | 42,595 | 47,796 |
| Equity in undistributed earnings of subsidiaries | 107,843 | 22,508 | 28,599 |
| Net income | \$ 105,450 | \$ 65,103 | \$ 76,395 |

Condensed Statements of Cash Flows

| | Year Ended December 31 | | |
|---|------------------------|------------------|------------------|
| | 2014 | 2013 | 2012 |
| (Dollars in thousands) | | | |
| Cash Flow from Operating Activities | | | |
| Net income | \$ 105,450 | \$ 65,103 | \$ 76,395 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 595 | 2,035 | 4,926 |
| Net income of subsidiaries | (107,843) | (73,019) | (98,599) |
| Noncash compensation expense | 11,984 | 10,704 | 9,907 |
| Loss on sale of assets | — | — | 7 |
| Derivative losses on swaps | — | — | 2 |
| Tax benefit associated with share-based payment arrangements | (2,105) | (886) | (1,221) |
| Other, net | (27,273) | 7,574 | (10,557) |
| Net Cash (Used in) Provided by Operating Activities | (19,192) | 11,511 | (19,140) |
| Cash Flow from Investing Activities | | | |
| Cash received in excess of cash paid in acquisition | 4,783 | — | 1,272 |
| Proceeds from sale of premises and equipment | — | 11,751 | 5 |
| Purchases of premises and equipment | (36) | (5,247) | (4,173) |
| Capital contributed to subsidiary | (14,600) | — | (2,000) |
| Dividends received from subsidiaries | — | 50,511 | 70,000 |
| Acquisition | — | — | — |
| Net Cash Provided by (Used in) Investing Activities | (9,853) | 57,015 | 65,104 |
| Cash Flow from Financing Activities | | | |
| Repayments of long-term debt | — | — | (2,867) |
| Dividends paid to shareholders | (43,070) | (40,332) | (40,069) |
| Proceeds from sale of treasury stock for stock options exercised | 11,693 | 8,101 | 2,813 |
| Payments to repurchase common stock | (3,727) | (2,280) | (42,245) |
| Common stock issued | — | — | — |
| Costs of issuance of common stock | — | — | — |
| Tax benefit associated with share-based payment arrangements | 2,105 | 886 | 1,221 |
| Net Cash Used In Financing Activities | (32,999) | (33,625) | (81,147) |
| Net (Decrease) Increase in Cash and Cash Equivalents | (62,044) | 34,901 | (35,183) |
| Cash and Cash Equivalents at Beginning of Period | 98,108 | 63,207 | 98,390 |
| Cash and Cash Equivalents at End of Period | \$ 36,064 | \$ 98,108 | \$ 63,207 |

NOTE 28 – QUARTERLY RESULTS OF OPERATIONS AND SELECTED CASH FLOW DATA (UNAUDITED)

| | 2014 | | | |
|--|------------------|------------------|------------------|------------------|
| | Fourth Quarter | Third Quarter | Second Quarter | First Quarter |
| (Dollars in thousands, except per share data) | | | | |
| Total interest income | \$ 137,276 | \$ 133,793 | \$ 119,514 | \$ 114,232 |
| Total interest expense | 12,596 | 12,042 | 10,241 | 9,824 |
| Net interest income | 124,680 | 121,751 | 109,273 | 104,408 |
| Provision for loan losses | 6,495 | 5,714 | 4,748 | 2,103 |
| Net interest income after provision for loan losses | 118,185 | 116,037 | 104,525 | 102,305 |
| Gain on sale of investments, net | 164 | 582 | 8 | 19 |
| Other noninterest income | 46,908 | 46,530 | 43,753 | 35,662 |
| Noninterest expense | 119,382 | 120,360 | 127,309 | 107,428 |
| Income before income taxes | 45,875 | 42,789 | 20,977 | 30,558 |
| Income tax expense | 9,939 | 11,897 | 4,750 | 8,163 |
| Net income | \$ 35,936 | \$ 30,892 | \$ 16,227 | \$ 22,395 |
| Preferred stock dividends | — | — | — | — |
| Income available to common shareholders | 35,936 | 30,892 | 16,227 | 22,395 |
| Earnings allocated to unvested restricted stock | (530) | (465) | (258) | (405) |
| Earnings available to common shareholders - Diluted | \$ 35,406 | \$ 30,427 | \$ 15,969 | \$ 21,990 |
| Earnings per share - Basic | \$ 1.08 | \$ 0.93 | \$ 0.53 | \$ 0.75 |
| Earnings per share - Diluted | 1.07 | 0.92 | 0.53 | 0.75 |
| Cash dividends declared per common share | 0.34 | 0.34 | 0.34 | 0.34 |

| | 2013 | | | |
|---|------------------|------------------|------------------|---------------|
| | Fourth Quarter | Third Quarter | Second Quarter | First Quarter |
| Total interest income | \$ 114,092 | \$ 108,512 | \$ 108,177 | \$ 106,416 |
| Total interest expense | 10,654 | 11,060 | 11,695 | 13,545 |
| Net interest income | 103,438 | 97,452 | 96,482 | 92,871 |
| (Reversal of) Provision for loan losses | 4,700 | 2,014 | 1,807 | (3,377) |
| Net interest income after (reversal of) provision for loan losses | 98,738 | 95,438 | 94,675 | 96,248 |
| Gain (loss) on sale of investments, net | 19 | 13 | (57) | 2,359 |
| Other noninterest income | 38,696 | 43,250 | 42,546 | 42,132 |
| Noninterest expense | 102,674 | 108,152 | 117,361 | 144,898 |
| Income (loss) before income taxes | 34,779 | 30,549 | 19,803 | (4,159) |
| Income tax expense (benefit) | 9,175 | 7,357 | 4,213 | (4,876) |
| Net income | \$ 25,604 | \$ 23,192 | \$ 15,590 | \$ 717 |
| Preferred stock dividends | — | — | — | — |
| Income available to common shareholders | 25,604 | 23,192 | 15,590 | 717 |
| Earnings allocated to unvested restricted stock | (456) | (425) | (293) | (20) |
| Earnings available to common shareholders - Diluted | \$ 25,148 | \$ 22,767 | \$ 15,297 | \$ 697 |
| Earnings per share - Basic | \$ 0.86 | \$ 0.78 | \$ 0.53 | \$ 0.02 |
| Earnings per share - Diluted | 0.86 | 0.78 | 0.53 | 0.02 |
| Cash dividends declared per common share | 0.34 | 0.34 | 0.34 | 0.34 |

The Company has corrected its historical consolidated quarterly statements of comprehensive income for the three-month periods ended June 30, 2014 and September 30, 2014 for the impact of errors in its mortgage banking operation and purchase accounting adjustments. The correction of these errors reduces mortgage income in the consolidated statements of comprehensive income by \$4.2 million in the second quarter of 2014 and increases mortgage income by \$1.5 million in the third quarter of 2014. The correction did not have an effect on the Company's consolidated statements of comprehensive income for the year ended December 31, 2014. The error was identified through the operation of the Company's internal controls over financial reporting. The Company implemented changes to internal processes to reduce the likelihood of similar errors occurring in future periods.

The following table presents the effect this error correction and purchase accounting adjustments had on the reported consolidated statements of comprehensive income for the periods indicated:

| | | Adjustment | | |
|---|---------------------------|---------------------|------------------------|-------------|
| (Dollars in thousands, except per share data) | As Previously Reported | Error Correction | Purchase Accounting | As Adjusted |
| Three Months Ended June 30, 2014 | | | | |
| Net interest income..... | \$ 108,979 | \$ — | \$ 294 | \$ 109,273 |
| Non-interest income | 47,963 | (4,189) | (13) | 43,761 |
| Non-interest expense | 127,375 | (170) | 104 | 127,309 |
| Income tax expense | 6,271 | (1,656) | 135 | 4,750 |
| Net income | 18,548 | (2,363) | 42 | 16,227 |
| Earnings per share - basic..... | 0.60 | (0.07) | — | 0.53 |
| Earnings per share - diluted..... | 0.60 | (0.07) | — | 0.53 |
| Three Months Ended September 30, 2014 | | | | |
| Net interest income..... | \$ 121,041 | \$ — | \$ 710 | \$ 121,751 |
| Non-interest income | 45,663 | 1,487 | (38) | 47,112 |
| Non-interest expense | 120,060 | 170 | 130 | 120,360 |
| Income tax expense | 11,186 | 521 | 190 | 11,897 |
| Net income | 29,744 | 796 | 352 | 30,892 |
| Earnings per share - basic..... | 0.89 | 0.03 | 0.01 | 0.93 |
| Earnings per share - diluted..... | 0.89 | 0.02 | 0.01 | 0.92 |

corporate leadership



| | |
|-----|--|
| 158 | Directors and Executive Officers |
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directors and executive officers

Board of Directors

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Chairman and Chief Executive Officer,
C.H. Fenstermaker and Associates, Inc.*

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Private Investor*

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President, Fountain Memorial Funeral Home and Cemetery*

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Certified Public Accountant

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Ernest P. Breaux Electrical, Inc.,
Equipment Tool Rental & Supply*

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*President and Chief Executive Officer,
IBERIABANK Corporation and IBERIABANK*

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First American Title Insurance Company;
Chief Executive Officer and President,
First American Title Insurance Company of Louisiana*

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Cooper/T. Smith Corporation*

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*Managing Member,
Koerner Capital, L.L.C.*

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Stone Energy Corporation*

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Managing Director of Brokerage,
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Director of Communications, Corporate Real Estate,
and Human Resources*

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Director of Financial Strategy*

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Chief Financial Officer*

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Chief Risk Officer*

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*Executive Vice President,
Director of Retail, Small Business, and Mortgage*

H. Spurgeon Mackie, Jr.
*Executive Vice President,
Chief Credit Officer*

Robert B. Worley, Jr.
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Corporate Secretary and General Counsel*

IBERIABANK

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Rodney Hall
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Lenders Title Company

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Bethany Haley
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Jerold "Jerry" Winograd
Ken Yang

Dallas

Daryl S. Kirkham

Market President

Daniel H. Chapman
Stephen S. Eppig
James R. Erwin
Terry Kelley
John W. Peavy III, Ph.D.
Ana L. Rodriguez

corporate information

Corporate Headquarters

IBERIABANK Corporation
200 West Congress Street
Lafayette, LA 70501
337.521.4012

Corporate Mailing Address

P.O. Box 52747
Lafayette, LA 70505-2747

Annual Meeting

IBERIABANK Corporation Annual Meeting of Shareholders will be held on Tuesday, May 5, 2015, at 4:00 p.m. local time, at the Windsor Court Hotel, located at 300 Gravier Street, New Orleans, Louisiana.

Dividend Reinvestment Plan

IBERIABANK Corporation shareholders may take advantage of our Dividend Reinvestment Plan. This program provides a convenient, economical way for shareholders to increase their holdings of the Company's common stock. The shareholder pays no brokerage commissions or service charges while participating in the plan. A nominal fee is charged at the time that an individual terminates plan participation. This plan does not currently offer participants the ability to purchase additional shares with optional cash payments.

To enroll in the IBERIABANK Corporation Dividend Reinvestment Plan, shareholders must complete an enrollment form. A summary of the plan and enrollment forms are available from Computershare at the address provided under Shareholder Assistance.

Shareholder Assistance

Shareholders requesting a change of address, records, or information about the Dividend Reinvestment Plan or lost certificates should contact:

Computershare
P.O. Box 30170
College Station, TX 77842-3170
800.368.5948
www.computershare.com/investor

For Information

Copies of the Company's Annual Report on Form 10-K, including financial statements and financial statement schedules, will be furnished to Shareholders without cost by sending a written request to Robert B. Worley, Jr., Secretary, IBERIABANK Corporation, 601 Poydras St., 21st Floor, New Orleans, Louisiana 70130. This and other information regarding IBERIABANK Corporation and its subsidiaries may be accessed from our websites.

In addition, shareholders may contact:

Daryl G. Byrd, President and CEO
337.521.4003

John R. Davis, Senior Executive Vice President
337.521.4005

Internet Addresses

www.iberiabank.com
www.iberiabankmortgage.com
www.iberiacapitalpartners.com
www.iberiawealth.com
www.lenderstitlegroup.com
www.utla.com

stock information

On February 19, 2015, IBERIABANK Corporation had approximately 2,286 shareholders of record. This total does not reflect shares held in nominee or "street name" accounts through various firms. The table below is a summary of regular quarterly cash dividends and market prices for the Company's common stock in the last two years. These market prices do not reflect retail markups, markdowns, or commissions.

| 2013 | Market Price | | | Dividends Declared |
|----------------|--------------|---------|---------|--------------------|
| | High | Low | Closing | |
| First Quarter | \$52.78 | \$48.73 | \$50.02 | \$0.34 |
| Second Quarter | \$54.27 | \$44.91 | \$53.61 | \$0.34 |
| Third Quarter | \$59.81 | \$51.54 | \$51.91 | \$0.34 |
| Fourth Quarter | \$63.98 | \$51.55 | \$62.85 | \$0.34 |

| 2014 | Market Price | | | Dividends Declared |
|----------------|--------------|---------|---------|--------------------|
| | High | Low | Closing | |
| First Quarter | \$72.41 | \$60.96 | \$70.15 | \$0.34 |
| Second Quarter | \$71.94 | \$59.20 | \$69.19 | \$0.34 |
| Third Quarter | \$70.58 | \$62.40 | \$62.51 | \$0.34 |
| Fourth Quarter | \$70.00 | \$60.53 | \$64.85 | \$0.34 |

Securities Listing

IBERIABANK Corporation's common stock trades on the NASDAQ Global Select Market under the symbol "IBKC." In local and national newspapers, the Company is listed under "IBERIABANK."

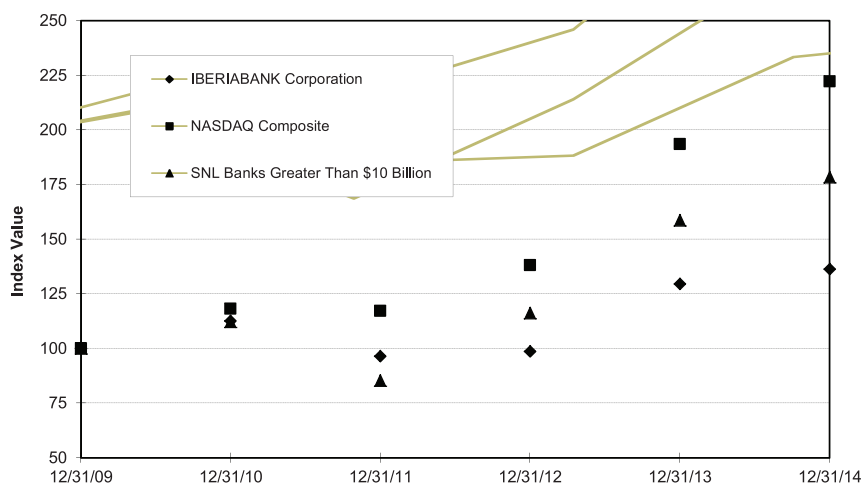
Dividend and Repurchase Restrictions

The majority of the Company's revenue is from dividends declared and paid to the Company by its subsidiary, IBERIABANK, which is subject to laws and regulations that limit the amount of dividends and other distributions it can pay. In addition, the Company and IBERIABANK are required to maintain capital at or above regulatory minimums and to remain "well-capitalized" under prompt corrective action regulations. The declaration and payment of dividends on the Company's capital stock also is subject to contractual restrictions. See Note 16- Long-Term Debt, Note 19- Capital Requirements and Other Regulatory Matters, and Note 25- Restrictions on Dividends, Loans and Advances to the Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations - Long-term Debt.

Stock Performance Graph

It is understood that all information provided in the following graph: (i) has been gathered by SNL Financial LLC ("SNL") from sources believed by SNL to be reliable and (ii) is believed by SNL to be true and accurate in both form and content. However, although SNL makes every effort to ensure data accuracy, SNL does not guarantee or warrant the correctness, completeness, currentness, merchantability or fitness for a particular purpose of the information supplied. SNL shall not be liable for any loss or injury arising out of or caused, in whole or in part, directly or indirectly, by SNL's accidental acts or omissions in procuring, compiling, collecting, interpreting, reporting, communicating, or delivering said information. The following graph was prepared by SNL at your special request and for your own purposes. SNL reserves all copyright rights in the following graph, except that you are free to print this graph and/or the index values given with this graph in your proxy if and only if you credit SNL as the source of the information.

Total Return Performance



| Index | Period Ending | | | | | |
|-------------------------------------|---------------|----------|----------|----------|----------|----------|
| | 12/31/09 | 12/31/10 | 12/31/11 | 12/31/12 | 12/31/13 | 12/31/14 |
| IBERIABANK Corporation | 100.00 | 112.65 | 96.39 | 98.70 | 129.48 | 136.34 |
| NASDAQ Composite | 100.00 | 118.15 | 117.22 | 138.02 | 193.47 | 222.16 |
| SNL Banks Greater Than \$10 Billion | 100.00 | 112.14 | 85.36 | 116.28 | 158.68 | 178.40 |



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