RAMBUS INC
Form 8-K
April 14, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

April 14, 2005

Date of Report (Date of earliest event reported)

Rambus Inc.

(Exact name of Registrant as specified in its charter)

Delaware	000-22339	94-3112828
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

4440 El Camino Real, Los Altos CA 94022

(Address of principal executive offices)

Registrant s telephone number, including area code: (650) 947-5000

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 Financial Information

Item 2.02 Results of Operations and Financial Condition

On April 14, 2005, Rambus Inc. issued a press release announcing results for the quarter ended March 31, 2005. A copy of the press release is attached as Exhibit 99.1 to this current report on Form 8-K and is incorporated by reference herein.

The information in this current report on Form 8-K and the exhibits attached hereto shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Section 9 Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

99.1 Press Release dated April 14, 2005

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: April 14, 2005	Rambus Inc.
	/s/ Robert K. Eulau
	Robert K. Eulau, Senior Vice President, Finance and Chief Financial Officer

Exhibit Index

Exhibit Number	Exhibit Title
99.1	Press release dated April 14, 2005.

NT>(216,085) (262,120) 69,164

Net change in cash and cash equivalents

(103,228) 114,042 119,322

Cash and cash equivalents beginning of year

287,532 173,490 54,168

Cash and cash equivalents end of year	$184,304	$287,532	$173,490

See accompanying notes.

Home BancShares, Inc.

Notes to Consolidated Financial Statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Home BancShares, Inc. (the Company or HBI) is a bank holding company headquartered in Conway, Arkansas. The Company is primarily engaged in providing a full range of banking services to individual and corporate customers through its wholly owned community bank subsidiary Centennial Bank (the Bank). The Bank has locations in central Arkansas, north central Arkansas, southern Arkansas, the Florida Keys, central Florida, southwestern Florida and the Florida Panhandle. The Company is subject to competition from other financial institutions. The Company also is subject to the regulation of certain federal and state agencies and undergoes periodic examinations by those regulatory authorities.

A summary of the significant accounting policies of the Company follows:

Operating Segments

Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Bank is the only significant subsidiary upon which management makes decisions regarding how to allocate resources and assess performance. Each of the branches of the Bank provide a group of similar community banking services, including such products and services as commercial, real estate and consumer loans, time deposits, checking and savings accounts. The individual bank branches have similar operating and economic characteristics. While the chief decision maker monitors the revenue streams of the various products, services and branch locations, operations are managed and financial performance is evaluated on a Company-wide basis. Accordingly, all of the community banking services and branch locations are considered by management to be aggregated into one reportable operating segment, community banking.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for loan losses, the valuation of investment securities, the valuation of foreclosed assets, the valuations of covered loans and the related indemnification asset. In connection with the determination of the allowance for loan losses and the valuation of foreclosed assets, management obtains independent appraisals for significant properties.

Principles of Consolidation

The consolidated financial statements include the accounts of HBI and its subsidiary. Significant intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications

Various items within the accompanying consolidated financial statements for previous years have been reclassified to provide more comparative information. These reclassifications had no effect on net earnings or stockholders equity.

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Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits with banks and interest-bearing deposits with other banks. The financial institutions holding the Company s cash accounts are participating in the FDIC s Transaction Account Guarantee Program. Under that program all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts through December 31, 2012, at all FDIC-insured institutions.

Investment Securities

Interest on investment securities is recorded as income as earned. Amortization of premiums and accretion of discounts are recorded as interest income from securities. Realized gains and losses are recorded as net security gains (losses). Gains or losses on the sale of securities are determined using the specific identification method.

Management determines the classification of securities as available for sale, held to maturity, or trading at the time of purchase based on the intent and objective of the investment and the ability to hold to maturity. Fair values of securities are based on quoted market prices where available. If quoted market prices are not available, estimated fair values are based on quoted market prices of comparable securities. The Company has no trading securities.

Securities available for sale are reported at fair value with unrealized holding gains and losses reported as a separate component of stockholders equity and other comprehensive income (loss), net of taxes. Securities that are held as available for sale are used as a part of HBI s asset/liability management strategy. Securities that may be sold in response to interest rate changes, changes in prepayment risk, the need to increase regulatory capital, and other similar factors are classified as available for sale.

Securities held to maturity are reported at amortized historical cost. Securities that management has the intent and ability to hold until maturity or on a long-term basis are classified as held to maturity.

Loans Receivable Not Covered by Loss Share and Allowance for Loan Losses

Loans receivable not covered by loss share that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balance adjusted for any charge-offs, deferred fees or costs on originated loans. Interest income on loans is accrued over the term of the loans based on the principal balance outstanding. Loan origination fees and direct origination costs are capitalized and recognized as adjustments to yield on the related loans.

The allowance for loan losses is established through a provision for loan losses charged against income. The allowance represents an amount that, in management s judgment, will be adequate to absorb probable credit losses on existing loans that may become uncollectible and probable credit losses inherent in the remainder of the loan portfolio. The amounts of provisions to the allowance for loan losses are based on management s analysis and evaluation of the loan portfolio for identification of problem credits, internal and external factors that may affect collectability, relevant credit exposure, particular risks inherent in different kinds of lending, current collateral values and other relevant factors.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows, collateral value or observable market price of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and classified loans less than $250,000 and is based on historical charge-off experience and expected loss given default derived from the Bank s internal risk rating process. Other adjustments may be made to the allowance for pools of loans accounted for under FASB ASC 310-30, *Loans Acquired with Deteriorated Credit Quality,* after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

Loans considered impaired, under FASB ASC 310-10-35, are loans for which, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. The aggregate amount of impairment of loans is utilized in evaluating the adequacy of the allowance for loan losses and amount of provisions thereto. Losses on impaired loans are charged against the allowance for loan losses when in the process of collection it appears likely that such losses will be realized. The accrual of interest on impaired loans is discontinued when, in management s opinion, the borrower may be unable to meet payments as they become due. When accrual of interest is discontinued, all unpaid accrued interest is reversed.

Groups of loans with similar risk characteristics are collectively evaluated for impairment based on the group s historical loss experience adjusted for changes in trends, conditions and other relevant factors that affect repayment of the loans.

Loans are placed on non-accrual status when management believes that the borrower s financial condition, after giving consideration to economic and business conditions and collection efforts, is such that collection of interest is doubtful, or generally when loans are 90 days or more past due. Loans are charged against the allowance for loan losses when management believes that the collectability of the principal is unlikely. Accrued interest related to non-accrual loans is generally charged against the allowance for loan losses when accrued in prior years and reversed from interest income if accrued in the current year. Interest income on non-accrual loans may be recognized to the extent cash payments are received, but payments received are usually applied to principal. Non-accrual loans are generally returned to accrual status when principal and interest payments are less than 90 days past due, the customer has made required payments for at least six months, and the Company reasonably expects to collect all principal and interest.

Acquisition Accounting, Covered Loans and Related Indemnification Asset

The Company accounts for its acquisitions under ASC Topic 805, *Business Combinations*, which requires the use of the purchase method of accounting. All identifiable assets acquired, including loans, are recorded at fair value. No allowance for loan 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 at fair value in accordance with the fair value methodology prescribed in ASC Topic 820, exclusive of the shared-loss agreements with the Federal Deposit Insurance Corporation (FDIC). The fair value estimates associated with the loans include estimates related to expected prepayments and the amount and timing of undiscounted expected principal, interest and other cash flows.

Over the life of the acquired loans, the Company continues to estimate cash flows expected to be collected on individual loans or on pools of loans sharing common risk characteristics and are treated in the aggregate when applying various valuation techniques. The Company evaluates at each balance sheet date whether the present value of its loans determined using the effective interest rates has significantly decreased and if so, recognizes a provision for loan loss in its consolidated statement of income. For any significant increases in cash flows expected to be collected, the Company adjusts the amount of accretable yield recognized on a prospective basis over the loan s or pool s weighted average life.

Because the FDIC will reimburse the Company for certain acquired loans should the Company experience a loss, an indemnification asset is recorded at fair value at the acquisition date. The indemnification asset is recognized at the same time as the indemnified loans, and measured on the same basis, subject to collectability or contractual limitations. The shared-loss agreements on the acquisition date reflect the reimbursements expected to be received from the FDIC, using an appropriate discount rate, which reflects counterparty credit risk and other uncertainties.

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The shared-loss agreements continue to be measured on the same basis as the related indemnified loans. Because the acquired loans are subject to the accounting prescribed by ASC Topic 310, subsequent changes to the basis of the shared-loss agreements also follow that model. Deterioration in the credit quality of the loans (immediately recorded as an adjustment to the allowance for loan losses) would immediately increase the basis of the shared-loss agreements, with the offset recorded through the consolidated statement of income. Increases in the credit quality or cash flows of loans (reflected as an adjustment to yield and accreted into income over the weighted average life of the loans or pools) decrease the basis of the shared-loss agreements, with such decrease being accreted into income over 1) the same period or 2) the life of the shared-loss agreements, whichever is shorter. Loss assumptions used in the basis of the indemnified loans are consistent with the loss assumptions used to measure the indemnification asset. Fair value accounting incorporates into the fair value of the indemnification asset an element of the time value of money, which is accreted back into income over the life of the shared-loss agreements.

Upon the determination of an incurred loss, the indemnification asset will be reduced by the amount owed by the FDIC. A corresponding claim receivable is recorded in other assets until cash is received from the FDIC.

For further discussion of the Company s acquisitions and loan accounting, see Note 2 and Note 5 to the consolidated financial statements.

Foreclosed Assets Held for Sale

Real estate and personal properties acquired through or in lieu of loan foreclosure are to be sold and are initially recorded at fair value at the date of foreclosure, establishing a new cost basis.

Valuations are periodically performed by management, and the real estate and personal properties are carried at fair value less cost to sell. Gains and losses from the sale of other real estate and personal properties are recorded in non-interest income, and expenses used to maintain the properties are included in non-interest expenses.

Because the FDIC will reimburse the Company for covered foreclosed assets should the Company experience a loss, an indemnification asset is recorded at fair value at the acquisition date and as covered loans move into foreclosure status. The indemnification asset is measured on the same basis as the foreclosed assets, subject to collectability. The shared-loss agreements reflect the reimbursements expected to be received from the FDIC, using an appropriate discount rate, which reflects counterparty credit risk and other uncertainties.

Upon the determination of an incurred loss the indemnification asset will be reduced by the amount owed by the FDIC. A corresponding claim receivable is recorded in other assets until cash is received from the FDIC.

Bank Premises and Equipment

Bank premises and equipment are carried at cost or fair market value at the date of acquisition less accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Accelerated depreciation methods are used for tax purposes. Leasehold improvements are capitalized and amortized by the straight-line method over the terms of the respective leases or the estimated useful lives of the improvements whichever is shorter. The assets estimated useful lives for book purposes are as follows:

Bank premises	15-40 years
Furniture, fixtures, and equipment	3-15 years

Intangible Assets

Intangible assets consist of goodwill and core deposit intangibles. Goodwill represents the excess purchase price over the fair value of net assets acquired in business acquisitions. The core deposit intangible represents the excess intangible value of acquired deposit customer relationships as determined by valuation specialists. The core deposit intangibles are being amortized over 48 to 114 months on a straight-line basis. Goodwill is not amortized but rather is evaluated for impairment on at least an annual basis. The Company performed its annual impairment test of goodwill and core deposit intangibles during 2011, 2010 and 2009, as required by FASB ASC 350, *Intangibles Goodwill and Other*. The tests indicated no impairment of the Company s goodwill or core deposit intangibles.

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Securities Sold Under Agreements to Repurchase

Securities sold under agreements to repurchase consist of obligations of the Company to other parties. At the point funds deposited by customers become investable, those funds are used to purchase securities owned by the Company and held in its general account with the designation of Customers Securities. A third party maintains control over the securities underlying overnight repurchase agreements. The securities involved in these transactions are generally U.S. Treasury or Federal Agency issues. Securities sold under agreements to repurchase generally mature on the banking day following that on which the investment was initially purchased and are treated as collateralized financing transactions which are recorded at the amounts at which the securities were sold plus accrued interest. Interest rates and maturity dates of the securities involved vary and are not intended to be matched with funds from customers.

Derivative Financial Instruments

The Company may enter into derivative contracts for the purposes of managing exposure to interest rate risk. The Company records all derivatives on the consolidated balance sheet at fair value. Historically the Company s policy has been not to invest in derivative type investments.

The Company has executed two back-to-back interest rate swap agreements associated with one borrower in the loan portfolio. Though the Company is not applying hedge accounting, the swaps are identical offsets of one another, thereby resulting in a net income impact of zero. They are being adjusted to the fair value in accordance with FASB ASC 815, *Derivatives and Hedging*. The notional amount of the loans was $19.3 million at December 31, 2011 and $19.8 million at December 31, 2010. The impact to the 2011 and 2010 financial statements was $2.1 million for each year in other assets with a corresponding amount in other liabilities.

Stock Options

The Company accounts for stock options in accordance with FASB ASC 718*,* which establishes standards for the accounting for transactions in which an entity (i) exchanges its equity instruments for goods and services, or (ii) incurs liabilities in exchange for goods and services that are based on the fair value of the entity s equity instruments or that may be settled by the issuance of the equity instruments. FASB ASC 718 requires that such transactions be recognized as compensation cost in the income statement based on their fair values on the measurement date, which is generally the date of the grant.

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance (ASC 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax bases of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to the management s judgment. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

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The Company and its subsidiary file consolidated tax returns. Its subsidiary provides for income taxes on a separate return basis, and remits to the Company amounts determined to be currently payable.

Earnings per Share

Basic earnings per share are computed based on the weighted average number of shares outstanding during each year. Diluted earnings per share are computed using the weighted average common shares and all potential dilutive common shares outstanding during the period. The following table sets forth the computation of basic and diluted earnings per share (EPS) for the years ended December 31:

	2011	2010 (In thousands)	2009
Net income available to all stockholders	$ 54,741	$ 17,591	$ 26,806
Less: Preferred stock dividends and accretion of discount on preferred stock	1,828	2,680	2,576
Net income available to common stockholders	$ 52,913	$ 14,911	$ 24,230
Average common shares outstanding	28,416	28,361	23,627
Effect of common stock options	196	239	257
Diluted common shares outstanding	28,612	28,600	23,884
Basic earnings per common share	$ 1.86	$ 0.53	$ 1.03
Diluted earnings per common share	$ 1.85	$ 0.52	$ 1.02

2. Business Combinations

Acquisition Old Southern Bank

On March 12, 2010, Centennial Bank entered into a purchase and assumption agreement (Old Southern Agreement) with the FDIC, as receiver, pursuant to which Centennial Bank acquired certain assets and assumed substantially all of the deposits and certain liabilities of Old Southern Bank (Old Southern).

Prior to the acquisition, Old Southern operated 7 banking centers in the Orlando, Florida metropolitan area. The Company has kept open all of these locations except for one location in downtown Orlando. Including the effects of purchase accounting adjustments, Centennial Bank acquired $342.6 million in assets and assumed approximately $328.5 million of the deposits of Old Southern. Additionally, Centennial Bank purchased covered loans with an estimated fair value of $179.1 million, $3.0 million of foreclosed assets and $30.4 million of investment securities.

See Note 2 Business Combinations in the Consolidated Financial Statements on Form 10-K for the year ended December 31, 2010 for an additional discussion for the acquisition of Old Southern.

Acquisition Key West Bank

On March 26, 2010, Centennial Bank, entered into a purchase and assumption agreement (Key West Bank Agreement) with the FDIC, as receiver, pursuant to which Centennial Bank acquired certain assets and assumed substantially all of the deposits and certain liabilities of Key West Bank (Key West).

Prior to the acquisition, Key West operated one banking center located in Key West, Florida. Including the effects of purchase accounting adjustments, Centennial Bank acquired $89.6 million in assets and assumed approximately $66.7 million of the deposits of Key West. Additionally, Centennial Bank purchased covered loans with an estimated fair value of $46.9 million, $5.7 million of foreclosed assets and assumed $20.0 million of FHLB advances.

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See Note 2 Business Combinations in the Consolidated Financial Statements on Form 10-K for the year ended December 31, 2010 for an additional discussion for the acquisition of Key West.

Acquisition Coastal Community Bank and Bayside Savings Bank

On July 30, 2010, Centennial Bank entered into separate purchase and assumption agreements with the FDIC (collectively, the Coastal-Bayside Agreements), as receiver for each bank, pursuant to which Centennial Bank acquired the loans and certain assets and assumed the deposits and certain liabilities of Coastal Community Bank (Coastal) and Bayside Savings Bank (Bayside), respectively. These two institutions had been under common ownership of Coastal Community Investments, Inc.

Prior to the acquisition, Coastal and Bayside operated 12 banking centers in the Florida Panhandle area. Including the effects of purchase accounting adjustments, Centennial Bank acquired $436.8 million in assets and assumed approximately $424.6 million of the deposits of Coastal and Bayside. Additionally, Centennial Bank purchased covered loans with an estimated fair value of $200.6 million, non-covered loans with an estimated fair value of $4.1 million, $9.6 million of foreclosed assets and $18.5 million of investment securities.

See Note 2 Business Combinations in the Consolidated Financial Statements on Form 10-K for the year ended December 31, 2010 for an additional discussion for the acquisition of Costal and Bayside.

Acquisition Wakulla Bank

On October 1, 2010, Centennial Bank entered into a purchase and assumption agreement with the FDIC, as receiver, pursuant to which Centennial Bank acquired the performing loans and certain assets and assumed substantially all of the deposits and certain liabilities of Wakulla Bank (Wakulla).

Prior to the acquisition, Wakulla operated 12 banking centers in the Florida Panhandle. Including the effects of purchase accounting adjustments, Centennial Bank acquired approximately $377.9 million in assets and assumed approximately $356.2 million in deposits of Wakulla. Additionally, Centennial Bank purchased performing covered loans of approximately $148.2 million, performing non-covered loans with an estimated fair value of $17.6 million, $45.9 million of marketable securities and $27.6 million of federal funds sold.

See Note 2 Business Combinations in the Consolidated Financial Statements on Form 10-K for the year ended December 31, 2010 for an additional discussion for the acquisition of Wakulla.

Acquisition Gulf State Community Bank

On November 19, 2010, Centennial Bank entered into a purchase and assumption agreement with the FDIC, as receiver, pursuant to which Centennial Bank acquired the loans and certain assets and assumed substantially all of the deposits and certain liabilities of Gulf State Community Bank (Gulf State).

Prior to the acquisition, Gulf State operated 5 banking centers in the Florida Panhandle. Including the effects of purchase accounting adjustments, Centennial Bank acquired approximately $118.2 million in assets and assumed approximately $97.7 million in deposits of Gulf State. Additionally, Centennial Bank purchased covered loans with an estimated fair value of $41.2 million, non-covered loans with an estimated fair value of $1.7 million, $4.7 million of foreclosed assets and $10.8 million of investment securities.

See Note 2 Business Combinations in the Consolidated Financial Statements on Form 10-K for the year ended December 31, 2010 for an additional discussion for the acquisition of Gulf State.

FDIC-Assisted Acquisitions Other Matters

The Company s operating results for 2010, include the operating results of the acquired assets and assumed liabilities subsequent to the respective acquisition dates. Due to the significant fair value adjustments recorded, as well as the nature of the FDIC loss sharing agreements in place, historical results are not believed to be relevant to the Company s results, and thus no pro forma information is presented.

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In an FDIC-assisted acquisition, we acquire certain assets and assume certain liabilities of the former institution under a loss share agreement with the FDIC. Any regulatory agreements or orders that existed for the former institution do not apply to the assuming institution. We, as the assuming institution, are evaluated separately by our regulators and any weaknesses of the former institution are considered in the separate evaluation. Also, the loss share agreement helps to mitigate any weaknesses that may have existed in the former institution.

3. Investment Securities

The amortized cost and estimated fair value of investment securities were as follows:

	December 31, 2011 Available for sale			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
	(In thousands)			
U.S. government-sponsored enterprises	$ 344,789	$ 3,587	$ (380)	$ 347,996
Mortgage-backed securities	138,383	4,054	(173)	142,264
State and political subdivisions	160,567	6,531	(29)	167,069
Other securities	14,310		(418)	13,892
Total	$ 658,049	$ 14,172	$ (1,000)	$ 671,221

	December 31, 2010 Available for sale			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Estimated Fair Value
	(In thousands)			
U.S. government-sponsored enterprises	$ 198,248	$ 977	$ (1,932)	$ 197,293
Mortgage-backed securities	113,557	2,820	(300)	116,077
State and political subdivisions	154,706	1,458	(2,457)	153,707
Other securities	2,858		(71)	2,787
Total	$ 469,369	$ 5,255	$ (4,760)	$ 469,864

Assets, principally investment securities, having a carrying value of approximately $403.2 million and $268.0 million at December 31, 2011 and 2010, respectively, were pledged to secure public deposits and for other purposes required or permitted by law. Also, investment securities pledged as collateral for repurchase agreements totaled approximately $62.3 million and $74.5 million at December 31, 2011 and 2010, respectively.

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The amortized cost and estimated fair value of securities at December 31, 2011, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available for sale	
	Amortized Cost	Estimated Fair Value
	(In thousands)	
Due in one year or less	$ 295,892	$ 297,743
Due after one year through five years	248,031	253,596
Due after five years through ten years	86,452	90,990
Due after ten years	27,674	28,892
Total	$ 658,049	$ 671,221

For purposes of the maturity tables, mortgage-backed securities, which are not due at a single maturity date, have been allocated over maturity groupings based on anticipated maturities. The mortgage-backed securities may mature earlier than their weighted-average contractual maturities because of principal prepayments.

There were no securities classified as held to maturity at December 31, 2011, 2010 and 2009.

During the year ended December 31, 2011, $1.1 million of available for sale securities were sold. The gross realized gains on these sales totaled approximately $5,000. The income tax expense/benefit to net security gains and losses was 39.225% of the gross amounts.

During the year ended December 31, 2010, $21.5 million of available for sale securities were sold. The gross realized gains and losses on these sales totaled approximately $1.1 million and $1.1 million, respectively. The income tax expense/benefit to net security gains and losses was 39.225% of the gross amounts.

During the year ended December 31, 2009, $35.7 million in available for sale securities were sold. The gross realized gains and losses on these sales totaled $995,000 and $994,000, respectively for the year ended December 31, 2009. The income tax expense/benefit related to net security gains and losses was 39.225% of the gross amount for 2009.

The Company evaluates all securities quarterly to determine if any unrealized losses are deemed to be other than temporary. In completing these evaluations the Company follows the requirements of FASB ASC 320, *Investments Debt and Equity Securities.* Certain investment securities are valued less than their historical cost. These declines are primarily the result of the rate for these investments yielding less than current market rates. Based on evaluation of available evidence, management believes the declines in fair value for these securities are temporary. The Company does not intend to sell or believe it will be required to sell these investments before recovery of their amortized cost bases, which may be maturity. Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

During the fourth quarter of 2010, the Company became aware that fraudulent rural improvement district bonds sold to various financial institutions in Arkansas had become other than temporarily impaired. As a result of the fraud, the bonds were deemed worthless and were written off. The total of this charge-off was $3.6 million or $0.08 diluted earnings per share for 2010. During the fourth quarter of 2011 the Company recorded a $2.2 million gain from this loss via recovery of insurance proceeds.

One additional security was deemed by management to have other-than-temporary impairment of approximately $70,000 for the year ended December 31, 2010. No other securities were deemed to have other-than-temporary impairment besides securities for which impairment was taken in years prior to 2010.

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For the year ended December 31, 2011, the Company had approximately $42,000 in unrealized losses, which were in continuous loss positions for more than twelve months. Excluding impairment write downs taken in prior periods, the Company s assessments indicated that the cause of the market depreciation was primarily the change in interest rates and not the issuer s financial condition, or downgrades by rating agencies. In addition, approximately 82.7% of the Company s investment portfolio matures in five years or less. As a result, the Company has the ability and intent to hold such securities until maturity.

The following shows gross unrealized losses and estimated fair value of investment securities available for sale, aggregated by investment category and length of time that individual investment securities have been in a continuous loss position as of December 31, 2011 and 2010:

	December 31, 2011					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In thousands)					
U.S. Government-sponsored enterprises	$ 89,714	$ (363)	$ 2,569	$ (17)	$ 92,283	$ (380)
Mortgage-backed securities	22,626	(173)			22,626	(173)
State and political subdivisions	1,478	(4)	1,999	(25)	3,477	(29)
Other securities	13,392	(418)			13,392	(418)
Total	$ 127,210	$ (958)	$ 4,568	$ (42)	$ 131,778	$ (1,000)

	December 31, 2010					
	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In thousands)					
U.S. Government-sponsored enterprises	$ 126,862	$ (1,932)	$	$	$ 126,862	$ (1,932)
Mortgage-backed securities	27,427	(300)			27,427	(300)
State and political subdivisions	57,272	(1,970)	4,069	(487)	61,341	(2,457)
Other securities			2,667	(71)	2,667	(71)
Total	$ 211,561	$ (4,202)	$ 6,736	$ (558)	$ 218,297	$ (4,760)

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4. Loans Receivable Not Covered by Loss Share and Allowance for Loan Losses

The various categories of loans not covered by loss share are summarized as follows:

	December 31, 2011	December 31, 2010
	(In thousands)	
Real estate:		
Commercial real estate loans		
Non-farm/non-residential	$ 698,986	$ 805,635
Construction/land development	361,846	348,768
Agricultural	28,535	26,798
Residential real estate loans		
Residential 1-4 family	349,543	371,381
Multifamily residential	56,909	59,319
Total real estate	1,495,819	1,611,901
Consumer	37,923	51,642
Commercial and industrial	176,276	184,014
Agricultural	21,784	16,549
Other	28,284	28,268
Loans receivable not covered by loss share	$ 1,760,086	$ 1,892,374

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The following tables present the balance in the allowance for loan losses for the year ended December 31, 2011, and the allowance for loan losses and recorded investment in loans based on portfolio segment by impairment method as of December 31, 2011. Allocation of a portion of the allowance to one type of loans does not preclude its availability to absorb losses in other categories.

	Year Ended December 31, 2011						
	Construction/ Land Development	Other Commercial Real Estate	Residential Real Estate	Commercial & Industrial	Consumer & Other	Unallocated	Total
	(In thousands)						
Allowance for loan losses:							
Beginning balance	$ 12,002	$ 17,247	$ 14,297	$ 6,357	$ 1,022	$ 2,423	$ 53,348
Loans charged off	(3,590)	(4,076)	(3,299)	(571)	(3,159)		(14,695)
Recoveries of loans previously charged off	827	278	2,477	5,817	577		9,976
Net loans recovered (charged off)	(2,763)	(3,798)	(822)	5,246	(2,582)		(4,719)
Provision for loan losses	(1,294)	6,919	(1,279)	(5,295)	4,818	(369)	3,500
Balance, December 31	$ 7,945	$ 20,368	$ 12,196	$ 6,308	$ 3,258	$ 2,054	$ 52,129

	As of December 31, 2011						
	Construction/ Land Development	Other Commercial Real Estate	Residential Real Estate	Commercial & Industrial	Consumer & Other	Unallocated	Total
Allowance for loan losses:							
Period end amount allocated to:							
Loans individually evaluated for impairment	$ 4,428	$ 15,050	$ 8,485	$ 3,503	$ 2,205	$	$ 33,671
Loans collectively evaluated for impairment	3,517	5,318	3,711	2,805	1,053	2,054	18,458
Balance, December 31	$ 7,945	$ 20,368	$ 12,196	$ 6,308	$ 3,258	$ 2,054	$ 52,129
Loans receivable:							
Period end amount allocated to:							
Loans individually evaluated for impairment	$ 25,534	$ 105,516	$ 29,818	$ 9,535	$ 2,798	$	$ 173,202
Loans collectively evaluated for impairment	336,312	622,005	376,634	166,741	85,193		1,586,884
Balance, December 31	$ 361,846	$ 727,521	$ 406,452	$ 176,276	$ 87,991	$	$ 1,760,086

As of December 31, 2011, no loans acquired with deteriorated credit quality have required a provision for loan loss.

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The following tables present the balance in the allowance for loan losses for the year ended December 31, 2010, and the recorded investment in allowance for loan losses and loans based on portfolio segment by impairment method as of December 31, 2010. Allocation of a portion of the allowance to one type of loans does not preclude its availability to absorb losses in other categories.

	As of December 31, 2010						
	Construction/ Land Development	Other Commercial Real Estate	Residential Real Estate	Commercial & Industrial (In thousands)	Consumer & Other	Unallocated	Total
Allowance for loan losses:							
Beginning balance	$ 9,624	$ 13,568	$ 11,348	$ 6,067	$ 1,984	$ 377	$ 42,968
Loans charged off	(10,274)	(16,705)	(10,731)	(24,227)	(2,516)		(64,453)
Recoveries of loans previously charged off	55	868	492	50	518		1,983
Net loans recovered (charged off)	(10,219)	(15,837)	(10,239)	(24,177)	(1,998)		(62,470)
Provision for loan losses	12,597	19,516	13,188	24,467	1,036	2,046	72,850
Balance, end of year	$ 12,002	$ 17,247	$ 14,297	$ 6,357	$ 1,022	$ 2,423	$ 53,348
Period end amount allocated to:							
Loans individually evaluated for impairment	$ 7,602	$ 9,912	$ 9,843	$ 2,625	$ 438	$	$ 30,420
Loans collectively evaluated for impairment	4,400	7,335	4,454	3,732	584	2,423	22,928
Balance, end of year	$ 12,002	$ 17,247	$ 14,297	$ 6,357	$ 1,022	$ 2,423	$ 53,348
Loans receivable:							
Period end amount allocated to:							
Loans individually evaluated for impairment	$ 25,556	$ 69,010	$ 35,077	$ 16,939	$ 1,136	$	$ 147,718
Loans collectively evaluated for impairment	323,212	763,423	395,623	167,075	95,323		1,744,656
Balance, end of year	$ 348,768	$ 832,433	$ 430,700	$ 184,014	$ 96,459	$	$ 1,892,374

As of December 31, 2010, no loans acquired with deteriorated credit quality have required a provision for loan loss.

The following is a summary of activity within the allowance for loan losses:

	Year Ended December 31, 2009 (Dollars in thousands)
Balance, beginning of year	$ 40,385
Loans charged off	(10,469)
Recoveries on loans previously charged off	1,902
Net charge-offs	(8,567)

Provision charged to operating expense		11,150
Allowance for loan losses of acquired institutions		
Balance, end of year	$	42,968

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The following is an aging analysis for the non-covered loan portfolio for the year ended December 31, 2011 and December 31, 2010:

	December 31, 2011						
	Loans Past Due 30-59 Days	Loans Past Due 60-89 Days	Loans Past Due 90 Days or More	Total Past Due (In thousands)	Current Loans	Total Loans Receivable	Accruing Loans Past Due 90 Days or More
Real estate:							
Commercial real estate loans							
Non-farm/non-residential	$ 764	$ 1,758	$ 7,055	$ 9,577	$ 689,409	$ 698,986	$
Construction/land development	848	650	2,226	3,724	358,122	361,846	
Agricultural			178	178	28,357	28,535	
Residential real estate loans							
Residential 1-4 family	2,064	251	13,617	15,932	333,611	349,543	750
Multifamily residential			92	92	56,817	56,909	92
Total real estate	3,676	2,659	23,168	29,503	1,466,316	1,495,819	842
Consumer	656	268	1,501	2,425	35,498	37,923	132
Commercial and industrial	234	211	1,617	2,062	174,214	176,276	19
Agricultural and other	176	17	1,203	1,396	48,672	50,068	
Total	$ 4,742	$ 3,155	$ 27,489	$ 35,386	$ 1,724,700	$ 1,760,086	$ 993

	December 31, 2010						
	Loans Past Due 30-59 Days	Loans Past Due 60-89 Days	Loans Past Due 90 Days or More	Total Past Due (In thousands)	Current Loans	Total Loans Receivable	Accruing Loans Past Due 90 Days or More
Real estate:							
Commercial real estate loans							
Non-farm/non-residential	$ 1,903	$ 4,833	$ 16,535	$ 23,271	$ 782,364	$ 805,635	$
Construction/land development	5,055		6,809	11,864	336,904	348,768	1
Agricultural			220	220	26,578	26,798	
Residential real estate loans							
Residential 1-4 family	1,513	2,354	16,530	20,397	350,984	371,381	535
Multifamily residential		2,887	5,122	8,009	51,310	59,319	
Total real estate	8,471	10,074	45,216	63,761	1,548,140	1,611,901	536
Consumer	154	60	1,342	1,556	50,086	51,642	34
Commercial and industrial	283	395	2,943	3,621	180,393	184,014	8
Agricultural and other	156	20	1	177	44,640	44,817	

Total	$ 9,064	$ 10,549	$ 49,502	$ 69,115	$ 1,823,259	$ 1,892,374	$ 578

Non-accruing loans not covered by loss share at December 31, 2011 and December 31, 2010 were $26.5 million and $48.9 million, respectively.

During the year ended December 31, 2011, the Company sold $4.2 million of the guaranteed portion of certain SBA loans, which resulted in a gain of approximately $259,000. The Company sold $250,000 of the guaranteed portions of SBA loans during the year ended December 31, 2010, resulting in a gain of $18,000.

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Mortgage loans held for resale of approximately $10.3 million and $14.0 million at December 31, 2011 and 2010, respectively, are included in residential 1-4 family loans. Mortgage loans held for sale are carried at the lower of cost or fair value, determined using an aggregate basis. Gains and losses resulting from sales of mortgage loans are recognized when the respective loans are sold to investors. Gains and losses are determined by the difference between the selling price and the carrying amount of the loans sold, net of discounts collected or paid. The Company obtains forward commitments to sell mortgage loans to reduce market risk on mortgage loans in the process of origination and mortgage loans held for sale. The forward commitments acquired by the Company for mortgage loans in process of origination are not mandatory forward commitments. These commitments are structured on a best efforts basis; therefore the Company is not required to substitute another loan or to buy back the commitment if the original loan does not fund. Typically, the Company delivers the mortgage loans within a few days after the loans are funded. These commitments are derivative instruments and their fair values at December 31, 2011 and 2010 were not material.

The following is a summary of the non-covered impaired loans as of December 31, 2011 and December 31, 2010:

	December 31, 2011				
	Unpaid Contractual Principal Balance	Total Recorded Investment	Allocation of Allowance for Loan Losses (In thousands)	Average Recorded Investment	Interest Recognized
Real estate:					
Commercial real estate loans					
Non-farm/non-residential	$ 80,316	$ 80,179	$ 15,050	$ 52,757	$ 2,913
Construction/land development	21,600	19,606	4,428	19,077	963
Agricultural				479	10
Residential real estate loans					
Residential 1-4 family	25,419	20,243	6,272	19,914	858
Multifamily residential	6,577	6,576	2,213	7,039	350
Total real estate	133,912	108,732	27,963	99,266	5,094
Consumer	1,611	1,596	1,002	1,348	46
Commercial and industrial	10,537	8,619	3,503	10,984	730
Agricultural and other	1,203	1,203	1,203	241	
Total	$ 147,263	$ 138,022	$ 33,671	$ 111,839	$ 5,870

	December 31, 2010				
	Unpaid Contractual Principal Balance	Total Recorded Investment	Allocation of Allowance for Loan Losses (In thousands)	Average Recorded Investment	Interest Recognized
Real estate:					
Commercial real estate loans					
Non-farm/non-residential	$ 40,078	$ 36,884	$ 9,697	$ 18,366	$ 1,922
Construction/land development	19,617	17,282	7,602	14,272	823
Agricultural	598	598	215	120	40
Residential real estate loans					
Residential 1-4 family	20,894	18,416	6,884	17,137	602
Multifamily residential	7,251	7,251	2,959	5,149	325
Total real estate	88,438	80,431	27,357	55,044	3,712
Consumer	658	658	438	799	
Commercial and industrial	11,284	11,208	2,625	6,218	749

Agricultural and other					
Total	$ 100,380	$ 92,297	$ 30,420	$ 62,061	$ 4,461

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With the adoption of ASU No. 2011-02, *Receivables (Topic 310) A Creditor s Determination of Whether a Restructuring is a Troubled Debt Restructuring* , $45.7 million of the change in impaired loans at December 31, 2011 as compared to December 31, 2010 was due to troubled debt restructurings now being classified as impaired loans.

All of the Company s non-covered impaired loans have a specific allocation of the allowance for loan losses, with the exception of certain TDRs where the discounted cash flows under the restructuring are greater than or equal to those under the original terms of the loan. Interest recognized on non-covered impaired loans during the year ended December 31, 2011 and 2010 was approximately $5.9 million and $4.5 million, respectively. The amount of interest recognized on non-covered impaired loans on the cash basis is not materially different than the accrual basis.

Credit Quality Indicators. As part of the on-going monitoring of the credit quality of the Company s loan portfolio, management tracks certain credit quality indicators including trends related to (i) the risk rating of loans, (ii) the level of classified loans, (iii) net charge-offs, (iv) non-performing loans and (v) the general economic conditions in Florida and Arkansas.

The Company utilizes a risk rating matrix to assign a risk rating to each of its loans. Loans are rated on a scale from 1 to 8. A description of the general characteristics of the 8 risk ratings are as follows:

Risk rating 1 Excellent. Loans in this category are to persons or entities of unquestionable financial strength, a highly liquid financial position, with collateral that is liquid and well margined. These borrowers have performed without question on past obligations, and the Bank expects their performance to continue. Internally generated cash flow covers current maturities of long-term debt by a substantial margin. Loans secured by bank certificates of deposit and savings accounts, with appropriate holds placed on the accounts, are to be rated in this category.

Risk rating 2 Good. These are loans to persons or entities with strong financial condition and above-average liquidity that have previously satisfactorily handled their obligations with the Bank. Collateral securing the Bank s debt is margined in accordance with policy guidelines. Internally generated cash flow covers current maturities of long-term debt more than adequately. Unsecured loans to individuals supported by strong financial statements and on which repayment is satisfactory may be included in this classification.

Risk rating 3 Satisfactory. Loans to persons or entities with an average financial condition, adequate collateral margins, adequate cash flow to service long-term debt, and net worth comprised mainly of fixed assets are included in this category. These entities are minimally profitable now, with projections indicating continued profitability into the foreseeable future. Closely held corporations or businesses where a majority of the profits are withdrawn by the owners or paid in dividends are included in this rating category. Overall, these loans are basically sound.

Risk rating 4 Watch. Borrowers who have marginal cash flow, marginal profitability or have experienced an unprofitable year and a declining financial condition characterize these loans. The borrower has in the past satisfactorily handled debts with the Bank, but in recent months has either been late, delinquent in making payments, or made sporadic payments. While the Bank continues to be adequately secured, margins have decreased or are decreasing, despite the borrower s continued satisfactory condition. Other characteristics of borrowers in this class include inadequate credit information, weakness of financial statement and repayment capacity, but with collateral that appears to limit exposure. Included in this category are loans to borrowers in industries that are experiencing elevated risk.

Risk rating 5 Other Loans Especially Mentioned (OLEM). A loan criticized as OLEM has potential weaknesses that deserve management s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the institution s credit position at some future date. OLEM assets are not adversely classified and do not expose the institution to sufficient risk to warrant adverse classification.

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Risk rating 6 Substandard. A loan classified as substandard is inadequately protected by the sound worth and paying capacity of the borrower or the collateral pledged. Loss potential, while existing in the aggregate amount of substandard loans, does not have to exist in individual assets.

Risk rating 7 Doubtful. A loan classified as doubtful has all the weaknesses inherent in a loan classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. These are poor quality loans in which neither the collateral, if any, nor the financial condition of the borrower presently ensure collectability in full in a reasonable period of time; in fact, there is permanent impairment in the collateral securing the loan.

Risk rating 8 Loss. Assets classified as loss are considered uncollectible and of such little value that the continuance as bankable assets is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather, it is not practical or desirable to defer writing off this basically worthless asset, even though partial recovery may occur in the future. This classification is based upon current facts, not probabilities. Assets classified as loss should be charged-off in the period in which they became uncollectible.

The Company s classified loans include loans in risk ratings 6, 7 and 8. The following is a presentation of classified non-covered loans by class as of December 31, 2011 and December 31, 2010:

	December 31, 2011			
	Risk Rated 6	**Risk Rated 7**	**Risk Rated 8**	**Classified Total**
	(In thousands)			
Real estate:				
Commercial real estate loans				
Non-farm/non-residential	$ 44,813	$	$	$ 44,813
Construction/land development	6,718			6,718
Agricultural	178			178
Residential real estate loans				
Residential 1-4 family	22,376	382		22,758
Multifamily residential	4,884			4,884
Total real estate	78,969	382		79,351
Consumer	2,224			2,224
Commercial and industrial	8,947	55		9,002
Agricultural and other	1,253			1,253
Total	$ 91,393	$ 437	$	$ 91,830

	December 31, 2010			
	Risk Rated 6	**Risk Rated 7**	**Risk Rated 8**	**Classified Total**
	(In thousands)			
Real estate:				
Commercial real estate loans				
Non-farm/non-residential	$ 31,806	$ 5,483	$	$ 37,289
Construction/land development	11,665	934		12,599
Agricultural	994			994
Residential real estate loans				
Residential 1-4 family	23,801	740		24,541
Multifamily residential	11,170			11,170
Total real estate	79,436	7,157		86,593

Consumer	1,350			1,350
Commercial and industrial	3,588	55		3,643
Agricultural	1	2		3
Other	143			143
Total	$ 84,518	$ 7,214	$	$ 91,732

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Loans may be classified, but not considered impaired, due to one of the following reasons: (1) The Company has established minimum dollar amount thresholds for loan impairment testing. All loans over $250,000 that are rated 5 or worse are individually assessed for impairment on a quarterly basis. Loans rated 5 8 that fall under the threshold amount are not individually tested for impairment and therefore are not included in impaired loans; (2) of the loans that are above the threshold amount and tested for impairment, after testing, some are considered to not be impaired and are not included in impaired loans.

The following is a presentation of non-covered loans by class and risk rating as of December 31, 2011 and December 31, 2010:

	December 31, 2011						
	Risk Rated 1	Risk Rated 2	Risk Rated 3	Risk Rated 4 (In thousands)	Risk Rated 5	Classified Total	Total
Real estate:							
Commercial real estate loans							
Non-farm/non-residential	$ 48	$ 14	$ 341,027	$ 258,252	$ 54,832	$ 44,813	$ 698,986
Construction/land development	8	405	93,913	246,520	14,282	6,718	361,846
Agricultural			10,495	17,862		178	28,535
Residential real estate loans							
Residential 1-4 family	277	157	210,846	106,707	8,798	22,758	349,543
Multifamily residential			36,300	14,032	1,693	4,884	56,909
Total real estate	333	576	692,581	643,373	79,605	79,351	1,495,819
Consumer	7,817	939	17,458	8,163	1,322	2,224	37,923
Commercial and industrial	7,737	1,080	84,923	71,139	2,395	9,002	176,276
Agricultural and other	51	1,583	29,991	17,186	4	1,253	50,068
Total	$ 15,938	$ 4,178	$ 824,953	$ 739,861	$ 83,326	$ 91,830	$ 1,760,086

	December 31, 2010						
	Risk Rated 1	Risk Rated 2	Risk Rated 3	Risk Rated 4 (In thousands)	Risk Rated 5	Classified Total	Total
Real estate:							
Commercial real estate loans							
Non-farm/non-residential	$ 398	$ 22	$ 440,990	$ 292,391	$ 34,545	$ 37,289	$ 805,635
Construction/land development	16		74,887	244,133	17,133	12,599	348,768
Agricultural			19,315	6,196	293	994	26,798
Residential real estate loans							
Residential 1-4 family	245	12	242,036	92,998	11,549	24,541	371,381
Multifamily residential			28,539	17,915	1,695	11,170	59,319
Total real estate	659	34	805,767	653,633	65,215	86,593	1,611,901
Consumer	14,355	3,093	15,232	17,360	252	1,350	51,642
Commercial and industrial	7,967	668	81,012	75,138	15,586	3,643	184,014
Agricultural and other	144	1,270	36,029	7,223	5	146	44,817
Total	$ 23,125	$ 5,065	$ 938,040	$ 753,354	$ 81,058	$ 91,732	$ 1,892,374

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The following is a presentation of non-covered TDR s by class as of December 31, 2011:

	December 31, 2011					
	Number of Loans	Pre-Modification Outstanding Balance	Rate Modification	Term Modification	Rate & Term Modification	Post-Modification Outstanding Balance
			(In thousands)			
Real estate:						
Commercial real estate loans						
Non-farm/non-residential	27	$ 39,420	$ 22,739	$ 5,319	$ 4,326	$ 32,384
Construction/land development	6	11,114	7,642	34	3,259	10,935
Residential real estate loans						
Residential 1-4 family	16	9,572	5,055	124	771	5,950
Multifamily residential	2	4,586	3,692			3,692
Total real estate	51	64,692	39,128	5,477	8,356	52,961
Commercial and industrial	5	534	115		195	310
Total	56	$ 65,226	$ 39,243	$ 5,477	$ 8,551	$ 53,271

The following is a presentation of non-covered TDR s on non-accrual status because they are not in compliance with the modified terms:

	December 31, 2011	
	Number of Loans	Recorded Balance
	(In thousands)	
Real estate:		
Commercial real estate loans		
Non-farm/non-residential	3	$ 4,147
Construction/land development	1	112
Residential real estate loans		
Residential 1-4 family	3	1,805
Multifamily residential		
Total real estate	7	6,064
Commercial and industrial	1	10
Total	8	$ 6,074

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5. Loans Receivable Covered by FDIC Loss Share

The Company evaluated loans purchased in conjunction with the acquisitions of Old Southern, Key West, Coastal-Bayside, Wakulla and Gulf State described in Note 2, Business Combinations, for impairment in accordance with the provisions of FASB ASC Topic 310-30, *Loans and Debt Securities Acquired with Deteriorated Credit Quality*. Purchased covered loans are considered impaired if there is evidence of credit deterioration since origination and if it is probable that not all contractually required payments will be collected. The following table reflects the carrying value of all purchased covered impaired loans as of December 31, 2011 and December 31, 2010 for Company s FDIC-assisted transactions:

	December 31, 2011	December 31, 2010
	(In thousands)	
Real estate:		
Commercial real estate loans		
Non-farm/non-residential	$ 189,380	$ 208,678
Construction/land development	103,535	127,340
Agricultural	3,155	5,454
Residential real estate loans		
Residential 1-4 family	148,692	180,914
Multifamily residential	8,933	9,176
Total real estate	453,695	531,562
Consumer	334	498
Commercial and industrial	26,884	42,443
Agricultural		63
Other	826	1,210
Loans receivable covered by FDIC loss share (1)	$ 481,739	$ 575,776

(1) These loans were not classified as nonperforming assets at December 31, 2011 and December 31, 2010, as the loans are accounted for on a pooled basis and the pools are considered to be performing. Therefore, interest income, through accretion of the difference between the carrying amount of the loans and the expected cash flows, is being recognized on all purchased impaired loans.

The acquired loans were grouped into pools based on common risk characteristics and were recorded at their estimated fair values, which incorporated estimated credit losses at the acquisition dates. These loan pools are systematically reviewed by the Company to determine material changes in cash flow estimates from those identified at the time of the acquisition. Techniques used in determining risk of loss are similar to the Centennial Bank non-covered loan portfolio, with most focus being placed on those loan pools which include the larger loan relationships and those loan pools which exhibit higher risk characteristics.

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Changes in the carrying amount of the accretable yield for purchased impaired and non-impaired loans were as follows for the year ended December 31, 2011 for the Company s FDIC-assisted acquisitions.

	Accretable Yield	Carrying Amount of Loans
	(In thousands)	
Balance at beginning of period	$ 86,712	$ 575,776
Reforecasted future interest payments for loan pools	46,455	
Adjustment to yield	3,342	
Accretion	(38,672)	38,672
Transfers to foreclosed assets held for sale covered by FDIC loss share		(19,822)
Payments received, net		(112,887)
Balance at end of period	$ 97,837	$ 481,739

The loan pools were evaluated by the Company and are currently forecasted to have a slower run-off than originally expected. As a result, the Company has reforecast the total accretable yield expectations for those loan pools by $46.5 million. This updated forecast does not change the expected weighted average yields on the loan pools.

Four pools evaluated by the Company were determined to have a materially projected credit improvement. As a result of this improvement, the Company will recognize approximately $3.3 million as an adjustment to yield over the weighted average life of the loans. Improvements in credit quality decrease the basis in the related indemnification assets. This positive event will reduce the indemnification asset by approximately $2.5 million. The $2.5 million will be amortized over the weighted average life of the loans or the life of the shared-loss agreements, whichever is shorter. The amortization will be shown as a reduction to FDIC indemnification non-interest income. This will result in approximately $810,000 of pre-tax net income being recognized going forward which may or may not be symmetrical depending on the weighted average life of the loans.

No pools evaluated by the Company were determined to have experienced impairment in the estimated credit quality or cash flows. There were no allowances for loan losses related to the purchased impaired loans at December 31, 2011 and 2010.

6. Goodwill and Core Deposits and Other Intangibles

Changes in the carrying amount and accumulated amortization of the Company s goodwill and core deposits and other intangibles at December 31, 2011 and 2010, were as follows:

	December 31, 2011	December 31, 2010
	(In thousands)	
Goodwill		
Balance, beginning of period	$ 59,663	$ 53,039
FDIC-assisted acquisitions		6,624
Balance, end of period	$ 59,663	$ 59,663

	December 31, 2011	December 31, 2010
	(In thousands)	
Core Deposit and Other Intangibles		
Balance, beginning of period	$ 11,447	$ 4,698
FDIC-assisted acquisitions		9,310
Amortization expense	(2,827)	(2,561)

Balance, end of year	$ 8,620	$ 11,447

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The carrying basis and accumulated amortization of core deposits and other intangibles at December 31, 2011 and 2010 were:

	December 31, 2011	December 31, 2010
	(In thousands)	
Gross carrying amount	$ 23,461	$ 23,461
Accumulated amortization	14,841	12,014
Net carrying amount	$ 8,620	$ 11,447

Core deposit and other intangible amortization for the years ended December 31, 2011, 2010 and 2009 was approximately $2.8 million, $2.6 million and $1.8 million, respectively. Including all of the mergers completed as of December 31, 2011, HBI s estimated amortization expense of core deposits and other intangibles for each of the years 2012 through 2016 is approximately: 2012 $2.4 million; 2013 $2.4 million; 2014 $2.2 million; 2015 $1.4 million; 2016 $156,000.

The carrying amount of the Company s goodwill was $59.7 million at December 31, 2011 and 2010. Goodwill is tested annually for impairment. If the implied fair value of goodwill is lower than its carrying amount, goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the financial statements.

7. Deposits

The aggregate amount of time deposits with a minimum denomination of $100,000 was $703.2 million and $845.2 million at December 31, 2011 and 2010, respectively. Interest expense applicable to certificates in excess of $100,000 totaled $9.9 million, $9.8 million and $13.0 million for the years ended December 31, 2011, 2010 and 2009, respectively. As of December 31, 2011 and 2010, brokered deposits were $103.4 million and $98.9 million, respectively.

The following is a summary of the scheduled maturities of all time deposits at December 31, 2011 (in thousands):

One month or less	$ 125,742
Over 1 month to 3 months	185,861
Over 3 months to 6 months	244,486
Over 6 months to 12 months	378,257
Over 12 months to 2 years	177,061
Over 2 years to 3 years	21,617
Over 3 years to 5 years	71,228
Over 5 years	100
Total time deposits	$ 1,204,352

Deposits totaling approximately $279.8 million and $267.6 million at December 31, 2011 and 2010, respectively, were public funds obtained primarily from state and political subdivisions in the United States.

8. Securities Sold Under Agreements to Repurchase

At December 31, 2011 and 2010, securities sold under agreements to repurchase totaled $62.3 million and $74.5 million, respectively. For the year ended December 31, 2011 and 2010, securities sold under agreements to repurchase daily weighted average totaled $66.9 million and $64.7 million, respectively.

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9. FHLB Borrowed Funds

The Company s FHLB borrowed funds were $142.8 million and $177.3 million at December 31, 2011 and 2010, respectively. All of the outstanding balance for December 31, 2011 and 2010 was long-term advances. The FHLB advances mature from the current year to 2025 with fixed interest rates ranging from 2.020% to 4.898% and are secured by loans and investments securities. Expected maturities will differ from contractual maturities, because FHLB may have the right to call or prepay certain obligations.

Additionally, the Company had $135.0 million and $179.1 million at December 31, 2011 and 2010, respectively, in letters of credit under a FHLB blanket borrowing line of credit, which are used to collateralize public deposits at December 31, 2011 and 2010, respectively.

Maturities of borrowings with original maturities exceeding one year at December 31, 2011, are as follows (in thousands):

2012	$ 12,119
2013	30,000
2014	
2015	5,700
2016	5,000
Thereafter	89,958
	$ 142,777

10. Subordinated Debentures

Subordinated debentures at December 31, 2011 and 2010 consisted of guaranteed payments on trust preferred securities with the following components:

	2011	2010
	(In thousands)	
Subordinated debentures, issued in 2003, due 2033, fixed at 6.40%, during the first five years and at a floating rate of 3.15% above the three-month LIBOR rate, reset quarterly, thereafter, currently callable without penalty	$ 20,618	$ 20,618
Subordinated debentures, issued in 2003, due 2033, floating rate of 3.15% above the three-month LIBOR rate, reset quarterly, currently callable without penalty	5,155	5,155
Subordinated debentures, issued in 2005, due 2035, fixed rate of 6.81% during the first ten years and at a floating rate of 1.38% above the three-month LIBOR rate, reset quarterly, thereafter, currently callable without penalty	15,465	15,465
Subordinated debentures, issued in 2006, due 2036, fixed rate of 6.75% during the first five years and at a floating rate of 1.85% above the three-month LIBOR rate, reset quarterly, thereafter, currently callable without penalty	3,093	3,093
Total	$ 44,331	$ 44,331

The trust preferred securities are tax-advantaged issues that qualify for Tier 1 capital treatment subject to certain limitations. Distributions on these securities are included in interest expense. Each of the trusts is a statutory business trust organized for the sole purpose of issuing trust securities and investing the proceeds in our subordinated debentures, the sole asset of each trust. The trust preferred securities of each trust represent preferred beneficial interests in the assets of the respective trusts and are subject to mandatory redemption upon payment of the subordinated debentures held by the trust. We wholly own the common securities of each trust. Each trust s ability to pay amounts due on the trust preferred securities is solely dependent upon our making payment on the related subordinated debentures. Our obligations under the subordinated securities and other relevant trust agreements, in aggregate, constitute a full and unconditional guarantee by us of each respective trust s obligations under the trust securities issued by each respective trust.

Presently, the funds raised from the trust preferred offerings qualify as Tier 1 capital for regulatory purposes, subject to the applicable limit, with the balance qualifying as Tier 2 capital.

The Company holds $44.3 million of trust preferred securities which are currently callable without penalty based on the terms of the specific agreements. The 2009 agreement between the Company and the Treasury limited our ability to retire any of our qualifying capital. As a result of the Company repurchasing in July 2011, all 50,000 shares of its Series A preferred stock which the Company issued to the Treasury this limitation has been removed.

During 2010, one trust preferred security became callable with a penalty of 5.30% based on the terms of the particular agreement. The Company requested permission from the Treasury to retire this source of capital. The Treasury subsequently granted the request to pay off this trust preferred security during the third quarter. Upon approval from the Treasury, the Company made the election to pay off this $3.2 million trust preferred security during 2010.

11. Income Taxes

The following is a summary of the components of the provision (benefit) for income taxes:

	Year Ended December 31,		
	2011	2010	2009
	(In thousands)		
Current:			
Federal	$ 32,751	$ 4,898	$ 10,975
State	6,087	737	1,957
Total current	38,838	5,635	12,932
Deferred:			
Federal	(7,821)	315	(670)
State	(1,416)	71	(132)
Total deferred	(9,237)	386	(802)
Provision for income taxes	$ 29,601	$ 6,021	$ 12,130

The reconciliation between the statutory federal income tax rate and effective income tax rate is as follows:

	Year Ended December 31,		
	2011	2010	2009
Statutory federal income tax rate	35.00%	35.00%	35.00%
Effect of nontaxable interest income	(2.87)	(9.53)	(5.46)
Cash value of life insurance	(0.47)	(2.05)	(1.78)
State income taxes, net of federal benefit	3.60	2.22	3.05
Other	(0.16)	(0.14)	0.34
Effective income tax rate	35.10%	25.50%	31.15%

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The types of temporary differences between the tax basis of assets and liabilities and their financial reporting amounts that give rise to deferred income tax assets and liabilities, and their approximate tax effects, are as follows:

	December 31, 2011	December 31, 2010
	(In thousands)	
Deferred tax assets:		
Allowance for loan losses	$ 20,474	$ 20,879
Deferred compensation	1,839	1,742
Stock options	317	324
Real estate owned	9,189	7,041
Loan discounts	57,095	62,269
Tax basis premium/discount on acquisitions	14,306	14,682
Deposits	357	1,163
Other	5,236	5,287
Gross deferred tax assets	108,813	113,387
Deferred tax liabilities:		
Accelerated depreciation on premises and equipment	2,299	2,341
Unrealized gain on securities	5,167	194
Core deposit intangibles	1,159	2,165
Indemnification asset	75,254	89,142
FHLB dividends	879	867
Other	1,205	92
Gross deferred tax liabilities	85,963	94,801
Net deferred tax assets	$ 22,850	$ 18,586

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and the states of Arkansas and Florida. With a few exceptions, the Company is no longer subject to U.S. federal and state tax examinations by tax authorities for years before 2008. The Internal Revenue Service (IRS) commenced an examination of the Company s U.S. income tax return for 2008 in the second quarter of 2011 that is anticipated to be completed by the second quarter of 2012. As of December 31, 2011, the IRS has not proposed any significant adjustments to the Company s tax return. The Company does not anticipate the examination to result in a material change to its financial position.

The Company recognizes interest accrued related to unrecognized tax benefits and penalties in income tax expense. During the years ended December 31, 2011, 2010 and 2009, the Company did not recognize any interest or penalties. The Company did not have any interest or penalties accrued at December 31, 2011, 2010 and 2009.

12. Common Stock and Stock Compensation Plans

Common Stock

On April 22, 2010, our Board of Directors declared a 10% stock dividend which was paid June 4, 2010 to shareholders of record as of May 14, 2010. Except for fractional shares, the holders of our common stock received 10% additional common stock on June 4, 2010. The common shareholders did not receive fractional shares; instead they received cash at a rate equal to the closing price of a share on June 4, 2010 times the fraction of a share they otherwise would have been entitled to.

All share and per share amounts have been restated to reflect the retroactive effect of the stock dividend. After issuance, this stock dividend lowered our total capital position by approximately $11,000 as a result of the cash paid in lieu of fractional shares. Our financial statements reflect an increase in the number of outstanding shares of common stock, an increase in surplus and reduction of retained earnings.

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In September 2009, the Company raised common equity through an underwritten public offering by issuing 5,445,000 shares of common stock at $18.05. The net proceeds of the offering after deducting underwriting discounts and commissions and offering expenses were $93.3 million. In October 2009, the underwriters of our stock offering exercised and completed their option to purchase an additional 816,750 shares of common stock at $18.05 to cover over-allotments. The net proceeds of the exercise of the over-allotment option after deducting underwriting discounts and commissions were $14.0 million. The total net proceeds of the offering after deducting underwriting discounts and commissions and offering expenses were $107.3 million.

On January 16, 2009, the Company issued and sold, and the United States Department of the Treasury (the Treasury) purchased, (1) 50,000 shares of the Company s Fixed Rate Cumulative Perpetual Preferred Stock Series A (the Preferred Shares), liquidation preference of $1,000 per share, and (2) a ten-year warrant (the Warrant) to purchase shares of the Company s common stock, par value $0.01 per share, at an exercise price of $23.664 per share, for an aggregate purchase price of $50.0 million in cash.

On July 6, 2011, we repurchased all 50,000 shares of the Company s Fixed Rate Cumulative Perpetual Preferred Stock, Series A, held by the Treasury. Under the terms of the repayment document, the Company paid an aggregate repurchase price of approximately $50.4 million to repurchase the Preferred Shares, including $354,167 in dividends accrued since the Company s last quarterly dividend payment to the Treasury, and the Treasury returned to the Company the stock certificate representing the Preferred Shares. The Preferred Shares are thereby cancelled and will be considered authorized but unissued shares of preferred stock.

On July 27, 2011, the Company repurchased the Warrant issued by the Company to the Treasury. The Warrant was repurchased by the Company pursuant to a letter agreement between the Treasury and the Company, dated July 21, 2011, for a total repurchase price of approximately $1.3 million. Prior to its repurchase, the Warrant allowed the Treasury to purchase up to 158,471.50 shares of the Company s common stock at an exercise price of $23.664 per share. The repurchase price was based on the fair market value of the Warrant as agreed upon by the Company and the Treasury.

Stock Compensation Plans

The Company has a stock option and performance incentive plan. The purpose of the plan is to attract and retain highly qualified officers, directors, key employees, and other persons, and to motivate those persons to improve our business results. This plan provides for the granting of incentive nonqualified options to purchase stock or for the issuance of restricted shares up to 1,782,000 of common stock in the Company. As of December 31, 2011, the Company has approximately 505,000 shares remaining available for grants or issuance under the plan and approximately 1.1 million shares reserved for issuance of common stock.

The intrinsic value of the stock options outstanding at December 31, 2011, 2010, and 2009 was $8.3 million, $7.4 million and $9.5 million, respectively. The intrinsic value of the stock options vested at December 31, 2011, 2010 and 2009 was $8.1 million, $7.2 million and $9.3 million, respectively.

The intrinsic value of the stock options exercised during 2011, 2010 and 2009 was $1.5 million, $2.7 million, and $1.3 million, respectively.

Total unrecognized compensation cost, net of income tax benefit, related to non-vested awards, which are expected to be recognized over the vesting periods, was approximately $26,000 as of December 31, 2011.

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The table below summarized the transactions under the Company s stock option plans at December 31, 2011, 2010 and 2009 and changes during the years then ended:

	2011		2010		2009	
	Shares (000)	Weighted Average Exercisable Price	Shares (000)	Weighted Average Exercisable Price	Shares (000)	Weighted Average Exercisable Price
Outstanding, beginning of year	660	$ 10.88	835	$ 10.46	1,176	$ 10.65
Granted						
Forfeited					(201)	11.93
Exercised	(91)	7.87	(175)	8.89	(140)	9.95
Expired						
Outstanding, end of period	569	11.36	660	10.88	835	10.46
Exercisable, end of period	550	$ 11.13	623	$ 10.45	779	$ 9.93

Stock-based compensation expense for stock-based compensation awards granted is based on the grant date fair value. For stock option awards, the fair value is estimated at the date of grant using the Black-Scholes option-pricing model. This model requires the input of highly subjective assumptions, changes to which can materially affect the fair value estimate. Additionally, there may be other factors that would otherwise have a significant effect on the value of employee stock options granted but are not considered by the model. Accordingly, while management believes that the Black-Scholes option-pricing model provides a reasonable estimate of fair value, the model does not necessarily provide the best single measure of fair value for the Company s employee stock options. There were no options granted during 2011, 2010 or 2009. The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model based on the weighted-average assumptions for expected dividend yield, expected stock price volatility, risk-free interest rate, and expected life of options granted.

The following is a summary of currently outstanding and exercisable options at December 31, 2011:

	Options Outstanding			Options Exercisable	
Exercise Prices	Options Outstanding Shares (000)	Weighted-Average Remaining Contractual Life (in years)	Weighted-Average Exercise Price	Options Exercisable Shares (000)	Weighted-Average Exercise Price
$ 6.17 to $7.01	69	1.93	6.27	69	6.27
$ 7.85 to $8.68	65	2.48	8.53	65	8.53
$ 9.55 to $9.83	52	3.56	9.63	52	9.63
$ 10.66 to $10.66	104	3.94	10.66	104	10.66
$ 11.09 to $11.09	175	4.20	11.09	175	11.09
$ 16.65 to $17.82	56	5.73	17.28	43	17.32
$ 18.50 to $18.62	19	5.35	18.57	15	18.57
$ 20.33 to $22.74	29	5.38	20.78	27	20.62
	569			550	

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The table below summarized the activity for the Company s restricted stock issued and outstanding at December 31, 2011, 2010 and 2009 and changes during the years then ended:

	2011	2010	2009
Beginning of year	22,049	12,039	
Issued	32,156	18,810	12,039
Vested	(5,683)	(8,800)	
End of year	48,522	22,049	12,039
Amount of expense (in thousands)	$ 351	$ 324	$ 144

All the restricted stock issued will vest equally each year over three years beginning on the first anniversary of the issuance. The only exception to this vesting is for 4,999 shares of restricted common stock issued during 2009. These restricted shares will vest equally each year over three years beginning on the third anniversary of the issuance.

During the year 2011, the Company utilized a portion of the stock repurchase program. This program authorized the repurchase of 1,188,000 shares of the Company s common stock. The Company repurchased a total of 300,000 shares with a weighted average stock price of $22.53. The Company believes the stock repurchased at this price is an excellent investment. The 2011 earnings were used to fund this repurchase. The shares repurchased during 2011 will be used to fulfill a future restricted stock award program for the Company s management team.

13. Non-Interest Expense

The table below shows the components of non-interest expense for years ended December 31:

	2011	2010	2009
		(In thousands)	
Salaries and employee benefits	$ 42,825	$ 38,881	$ 33,035
Occupancy and equipment	14,197	13,164	10,599
Data processing expense	4,601	3,513	3,214
Other operating expenses:			
Advertising	4,270	2,033	2,614
Merger and acquisition expenses	145	5,165	1,511
Amortization of intangibles	2,827	2,561	1,849
Amortization of mortgage servicing rights		436	801
Electronic banking expense	2,733	1,974	2,903
Directors fees	811	679	986
Due from bank service charges	496	439	414
FDIC and state assessment	4,283	3,676	4,689
Insurance	1,673	1,220	1,120
Legal and accounting	1,603	1,620	915
Mortgage servicing expense		158	303
Other professional fees	1,954	1,526	1,087
Operating supplies	1,168	889	837
Postage	942	675	665
Telephone	977	824	668
Other expense	9,217	5,568	4,673
Total other operating expenses	33,099	29,443	26,035
Total non-interest expense	$ 94,722	$ 85,001	$ 72,883

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14. Employee Benefit Plans

401(k) Plan

The Company has a retirement savings 401(k) plan in which substantially all employees may participate. The Company matches employees contributions based on a percentage of salary contributed by participants. While the plan also allows for discretionary employer contributions, no discretionary contributions were made for the years ended 2011, 2010 and 2009. The Company s expense for the plan was approximately $522,000, $466,000 and $366,000 in 2011, 2010 and 2009, respectively, which is included in salaries and employee benefits expense.

Chairman s Retirement Plan

On April 20, 2007, the Company s board of directors approved a Chairman s Retirement Plan for John W. Allison, the Company s Chairman and CEO. The Chairman s Retirement Plan provides a supplemental retirement benefit of $250,000 a year for 10 consecutive years or until Mr. Allison s death, whichever occurs later. During 2011, Mr. Allison reached the age of 65 and became 100% vested in the plan. Therefore he began receiving the supplemental retirement benefit due to him. He received $125,000 of this benefit during 2011. An expense of approximately $372,000, $566,000 and $561,000 was accrued for 2011, 2010 and 2009 for this plan, respectively.

15. Related Party Transactions

In the ordinary course of business, loans may be made to officers and directors and their affiliated companies at substantially the same terms as comparable transactions with other borrowers. At December 31, 2011 and 2010, related party loans were approximately $34.2 million and $42.7 million, respectively. New loans and advances on prior commitments made to the related parties were $8.3 million and $29.4 million for the years ended December 31, 2011 and 2010, respectively. Repayments of loans made by the related parties were $18.0 million and $36.7 million for the years ended December 31, 2011 and 2010, respectively.

At December 31, 2011 and 2010, directors, officers, and other related interest parties had demand, non interest-bearing deposits of $12.2 million and $26.6 million, respectively, savings and interest-bearing transaction accounts of $484,000 and $362,000, respectively, and time certificates of deposit of $9.7 million and $12.4 million, respectively.

During 2011, 2010 and 2009, rent expense totaling approximately $97,000, $81,000 and $80,000, respectively, was paid to related parties.

16. Leases

The Company leases certain premises and equipment under noncancelable operating leases with terms up to 15 years which are charged to expense over the lease term as it becomes payable. The Company s leases do not have rent holidays. In addition, any rent escalations are tied to the consumer price index or contain nominal increases and are not included in the calculation of current lease expense due to the immaterial amount. At December 31, 2011, the minimum rental commitments under these noncancelable operating leases are as follows (in thousands):

2012	$ 1,568
2013	1,310
2014	1,094
2015	1,036
2016	874
Thereafter	6,583
	$ 12,465

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17. Concentration of Credit Risks

The Company s primary market areas are in central Arkansas, north central Arkansas, southern Arkansas, central Florida, southwest Florida, the Florida Panhandle and the Florida Keys (Monroe County). The Company primarily grants loans to customers located within these geographical areas unless the borrower has an established relationship with the Company.

The diversity of the Company s economic base tends to provide a stable lending environment. Although the Company has a loan portfolio that is diversified in both industry and geographic area, a substantial portion of its debtors ability to honor their contracts is dependent upon real estate values, tourism demand and the economic conditions prevailing in its market areas.

18. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Estimates related to the allowance for loan losses and certain concentrations of credit risk are reflected in Note 4, while deposit concentrations are reflected in Note 7.

Although the Company has a diversified loan portfolio, at December 31, 2011 and 2010, non-covered commercial real estate loans represented 61.9% and 62.4% of gross non-covered loans and 229.8% and 247.7% of total stockholders equity, respectively. Non-covered residential real estate loans represented 23.1% and 22.8% of gross non-covered loans and 85.7% and 90.3% of total stockholders equity at December 31, 2011 and 2010, respectively.

The current economic environment presents financial institutions with unprecedented circumstances and challenges which in some cases have resulted in large declines in the fair values of investments and other assets, constraints on liquidity and significant credit quality problems, including severe volatility in the valuation of real estate and other collateral supporting loans. The financial statements have been prepared using values and information currently available to the Company.

Given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in asset values, the allowance for loan losses and capital that could negatively impact the Company s ability to meet regulatory capital requirements and maintain sufficient liquidity.

19. Commitments and Contingencies

In the ordinary course of business, the Company makes various commitments and incurs certain contingent liabilities to fulfill the financing needs of their customers. These commitments and contingent liabilities include lines of credit and commitments to extend credit and issue standby letters of credit. The Company applies the same credit policies and standards as they do in the lending process when making these commitments. The collateral obtained is based on the assessed creditworthiness of the borrower.

At December 31, 2011 and 2010, commitments to extend credit of $292.4 million and $257.9 million, respectively, were outstanding. A percentage of these balances are participated out to other banks; therefore, the Company can call on the participating banks to fund future draws. Since some of these commitments are expected to expire without being drawn upon, the total commitment amount does not necessarily represent future cash requirements.

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Outstanding standby letters of credit are contingent commitments issued by the Company, generally to guarantee the performance of a customer in third-party borrowing arrangements. The term of the guarantee is dependent upon the credit worthiness of the borrower some of which are long-term. The amount of collateral obtained, if deemed necessary, is based on management s credit evaluation of the counterparty. Collateral held varies but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate. Management uses the same credit policies in granting lines of credit as it does for on-balance-sheet instruments. The maximum amount of future payments the Company could be required to make under these guarantees at December 31, 2011 and 2010, is $22.8 million and $18.7 million, respectively.

The Company and/or its bank subsidiary have various unrelated legal proceedings, most of which involve loan foreclosure activity pending, which, in the aggregate, are not expected to have a material adverse effect on the financial position or results of operations of the Company and its subsidiary.

20. Financial Instruments

FASB ASC 820 *Fair Value Measurements and Disclosures* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
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

Available-for-sale securities are the only material instruments valued on a recurring basis which are held by the Company at fair value. The Company does not have any Level 1 securities. Primarily all of the Company s securities are considered to be Level 2 securities. These Level 2 securities consist of U.S. government-sponsored enterprises, mortgage-backed securities plus state and political subdivisions. As of December 31, 2011, Level 3 securities were immaterial.

Impaired loans that are collateral dependent are the only material financial assets valued on a non-recurring basis which are held by the Company at fair value. Loan impairment is reported when full payment under the loan terms is not expected. Impaired loans are carried at the net realizable value of the collateral if the loan is collateral dependent. A portion of the allowance for loan losses is allocated to impaired loans if the value of such loans is deemed to be less than the unpaid balance. If these allocations cause the allowance for loan losses to require increase, such increase is reported as a component of the provision for loan losses. The fair value of loans with specific allocated losses was $104.4 million and $61.9 million as of December 31, 2011 and 2010, respectively. This valuation is considered Level 3, consisting of appraisals of underlying collateral. The Company reversed approximately $590,000 of accrued interest receivable when non-covered impaired loans were put on non-accrual status during the year ended December 31, 2011.

Foreclosed assets held for sale are the only material non-financial assets valued on a non-recurring basis which are held by the Company at fair value, less estimated costs to sell. At foreclosure, if the fair value, less estimated costs to sell, of the real estate acquired is less than the Company s recorded investment in the related loan, a write-down is recognized through a charge to the allowance for loan losses. Additionally, valuations are periodically performed by management and any subsequent reduction in value is recognized by a charge to income. The fair value of foreclosed assets held for sale is estimated using Level 3 inputs based on appraisals of underlying collateral. As of December 31, 2011 and 2010, the fair value of non-covered foreclosed assets held for sale not covered by loss share, less estimated costs to sell was $16.7 million and $11.6 million, respectively.

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Fair Values of Financial Instruments

The following methods and assumptions were used by the Company in estimating fair values of financial instruments as disclosed in these notes:

Cash and cash equivalents and federal funds sold For these short-term instruments, the carrying amount is a reasonable estimate of fair value.

Loans receivable not covered by loss share, net of non-covered impaired loans and allowance For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are assumed to approximate the carrying amounts. The fair values for fixed-rate loans are estimated using discounted cash flow analysis, based on interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Loan fair value estimates include judgments regarding future expected loss experience and risk characteristics.

Loans receivable covered by FDIC loss share Fair values for loans are based on a discounted cash flow methodology that considered factors including the type of loan and related collateral, classification status, fixed or variable interest rate, term of loan and whether or not the loan was amortizing, and current discount rates. Loans were grouped together according to similar characteristics and were treated in the aggregate when applying various valuation techniques. The discount rates used for loans are based on current market rates for new originations of comparable loans and include adjustments for liquidity concerns. The discount rate does not include a factor for credit losses as that has been included in the estimated cash flows.

FDIC indemnification asset Although this asset is a contractual receivable from the FDIC, there is no effective interest rate. The Bank will collect this asset over the next several years. The amount ultimately collected will depend on the timing and amount of collections and charge-offs on the acquired assets covered by the loss sharing agreement. While this asset was recorded at its estimated fair value at acquisition date, it is not practicable to complete a fair value analysis on a quarterly or annual basis. This would involve preparing a fair value analysis of the entire portfolio of loans and foreclosed assets covered by the loss sharing agreement on a quarterly or annual basis in order to estimate the fair value of the FDIC indemnification asset.

Accrued interest receivable The carrying amount of accrued interest receivable approximates its fair value.

Deposits and securities sold under agreements to repurchase The fair values of demand, savings deposits and securities sold under agreements to repurchase are, by definition, equal to the amount payable on demand and therefore approximate their carrying amounts. The fair values for time deposits are estimated using a discounted cash flow calculation that utilizes interest rates currently being offered on time deposits with similar contractual maturities.

FHLB and other borrowed funds For short-term instruments, the carrying amount is a reasonable estimate of fair value. The fair value of long-term debt is estimated based on the current rates available to the Company for debt with similar terms and remaining maturities.

Accrued interest payable The carrying amount of accrued interest payable approximates its fair value.

Subordinated debentures The fair value of subordinated debentures is estimated using the rates that would be charged for subordinated debentures of similar remaining maturities.

Commitments to extend credit, letters of credit and lines of credit The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair values of letters of credit and lines of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate or otherwise settle the obligations with the counterparties at the reporting date.

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The following table presents the estimated fair values of the Company s financial instruments. The fair values of certain of these instruments were calculated by discounting expected cash flows, which involves significant judgments by management and uncertainties. Fair value is the estimated amount at which financial assets or liabilities could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Because no market exists for certain of these financial instruments and because management does not intend to sell these financial instruments, the Company does not know whether the fair values shown below represent values at which the respective financial instruments could be sold individually or in the aggregate.

	December 31, 2011	
	Carrying Amount	Fair Value
	(In thousands)	
Financial assets:		
Cash and cash equivalents	$ 184,304	$ 184,304
Federal funds sold	1,100	1,100
Loans receivable not covered by loss share, net of non-covered impaired loans and allowance	1,603,606	1,587,453
Loans receivable covered by FDIC loss share	481,739	481,739
FDIC indemnification asset	193,856	193,856
Accrued interest receivable	15,551	15,551
Financial liabilities:		
Deposits:		
Demand and non-interest bearing	$ 464,581	$ 464,581
Savings and interest-bearing transaction accounts	1,189,098	1,189,098
Time deposits	1,204,352	1,209,689
Federal funds purchased		
Securities sold under agreements to repurchase	62,319	62,319
FHLB borrowed funds	142,777	150,789
Accrued interest payable	2,125	2,125
Subordinated debentures	44,331	47,109

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	December 31, 2010	
	Carrying Amount	Fair Value
	(In thousands)	
Financial assets:		
Cash and cash equivalents	$ 287,532	$ 287,532
Federal funds sold	27,848	27,848
Loans receivable not covered by loss share, net of non-covered impaired loans and allowance	1,777,149	1,770,147
Loans receivable covered by FDIC loss share	575,776	575,776
FDIC indemnification asset	227,258	227,258
Accrued interest receivable	16,176	16,176
Financial liabilities:		
Deposits:		
Demand and non-interest bearing	$ 392,622	$ 392,622
Savings and interest-bearing transaction accounts	1,108,309	1,108,309
Time deposits	1,460,867	1,463,922
Federal funds purchased		
Securities sold under agreements to repurchase	74,459	74,459
FHLB borrowed funds	177,270	179,851
Accrued interest payable	3,004	3,004
Subordinated debentures	44,331	48,162

21. Regulatory Matters

The Bank is subject to a legal limitation on dividends that can be paid to the parent company without prior approval of the applicable regulatory agencies. Arkansas bank regulators have specified that the maximum dividend limit state banks may pay to the parent company without prior approval is 75% of the current year earnings plus 75% of the retained net earnings of the preceding year. Since the Bank is also under supervision of the Federal Reserve, it is further limited if the total of all dividends declared in any calendar year by the Bank exceeds the Bank s net profits to date for that year combined with its retained net profits for the preceding two years. During 2010 and the first six months of 2011, the Company did not request any dividends from its banking subsidiary. As a result of the Company repurchasing all 50,000 shares of its Series A Preferred Stock and the related common stock warrant in July 2011 for approximately $51.7 million, the Company requested approximately $39.8 million during the last half of 2011 in dividends from its banking subsidiary. This dividend is equal to approximately 75% of the current year earnings through November 30, 2011 from its banking subsidiary. The Company plans to continue to request dividends from its banking subsidiary during 2012.

The Company s subsidiary is subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company s consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Company must meet specific capital guidelines that involve quantitative measures of the Company s assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. The Company s capital amounts and classifications 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 to maintain minimum amounts and ratios (set forth in the table below) of total and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined) and of Tier 1 capital (as defined) to average assets (as defined). Management believes that, as of December 31, 2011, the Company meets all capital adequacy requirements to which it is subject.

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As of the most recent notification from regulatory agencies, the subsidiary was well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Company and its subsidiary must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the institutions categories.

The Company s actual capital amounts and ratios along with the Company s bank subsidiary are presented in the following table.

	Actual Amount	Actual Ratio	Minimum Capital Requirement Amount	Minimum Capital Requirement Ratio	Minimum To Be Well Capitalized Under Prompt Corrective Action Provision Amount	Minimum To Be Well Capitalized Under Prompt Corrective Action Provision Ratio
			(Dollars in thousands)			
As of December 31, 2011						
Leverage ratios:						
Home BancShares	$ 441,931	12.48%	$ 141,645	4.00%	$ N/A	N/A%
Centennial Bank	404,687	11.65	138,948	4.00	173,685	5.00
Tier 1 capital ratios:						
Home BancShares	$ 441,931	17.04%	$ 103,740	4.00%	$ N/A	N/A%
Centennial Bank	404,687	15.68	103,236	4.00	154,855	6.00
Total risk-based capital ratios:						
Home BancShares	$ 474,601	18.30%	$ 207,476	8.00%	$ N/A	N/A%
Centennial Bank	437,197	16.94	206,468	8.00	258,086	10.00
As of December 31, 2010						
Leverage ratios:						
Home BancShares	$ 450,015	12.15%	$ 148,153	4.00%	$ N/A	N/A%
Centennial Bank	383,788	10.32	148,755	4.00	185,944	5.00
Tier 1 capital ratios:						
Home BancShares	$ 450,015	16.69%	$ 107,853	4.00%	$ N/A	N/A%
Centennial Bank	383,788	14.32	107,203	4.00	160,805	6.00
Total risk-based capital ratios:						
Home BancShares	$ 483,963	17.95%	$ 215,694	8.00%	$ N/A	N/A%
Centennial Bank	417,511	15.58	214,383	8.00	267,979	10.00

22. Additional Cash Flow Information

The following is summary of the Company s additional cash flow information during the years ended:

	2011	2010	2009
		(In thousands)	
Interest paid	$ 31,430	$ 35,830	$ 41,586
Income taxes paid	37,150	14,950	12,950
Assets acquired by foreclosure	42,714	16,780	19,355

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23. Condensed Financial Information (Parent Company Only)

Condensed Balance Sheets

(In thousands)	December 31, 2011	2010
Assets		
Cash and cash equivalents	$ 33,629	$ 60,334
Investments in wholly-owned subsidiary	480,114	454,318
Investments in unconsolidated subsidiary	1,331	1,331
Other assets	5,874	7,976
Total assets	$ 520,948	$ 523,959
Liabilities		
Subordinated debentures	$ 44,331	$ 44,331
Other liabilities	2,551	2,703
Total liabilities	46,882	47,034
Stockholders Equity		
Preferred stock		49,456
Common stock	283	285
Capital surplus	425,649	432,962
Retained (deficit) earnings	40,130	(6,079)
Accumulated other comprehensive income	8,004	301
Total stockholders equity	474,066	476,925
Total liabilities and stockholders equity	$ 520,948	$ 523,959

Condensed Statements of Income

(In thousands)	Years Ended December 31, 2011	2010	2009
Income			
Dividends from subsidiary	$ 39,760	$	$ 2,119
Other income	65	75	3,445
Total income	39,825	75	5,564
Expenses	5,089	5,573	11,134
Loss before income taxes and equity in undistributed net income of subsidiary	34,736	(5,498)	(5,570)
Tax benefit for income taxes	1,912	2,273	2,979
Income (loss) before equity in undistributed net income of subsidiary	36,648	(3,225)	(2,591)
Equity in undistributed net income of subsidiary	18,093	20,816	29,397
Net income	$ 54,741	$ 17,591	$ 26,806

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Condensed Statements of Cash Flows

(In thousands)	Years Ended December 31, 2011	2010	2009
Cash flows from operating activities			
Net income	$ 54,741	$ 17,591	$ 26,806
Items not requiring (providing) cash			
Depreciation			122
Amortization		(60)	(91)
Loss on investment securities		71	
Share-based compensation	36	376	(81)
Tax benefit from stock options exercised	(562)	(964)	(439)
Equity in undistributed income of subsidiaries	(18,093)	(20,816)	(29,397)
Changes in other assets	2,102	3,148	(432)
Changes in other liabilities	410	922	1,312
Net cash provided by (used in) operating activities	38,634	268	(2,200)
Cash flows from investing activities			
Purchases of premises and equipment, net			(344)
Capital contribution to subsidiaries		(107,000)	(1,000)
Purchase of Centennial Bancshares, Inc			(3,100)
Proceeds from maturities of investment securities		29	
Net cash provided by (used in) investing activities		(106,971)	(4,444)
Cash flows from financing activities			
Net proceeds from common stock public offering			107,341
Repurchase of preferred stock and common stock warrant	(51,300)		
Net proceeds from issuance of preferred stock and common stock warrant			50,000
Net proceeds from stock issuance	1,061	1,555	1,391
Retirement of subordinated debentures		(3,252)	
Tax benefit from stock options exercised	562	964	439
Repurchase of common stock	(6,768)		
Disgorgement of profits		11	
Dividends paid	(8,894)	(8,670)	(7,518)
Net cash provided by (used in) financing activities	(65,339)	(9,392)	151,653
Increase (decrease) in cash and cash equivalents	(26,705)	(116,095)	145,009
Cash and cash equivalents, beginning of year	60,334	176,429	31,420
Cash and cash equivalents, end of year	$ 33,629	$ 60,334	$ 176,429

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24. Recent Accounting Pronouncements

In April 2011, the FASB issued an update, ASU No. 2011-02, *Receivables (Topic 310) A Creditor s Determination of Whether a Restructuring is a Troubled Debt Restructuring.* clarifying the requirements of FASB ASC Topic 310-40, *Troubled Debt Restructurings by Creditors* . This update provides additional guidance related to determining whether a creditor has granted a concession, including factors and examples for creditors to consider in evaluating whether a restructuring results in a delay in payment that is insignificant, prohibits creditors from using the borrower s effective rate test to evaluate whether a concession has been granted to the borrower, and adds factors for creditors to use in determining whether a borrower is experiencing financial difficulties. This update also ends the FASB s deferral of the additional disclosure requirements around troubled debt restructurings included in ASU No. 2010-20, *Disclosure about the Credit Quality of Financing Receivables and the Allowance for Credit Losses* . The provisions of ASU No. 2011-02, as well as the additional disclosure requirements around troubled debt restructurings, became effective for the Company for the interim reporting period ended September 30, 2011. For further detail on troubled debt restructurings, see Note 4 Loans Receivable Not Covered By Loss Share and Allowance for Loan Losses.

In April 2011, the FASB issued an update, ASU No. 2011-03, *Reconsideration of Effective Control for Repurchase Agreements* , which simplified the accounting for arrangements such as repurchase and securities lending agreements. The collateral maintenance requirement will be eliminated from the assessment of effective control, which could result in more transactions being accounted for as secured borrowings rather than sales. The assessment of effective control will focus on a transferor s contractual rights and obligations, not the amount of collateral obtained to repurchase or redeem the transferred financial asset. Under the amended guidance, a transferor maintains effective control over transferred financial assets, and thus accounts for the transfer as a secured borrowing, if there is an agreement that both entitles and obligates the transferor to repurchase the financial assets before maturity and all of the conditions already described in FASB ASC Topic 860, *Transfers and Servicing* , are met. This revised guidance is applicable to new transactions and transactions that are modified on or after the first interim or annual period beginning after December 15, 2011. The Company does not anticipate this update will have a material impact on its consolidated financial statements.

In May 2011, the FASB issued an update, ASU No. 2011-04, *Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* , which expands the disclosure requirements around fair value measurements categorized in Level 3 of the fair value hierarchy and requires disclosure of the level in the fair value hierarchy of items that are not measured at fair value but whose fair value must be disclosed. It also clarifies and expands upon existing requirements for fair value measurements of financial assets and liabilities as well as instruments classified in shareholders equity. The guidance is effective for interim and annual financial periods beginning after December 15, 2011. The Company does not anticipate this update will have a material impact on its consolidated financial statements.

In June 2011, the FASB issued an update, ASU 2011-05, *Presentation of Comprehensive Income* , which revises the manner in which entities present comprehensive income in their financial statements. This update eliminates the option to present components of other comprehensive income (OCI) as part of the statement of changes in stockholders equity. The amendments to the existing standard require that all non-owner changes in stockholders equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. Under either method, adjustments must be displayed for items that are reclassified from OCI to net income, in both net income and OCI. The amendments to the existing standard do not change the current option for presenting components of OCI gross or net of the effect of income taxes, provided that such tax effects are presented in the statement in which OCI is presented or disclosed in the notes to the financial statements. Additionally, the standard does not affect the calculation or reporting of earnings per share. This guidance is effective for interim and annual financial periods beginning after December 15, 2011 and is to be applied retrospectively, with early adoption permitted. The Company does not anticipate this update will have a material impact on its consolidated financial statements.

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In September 2011, the FASB issued an update, ASU 2011-08, *Testing Goodwill for Impairment*, to simplify the current two-step goodwill impairment test in FASB ASC Topic 350-20, *Intangibles Goodwill and Other: Goodwill*. This update permits entities to first perform a qualitative assessment to determine whether it is more likely than not (a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount. If the entity determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, it would then perform the first step of the goodwill impairment test; otherwise, no further impairment test would be required. This guidance is effective for interim and annual goodwill impairment tests performed for fiscal years beginning after December 15, 2011, with early adoption permitted. The Company does not anticipate this update will have a material impact on its consolidated financial statements.

In December 2011, the FASB issued an update, ASU 2011-11, *Disclosures About Offsetting Assets and Liabilities*, which creates new disclosure requirements about the nature of an entity s rights of offset and related arrangements associated with its financial instruments and derivative instruments. New disclosure requirements will be required for recognized financial and derivative instruments that are offset in accordance with the guidance in FASB ASC Topic 210-20-45, *Balance Sheet Offsetting Other Presentation Matters*, FASB ASC Topic 815-10-45, *Derivatives and Hedging Other Presentation Matters*, or are subject to an enforceable master netting arrangement or similar agreement. Recognized assets and liabilities within the scope of this update include financial instruments such as derivatives, repurchase agreements, reverse repurchase agreements and securities lending and borrowing arrangements subject to master netting arrangements. An entity will be required to disclose information to enable users of its financial statements to evaluate the effect or potential effect of netting arrangements on its financial position, including the effect or potential effect of rights of set-off associated with certain financial instruments and derivative instruments. This guidance is effective for fiscal years beginning on or after January 1, 2013, and interim periods within those annual periods. The guidance must be applied retrospectively for any period presented that begins before an entity s date of initial application. The Company does not anticipate this update will have a material impact on its consolidated financial statements.

In December 2011, the FASB issued an update, ASU 2011-12, *Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU 2011-05*, which deferred the requirement that companies present reclassification adjustments for each component of accumulated other comprehensive income in both net income and other comprehensive income on the face of the financial statements. The deferral will not affect the requirement that companies present items of net income, other comprehensive income and total comprehensive income in either one continuous statement or two consecutive statements. This guidance is effective for interim and annual financial periods beginning after December 15, 2011, with early adoption permitted. The Company does not anticipate this update will have a material impact on its consolidated financial statements.

Presently, the Company is not aware of any other changes from the Financial Accounting Standards Board that will have a material impact on the Company s present or future financial statements.

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25. Subsequent Events

Effective February 16, 2012, Centennial Bank completed the acquisition of substantially all operating assets and liabilities of Vision Bank, a Florida state-chartered bank with its principal office located in Panama City, Florida (Vision), pursuant to a Purchase and Assumption Agreement (the Agreement), dated November 16, 2011, between the Company, Centennial, Park National Corporation, parent company of Vision (Park), and Vision. As a result of the acquisition, the Company will have an opportunity to increase its deposit base and reduce transaction cost. The Company also expects to reduce costs through economies of scale.

Pursuant to the Agreement, Centennial assumed approximately $520 million in customer deposits and acquired approximately $354 million in performing loans from Vision for the purchase price of approximately $27.9 million. Centennial did not purchase certain of Vision s performing loans nor any of its non-performing loans or other real estate owned. As part of the acquisition, Centennial acquired the real estate and other assets related to Vision s 17 banking offices, including eight locations in Baldwin County, Alabama, and nine locations in the Florida Panhandle counties of Bay, Gulf, Okaloosa, Santa Rosa and Walton. Included in the acquisition were the fixed assets located within the Vision offices, the safe deposit business conducted at the Vision offices, cash on hand, prepaid expenses and Vision s rights under contracts related to the Vision offices. Centennial also assumed the liabilities and obligations of Vision with respect to the safe deposit business, the assumed contracts, third-party leases for the real estate leased by Vision and equipment and operating leases related to the Vision offices. In addition, pursuant to the Agreement, Park granted Centennial a put option to put an aggregate of $7.5 million of the purchased loans back to Park for a period of up to six months after the closing date. On the closing date, Park made a cash payment to Centennial of approximately $124.8 million.

For the year ended December 31, 2011, Vision has reported in its call report a net loss before income taxes, extraordinary items and other adjustments of approximately $28.7 million. On a carve-out basis factoring in only the assets and liabilities acquired or assumed by Centennial, the acquired portion of Vision would have resulted in net income before income taxes, extraordinary items and other adjustments for 2011 of approximately $8.8 million. The primary differences are Vision s provision for loan losses, which will not carry over due to Centennial not acquiring Vision s non-performing loans, and certain non-interest expenses which also will not carry over to Centennial.

As of the date the financial statements were available to be issued, the purchase price allocation has not been finalized, and thus, the resulting fair values of assets acquired and liabilities assumed are not yet available.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

No items are reportable.

Item 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures.

An evaluation as of the end of the period covered by this annual report was carried out under the supervision and with the participation of our management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, which are defined under SEC rules as controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within required time periods. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective. As a result of this evaluation, there were no significant changes in the Company s internal controls or in other factors that could significantly affect those controls subsequent to the date of evaluation.

Item 9B. OTHER INFORMATION

No items are reportable.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNACE

Incorporated herein by reference from the Company s definitive proxy statement for the Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A.

Item 11. EXECUTIVE COMPENSATION

Incorporated herein by reference from the Company s definitive proxy statement for the Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Incorporated herein by reference from the Company s definitive proxy statement for the Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Incorporated herein by reference from the Company s definitive proxy statement for the Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A.

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Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Incorporated herein by reference from the Company s definitive proxy statement for the Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

(a) 1 and 2. Financial Statements and any Financial Statement Schedules

The financial statements and financial statement schedules listed in the accompanying index to the consolidated financial statements and financial statement schedules are filed as part of this report.

(b) Listing of Exhibits.

Exhibit No.	
12.1	Computation of Ratios of Earnings to Fixed Charges*
23.1	Consent of BKD, LLP*
31.1	CEO Certification Pursuant Rule 13a-14(a)/15d-14(a)*
31.2	CFO Certification Pursuant Rule 13a-14(a)/15d-14(a)*
32.1	CEO Certification Pursuant 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes Oxley Act of 2002*
32.2	CFO Certification Pursuant 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes Oxley Act of 2002*
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document*
101.LAB	XBRL Taxonomy Extension Label Linkbase Document*
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HOME BANCSHARES, INC.

By: /s/ C. Randall Sims
C. Randall Sims

Chief Executive Officer

Date: March 5, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities indicated as of March 5, 2012.

/s/ John W. Allison John W. Allison Chairman of the Board of Directors	/s/ C. Randall Sims C. Randall Sims Chief Executive Officer and Director (Principal Executive Officer)	/s/ Randy E. Mayor Randy E. Mayor Chief Financial Officer, Treasurer and Director (Principal Financial Officer)
/s/ Milburn Adams Milburn Adams Director	/s/ Robert H. Adcock, Jr. Robert H. Adcock, Jr. Vice Chairman of the Board and Director	/s/ Richard H. Ashley Richard H. Ashley Director
/s/ Dale A. Bruns Dale A. Bruns Director	/s/ Richard A. Buckheim Richard A. Buckheim Director	/s/ Jack E. Engelkes Jack E. Engelkes Director
/s/ James G. Hinkle James G. Hinkle Director	/s/ Alex R. Lieblong Alex R. Lieblong Director	/s/ William G. Thompson William G. Thompson Director

/s/ Brian S. Davis
Brian S. Davis

Chief Accounting Officer

and Investor Relations Officer

(Principal Accounting Officer)