HOME BANCSHARES INC
Form S-4
May 19, 2014
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As filed with the Securities and Exchange Commission on May 19**, 2014**

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

HOME BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

Arkansas	**6022**	**71-0682831**
(State or other jurisdiction of incorporation or organization)	**(Primary standard industrial classification code number)**	**(IRS Employer Identification Number)**

719 Harkrider Street, Suite 100, Conway, Arkansas 72032

(501) 328-4770

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

C. Douglas Buford, Jr.

Mitchell, Williams, Selig, Gates &

Woodyard, P.L.L.C.

425 W. Capitol Ave., Ste. 1800

Little Rock, Arkansas 72201

Telephone: (501) 688-8866

John P. Jack Greeley

Smith Mackinnon, PA

255 South Orange Ave., Ste. 800

Orlando, Florida 32801

Telephone: (407) 843-7300

Approximate date of commencement of proposed sale of securities to the public:

As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated	x	Accelerated filer	¨

Non-accelerated filer ¨ Smaller reporting company ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(3)
Common Stock, par value $0.01 per share	1,443,967(1)	N/A	$29,360,573(2)	$3,782(2)
Total				

(1) Represents the maximum number of shares of common stock of Home BancShares, Inc. (HBI) that may be issued to holders of shares of common stock of Florida Traditions Bank (FTB) in the merger based on the Merger Consideration (as such term is defined in the Agreement and Plan of Merger dated as of April 25, 2014, among HBI, Centennial Bank, and FTB (the Merger Agreement)) and assuming that the HBI Average Closing Price (as such term is defined in the Merger Agreement) is $29.75, the lowest price permitted in the Merger Agreement without HBI having the right to terminate the Merger Agreement.

(2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act and calculated pursuant to Rule 457(f) under the Securities Act. The proposed maximum aggregate offering price of HBI s common stock was calculated based upon the book value of the FTB shares of common stock (the securities to be canceled in the merger) and is equal to the product of (i) $11.47, calculated according to Rule 457(f)(2) of the Securities Act, multiplied by (ii) 2,559,771, the maximum number of FTB shares of common stock that may be canceled and exchanged for HBI common stock in the merger.

(3) Determined in accordance with Section 6(b) of the Securities Act at a rate equal to $128.80 per $1,000,000 of the proposed maximum aggregate offering price.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell nor shall there be any sale of these securities in any jurisdiction in which such offer or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION DATED MAY 19, 2014

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Home BancShares, Inc. (which we refer to as HBI) and Florida Traditions Bank (which we refer to as FTB) have entered into an Agreement and Plan of Merger dated April 25, 2014 (which we refer to sometimes as the Merger Agreement), providing for the combination of FTB with and into Centennial Bank, an Arkansas state bank and subsidiary of HBI, with Centennial Bank remaining as the surviving entity (which transaction we refer to as the merger). Before we complete the merger, the shareholders of FTB must approve the Merger Agreement. A special meeting of FTB shareholders will be held on [ ], 2014 for that purpose.

Under the terms of the Merger Agreement, the aggregate merger consideration payable by HBI to FTB shareholders will consist of shares of HBI common stock with a total value of approximately $42,961,382. Based on 2,559,771 outstanding shares of FTB common stock, which was the number outstanding on the day the Merger Agreement was signed, FTB shareholders will receive, in exchange for each share of FTB common stock, HBI common stock valued at approximately $16.7833. The number of shares of HBI common stock issuable for each share of FTB common stock will not be determined until the effective time of the merger, and will be based on the volume-weighted average closing price of HBI common stock on The NASDAQ Global Select Market reporting system for the 20 trading days immediately prior to the date the merger closes, as set forth in more detail in the Merger Agreement and described in this proxy statement/prospectus. We expect the merger to be a tax-free transaction for FTB shareholders, to the extent they receive HBI common stock for their shares of FTB common stock.

The market price of HBI common stock will fluctuate before the merger. You should obtain a current stock price quotation for HBI common stock. HBI common stock is traded on The NASDAQ Global Select Market under the symbol HOMB.

If the 20-day average closing price of the HBI common stock as of the closing date of the merger is equal to or greater than $40.25 (subject to adjustment in the event of a stock dividend, reclassification, recapitalization, split-up, combination, exchange of shares or similar transaction), the number of shares of HBI common stock to be issued to FTB shareholders in connection with the merger will be 1,067,424 shares. In addition, if the 20-day average closing price of the HBI common stock as of the closing date of the merger is less than $29.75 (subject to adjustment in the event of a stock dividend, reclassification, recapitalization, split-up, combination, exchange of shares or similar transaction), then HBI has the option to terminate the Merger Agreement.

FTB s board of directors has unanimously determined that the combination of FTB and Centennial Bank is in the best interests of FTB shareholders based upon its analysis, investigation and deliberation, and FTB s board of directors unanimously recommends that the FTB shareholders vote **FOR** the approval of the Merger Agreement and **FOR** the approval of the other FTB proposal described in this proxy statement/prospectus.

You should read this entire proxy statement/prospectus, including the appendices and the documents incorporated by reference into the document, carefully because it contains important information about the merger and the related transactions. In particular, you should read carefully the information under the section entitled Risk Factors beginning on page 11.

The shares of HBI common stock to be issued to FTB shareholders in the merger are not deposits or savings accounts or other obligations of any bank or savings association, and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the merger described in this proxy statement/prospectus or the HBI common stock to be issued in the merger, or passed upon the adequacy or accuracy of this proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated [ ], 2014.

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FLORIDA TRADITIONS BANK

14033 8th St.

Dade City, Florida 33525

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON [ ], 2014

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of Florida Traditions Bank (FTB) will be held at FTB s principal executive offices located at 14033 8th St., Dade City, Florida 33525, at [ ] Eastern Time, on [ ], 2014, for the following purposes:

1. To approve the Agreement and Plan of Merger (the Merger Agreement) dated as of April 25, 2014, by and among Home BancShares, Inc., Centennial Bank and FTB (the Merger Proposal).

2. To approve one or more adjournments of the FTB special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the Merger Proposal (the Adjournment Proposal).

FTB will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement of such meeting.

The Merger Proposal is described in more detail in the attached proxy statement/prospectus, which you should read carefully in its entirety before you vote. A copy of the Merger Agreement is attached as **Appendix A** to the proxy statement/prospectus.

FTB s board of directors has set [ ], 2014, as the record date for the FTB special meeting. All holders of record of FTB common stock at the close of business on the record date will be notified of the special meeting. Only holders of record of FTB common stock at the close of business on [ ], 2014, will be entitled to vote at the FTB special meeting and any adjournments or postponements thereof. Any shareholder entitled to attend and vote at the FTB special meeting is entitled to appoint a proxy to attend and vote on such shareholder s behalf. Such proxy need not be a holder of FTB common stock.

Holders of FTB common stock are entitled to assert dissenters rights pursuant to Florida Statues Annotated § 658.44 in connection with the approval of the Merger Agreement. The dissenters law provides that, if the merger consummated, a dissenting shareholder will be entitled to payment in cash of the value of only those shares held by the shareholder (i) which at the special meeting are voted against approval of the Merger Agreement, or (ii) with respect to which the shareholder has given written notice to the President and Chief Executive Officer of FTB, at or prior to the special meeting, that such shareholder dissents from the Merger Agreement, and which shares are not voted for approval of the Merger Agreement.

Your vote is very important. To ensure your representation at the FTB special meeting, please complete and return the enclosed proxy card. Please vote promptly whether or not you expect to attend the FTB special meeting. Submitting a proxy now will not prevent you from being able to vote in person at the FTB special meeting.

FTB s board of directors has unanimously adopted and approved the Merger Agreement and the transactions contemplated thereby and recommends that you vote **FOR** the Merger Proposal and **FOR** the Adjournment Proposal.

By Order of the Board of Directors

/s/ James S. Stalnaker, Jr.

Chief Executive Officer

[ ], 2014

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WHERE YOU CAN FIND MORE INFORMATION

HBI files annual, quarterly and special reports, proxy statements and other business and financial information with the Securities and Exchange Commission (the SEC). You may read and copy any materials that HBI files with the SEC at the SEC s Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, at prescribed rates. Please call the SEC at (800) SEC-0330 ((800) 732-0330) for further information on the public reference room. In addition, HBI files reports and other business and financial information with the SEC electronically, and the SEC maintains a website located at *www.sec.gov* containing this information. You will also be able to obtain these documents, free of charge, from HBI by accessing HBI s website at *www.homebancshares.com* under the heading Investor Relations. Copies can also be obtained, free of charge, by directing a written request to Home BancShares, Inc., Attention: Corporate Secretary, 719 Harkrider Street, Suite 100, Conway, Arkansas 72032.

HBI has filed a registration statement on Form S-4 to register with the SEC up to 1,443,967 shares of HBI common stock (the number of shares has been calculated based on an average closing price of HBI common stock of $29.75 which is the lowest stock price listed on the chart on page 6). This proxy statement/prospectus is a part of that registration statement. As permitted by SEC rules, this proxy statement/prospectus does not contain all of the information included in the registration statement or in the exhibits or schedules to the registration statement. You may read and copy the registration statement, including any amendments, schedules and exhibits at the addresses set forth below. Statements contained in this proxy statement/prospectus as to the contents of any contract or other documents referred to in this proxy statement/prospectus are not necessarily complete. In each case, you should refer to the copy of the applicable contract or other document filed as an exhibit to the registration statement. This proxy statement/prospectus incorporates important business and financial information about HBI and FTB that is not included in or delivered with this proxy statement/prospectus, including incorporating by reference documents that HBI has previously filed with the SEC. These documents contain important information about HBI and its financial condition. See Documents Incorporated by Reference on page 93. These documents are available without charge to you upon written or oral request to HBI s principal executive offices. The address and telephone number of such principal executive office is listed below:

Home BancShares, Inc.

719 Harkrider Street, Suite 100

Conway, Arkansas 72032

Attention: Corporate Secretary

(501) 328-4770

To obtain timely delivery of these documents, you must request the information no later than [ ], 2014, in order to receive them before FTB s special meeting of shareholders.

HBI common stock is traded on The NASDAQ Global Select Market under the symbol HOMB.

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QUESTIONS AND ANSWERS

The following questions and answers briefly address some commonly asked questions about the merger and the shareholder special meeting of FTB shareholders. They may not include all the information that is important to the shareholders of FTB. Shareholders of FTB should each read this entire proxy statement/prospectus carefully, including the appendices and other documents referred to in this proxy statement/prospectus.

Q: Why am I receiving these materials?

A: FTB is sending these materials to its shareholders to help them decide how to vote their shares of FTB common stock with respect to the proposed merger and the other matters to be considered at the FTB special meeting described below.

The merger cannot be completed unless FTB shareholders approve the Merger Agreement. FTB is holding a special meeting of shareholders to vote on the Merger Agreement as described in FTB Special Meeting of Shareholders. Information about the special meeting and the merger is contained in this proxy statement/prospectus.

This proxy statement/prospectus constitutes a prospectus of HBI and a proxy statement of FTB. It is a prospectus because HBI will issue shares of its common stock in exchange for shares of FTB common stock in the merger. It is a proxy statement because the board of directors of FTB is soliciting proxies from FTB s shareholders.

Q: What will FTB shareholders receive in the merger?

A: Under the terms of the Merger Agreement, FTB shareholders will receive their pro rata share of the total consideration, which consists of shares of HBI common stock that, valued at the volume-weighted average closing price of HBI common stock on The NASDAQ Global Select Market reporting system for the 20 trading days immediately prior to the date the merger closes, will have a total value of $42,961,382.

Q: What will an FTB shareholder receive for each share of FTB common stock?

A: Based on 2,559,771 outstanding shares of FTB common stock (the number outstanding on the day the Merger Agreement was signed), each share of FTB common stock will be exchanged in the merger for HBI common stock with a total value of approximately $16.7833. The number of shares of HBI common stock issuable for each share of FTB common stock will not be determined until the effective time of the merger, and will be based on the volume-weighted average closing price of HBI common stock on The NASDAQ Global Select Market reporting system for the 20 trading days immediately prior to the date the merger closes, as set forth in more detail in the Merger Agreement and described in this proxy statement/prospectus. See The Merger Terms of the Merger beginning on page 33 for a more detailed discussion of the per-share merger consideration.

Q: How are outstanding FTB stock options addressed in the Merger Agreement?

A: At or prior to the closing of the merger, each outstanding and unexercised FTB stock option will be terminated by FTB and shall entitle the holder to a cash payment at the effective time of the merger equal to the difference between the option exercise price and the equivalent dollar value of the merger consideration.

Q: When do HBI and FTB expect to complete the merger?

A: HBI and FTB expect to complete the merger after all conditions to the merger in the Merger Agreement are satisfied or waived, including after shareholder approval is received at the special meeting of FTB shareholders and all required regulatory approvals are received. HBI and FTB currently expect to complete the merger in the third quarter of 2014. It is possible, however, that as a result of factors outside of either company s control, the merger may be completed at a later time, or may not be completed at all.

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Q: How will the merger consideration received by FTB shareholders affect HBI shareholders?

A: As a result of HBI s issuance of new shares to FTB shareholders, current HBI shareholders will experience dilution in terms of percentage of ownership. Following the closing of the merger, current HBI shareholders will own approximately 98.01% of the outstanding common stock of HBI, and current FTB shareholders will own approximately 1.99% of the outstanding common stock of HBI. These percentages are based upon an HBI common stock price of $32.43 and will increase or decrease based on the HBI common stock price as described in more detail in the chart on page 6.

Q: What am I being asked to vote on?

A: FTB shareholders are being asked to vote on the following proposals:

1. To approve the Merger Agreement (referred to as the Merger Proposal); and

2. To approve one or more adjournments of the FTB special meeting, if necessary or appropriate, including adjournments to solicit additional proxies in favor of the Merger Proposal (referred to as the Adjournment Proposal).

Q: How does the board of directors of FTB recommend that I vote?

A: FTB s board of directors unanimously recommends that FTB shareholders vote **FOR** the FTB proposals described in this proxy statement/prospectus.

For a discussion of interests of FTB s directors and officers in the merger that may be different from, or in addition to, the interests of FTB shareholders generally, see The Merger Interests of FTB Directors and Officers in the Merger and Golden Parachute Compensation, beginning on page 54.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this proxy statement/prospectus, FTB shareholders should complete, sign and date the enclosed proxy card and return it in the enclosed envelope as soon as possible so that their shares will be represented at FTB s special meeting.

Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker or other nominee.

Q: How do I cast my vote?

A:

If you are a shareholder of record of FTB as of the record date for the FTB special meeting, you may vote by signing and dating the enclosed proxy card and returning it in the postage-paid envelope provided. You may also cast your vote in person at FTB s special meeting.

Q: When and where is the FTB special meeting?

A: The special meeting of FTB shareholders will be held at FTB s principal executive offices located at 14033 8th Street, Dade City, Florida, at [ ] Eastern Time, on [ ], 2014. All shareholders of FTB as of the record date, or their duly appointed proxies, may attend the FTB special meeting.

Q: If my FTB shares are held in street name by a broker or other nominee, will my broker or nominee vote my shares for me?

A: If your FTB shares are held in street name in a stock brokerage account or by a bank or other nominee, you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your bank or broker. Please note that you may not vote shares held in street name by returning a proxy card directly to FTB or by voting in person at the special meeting unless you provide a legal proxy, which you must obtain from your bank or broker.

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Brokers or other nominees who hold shares in street name for a beneficial owner typically have the authority to vote in their discretion on routine proposals when they have not received instructions from beneficial owners. However, brokers or other nominees are not allowed to exercise their voting discretion on matters that are determined to be non-routine without specific instructions from the beneficial owner. Broker non-votes are shares held by a broker or other nominee that are represented at the FTB special meeting but with respect to which the broker or other nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal and the broker or other nominee does not have discretionary voting power on such proposal. If you are an FTB shareholder and you do not instruct your broker or other nominee on how to vote your shares, your broker or other nominee may not vote your shares on the Merger Proposal or the Adjournment Proposal, which broker non-votes will have the effect of a vote AGAINST the Merger Proposal, but will have no effect on the Adjournment Proposal.

Q: What vote is required to approve each proposal to be considered at the FTB special meeting?

A: Approval of the Merger Proposal requires the affirmative vote of the holders of at least a majority of the outstanding shares of FTB common stock. Approval of the Adjournment Proposal requires the affirmative vote of at least a majority of the shares of FTB voting on such proposal, provided that a quorum is present at the FTB special meeting. Abstentions and broker non-votes are not considered votes cast, but are included in determining whether there is a quorum present.

FTB s directors and certain officers entered into voting agreements with HBI pursuant to which they agreed to vote 896,169 total shares in favor of the merger. These shares represent approximately 35.01% of the FTB common stock entitled to vote at the FTB special meeting.

Q: What if I abstain from voting or do not vote?

A: For the purposes of the FTB special meeting, an abstention, which occurs when an FTB shareholder attends the FTB special meeting, either in person or by proxy, but abstains from voting, will have the effect of a vote AGAINST the Merger Proposal, but will have no effect on the Adjournment Proposal.

Q: May I change my vote or revoke my proxy after I have delivered my proxy or voting instruction card?

A: Yes. You may change your vote at any time before your proxy is voted at the special meeting:

- by sending written notice of revocation to the corporate secretary of FTB;
- by sending a completed proxy card bearing a later date than your original proxy card; or

by attending the special meeting and voting in person if you so request and if your shares are registered in your name rather than in the name of a broker, bank or other nominee; however, your attendance alone will not revoke any proxy.

If you choose either of the first two methods, you must take the described action (and, in the case of the second method, your proxy card must be received) no later than five (5) days prior to the special meeting.

If your shares are held in an account at a broker or other nominee, you should contact your broker or other nominee to change your vote.

Q: What happens if I sell my FTB shares after the record date but before the special meeting?

A: The record date for the FTB special meeting is earlier than both the date of such meeting and the date that the merger is expected to be completed. If you transfer your FTB common stock after the record date but before the date of the special meeting, you will retain your right to vote at the special meeting (provided that such shares remain outstanding on the date of the special meeting), but you will not have the right to receive any merger consideration for the transferred FTB shares. You will only be entitled to receive the merger consideration for FTB shares that you own at the effective time of the merger.

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Q: What do I do if I receive more than one proxy statement/prospectus or set of voting instructions?

A: If you hold shares directly as a record holder and also in street name or otherwise through a nominee, you may receive more than one proxy statement/prospectus and/or set of voting instructions relating to the special meeting. These should each be voted or returned separately to ensure that all of your shares are voted.

Q: What are the federal income tax consequences of the merger?

A: The merger is expected to be a tax-free transaction for FTB shareholders, to the extent they receive HBI common stock for their shares of FTB common stock. The obligation of HBI and FTB to complete the merger is conditioned upon the receipt of a legal opinion to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code).

For a more detailed discussion of the material United States federal income tax consequences of the transaction, see Material United States Federal Income Tax Consequences of the Merger beginning on page 66.

The consequences of the merger to any particular shareholder will depend on that shareholder s particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine your tax consequences from the merger.

Q: Do I have appraisal or dissenters rights?

A: FTB shareholders are entitled to dissenters rights under Florida Statutes Annotated § 658.44, a copy of which is attached as **Appendix F** to this proxy statement/prospectus. If you wish to assert dissenters rights, you (i) must vote against the approval of the Merger Proposal or (ii) must deliver to FTB, at or prior to the FTB special meeting, written notice of your intent to demand payment for your shares if the merger is consummated and you must not vote for approval of the Merger Proposal. The procedure for dissenting is described in more detail in The Merger section under the heading Dissenters Rights beginning on page 35.

HBI shareholders are not entitled to any dissenters rights.

Q: Should I send in my stock certificates now?

A: No. Please do not send your stock certificates with your proxy card. If you are a holder of FTB common stock, you will receive written instructions from Computershare Trust Company, N.A., after the merger is completed on how to exchange your stock certificates for HBI common stock.

Q: Whom should I contact if I have any questions about the proxy materials or the special meeting?

A: If you have any questions about the merger or any of the proposals to be considered at the special meeting, need assistance in submitting your proxy or voting your shares or need additional copies of this proxy statement/prospectus or the enclosed proxy card, you should contact either HBI or FTB as follows:

Home BancShares, Inc. P.O. Box 966 Conway, Arkansas 72032 Attn: Investor Relations Officer Telephone: (501) 328-4770	Florida Traditions Bank 14033 8th Street Dade City, Florida 33525 Attn: President and Chief Executive Officer Telephone: (352) 523-1800

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SUMMARY

This summary highlights selected information from this proxy statement/prospectus. It may not contain all of the information that is important to you. We urge you to carefully read the entire document and the other documents to which we refer you in order to fully understand the merger and the related transactions. See Where You Can Find More Information included elsewhere in this proxy statement/prospectus. Each item in this summary refers to the page of this proxy statement/prospectus on which that subject is discussed in more detail.

The Companies (pages 77 and 82)

HBI

HBI is a Conway, Arkansas headquartered bank holding company registered under the federal Bank Holding Company Act of 1956. HBI is primarily engaged in providing a broad range of commercial and retail banking and related financial services to businesses, real estate developers and investors, individuals and municipalities through its wholly owned community bank subsidiary, Centennial Bank. Centennial Bank has locations in Arkansas, Florida and South Alabama.

HBI s total assets, total deposits, total revenue and net income for each of the past three years are as follows:

	As of or for the Years Ended December 31,		
	2013	2012	2011
		(In thousands)	
Total assets	$ 6,811,861	$ 4,242,130	$ 3,604,117
Total deposits	5,393,046	3,483,452	2,858,031
Total revenue (interest income plus non-interest income)	257,491	225,104	213,115
Net income available to all stockholders	66,520	63,022	54,741

HBI s common stock is traded on The NASDAQ Global Select Market under the symbol HOMB.

HBI s principal executive office is located at 719 Harkrider, Suite 100, Conway, Arkansas, and its telephone number is (501) 328-4770. HBI s internet address is *www.homebancshares.com*. Additional information about HBI is included under Certain Information Concerning HBI and Where You Can Find More Information included elsewhere in this proxy statement/prospectus.

FTB

FTB is a Florida-chartered non-member state bank which commenced operations in 2007. FTB is a full service commercial bank, providing a wide range of business and consumer financial services to its target marketplace, which is comprised primarily of Hernando, Hillsborough, Osceola, Pasco and Polk Counties, Florida. At March 31, 2014, FTB had total assets of approximately $312.0 million, total loans of approximately $248.9 million, total deposits of approximately $277.7 million, and total shareholders equity of approximately $29.4 million.

FTB s common stock is not listed on any exchange or quoted on any automated services, and there is no established trading market for shares of FTB common stock.

FTB s principal office is located at 14033 8th Street, Dade City, Florida 33525 and its telephone number at that location is (352) 523-1800. FTB s internet address is *www.fltraditionsbank.com*. Additional information about FTB is included under Certain Information Concerning FTB included elsewhere in this proxy statement/prospectus.

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The Merger (page 33)

The Merger Agreement provides that, subject to its terms and conditions and in accordance with Arkansas law, FTB will merge with and into Centennial Bank, with Centennial Bank being the surviving corporation in the merger. This transaction is referred to in this proxy statement/prospectus as the merger.

Under the terms of the Merger Agreement, each FTB shareholder will receive a pro rata share of the total merger consideration, which consists of shares of HBI common stock with a total value of $42,961,382, based on the volume-weighted average closing price of HBI common stock for the 20 trading days immediately before the merger closes (the HBI Average Closing Price). Based on 2,559,771 outstanding shares of FTB common stock, which was the number outstanding on the day the Merger Agreement was signed, FTB shareholders will receive in exchange for each share of FTB common stock merger consideration valued at approximately $16.7833.

The number of shares of HBI common stock comprising the merger consideration will vary based on the HBI Average Closing Price. The following table illustrates, for a range of potentially applicable HBI Average Closing Prices, the number of shares of HBI common stock that would be exchanged for each share of FTB common stock, assuming that 2,559,771 shares of FTB common stock are outstanding immediately before the merger. The actual consideration will be based on the actual HBI Average Closing Price, which will be computed at the time of the merger; the HBI Average Closing Prices shown on this table are for illustration only. Cash will be paid in lieu of issuing fractional shares of HBI common stock.

	Per-Share Merger Consideration*
If the applicable HBI Average Closing Price is:	**Each share of FTB common stock will exchange for the following fractional share of HBI common stock:**
$29.75**	0.5641
$30.00	0.5594
$31.00	0.5414
$32.00	0.5245
$32.43**	0.5175
$33.00	0.5086
$34.00	0.4936
$35.00	0.4795
$36.00	0.4662
$37.00	0.4536
$38.00	0.4417
$39.00	0.4303
$40.00	0.4196
$40.25**	0.4170

* The computations in this table assume that 2,559,771 shares of FTB common stock will be outstanding immediately before the merger. The Per-Share Merger Consideration will be based on the actual HBI Average Closing Price, which will be computed at the time of the merger; the HBI Average Closing Prices shown on this table are for illustration only. Cash will be paid in lieu of issuing fractional shares of HBI common stock. Assuming the HBI Average Closing Price is $32.43, an FTB shareholder holding 100 shares of FTB common

stock will receive 51 shares of HBI common stock and $24.32 in cash in lieu of the resulting fractional share.

** On April 25, 2014, the date the Merger Agreement was signed, the closing price of a share of HBI common stock was $32.43. The Merger Agreement provides that if the HBI Average Closing Price is equal to or greater than $40.25, then the HBI Average Closing Price will be $40.25. Additionally, if the HBI Average Closing Price is below $29.75 on the closing date, then HBI has the right to terminate the Merger Agreement.

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Based on the assumption that 1,324,681 shares of HBI common stock will be issued to FTB shareholders (based on a $32.43 HBI Average Closing Price and no cash in lieu of fractional shares paid), FTB shareholders would own approximately 1.99% of HBI s common stock after the merger is completed, excluding any shares of HBI common stock they may already own.

Recommendation of FTB s Board of Directors (page 38)

FTB s board of directors recommends that holders of FTB common stock vote **FOR** the Merger Proposal, and **FOR** the Adjournment Proposal.

For further discussion of FTB s reasons for the merger and the recommendations of FTB s board of directors, see The Merger Background of the Merger and The Merger Recommendation of FTB s Board of Directors and Reasons for the Merger.

Opinion of HBI s Financial Advisor (page 48)

On April 17, 2014, Wunderlich Securities, Inc. (Wunderlich), HBI s financial advisor in connection with the merger, provided the HBI board of directors with a preliminary overview of its analyses performed as of the date of the meeting and advised the board that its analyses were as of such date and based upon and subject to various qualifications and assumptions described in the meeting. Wunderlich delivered its opinion to the board on April 28, 2014 that, as of such date and subject to and based on the qualifications and assumptions set forth in its written opinion, the aggregate consideration to be paid by HBI pursuant to the Merger Agreement was fair to HBI from a financial point of view.

The full text of Wunderlich s opinion, dated April 28, 2014, is attached as **Appendix B** to this proxy statement/prospectus. You should read the opinion in its entirety for a discussion of, among other things, the assumptions made, procedures followed, matters considered and any limitations on the review undertaken by Wunderlich in rendering its opinion.

Wunderlich s opinion is addressed to HBI s board of directors and addresses only the fairness of the aggregate consideration to be paid by HBI from a financial point of view and does not address the merits of the underlying decision by HBI to enter into the Merger Agreement, the merits of the merger as compared to other alternatives potentially available to HBI or the relative effects of any alternative transaction in which HBI might engage. Wunderlich has been paid a customary investment banking fee for its services in connection with delivery of its opinion, and will be reimbursed by HBI for certain of its expenses.

Opinion of FTB s Financial Advisor (page 40)

On April 25, 2014, Monroe Financial Partners, Inc. (Monroe), FTB s financial advisor in connection with the merger, provided the FTB board of directors with an overview of its analyses performed as of the date of the meeting and advised the board that its analyses were as of such date and based upon and subject to various qualifications and assumptions described in the meeting. Monroe delivered its opinion to the board on April 25, 2014 that, as of such date and subject to and based upon the qualifications and assumptions set forth in its written opinion, the merger consideration was fair, from a financial point of view, to the shareholders of FTB.

The full text of Monroe s opinion, dated April 25, 2014, is attached as **Appendix C** to this proxy statement/prospectus. You should read the opinion in its entirety for a discussion of, among other things, the assumptions made, procedures followed, matters considered and any limitations on the review undertaken by Monroe in rendering its opinion.

Monroe s opinion is addressed to FTB s board of directors and addresses only the fairness of the merger consideration to be received by FTB shareholders from a financial point of view and does not address the merits

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of the underlying decision by FTB to enter into the Merger Agreement, the merits to the merger as compared to other alternatives potentially available to FTB or the relative effects of any alternative transaction in which FTB might engage. Monroe will be paid a fee for its services in connection with the delivery of its opinion, and will be reimbursed by FTB for certain of its expenses.

Interests of FTB Directors and Officers in the Merger (page 54)

Certain of FTB s directors and officers have interests in the merger as individuals in addition to, or different from, their interests as shareholders of FTB, including, but not limited to, (i) cash payments in connection with the termination of their stock options; (ii) cash payments in connection with the termination of FTB s supplemental executive retirement plan; (iii) potential payments under their employment agreements; and (iv) continuation of indemnification after the merger.

HBI has agreed to indemnify present and former directors and officers of FTB and its subsidiaries against certain costs, damages or liabilities incurred in connection with claims, investigations and other actions arising out of or pertaining to matters existing or occurring at or prior to the effective time of the merger, and to provide them with director s and officer s liability insurance coverage for a period of six years following the merger.

Dissenters Rights (page 35)

FTB shareholders are entitled to dissenters rights under Florida Statutes Annotated § 658.44, a copy of which is attached as **Appendix F** to this proxy statement/prospectus. Those rights, if properly exercised, will allow a shareholder who does not wish to accept the consideration provided for by the Merger Agreement instead to obtain payment in cash of the fair value of the shareholder s shares of FTB common stock. If you wish to assert dissenters rights, you (i) must vote against the approval of the Merger Proposal or (ii) must deliver to FTB, at or prior to the FTB special meeting, written notice of your intent to demand payment for your shares if the proposed merger is consummated and you must not vote for approval of the Merger Proposal. The procedure for dissenting is described in more detail in The Merger section under the heading Dissenters Rights.

HBI shareholders are not entitled to any dissenters rights.

Regulatory Matters (page 36)

Each of HBI and FTB has agreed to use its reasonable best efforts to obtain all regulatory approvals required to complete the merger and the other transactions contemplated by the Merger Agreement. These approvals include approval from the Federal Reserve Board, the FDIC, the Arkansas State Bank Department and the Florida Office of Financial Regulation, among others. HBI and FTB have filed, or are in the process of filing, applications and notifications to obtain these regulatory approvals. There can be no assurances that such approvals will be received on a timely basis, or as to the ability of HBI and FTB to obtain the approvals on satisfactory terms or the absence of litigation challenging such approvals. See The Merger Regulatory Approvals.

Conditions to Completion of the Merger (page 63)

Currently, HBI and FTB expect to complete the merger in the third quarter of 2014. As more fully described in this proxy statement/prospectus and in the Merger Agreement, the completion of the merger depends on a number of conditions being satisfied or, where legally permissible, waived. We cannot provide assurance as to when or if all of the conditions to the merger can or will be satisfied or waived by the appropriate party.

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Termination of the Merger Agreement (page 64)

The Merger Agreement can be terminated at any time prior to completion of the merger by mutual consent, or by either party in the following circumstances:

- a governmental entity that must grant a required regulatory approval has denied approval and such denial has become final and non-appealable, or an injunction or legal prohibition against the transaction becomes final and non-appealable;

- the merger has not been consummated by December 31, 2014, or under certain circumstances, January 31, 2015 (unless the failure of the closing to occur by such date is due to the failure of the party seeking to terminate the Merger Agreement to perform or observe its covenants and agreements);

- the other party breaches any of its covenants or agreements or representations or warranties under the Merger Agreement in a manner that would cause the closing conditions not to be satisfied and which is not cured within 30 days following written notice to the party committing the breach, or the breach, by its nature, cannot be cured within such time (provided that the terminating party is not then in material breach of any representation, warranty, covenant, or other agreement contained in the Merger Agreement); or

- FTB s shareholders fail to approve the Merger Proposal, provided that the failure to obtain such shareholder approval was not caused by the terminating party s material breach of any of its obligations under the Merger Agreement.

Additionally, the Merger Agreement may be terminated by (i) FTB in order to enter into an agreement providing for a Superior Proposal (as defined in the Merger Agreement), upon payment to HBI of a termination fee $2,000,000, or (ii) HBI, if the holders of 5% or more of the outstanding shares of FTB common stock provide notice of dissent and do not vote in favor of the merger, or (iii) HBI, if the HBI Average Closing Price as of the closing date is below $29.75.

Expenses and Termination Fees (pages 64 and 65)

Except for the registration fee and other fees paid to the SEC in connection with the merger, which will be paid by HBI, and any termination fees, all fees and expenses incurred in connection with the merger (including the costs and expense of printing and mailing this proxy statement/prospectus) will be paid by the party incurring such fees or expenses.

FTB is required to pay HBI a termination fee of $2,000,000 if the Merger Agreement is terminated by FTB in order to enter into an agreement providing for a Superior Proposal (as defined in the Merger Agreement) or by HBI because (i) FTB violated the no solicitation provision of the Merger Agreement, (ii) the board of directors of FTB failed to recommend the merger; (iii) the FTB board of directors has recommended, proposed, or publicly announced its intention to recommend or propose to engage in a transaction resulting in a Superior Proposal; or (iv) FTB has failed to call, give notice of, convene and hold the FTB shareholder meeting in accordance with the Merger Agreement.

Matters to Be Considered at the Special Meeting (page 78)

FTB shareholders will be asked to vote on the following proposals:

- to approve the Merger Agreement (the Merger Proposal); and

- to approve one or more adjournments of the FTB special meeting, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of the Merger Proposal (the Adjournment Proposal).

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Approval of the Merger Proposal is required for the completion of the merger. FTB s board of directors recommends that FTB shareholders vote **FOR** the proposals set forth above. For further discussion of the FTB special meeting, see FTB Special Meeting of Shareholders.

Approval of the Merger Proposal requires the affirmative vote of at least a majority of the outstanding shares of FTB. Certain directors and officers have entered into voting agreements pursuant to which they have agreed to vote 896,169 shares in favor of the merger. These shares represent approximately 35.01% of the FTB common stock entitled to vote at the FTB special meeting.

Rights of FTB Shareholders Will Change as a Result of the Merger (page 71)

The rights of FTB shareholders are governed by Florida law and by its articles of incorporation and bylaws. Upon the completion of the merger, FTB shareholders will no longer have any direct interest in FTB. Those FTB shareholders receiving shares of HBI common stock as merger consideration will only participate in the combined company s future earnings and potential growth through their ownership of HBI common stock. All of the other incidents of direct stock ownership in FTB will be extinguished upon completion of the merger. The rights of former FTB shareholders that become HBI shareholders will be governed by Arkansas law and HBI s articles of incorporation and bylaws. Therefore, FTB shareholders that receive HBI common stock in the merger will have different rights once they become HBI shareholders. See Comparison of Rights of Holders of HBI and FTB Common Stock.

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RISK FACTORS

In addition to the other information contained in or incorporated by reference into this proxy statement/prospectus, including HBI s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, and the matters addressed under the caption Cautionary Note Regarding Forward-Looking Statements, FTB shareholders should consider the matters described below carefully in determining whether to vote to approve the Merger Agreement and the transactions contemplated by the Merger Agreement.

Risk Factors Relating to the Merger

Because the market price of HBI common stock may fluctuate, you cannot be sure of the value of each share of HBI common stock that you will receive.

Upon completion of the merger, each share of FTB common stock (other than certain shares owned by FTB) will be converted into the right to receive merger consideration consisting of shares of HBI common stock, pursuant to the terms of the Merger Agreement. The value of each share of HBI common stock to be received by FTB shareholders will be based on the volume-weighted average price of HBI common stock during the 20 trading day period before the effective time of the merger. This average price may vary from the closing price of HBI common stock on the date that the merger was announced, on the date that this proxy statement/prospectus was mailed to FTB shareholders, on the date of the special meeting of the FTB shareholders, and on the date the merger is completed. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects, and regulatory considerations, among other things. Many of these factors are beyond the control of HBI and FTB. FTB shareholders should obtain current market quotations for shares of HBI common stock before voting their shares at the FTB special meeting.

HBI may fail to realize all of the anticipated benefits of the merger.

The success of the merger will depend, in part, on HBI s ability to successfully combine the HBI and FTB organizations. If HBI is not able to achieve this objective, the anticipated benefits of the merger may not be realized fully or at all or may take longer than expected to be realized.

Centennial Bank and FTB have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process or other factors could result in the loss or departure of key employees, the disruption of the ongoing business of FTB or inconsistencies in standards, controls, procedures and policies. It is also possible that clients, customers, depositors and counterparties of FTB could choose to discontinue their relationships with the combined company post-merger because they prefer doing business with FTB or for any other reason, which would adversely affect the future performance of the combined company. These transition matters could have an adverse effect on each of HBI, Centennial Bank and FTB during the pre-merger period and for an undetermined time after the completion of the merger.

The results of operations of HBI after the merger may be affected by factors different from those currently affecting the results of operations of Centennial Bank and FTB.

The businesses of Centennial Bank and FTB differ in certain respects and, accordingly, the results of operations of the combined company and the market price of HBI s common stock may be affected by factors different from those currently affecting the independent results of operations of Centennial Bank and FTB. For a discussion of the business of HBI and certain factors to be considered in connection with HBI s business, see Information Concerning Home BancShares and the documents incorporated by reference in this proxy statement/prospectus and referred to under

Where You Can Find More Information. For a discussion of the business of FTB, see Information Concerning FTB.

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The Merger Agreement limits FTB s ability to pursue an alternative transaction and requires FTB to pay a termination fee under certain circumstances relating to alternative acquisition proposals.

The Merger Agreement prohibits FTB from soliciting, initiating, encouraging or knowingly facilitating certain alternative acquisition proposals with any third party, subject to exceptions set forth in the Merger Agreement. The Merger Agreement also provides for the payment by FTB to HBI of a termination fee of $2,000,000 in the event that the Merger Agreement is terminated in connection with another acquisition proposal or under certain other circumstances. These provisions may discourage a potential competing acquiror that might have an interest in acquiring FTB from considering or proposing such an acquisition. See The Merger Agreement Termination; Termination Fee included elsewhere in this proxy statement/prospectus.

The fairness opinions that HBI and FTB have obtained, have not been, and are not expected to be, updated to reflect any changes in circumstances that may have occurred since the signing of the Merger Agreement.

The fairness opinions issued to HBI and FTB, regarding the fairness, from a financial point of view, of the consideration to be paid in connection with the merger, speak only as of their respective dates. Changes in the operations and prospects of HBI or FTB, general market and economic conditions and other factors which may be beyond the control of HBI and FTB, and on which the fairness opinions were based, may have altered the value of HBI or FTB or the market prices of shares of HBI or FTB as of the date of this proxy statement/prospectus, or may alter such values and market prices by the time the merger is completed. The financial advisors do not have any obligation to update, revise or reaffirm their respective opinions to reflect subsequent developments, and have not done so. Because FTB and HBI do not currently anticipate asking their respective financial advisors to update their opinions, the opinions will not address the fairness of the merger consideration from a financial point of view at the time the merger is completed. FTB s board of directors recommendation that FTB shareholders vote **FOR** approval of the Merger Agreement is, however, made as of the date of this proxy statement/prospectus. For a description of the opinions that HBI and FTB received from their respective financial advisors, see Opinion of HBI s Financial Advisor and Opinion of FTB s Financial Advisor included elsewhere in this proxy statement/prospectus.

The merger is subject to the receipt of consents and approvals from governmental entities that may impose conditions that could have an adverse effect on the combined company following the merger.

Before the merger may be completed, various approvals and consents must be obtained from the Federal Reserve Board, the Arkansas State Bank Department, the FDIC, the Florida Office of Financial Regulation and various other securities, antitrust, and regulatory authorities. These governmental entities may impose conditions on the granting of such approvals and consents. Although HBI and FTB do not currently expect that any such material conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs or limiting the revenues of the combined company following the merger, any of which might have an adverse effect on the combined company following the merger. In addition, each of HBI and FTB has agreed to use their commercially reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable law to consummate the merger. Such actions may entail costs and may adversely affect HBI, FTB, or the combined company following the merger.

The merger is subject to certain closing conditions that, if not satisfied or waived, will result in the merger not being completed, which may adversely affect FTB.

The merger is subject to customary conditions to closing, including the receipt of required regulatory approvals and approval of the FTB shareholders. If any condition to the merger is not satisfied or waived, to the extent permitted by law, the merger will not be completed. In addition, HBI and FTB may terminate the Merger Agreement under certain circumstances even if the Merger Agreement is approved by FTB shareholders. If HBI and FTB do not complete the merger, neither company would realize any of the expected benefits of having completed the merger. If the merger is not completed and FTB s board of directors seeks another merger or business combination, FTB shareholders cannot be certain that FTB will be able to find a party willing to offer equivalent or more attractive consideration than the consideration HBI has agreed to provide in the merger. If the merger is not completed, additional risks could materialize, which could materially and adversely affect the business, financial condition and results of FTB. For more information on closing conditions to the Merger Agreement, see The Merger Agreement Conditions to the Merger included elsewhere in this proxy statement/prospectus.

The combined company expects to incur substantial expenses related to the merger.

The combined company expects to incur substantial expenses in connection with completing the merger and combining the business, operations, networks, systems, technologies, policies and procedures of the two companies. Although HBI and FTB have assumed that a certain level of transaction and combination expenses would be incurred, there are a number of factors beyond their control that could affect the total amount or the timing of their combination expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. Due to these factors, the transaction and combination expenses associated with the merger could, particularly in the near term, exceed the savings that the combined company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the combination of the businesses following the completion of the merger. As a result of these expenses, both HBI and FTB expect to take charges against their earnings before and after the completion of the merger. The charges taken in connection with the merger are expected to be significant, although the aggregate amount and timing of such charges are uncertain at present.

Shares of HBI common stock to be received by FTB shareholders as a result of the merger will have rights different from the shares of FTB common stock.

Upon completion of the merger, the rights of former FTB shareholders who receive HBI common stock in the merger and thereby become HBI shareholders will be governed by the articles of incorporation and bylaws of HBI. The rights associated with FTB common stock are different from the rights associated with HBI common stock. See Comparison of Rights of Holders of HBI and FTB Common Stock beginning on page 71 for a discussion of the different rights associated with HBI common stock.

Certain FTB directors and officers may have interests in the merger different from the interests of FTB shareholders.

In considering the recommendations of the board of directors of FTB, FTB shareholders should be aware that certain directors and officers of FTB have interests in the merger that may differ from, or may be in addition to, the interests of FTB shareholders generally. The board of directors of FTB was aware of these interests and considered them, among other matters, when it adopted the Merger Agreement and in making its recommendations that the FTB shareholders approve the Merger Proposal. These interests include:

- Certain FTB directors and officers will receive cash payments in connection with the termination of their stock options;

- Certain FTB officers will receive cash payments in connection with the termination of the supplemental executive retirement plan;

Certain FTB officers are parties to employment agreements that provide severance and other benefits upon or following a change in control of FTB in connection with a qualifying termination of employment; and

FTB directors and officers are entitled to indemnification and insurance coverage under the Merger Agreement.

For a more complete description of the interests of FTB directors and officers in the merger, see The Merger Interests of FTB s Directors and Officers in the Merger.

Risk Factors Relating to HBI and HBI s Business.

HBI s decisions regarding credit risk could be inaccurate and its allowance for loan losses may be inadequate, which would materially and adversely affect HBI.

HBI s management makes various assumptions and judgments about the collectability of its loan portfolio, including the creditworthiness of its borrowers and the value of the real estate and other assets serving as collateral for the repayment of its secured loans. HBI endeavors to maintain an allowance for loan losses that it considers adequate to absorb future losses that may occur in its loan portfolio. In determining the size of the allowance, HBI analyzes its loan portfolio based on its historical loss experience, volume and classification of loans, volume and trends in delinquencies and non-accruals, national and local economic conditions, and other pertinent information. The economic conditions particularly in its Florida market have improved but not to pre-recession levels. These conditions may continue or could even worsen. During 2013, the allowance for loan losses for non-covered loans decreased by 13.6%. As of December 31, 2013, HBI s allowance for loan losses for non-covered loans was approximately $39.0 million, or 0.93% of its total loans receivable not covered by loss share.

If HBI s assumptions are incorrect, its current allowance may be insufficient to absorb future loan losses, and increased loan loss reserves may be needed to respond to different economic conditions or adverse developments in its loan portfolio. When there is an economic downturn, it is more difficult for HBI to estimate the losses that it will experience in its loan portfolio. In addition, federal and state regulators periodically review its allowance for loan losses and may require HBI to increase its allowance for loan losses or recognize further loan charge-offs based on judgments different than those of its management. Any increase in its allowance for loan losses or loan charge-offs could have a negative effect on our operating results.

HBI s high concentration of real estate loans exposes it to increased lending risk.

As of December 31, 2013, the primary composition of HBI s total loan portfolio was as follows:

- commercial real estate loans (excludes construction/land development) of $1.94 billion, or 43.4% of total loans;
- construction/land development loans of $611.1 million, or 13.6% of total loans;
- commercial and industrial loans of $517.3 million, or 11.5% of total loans;
- residential real estate loans of $1.24 billion, or 27.6% of total loans; and
- consumer loans of $69.6 million, or 1.6% of total loans.

Commercial real estate, construction/land development and commercial and industrial loans, which comprised 68.5% of HBI s total loan portfolio as of December 31, 2013, exposes it to a greater risk of loss than HBI s residential real estate and consumer loans, which comprised 29.1% of its total loan portfolio as of December 31, 2013. Commercial real estate and land development loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to residential loans. Consequently, an adverse development with respect to one commercial loan or one credit relationship exposes HBI to a significantly greater risk of loss compared to an adverse development with respect to one residential mortgage loan.

Approximately 90.5% of HBI s loans as of December 31, 2013, are to borrowers in Alabama, Arkansas and Florida, the three states in which HBI has its primary market areas. An adverse development with respect to the market conditions of these specific market areas could expose HBI to a greater risk of loss than a portfolio that is spread among a larger geography base.

HBI s concentration in commercial real estate loans exposes it to greater risk associated with those types of loans. The repayment of loans secured by commercial real estate is typically dependent upon the successful operation of the related real estate or commercial project. If the cash flows from the project are reduced, a borrower s ability to repay the loan may be impaired. This cash flow shortage may result in the failure to make loan payments. In such cases, HBI may be compelled to modify the terms of the loan, or in the most extreme cases, it may have to foreclose. In addition, the nature of these loans is such that they are generally less predictable and more difficult to evaluate and monitor. As a result, repayment of these loans may, to a greater extent than residential loans, be subject to adverse conditions in the real estate market or economy.

HBI has 84.6% of its loans as real estate loans primarily in Arkansas, Florida and South Alabama, and this poses a concentration risk, especially if the Florida area does not continue to improve or once again deteriorates resulting in depressed sales prices and low sales volume, combined with increased delinquencies and foreclosures on residential and commercial real estate loans.

Depressed local economic and housing markets have led to loan losses and reduced earnings in the past and could lead to additional loan losses and reduced earnings.

Beginning in 2007, the Florida markets experienced a dramatic reduction in housing and real estate values, coupled with significantly higher unemployment. These conditions contributed to increased non-performing loans and reduced asset quality during this time period. While market conditions in the Florida markets have begun to improve, HBI continues to experience higher non-performing loans and reduced asset quality in these markets as compared to pre-recession levels. As of December 31, 2013, HBI s non-performing, non-covered loans totaled approximately $38.3 million, or 0.91% of total non-covered loans. Non-performing, non-covered assets were approximately $68.4 million as of this same date, or 1.07% of total non-covered assets. In addition, HBI had approximately $30.1 million in accruing non-covered loans that were between 30 and 89 days delinquent as of December 31, 2013. If these markets do not continue to improve or once again deteriorate, they may lead to additional valuation adjustments on HBI s loan portfolios and real estate owned as it continues to reassess the market value of its loan portfolio, the losses associated with the loans in default and the net realizable value of real estate owned.

HBI s non-performing assets adversely affect its net income in various ways. If economic and market conditions do not continue to improve, HBI could incur additional losses relating to increased non-performing loans. HBI does not record interest income on non-accrual loans or other real estate owned, thereby adversely affecting its income, and its loan administration costs. When HBI takes collateral in foreclosures and similar proceedings, it is required to mark the related loan to the then-fair market value of the collateral, which may result in a loss. These loans and other real estate owned also increase its risk profile and the capital HBI s regulators believe is appropriate in light of such risks. In addition, the resolution of non-performing assets requires significant commitments of time from management and HBI s directors, which can be detrimental to the performance of their other responsibilities. These effects, individually or in the aggregate, could have an adverse effect on HBI s financial condition and results of operations.

While HBI believes its allowance for loan losses is adequate as of December 31, 2013, as additional facts become known about relevant internal and external factors that affect loan collectability and HBI s assumptions, it may result in HBI making additions to the provision for loan losses during 2014. Any failure by management to closely monitor the status of the market and make the necessary changes could have a negative effect on HBI s operating results.

Additionally, HBI s success significantly depends upon the growth in population, income levels, deposits and housing starts in its markets. Generally, trends in these factors were negative in the few years following 2007 in the Florida markets and have only partially recovered as of December 31, 2013. If the communities in which HBI operates do not grow or if prevailing economic conditions locally or nationally continue to remain challenging, HBI s business may be adversely affected. HBI is less able than a larger institution to spread the

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risks of unfavorable local economic conditions across a large number of diversified economies. Moreover, HBI cannot give any assurance it will benefit from any market growth or favorable economic conditions in its primary market areas if they do occur.

If the value of real estate in the Florida markets were to stop improving or once again deteriorate, a significant portion of HBI s loans in the Florida market that were not acquired from the FDIC could become under-collateralized, which could have a material adverse effect on HBI.

As of December 31, 2013, non-covered loans in the Florida market totaled $1.00 billion, or 24.0% of HBI s non-covered loans receivable. Of the Florida loans for which HBI does not have loss sharing, approximately 93.7% were secured by real estate. In the prior years, the difficult local economic conditions have adversely affected the values of HBI s real estate collateral in Florida and it could do so again if the markets were to stop improving or once again deteriorate in the future. The real estate collateral in each case provides an alternate source of repayment on HBI s loans in the event of default by the borrower but may deteriorate in value during the time credit is extended. If HBI is required to liquidate the collateral securing a loan to satisfy the debt during a period of reduced real estate values, HBI s earnings and capital could be adversely affected.

Because HBI has a concentration of exposure to a number of individual borrowers, a significant loss on any of those loans could materially and adversely affect HBI.

HBI has a concentration of exposure to a number of individual borrowers. Under applicable law, Centennial Bank is generally permitted to make loans to one borrowing relationship up to 20% of its Tier 1 capital plus the allowance for loan losses. As of December 31, 2013, the legal lending limit of Centennial Bank for secured loans was approximately $111.8 million. Currently, HBI s board of directors has established an in-house lending limit of $20.0 million to any one borrowing relationship without obtaining the approval of both HBI s Chairman John W. Allison and HBI s director Richard H. Ashley. As of December 31, 2013, HBI has a total of $777.4 million committed to the aggregate group of borrowers whose total debt exceeds the established in-house lending limit of $20.0 million.

A portion of HBI s loans are to customers who have been adversely affected by the home building industry.

Customers who are builders and developers face greater difficulty in selling their homes in markets where the decrease in housing and real estate values are more pronounced. Consequently, HBI has faced delinquencies and non-performing assets as these customers have been forced to default on their loans. If the housing markets were to stop improving or once again deteriorate, additional downgrades, provisions for loan losses and charge-offs relating to HBI s loan portfolio may occur.

HBI s cost of funds may increase as a result of general economic conditions, interest rates and competitive pressures.

HBI s cost of funds may increase as a result of general economic conditions, interest rates and competitive pressures. HBI has traditionally obtained funds principally through local deposits, and HBI has a base of lower cost transaction deposits. Generally, HBI believes local deposits are a more stable source of funds than other borrowings because interest rates paid for local deposits are typically lower than interest rates charged for borrowings from other institutional lenders. In addition, local deposits reflect a mix of transaction and time deposits, whereas brokered deposits typically are less stable time deposits, which may need to be replaced with higher cost funds. HBI s costs of funds and its profitability and liquidity are likely to be adversely affected, if and to the extent HBI has to rely upon higher cost borrowings from other institutional lenders or brokers to fund loan demand or liquidity needs, and changes in HBI s deposit mix and growth could adversely affect its profitability and the ability to expand its loan portfolio.

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The loss of key officers may materially and adversely affect HBI.

HBI s success depends significantly on the Chairman, John W. Allison, and HBI s executive officers, especially C. Randall Sims, Randy E. Mayor, Brian S. Davis and Kevin D. Hester and on its regional bank presidents Tracy M. French, Robert F. Birch and Russell Davis Carter, III. Centennial Bank, in particular, relies heavily on its management team s relationships in its local communities to generate business. Because HBI does not have employment agreements or non-compete agreements with its employees, its executive officers and regional bank presidents are free to resign at any time and accept an employment offer from another company, including a competitor. The loss of services from a member of HBI s current management team may materially and adversely affect its business, financial condition, results of operations and future prospects.

Recent legislation imposes certain executive compensation and corporate governance requirements, which could adversely affect HBI and its business, including its ability to recruit and retain qualified employees.

On January 25, 2011, the SEC adopted a final rule implementing certain executive compensation and corporate governance provisions of the Dodd-Frank Act. These provisions make applicable to all public companies certain executive compensation requirements similar to those imposed on participants in the TARP Capital Purchase Program. The SEC rule requires public companies to provide their shareholders with non-binding advisory votes (i) at least once every three years on the compensation paid to their named executive officers, and (ii) at least once every six years on whether they should have a say on pay vote every one, two or three years. A separate, non-binding advisory shareholder vote will be required regarding golden parachute compensation arrangements for named executive officers when a shareholder vote takes place on mergers, acquisitions, dispositions or other transactions that would trigger the parachute payments. Also, the SEC is required to ensure that national listing exchanges, such as the New York Stock Exchange and the NASDAQ, prohibit the listing of any companies that fail to adopt clawback policies pursuant to which incentive-based compensation paid to executives will be subject to clawback based on financial results which were subsequently restated within three years of such payment. The amount of the clawback is the amount in excess of what would have been paid under the restated results. As a public company, HBI is subject to the requirements of these SEC rules, whereas some of HBI s competitors are not publicly traded and therefore not subject to such rules.

These provisions and any future rules issued by the Treasury or the SEC could adversely affect HBI s ability to attract and retain management capable and motivated sufficiently to manage and operate its business through difficult economic and market conditions. If HBI is unable to attract and retain qualified employees to manage and operate its business, HBI may not be able to successfully execute its business strategy.

HBI s growth and expansion strategy may not be successful and its market value and profitability may suffer.

Growth through the acquisition of banks, particularly FDIC-assisted transactions, and *de novo* branching represent important components of its business strategy. Any future acquisitions that HBI might make will be accompanied by the risks commonly encountered in acquisitions. These risks include, among other things:

- credit risk associated with the acquired bank s loans and investments;
- difficulty of integrating operations and personnel; and

potential disruption of our ongoing business.

HBI expects that competition for suitable acquisition candidates may be significant. HBI may compete with other banks or financial service companies with similar acquisition strategies, many of which are larger and have greater financial and other resources. HBI cannot assure you that it will be able to successfully identify and acquire suitable acquisition targets on acceptable terms and conditions.

In the current economic environment, HBI may continue to have opportunities to acquire the assets and liabilities of failed banks in FDIC-assisted transactions. These acquisitions involve risks similar to acquiring

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existing banks even though the FDIC might provide assistance to mitigate certain risks such as sharing in exposure to loan losses and providing indemnification against certain liabilities of the failed institution. However, because these acquisitions are structured in a manner that would not allow HBI the time normally associated with preparing for integration of an acquired institution, HBI may face additional risks in FDIC-assisted transactions. These risks include, among other things, the loss of customers, strain on management resources related to collection and management of problem loans and problems related to integration of personnel and operating systems.

In addition to the acquisition of existing financial institutions, as opportunities arise, HBI plans to have some *de novo* branching. *De novo* branching and any acquisition carry with it numerous risks, including the following:

- the inability to obtain all required regulatory approvals;
- significant costs and anticipated operating losses associated with establishing a *de novo* branch or a new bank;
- the inability to secure the services of qualified senior management;
- the local market may not accept the services of a new bank owned and managed by a bank holding company headquartered outside of the market area of the new bank;
- economic downturns in the new market;
- the inability to obtain attractive locations within a new market at a reasonable cost; and
- the additional strain on management resources and internal systems and controls.

HBI cannot assure that it will be successful in overcoming these risks or any other problems encountered in connection with acquisitions (including FDIC-assisted transactions) and *de novo* branching. HBI s inability to overcome these risks could have an adverse effect on its ability to achieve its business strategy and maintain its market value and profitability.

HBI s loss-sharing agreements with the FDIC limit its ability to enter into certain change of control transactions, including the sale of significant amounts of its common stock by HBI or its shareholders, without the consent of the FDIC.

The loss-sharing agreements that HBI entered into with the FDIC in connection with its recent FDIC-assisted acquisitions require the consent of the FDIC in connection with certain change of control transactions, including the sale by HBI or by any individual shareholder, or group of shareholders acting in concert, of shares of its common stock totaling more than 9% of its outstanding common stock. This requirement could restrict or delay HBI s ability to raise additional capital to fund acquisition or growth opportunities or for other purposes, or to pursue a merger or consolidation transaction that management may believe is in the best interest of its shareholders. This could also restrict or delay the ability of HBI s shareholders to sell a substantial amount of its shares. In addition, if such a transaction were to occur without the FDIC s consent, HBI could lose the benefit of the loss-share coverage provided by these agreements for certain covered assets.

There may be undiscovered risks or losses associated with HBI s bank acquisitions which would have a negative impact upon its future income.

HBI s growth strategy includes strategic acquisitions of banks. HBI has acquired 15 banks since it started its first subsidiary bank in 1999, including six in 2010, three in 2012, and one in 2013, and will continue to consider strategic acquisitions, with a primary focus on Arkansas and Florida. In most cases, other than in connection with FDIC-assisted transactions and its acquisition of Vision Bank in 2012, HBI s acquisition of a bank includes the acquisition of all of the target bank s assets and liabilities, including its loan portfolio. There may be instances when HBI, under its normal operating procedures, may find after the acquisition that there may be additional losses or undisclosed liabilities with respect to the assets and liabilities of the target bank, and, with respect to its loan portfolio, that the ability of a borrower to repay a loan may have become impaired, the quality of the value of the collateral securing a loan may fall below HBI s standards, or the allowance for loan losses may not be adequate. One or more of these factors might cause HBI to have additional losses or liabilities, additional loan charge-offs, or increases in allowances for loan losses, which would have a negative impact upon HBI s financial condition and results of operations.

Changes in national and local economic conditions could lead to higher loan charge-offs in connection with HBI s acquisitions, all of which may not be supported by the loss- sharing agreements with the FDIC.

In connection with its acquisitions, HBI acquired a significant portfolio of loans. Although HBI marked down the loan portfolios it has acquired, there is no assurance that the non-impaired loans that HBI acquired will not become impaired or that the impaired loans will not suffer further deterioration in value resulting in additional charge-offs to this loan portfolio. Fluctuations in national, regional and local economic conditions, including those related to local residential and commercial real estate and construction markets, may increase the level of charge-offs that HBI makes to its loan portfolio, and, consequently, reduce its net income. Such fluctuations may also increase the level of charge-offs on the loan portfolios that it has acquired in the acquisitions and correspondingly reduce its net income. These fluctuations are not predictable, cannot be controlled and may have a material adverse impact on HBI s operations and financial condition even if other favorable events occur.

Although in connection with its 2010 FDIC-assisted acquisitions HBI entered into loss-sharing agreements with the FDIC, which provide that a significant portion of losses related to specified loan portfolios that it acquired will be indemnified by the FDIC, HBI is not protected from all losses resulting from charge-offs with respect to those specified loan portfolios. Additionally, the loss-sharing agreements have limited terms; therefore, any charge-off of related losses that HBI experiences after the term of the loss-sharing agreements will not be reimbursed by the FDIC and will negatively impact HBI s net income.

HBI s recent acquisitions have increased its commercial real estate loan portfolio, which have a greater credit risk than residential mortgage loans.

With HBI s 2010 FDIC-assisted acquisitions and subsequent market acquisitions, HBI s commercial loan and construction loan portfolios have become a larger portion of its total loan portfolio than it was prior to the acquisitions. This type of lending is generally considered to have more complex credit risks than traditional single-family residential lending, because the principal is concentrated in a limited number of loans with repayment dependent on the successful operation of the related real estate or construction project. Consequently, these loans are more sensitive to the current adverse conditions in the real estate market and the general economy. These loans are generally less predictable and more difficult to evaluate and monitor and collateral may be more difficult to dispose of in a market decline.

HBI s acquisitions may cause it to modify its disclosure controls and procedures, which may not result in the material information that it is required to disclose in its SEC reports being recorded, processed, summarized, and reported adequately.

HBI s management is responsible for establishing and maintaining effective disclosure controls and procedures that are designed to cause the material information that it is required to disclose in reports that it files or submits under the Securities Exchange Act of 1934, as amended (the Exchange Act) to be recorded, processed, summarized, and reported to the extent applicable within the time periods required by the SEC s rules and forms. As a result of its acquisitions, HBI may be implementing changes to processes, information technology systems and other components of internal control over financial reporting as part of its integration activities. Notwithstanding any changes to its disclosure controls and procedures resulting from its evaluation of

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the same after the acquisition, its control systems, no matter how well designed and operated, may not result in the material information that HBI is required to disclose in its SEC reports being recorded, processed, summarized, and reported adequately. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within HBI has been detected.

HBI s failure to fully comply with the loss-sharing provisions relating to its FDIC acquisitions could jeopardize the loss-share coverage afforded to certain individual or pools of assets, rendering HBI financially responsible for the full amount of any losses related to such assets.

In connection with its FDIC acquisitions in 2010, HBI entered into loss-sharing agreements with the FDIC whereby the FDIC agreed to cover 70% or 80% of the losses on certain single family residential mortgage loans and certain commercial loans (together, covered assets), and 30%, 80% or 95% of the losses on such covered assets in excess of thresholds stated in the loss-sharing agreements. HBI s management of and application of the terms and conditions of the loss-sharing provisions of the Purchase and Assumption Agreements related to the covered assets is monitored by the FDIC through periodic reports that it must submit to the FDIC and on-site compliance visitations by the FDIC. If HBI fails to fully comply with its obligations under the loss-sharing provisions of the Purchase and Assumption Agreements relating to the acquisitions, HBI could lose the benefit of the loss-share coverage as it applies to certain individual or pools of covered assets. Without such loss-share coverage, HBI would be solely financially responsible for the losses sustained by such individual or pools of assets.

Competition from other financial institutions may adversely affect HBI s profitability.

The banking business is highly competitive. HBI experiences strong competition, not only from commercial banks, savings and loan associations and credit unions, but also from mortgage banking firms, consumer finance companies, securities brokerage firms, insurance companies, money market funds and other financial services providers operating in or near its market areas. HBI competes with these institutions both in attracting deposits and in making loans.

Many of HBI s competitors are much larger national and regional financial institutions. HBI may face a competitive disadvantage against them as a result of its smaller size and resources and its lack of geographic diversification. Many of HBI s competitors are not subject to the same degree of regulation that HBI is as an FDIC-insured institution, which gives them greater operating flexibility and reduces their expenses relative to HBI s.

HBI also competes against community banks that have strong local ties. These smaller institutions are likely to cater to the same small and mid-sized businesses that HBI targets and to use a relationship-based approach similar to HBI s. In addition, HBI s competitors may seek to gain market share by pricing below the current market rates for loans and paying higher rates for deposits. Competitive pressures can adversely affect HBI s results of operations and future prospects.

HBI may incur environmental liabilities with respect to properties to which it takes title.

A significant portion of HBI s loan portfolio is secured by real property. In the course of its business, HBI may own or foreclose and take title to real estate and could become subject to environmental liabilities with respect to these properties. HBI may become responsible to a governmental agency or third parties for property damage, personal injury, investigation and clean-up costs incurred by those parties in connection with environmental contamination, or may be required to investigate or clean-up hazardous or toxic substances, or chemical releases at a property. The costs associated with environmental investigation or remediation activities could be substantial. If HBI were to become subject to significant environmental liabilities, it could have a material adverse effect on HBI s results of operations and financial condition.

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HBI continually encounters technological change, and it may have fewer resources than many of its competitors to continue to invest in technological improvements.

The financial services industry is undergoing rapid technological changes, with frequent introductions of new technology-driven products and services. In addition to better serving customers, effective use of technology increases efficiency and enables financial institutions to reduce costs. HBI s future success will depend, in part, upon its ability to address the needs of our customers by using technology to provide products and services that will satisfy customer demands for convenience, as well as to create additional efficiencies in its operations. Many of HBI s competitors have substantially greater resources to invest in technological improvements. HBI may not be able to effectively implement new technology-driven products and services or be successful in marketing these products and services to its clients, which may adversely affect its results of operations and future prospects.

A failure in or breach of HBI s operational or security systems, or those of its third party service providers, including as a result of cyber-attacks, could disrupt HBI s business, result in unintentional disclosure or misuse of confidential or proprietary information, damage its reputation, increase its costs and cause losses.

As a financial institution, HBI s operations rely heavily on the secure processing, storage and transmission of confidential and other information on its computer systems and networks. Any failure, interruption or breach in security or operational integrity of these systems could result in failures or disruptions in its online banking system, customer relationship management, general ledger, deposit and loan servicing and other systems. The security and integrity of its systems could be threatened by a variety of interruptions or information security breaches, including those caused by computer hacking, cyber-attacks, electronic fraudulent activity or attempted theft of financial assets. HBI cannot assure you that any such failures, interruption or security breaches will not occur, or if they do occur that they will be adequately addressed. While HBI has certain protective policies and procedures in place, the nature and sophistication of the threats continue to evolve. HBI may be required to expend significant additional resources in the future to modify and enhance its protective measures.

Additionally, HBI faces the risk of operational disruption, failure, termination or capacity constraints of any of the third parties that facilitate its business activities, including exchanges, clearing agents, clearing houses or other financial intermediaries. Such parties could also be the source of an attack on, or breach of, HBI s operational systems. Any failures, interruptions or security breaches in our information systems could damage our reputation, result in a loss of customer business, result in a violation of privacy or other laws, or expose HBI to civil litigation, regulatory fines or losses not covered by insurance.

HBI s recent results do not indicate its future results and may not provide guidance to assess the risk of an investment in our common stock.

HBI is unlikely to sustain its historical rate of growth, and may not even be able to expand its business at all. Further, HBI s recent growth may distort some of its historical financial ratios and statistics. Various factors, such as economic conditions, regulatory and legislative considerations and competition, may also impede or prohibit HBI s ability to expand its market presence. If HBI is not able to successfully grow its business, HBI s financial condition and results of operations could be adversely affected.

HBI may not be able to raise the additional capital it needs to grow and, as a result, its ability to expand its operations could be materially impaired.

Federal and state regulatory authorities require HBI and its bank subsidiary to maintain adequate levels of capital to support its operations. While HBI believes that its existing capital (which well exceeds the federal and state capital requirements) will be sufficient to support its current operations, anticipated expansion and potential acquisitions, factors such as faster than anticipated growth, reduced earnings levels, operating losses, changes in economic conditions, revisions in regulatory requirements, or additional acquisition opportunities may lead HBI to seek additional capital.

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HBI s ability to raise additional capital, if needed, will depend on its financial performance and on conditions in the capital markets at that time, which are outside its control. If HBI needs additional capital but cannot raise it on terms acceptable to it, HBI s ability to expand its operations could be materially impaired.

HBI s directors and executive officers own a significant portion of its common stock and can exert significant influence over business and corporate affairs.

HBI s directors and executive officers, as a group, beneficially owned 17.45% of its common stock as of December 31, 2013. Consequently, if they vote their shares in concert, they can significantly influence the outcome of all matters submitted to HBI s shareholders for approval, including the election of directors. The interests of its officers and directors may conflict with the interests of other holders of HBI s common stock, and they may take actions affecting HBI with which you disagree.

Hurricanes or other adverse weather events could negatively affect HBI s local economies or disrupt its operations, which would have an adverse effect on it.

Like other coastal areas, HBI s markets in Alabama and Florida are susceptible to hurricanes and tropical storms. Such weather events can disrupt HBI s operations, result in damage to its properties and negatively affect the local economies in which it operates. HBI cannot predict whether or to what extent damage that may be caused by future hurricanes or other weather events will affect its operations or the economies in its market areas, but such weather events could result in a decline in loan originations, a decline in the value or destruction of properties securing its loans and an increase in the delinquencies, foreclosures and loan losses. HBI s business or results of operations may be adversely affected by these and other negative effects of hurricanes or other significant weather events.

Risk Factors Related to Owning HBI s Stock

The holders of HBI s subordinated debentures have rights that are senior to those of HBI s shareholders. If HBI defers payments of interest on its outstanding subordinated debentures or if certain defaults relating to those debentures occur, HBI will be prohibited from declaring or paying dividends or distributions on, and from making liquidation payments with respect to, its common stock.

As of December 31, 2013, HBI had 60.8 million of subordinated debentures issued in connection with trust preferred securities. Payments of the principal and interest on the trust preferred securities are unconditionally guaranteed by HBI. The subordinated debentures are senior to HBI s shares of common stock. As a result, HBI must make payments on the subordinated debentures (and the related trust preferred securities) before any dividends can be paid on its common stock and, in the event of bankruptcy, dissolution or liquidation, the holders of the debentures must be satisfied before any distributions can be made to the holders of HBI s common stock. HBI has the right to defer distributions on the subordinated debentures (and the related trust preferred securities) for up to five years, during which time no dividends may be paid to holders of its capital stock. If HBI elects to defer or if HBI defaults with respect to its obligations to make payments on these subordinated debentures, this would likely have a material adverse effect on the market value of its common stock. Moreover, without notice to or consent from the holders of our common stock, HBI may enter into other financing agreements that limit its ability to purchase or to pay dividends or distributions on its capital stock, including its common stock.

HBI may be unable to, or choose not to, pay dividends on its common stock.

Although HBI has paid a quarterly dividend on its common stock since the second quarter of 2003 and expects to continue this practice, HBI cannot assure you of its ability to continue. HBI s ability to pay dividends depends on the following factors, among others:

- HBI may not have sufficient earnings since its primary source of income, the payment of dividends to it by Centennial Bank, is subject to federal and state laws that limit the ability of that bank to pay dividends.

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Federal Reserve Board policy requires bank holding companies to pay cash dividends on common stock only out of net income available over the past year and only if prospective earnings retention is consistent with the organization s expected future needs and financial condition.

Before dividends may be paid on HBI s common stock in any year, payments must be made on its subordinated debentures.

HBI s board of directors may determine that, even though funds are available for dividend payments, retaining the funds for internal uses, such as expansion of its operations, is a better strategy.

If HBI fails to pay dividends, capital appreciation, if any, of its common stock may be the sole opportunity for gains on an investment in its common stock. In addition, in the event Centennial Bank becomes unable to pay dividends to it, HBI may not be able to service its debt, pay its other obligations or pay dividends on its common stock. Accordingly, HBI s inability to receive dividends from its bank subsidiary could also have a material adverse effect on its business, financial condition and results of operations and the value of your investment in HBI s common stock.

HBI s stock trading volume may not provide adequate liquidity for investors.

Although shares of HBI s common stock are listed for trading on The NASDAQ Global Select Market, the average daily trading volume in the common stock is less than that of other larger financial services companies. A public trading market having the desired characteristics of depth, liquidity and orderliness depends on the presence in the marketplace of a sufficient number of willing buyers and sellers of the common stock at any given time. This presence depends on the individual decisions of investors and general economic and market conditions over which HBI has no control. Given the daily average trading volume of HBI s common stock, significant sales of the common stock in a brief period of time, or the expectation of these sales, could cause a decline in the price of its common stock.

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SELECTED FINANCIAL DATA OF FTB

The following table presents selected financial information and other financial data for FTB. The data for the three months ended March 31, 2014 are derived from unaudited financial data of FTB, and for the years 2013 and 2012 are derived from audited financial statements of FTB, except earnings per share data. Operating results for prior periods are not necessarily indicative of the results that might be expected for 2014 or any future period. The selected financial data should be read in conjunction with, and are qualified in their entirety by, the Financial Statements and the Notes thereto and the other information included elsewhere herein.

	As of or for the Three Months Ended March 31, 2014 (Unaudited)	As of or for the Years Ended December 31, 2013	2012
	(Dollars and shares in thousands, except per share data)		
Income statement data:			
Interest income	$ 3,417	$ 12,519	$ 11,586
Interest expense	506	2,091	2,143
Net interest income before provision for loan losses	2,911	10,428	9,443
Provision for loan losses		595	1,200
Net interest income after provision	2,911	9,833	8,243
Non-interest income	1,162	3,556	2,523
Non-interest expense	2,560	9,234	8,190
Income before income taxes	1,513	4,155	2,576
Provision for income taxes	555	1,500	917
Net income	$ 958	$ 2,655	$ 1,659
Share and per share data:			
Basic earnings per common share	$ 0.37	$ 1.00	$ 0.58
Diluted earnings per share	0.37	0.99	0.58
Cash dividends declared on preferred stock		89	166
Book value per share at end of period	11.47	11.09	10.13
Common shares outstanding at end of period	2,560	2,560	2,556
Balance sheet data:			
Total assets	$ 312,005	$ 295,748	$ 276,323
Cash and cash equivalents	29,598	17,152	42,019
Investment securities	13,277	13,854	13,641
Total loans	248,937	244,522	201,650
Allowance for loan losses	(4,835)	(4,840)	(4,264)

Loans, net	243,950	239,636	197,163
Deposits	277,715	262,290	236,370
Stockholders equity	29,371	28,384	34,687
Asset quality:			
Non-performing loans[1]	$ 1,886	$ 1,918	$ 1,079
Allowance for loan losses to total loans	1.94%	1.98%	2.11%
Allowance for loan losses to non-performing loans	256	252	395
Total non-performing loans to total loans	0.76	0.78	0.53
Total non-performing loans to total assets	0.60	0.65	0.39
Total non-performing loans and real estate foreclosed assets to total assets	0.60	0.65	0.61

(1) Loans where the interest is no longer accruing over 90 days or more past due.

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SELECTED CONSOLIDATED FINANCIAL DATA OF HBI

Set forth below are highlights from HBI s consolidated financial data as of and for the three months ended March 31, 2014 and 2013 and for the years ended December 31, 2009 through December 31, 2013. The results of operations for the three months ended March 31, 2014 and March 31, 2013 are not necessarily indicative of the results of operations for a full year or any other interim period. HBI management prepared the unaudited information on the same basis as it prepared HBI s audited consolidation financial statements. In the opinion of HBI management, this information reflects all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of this data for those dates. You should read this information in conjunction with HBI s consolidated financial statements and related notes included in HBI s Annual Report on Form 10-K for the year ended December 31, 2013 and its Quarterly Report on Form 10-Q for the three months ended March 31, 2014, each of which is incorporated by reference in this document and from which this information is derived. See Where You Can Find More Information preceding the Table of Contents.

Selected Consolidated Financial Data

	As of or for the Periods Ended March 31,		As of or for the Years Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
	(Unaudited)						
	(Dollars and shares in thousands, except per share data)						
Income statement data:							
Total interest income	$ 81,840	$ 48,148	$ 217,126	$ 177,135	$ 171,806	$ 151,122	$ 132,253
Total interest expense	4,840	3,799	14,531	21,535	30,551	34,708	39,943
Net interest income	77,000	44,349	202,595	155,600	141,255	116,414	92,310
Provision for loan losses	6,938		5,180	2,750	3,500	72,850	11,150
Net interest income after provision for loan losses	70,062	44,349	197,415	152,850	137,755	43,564	81,160
Non-interest income	12,181	9,025	40,365	47,969	41,309	65,049	30,659
Non-interest expense	39,357	25,863	133,307	102,368	94,722	85,001	72,883
Income before income taxes	42,886	27,511	104,473	98,451	84,342	23,612	38,936
Income tax expense	15,549	9,963	37,953	35,429	29,601	6,021	12,130
Net income	27,337	17,548	66,520	63,022	54,741	17,591	26,806
Preferred stock dividends and accretion of discount on preferred stock					1,828	2,680	2,576

Net income available to common stockholders	$ 27,337	$ 17,548	$ 66,520	$ 63,022	$ 52,913	$ 14,911	$ 24,230
Common share and per common share data[(a)]:							
Basic earnings per common share	$ 0.42	$ 0.31	$ 1.15	$ 1.12	$ 0.93	$ 0.26	$ 0.51
Diluted earnings per common share	0.42	0.31	1.14	1.11	0.92	0.26	0.51
Diluted earnings per common share excluding intangible amortization[(1)]	0.43	0.32	1.18	1.14	0.95	0.29	0.53
Book value per common share	13.34	9.40	12.92	9.17	8.38	7.51	7.36
Tangible book value per common share[(2)(5)]	8.38	7.67	7.94	7.43	7.18	6.26	6.33
Dividends common	0.0750	0.0650	0.2900	0.2900	0.1340	0.1083	0.1091
Average common shares outstanding	65,123	56,222	57,908	56,274	56,832	56,722	47,254
Average diluted shares outstanding	65,511	56,535	58,252	56,630	57,224	57,200	47,768
Performance ratios:							
Return on average assets	1.64%	1.70%	1.43%	1.58%	1.50%	0.55%	1.03%
Return on average assets excluding intangible amortization[(6)]	1.77	1.79	1.52	1.66	1.57	0.61	1.10
Return on average common equity	13.00	13.68	11.27	12.75	11.77	3.41	7.45
Return on average tangible common equity excluding intangible amortization[(2)(7)]	21.48	17.29	15.26	15.87	14.39	4.40	9.49
Net interest margin[(10)]	5.48	5.15	5.19	4.70	4.69	4.27	4.09
Efficiency ratio[(3)]	42.07	46.03	52.44	47.88	49.13	44.41	55.98

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Selected Consolidated Financial Data Continued

	As of or for the Periods Ended March 31,		As of or for the Years Ended December 31,				
	2014	2013	2013	2012	2011	2010	2009
	(Unaudited)						
	(Dollars and shares in thousands, except per share data)						
Asset quality:							
Non-performing non-covered assets to total non-covered assets	1.03%	1.21%	1.07%	1.30%	1.53%	2.08%	2.12%
Non-performing non-covered loans to total non-covered loans	1.03	1.12	0.91	1.17	1.56	2.62	2.05
Allowance for loan losses for non-covered loans to non-performing non-covered loans	103.15	164.15	101.95	165.62	189.64	107.77	107.57
Allowance for loans losses for non-covered loans to total non-covered loans[9]	1.07	1.83	0.93	1.94	2.96	2.83	2.20
Net charge-offs on loans not covered by loss share to average non-covered loans	0.19	0.50	0.39	0.40	0.26	3.19	0.43
Balance sheet data:							
Total assets	$ 6,780,776	$ 4,225,507	$ 6,811,861	$ 4,242,130	$ 3,604,117	$ 3,762,646	$ 2,684,865
Investment securities available-for-sale	1,175,827	724,929	1,175,484	726,223	671,221	469,864	322,115
Investment securities held-to-maturity	132,363		114,621				
Loans receivable not covered by loss share	4,126,564	2,309,146	4,194,437	2,331,199	1,760,086	1,892,374	1,950,285
Loans receivable covered by FDIC loss share	270,641	358,669	282,516	384,884	481,739	575,776	
Allowance for loan losses	48,991	45,935	43,815	50,632	52,129	53,348	42,968
Intangible assets	322,867	96,940	324,034	97,742	68,283	71,110	57,737
Non-interest-bearing deposits	1,057,148	717,830	991,161	666,414	464,581	392,622	302,228
Total deposits	5,338,510	3,465,436	5,393,046	3,483,452	2,858,031	2,961,798	1,835,423
Subordinated debentures (trust preferred securities)	60,826	3,093	60,826	28,867	44,331	44,331	47,484
Stockholders equity	868,868	528,395	840,955	515,473	474,066	476,925	464,973

Capital ratios:							
Common equity to assets	12.81%	12.50%	12.35%	12.15%	13.15%	11.36%	15.48%
Tangible common equity to tangible assets[(2)(8)]	8.45	10.45	7.97	10.08	11.48	9.65	13.63
Tier 1 leverage ratio[(4)]	9.08	10.37	9.38	10.95	12.48	12.15	17.42
Tier 1 risk-based capital ratio	11.67	13.78	10.88	13.94	17.04	16.69	20.76
Total risk-based capital ratio	12.65	15.04	11.75	15.20	18.30	17.95	22.02
Dividend payout common	17.87	20.83	25.51	25.89	13.90	35.01	19.11

(a) All share and per share amounts have been restated to reflect the effect of the 2-for-1 stock split during June 2013.

(1) Diluted earnings per share excluding intangible amortization reflect diluted earnings per share plus per share intangible amortization expense, net of the corresponding tax effect. See the incorporated by reference Form 10-Q for March 31, 2014 and Form 10-K for December 31, 2013 in the Management s Discussion and Analysis of Financial Condition and Results of Operations Table 22 and Table 23, respectively, for the non-GAAP tabular reconciliation.

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

(3) The efficiency ratio is calculated by dividing non-interest expense less amortization of core deposit intangibles by the sum of net interest income on a tax equivalent basis and non-interest income.

(4) Leverage ratio is Tier 1 capital to quarterly average total assets less intangible assets and gross unrealized gains/losses on available-for-sale investment securities.

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Selected Consolidated Financial Data Continued

(5) See the incorporated by reference Form 10-Q for March 31, 2014 and Form 10-K for December 31, 2013 in the Management s Discussion and Analysis of Financial Condition and Results of Operations Table 23 and Table 24, respectively, for the non-GAAP tabular reconciliation.
(6) See the incorporated by reference Form 10-Q for March 31, 2014 and Form 10-K for December 31, 2013 in the Management s Discussion and Analysis of Financial Condition and Results of Operations Table 24 and Table 25, respectively, for the non-GAAP tabular reconciliation.
(7) See the incorporated by reference Form 10-Q for March 31, 2014 and Form 10-K for December 31, 2013 in the Management s Discussion and Analysis of Financial Condition and Results of Operations Table 25 and Table 26, respectively, for the non-GAAP tabular reconciliation.
(8) See the incorporated by reference Form 10-Q for March 31, 2014 and Form 10-K for December 31, 2013 in the Management s Discussion and Analysis of Financial Condition and Results of Operations Table 26 and Table 27, respectively, for the non-GAAP tabular reconciliation.
(9) See the incorporated by reference Form 10-Q for March 31, 2014 and Form 10-K for December 31, 2013 in the Management s Discussion and Analysis of Financial Condition and Results of Operations Table 21 and Table 28, respectively, for the non-GAAP tabular reconciliation.
(10) Fully taxable equivalent (assuming an income tax rate of 39.225%).

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UNAUDITED PRO FORMA COMBINED CONSOLIDATED INCOME STATEMENT

OF HBI AND LIBERTY BANCSHARES, INC. FOR THE YEAR ENDED DECEMBER 31, 2013

HBI s operating results for the period ended December 31, 2013, include the operating results for Liberty Bancshares, Inc., (Liberty) beginning on October 24, 2013, the date of acquisition, through December 31, 2013. Because HBI s 2013 financial statements include 69 days of operating results for Liberty, the following unaudited pro forma combined consolidated income statement includes the statement of operations of Liberty for the nine months ended September 30, 2013, and pro forma adjustments necessary to give effect to HBI s acquisition of Liberty assuming the acquisition occurred on January 1, 2013. Accordingly, the unaudited pro forma combined consolidated income statement includes the unaudited results of operations of Liberty for 342 days of 2013, which unaudited pro forma results of operations are not materially different from Liberty s full year 2013 results of operations presented on a pro forma basis.

The unaudited pro forma condensed consolidated information is presented for illustrative purposes only and does not indicate the financial results of the combined company had the companies actually been combined at the beginning of the period presented and had the impact of possible revenue enhancements and expense efficiencies, among other factors, been considered and, accordingly, does not attempt to predict or suggest future results. It also does not necessarily reflect what the historical results of the combined company would have been had the companies been combined during this period.

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Unaudited Pro Forma Combined Consolidated Income Statement

For the Year Ended December 31, 2013

(In thousands except per-share data)	Home BancShares, Inc.	Liberty Bancshares, Inc.[(a)]	Pro Forma Adjustments[(b)]	Pro Forma Combined
Interest income				
Loans	$ 198,536	$ 69,664	$ 11,914(d)	$ 280,114
Investment securities				
Taxable	12,298	6,206		18,504
Tax-exempt	6,009	2,303		8,312
Deposits other banks	254	24	(98)(e)	180
Federal funds sold	29	15		44
Other		382	(382)(f)	
Total interest income	217,126	78,594	11,435	307,155
Interest expense				
Interest on deposits	9,744	6,792	415(g)	16,951
Federal funds purchased	4	1		5
FHLB borrowed funds	3,841	2,747	(1,447)(h)	5,141
Securities sold under agreements to repurchase	424	384		808
Subordinated debentures	518	1,154		1,672
Total interest expense	14,531	11,078	(1,032)	24,577
Net interest income	202,595	67,516	12,467	282,578
Provision for loan losses	5,180	9,000		14,180
Net interest income after provision for loan losses	197,415	58,516	12,467	268,398
Non-interest income				
Service charges on deposit accounts	17,870	6,933		24,803
Other service charges and fees	16,002	4,838		20,840
Mortgage lending income	5,988	2,783		8,771
Insurance commissions	2,420	2,048		4,468
Income from title services	523			523
Increase in cash value of life insurance	836	71		907
Dividends from FHLB, FRB, Bankers bank & other	1,028		382(f)	1,410
Gain on sale of SBA loans	135			135
Gain (loss) on sale of premises & equip, net	397			397
Gain (loss) on OREO, net	1,651	(1,391)		260
Gain (loss) on securities, net	111			111

FDIC indemnification accretion/(amortization), net	(10,401)			(10,401)
Other income	3,805	4,051		7,856
Total non-interest income	40,365	19,333	382	60,080
Non-interest expense				
Salaries and employee benefits	58,394	28,030		86,424
Occupancy and equipment	17,168	8,387		25,555
Data processing expense	5,393	1,034		6,427
Other operating expenses	52,352	14,508	844(i)	67,704
Total non-interest expense	133,307	51,959	844	186,110
Income before income taxes	104,473	25,890	12,005	142,368
Income tax expense	37,953	8,988	4,708(j)	51,649
Net income available to all shareholders	66,520	16,902	7,296	90,718
Preferred stock dividends		(1,907)	1,907(e)	
Net income available to common shareholders	$ 66,520	$ 14,995	$ 9,203	$ 90,718
Basic earnings per common share	$ 1.15(c)	$ 12.77		$ 1.40
Diluted earning per common share	$ 1.14(c)	$ 12.78		$ 1.39

(See accompanying notes to Unaudited Pro Forma Combined Consolidated Income Statement)

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Notes to Unaudited Pro Forma Combined Consolidated Income Statement

For the Year Ended December 31, 2013

(a) Amounts presented reflect the historical results of operations for Liberty for the nine months ended September 30, 2013.

(b) Amounts presented include the effect of the purchase accounting and pro forma adjustments, assuming the acquisition of Liberty closed on January 1, 2013.

(c) All per-share amounts have been restated to reflect HBI s 2-for-1 stock split in June 2013.

(d) Upon the completion of the merger, HBI evaluated the acquired loan portfolio to finalize the necessary credit and interest rate fair value adjustments. Subsequently, the interest rate portion of the fair value adjustment was accreted into earnings as an adjustment to the yield of such acquired loans. This adjustment represents HBI s best estimate of the expected accretion that would have been recorded in 2013 assuming the merger closed on January 1, 2013.

(e) This adjustment represents the estimated amount of interest income, using the Federal Funds rate 0.25%, that would have been foregone to fund the payoff of the Liberty Small Business Lending Fund (SBLF) preferred stock and the corresponding reduction of preferred dividends in 2013 assuming the closing of the transaction and SBLF payoff occurred on January 1, 2013.

(f) This represents the reclassifying of Liberty s dividend income from interest income to non-interest income.

(g) Upon the completion of the merger, HBI evaluated the acquired time deposits to finalize the necessary fair value adjustment to reflect current interest rates for comparable deposits. This adjustment represents HBI s best estimate of the expected accretion that would have been recorded in 2013 assuming the merger closed on January 1, 2013.

(h) This adjustment represents the estimated amount of accretion on Federal Home Loan Bank advances that would have been recorded as a reduction of interest expense in 2013 assuming the transaction closed on January 1, 2013.

(i) This represents the expected amortization during 2013 of the core deposit intangible asset acquired in the merger, assuming the transaction closed on January 1, 2013.

(j) This represents income tax expense on the pro forma adjustments at HBI s statutory federal and state income tax rate of 39.225%.

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MARKET PRICE AND DIVIDEND INFORMATION

HBI s common stock is currently listed on The NASDAQ Global Select Market under the symbol HOMB. FTB s common stock is not listed on an exchange or quoted on any automated services, and there is no established trading market for shares of FTB common stock. The following table sets forth, for all the periods indicated, cash dividends declared, and the high and low closing bid prices for HBI s common stock, as adjusted to reflect the 2-for-1 forward split of HBI s common stock on June 12, 2013.

	Price per Common Share High	Price per Common Share Low	Quarterly Dividends per Common Share
2012			
1st Quarter	$ 13.50	$ 12.36	$ 0.050
2nd Quarter	15.29	13.01	0.050
3rd Quarter	17.55	14.78	0.060
4th Quarter	17.71	16.04	0.130
2013			
1st Quarter	$ 18.84	$ 16.71	$ 0.065
2nd Quarter	26.32	18.62	0.075
3rd Quarter	31.00	25.42	0.075
4th Quarter	38.79	28.72	0.075
2014			
1st Quarter	$ 36.42	$ 29.29	$ 0.075

FTB has not paid any dividends on the shares of its common stock. The only dividends paid by FTB were on the shares of preferred stock issued by FTB to the United States Treasury pursuant to the Treasury s Small Business Lending Fund Program. FTB redeemed these shares of preferred stock in 2013.

As of May 16, 2014, there were 65,142,263 shares of HBI common stock issued and outstanding, which were held by approximately 886 shareholders of record. As of the record date for the FTB special meeting, there were **[ ]** shares of FTB common stock outstanding, which were held by approximately **[ ]** shareholders of record. Such numbers of shareholders do not reflect the number of individuals or institutional investors holding stock in nominee name through banks, brokerage firms and others.

On April 16, 2014, the business day immediately preceding the public announcement of the merger, the closing price of HBI s common stock as reported on The NASDAQ Global Select Market was $33.02 per share. On **[ ]**, 2014, the last practicable trading day before the distribution of this proxy statement/prospectus, the closing price of HBI s common stock as reported on The NASDAQ Global Select Market was $**[ ]** per share.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained in this proxy statement/prospectus are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Forward-looking statements relate to future events or future financial performance and include statements about the competitiveness of the banking industry, potential regulatory obligations, and HBI s and FTB s other business strategies and other statements that are not historical facts. Forward-looking statements are not guarantees of performance or results. When words like may, plan, contemplate, anticipate, believe, intend, continue, expect, project estimate, could, should, would, and similar expressions are used, you should consider them as identifying forward-looking statements. These forward-looking statements involve risks and uncertainties and are based on beliefs and assumptions, and on the information available at the time that these disclosures were prepared. These forward-looking statements may not be realized due to a variety of factors, including, but not limited to, the following:

- the merger may not close when expected or at all because required regulatory, shareholder or other approvals and other conditions to closing are not received on a timely basis or at all;
- HBI s stock price could change, before closing of the merger, due to, among other things, broader stock market movements and the performance of financial companies and peer group companies;
- benefits from the merger may not be fully realized or may take longer to realize than expected, including as a result of changes in general economic and market conditions, interest and exchange rates, monetary policy, laws and regulations and their enforcement, and the degree of competition in the geographic and business areas in which FTB operates;
- FTB s business may not be integrated into HBI s successfully, or such integration may take longer to accomplish than expected;
- the anticipated growth opportunities and cost savings from the merger may not be fully realized or may take longer to realize than expected;
- operating costs, customer losses and business disruption following the merger, including adverse developments in relationships with employees, may be greater than expected; and
- management time and effort may be diverted to the resolution of merger-related issues.

All written or oral forward-looking statements attributable to HBI and FTB are expressly qualified in their entirety by this Cautionary Note. Actual results may differ significantly from those discussed in these forward-looking statements. For other factors, risks and uncertainties that could cause actual results to differ materially from estimates and projections contained in these forward-looking statements, see Risk Factors.

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THE MERGER

*The following is a discussion of the merger and the material terms of the Merger Agreement between HBI and FTB. You are urged to read carefully the Merger Agreement in its entirety, a copy of which is attached as **Appendix A** to this proxy statement/prospectus and incorporated by reference herein. This summary may not contain all of the information about the Merger Agreement that is important to you. Factual information about HBI and FTB can be found elsewhere in this proxy statement/prospectus. Additional factual information about HBI can be found in the public filings HBI makes with the SEC, as described in the section entitled Where You Can Find More Information.*

Terms of the Merger

Transaction Structure. HBI s and FTB s boards of directors have each unanimously approved and adopted the Merger Agreement. The Merger Agreement provides for the acquisition of FTB by HBI through the merger of FTB with and into Centennial Bank, HBI s wholly owned community bank subsidiary, with Centennial Bank continuing as the surviving corporation.

Merger Consideration. In the merger, FTB shareholders will have the right, with respect to each of their shares of FTB common stock, to receive, subject to proration and adjustment as described below, shares of HBI common stock. The total consideration payable to FTB shareholders consists of the number of shares of HBI common stock equal to $42,961,382 (which is $43,004,153 less 50% of the cost of insurance as described in Section 6.6(b) of the Merger Agreement) divided by the volume-weighted average closing price, rounded to the nearest hundredth of a cent, of HBI common stock on The NASDAQ Global Select Market reporting system (based on regular way trading) for the 20 trading days immediately prior to the effective time of the merger (the HBI Average Closing Price), provided that the HBI Average Closing Price shall not exceed $40.25. Based on 2,559,771 outstanding shares of FTB common stock, which was the number outstanding on the day the Merger Agreement was signed, FTB shareholders will receive in exchange for each share of FTB common stock consideration consisting of HBI common stock valued at approximately $16.7833 (the Merger Consideration).

The number of shares of HBI common stock comprising the Merger Consideration will vary based on the HBI Average Closing Price. The following table illustrates, for a range of potentially applicable HBI Average Closing Prices, the number of shares of HBI common stock that would be exchanged for each share of FTB common stock, assuming that 2,559,771 shares of FTB common stock are outstanding immediately before the merger:

Per-Share Merger Consideration*

If the applicable HBI Average Closing Price is:	Each share of FTB common stock will exchange for the following fractional share of HBI common stock:
$29.75**	0.5641
$30.00	0.5594
$31.00	0.5414
$32.00	0.5245
$32.43**	0.5175
$33.00	0.5086
$34.00	0.4936
$35.00	0.4795
$36.00	0.4662

$37.00	0.4536
$38.00	0.4417
$39.00	0.4303
$40.00	0.4196
$40.25**	0.4170

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* The computations in this table assume that 2,559,771 shares of FTB common stock will be outstanding immediately before the merger. The Per-Share Merger Consideration will be based on the actual HBI Average Closing Price, which will be computed at the time of the merger; the HBI Average Closing Prices shown on this table are for illustration only. Cash will be paid in lieu of issuing fractional shares of HBI common stock. Assuming the HBI Average Closing Price is $32.43, an FTB shareholder holding 100 shares of FTB common stock will receive 51 shares of HBI common stock and $24.32 in cash in lieu of the resulting fractional share.

** On April 25, 2014, the date the Merger Agreement was signed, the closing price of a share of HBI common stock was $32.43. The Merger Agreement provides that if the HBI Average Closing Price is equal to or greater than $40.25, then the HBI Average Closing Price will be $40.25. Additionally, if the HBI Average Closing Price is below $29.75 on the closing date, then HBI has the right to terminate the Merger Agreement.

Based on the assumption that 1,324,681 shares of HBI common stock will be issued to FTB shareholders (based on a $32.43 HBI Average Closing Price and no cash in lieu of fractional shares paid), FTB shareholders would own approximately 1.99% of HBI s common stock after the merger is completed, excluding any shares of HBI common stock they may already own.

Letters of Transmittal

Immediately upon the completion of the merger, the exchange agent will send a letter of transmittal and instructions for surrendering certificates or book-entry shares in exchange for the Merger Consideration and/or any cash in lieu of fractional shares of HBI common stock (as described below) to each holder of record of certificates or book-entry shares which, immediately prior to the completion of the merger, represented shares of FTB common stock, whose shares were converted into the right to receive the Merger Consideration.

If a certificate for FTB common stock has been lost, stolen or destroyed, the exchange agent will issue the consideration properly payable under the Merger Agreement upon receipt of an affidavit as to that loss, theft or destruction and, if requested by the exchange agent, the posting of a bond to indemnify the exchange agent against any claim that may be made against it with respect to such certificate.

Cash in Lieu of Fractional Shares

No fractional shares of HBI common stock will be issued upon the surrender of certificates or book-entry shares of FTB common stock for exchange, and no dividend or distribution with respect to HBI common stock will be payable on or with respect to any fractional share, and such fractional share interests will not entitle the owner thereof to vote or to any other rights of a shareholder of HBI. In lieu of the issuance of any such fractional share, HBI will pay to each former shareholder of FTB who otherwise would be entitled to receive such fractional share an amount in cash (rounded to the nearest cent) determined by multiplying (i) the HBI Average Closing Price by (ii) the fraction of a share (after taking into account all shares of FTB common stock held by such holder at the effective time of the merger and rounded to the nearest thousandth when expressed in decimal form) of HBI common stock which such holder would otherwise be entitled to receive.

Dividends and Distributions

Until certificates or book-entry shares representing shares of FTB common stock are surrendered for exchange, any dividends or other distributions with a record date after the effective time of the merger with respect to HBI common stock into which such shares of FTB common stock may have been converted will not be paid. Following surrender of any such certificates or book-entry shares, the record holder thereof will be entitled to receive, without interest, any dividends or other distributions with a record date after the effective time of the merger payable with respect to the whole shares of HBI common stock represented by such certificates or book-entry shares and paid prior to the surrender date, and at the appropriate payment date, the amount of dividends or

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other distributions payable with respect to shares of HBI common stock represented by such certificates or book-entry shares with a record date after the effective time of the merger but before the surrender date and with a payment date after the issuance of HBI common stock issuable with respect to such certificates or book-entry shares.

After the effective time of the merger, there will be no transfers on the stock transfer books of FTB of any shares of FTB common stock, other than to settle transfers that occurred prior to the effective time of the merger. If certificates representing such shares are presented for transfer after the completion of the merger, they will be cancelled and exchanged for the Merger Consideration into which the shares represented by that certificate have been converted.

Dissenters Rights

Notwithstanding any other provisions of this proxy statement/prospectus, shares of FTB common stock issued and outstanding at the effective time of the merger which are held by a holder who perfected his or her dissenters rights in accordance with § 658.44 of the Florida Statutes Annotated (Dissenting Shares) shall not be converted into or represent the right to receive the consideration payable thereon, and any such holder shall be entitled only to such rights of appraisal as are granted by § 658.44 of the Florida Statutes Annotated (Dissenter Provisions), unless and until such holder fails to perfect or effectively withdraws or otherwise loses his or her right to appraisal; provided, however, that no payment in connection with Dissenting Shares shall be made to any dissenting stockholder unless and until such dissenting stockholder has complied with the applicable provisions of the Dissenter Provisions and surrendered to HBI the certificate or certificates representing the Dissenting Shares for which payment is being made. If after the effective time of the merger any such dissenting stockholder fails to perfect or effectively withdraws or loses his or her right to appraisal, such shares of common stock shall be treated as if they had been converted at the effective time of the merger into the right to receive the consideration payable thereon. FTB shall give HBI prompt notice upon receipt by FTB of any written objection to the merger and such written demands for payment for shares of common stock under the Dissenter Provisions, and the withdrawals of such demands, and any other instruments provided to FTB pursuant to the Dissenter Provisions (any stockholder duly making such demand being hereinafter called a Dissenting Stockholder). Each Dissenting Stockholder that becomes entitled, pursuant to the Dissenter Provisions, to payment for any shares of common stock held by such Dissenting Stockholder shall receive payment therefor from HBI (but only after the amount thereof shall have been agreed upon or at the times and in the amounts required by the Dissenter Provisions). FTB shall not, except with the prior written consent of HBI, voluntarily make any payment with respect to, or settle or offer to settle, any demand for payment by a Dissenting Stockholder.

TO THE SHAREHOLDERS OF FTB:

YOU ARE HEREBY NOTIFIED THAT YOU MAY BE ENTITLED TO ASSERT DISSENTERS RIGHTS PURSUANT TO FLORIDA STATUTES ANNOTATED § 658.44, A COPY OF WHICH IS ATTACHED IN ITS ENTIRETY AS APPENDIX F TO THIS PROXY STATEMENT/PROSPECTUS.

Any FTB shareholder desiring to assert dissenters rights (1) must vote against the Merger Proposal or (2) must deliver to FTB at or prior to the FTB special meeting written notice of the shareholder s intent to demand payment for the shares of FTB common stock if the Merger Proposal is approved, and must not vote in favor of the Merger Proposal. If the merger is approved by the FTB shareholders, FTB will deliver a written dissenters notice to all shareholders who properly dissented describing how, when and to whom the FTB shareholder should send the payment demand. HBI will then pay to each dissenter who properly asserted dissenters rights and perfected such right by submitting a payment demand the amount HBI estimates to be the fair value of the shares plus accrued interest.

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This is not a complete statement of all applicable requirements and is qualified in its entirety by reference to Florida Statutes Annotated §658.44, which is reproduced in its entirety as **Appendix F** to this proxy statement/prospectus.

Regulatory Approvals

Each of HBI and FTB has agreed to use its reasonable best efforts to obtain all regulatory approvals required to complete the merger and the other transactions contemplated by the Merger Agreement. These approvals include approval from the Federal Reserve Board and the Arkansas State Bank Department, among others. HBI and FTB have filed, or are in the process of filing, applications and notifications to obtain these regulatory approvals.

Federal Reserve Board. The transaction contemplated by the Merger Agreement is subject to approval by the Federal Reserve Board pursuant to the Bank Holding Company Act of 1956, as amended.

Arkansas State Bank Department. The transaction contemplated by the Merger Agreement is subject to approval by the Arkansas State Bank Department.

Florida Office of Financial Regulation. The transaction contemplated by the Merger Agreement requires notice to the Florida Office of Financial Regulation.

Additional Regulatory Approvals and Notices. The transaction contemplated by the Merger Agreement is also subject to approval by and notifications to various other regulatory agencies.

There can be no assurances that such approvals will be received on a timely basis, or as to the ability of HBI and FTB to obtain the approvals on satisfactory terms or the absence of litigation challenging such approvals. There can likewise be no assurances that U.S. or state regulatory authorities will not attempt to challenge the merger on antitrust grounds or for other reasons, or, if such a challenge is made, as to the result of such challenge. The parties obligations to complete the transactions contemplated by the Merger Agreement are subject to a number of conditions, including the receipt of all requisite regulatory approvals.

Accounting Treatment

HBI will account for the merger using the acquisition method of accounting. Under this accounting method, HBI would record the acquired identifiable assets and liabilities assumed at their fair market value at the time the merger is complete. Any excess of the cost of FTB over the sum of the fair values of tangible and identifiable intangible assets less liabilities assumed would be recorded as goodwill. HBI s reported income would include the operations of FTB after the merger. Financial statements of HBI after completion of the merger would reflect the impact of the acquisition of FTB. Financial statements of HBI issued before completion of the merger would not be restated retroactively to reflect FTB historical financial position or results of operation.

Public Trading Market

HBI common stock is listed on The NASDAQ Global Select Market under the symbol HOMB. The HBI common stock issuable in the merger will be listed on The NASDAQ Global Select Market.

Resale of HBI Common Stock

All shares of HBI common stock received by FTB shareholders in the merger will be freely tradable for purposes of the Securities Act of 1933, as amended (the Securities Act), and the Exchange Act, except for shares of HBI common stock received by any such holder who becomes an affiliate of HBI after completion of the merger. This proxy statement/prospectus does not cover resales of shares of HBI common stock received by any person upon completion of the merger, and no person is authorized to make any use of this proxy statement/prospectus in connection with any resale.

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Background of the Merger

FTB opened for business in 2007 as a state-chartered commercial bank. Since its founding, executive management and directors of FTB have considered various strategic alternatives to enhance and maximize shareholder value. These strategic alternatives have included continuing as an independent institution, acquiring other banks, bank branches or other financial services related businesses, or a sale or merger of FTB. Since 2011, FTB has enlisted the services of Monroe Financial Partners, Inc. (Monroe) to provide financial advisory services related to these strategic alternatives including the assessment of potential acquisition targets and its annual strategic planning meetings where long-term strategies and objectives were discussed.

FTB has experienced strong growth since its founding, despite the turmoil experienced during the economic recession which significantly impacted the FTB s primary market beginning in 2008. As part of its growth strategy, FTB has continually evaluated opportunities to acquire other financial institutions. To that end, FTB acquired Providence Bank, Winter Haven, Florida in 2009, representing its first entry in the Central Florida market beginning in 2010. FTB now has eight offices across the Tampa Bay and Orlando metropolitan areas. FTB s financial performance, over the same time, has been strong and FTB was a recipient of $8.8 million in funds from the Small Business Lending Fund (SBLF) in 2011. In addition to utilizing these funds to expand its lending operation, FTB hoped to use these funds as a capital source to acquire other financial institutions. James S. Stalnaker, Jr., FTB s Chairman, President and Chief Executive Officer, has been active with the Florida Bankers Association (FBA) and hoped to use his participation with the FBA to meet and develop relationships with other community bankers that might be looking for partnership opportunities. None of these partnerships came to fruition and FTB subsequently paid off the SBLF funds in the fourth quarter of 2013.

At the same time FTB was considering acquisition opportunities, FTB also met with representatives of various larger local and regional financial institutions, including HBI, that were interested in the possibility of FTB engaging in a business combination with their respective institutions. No specific deal terms were proposed or discussed in connection with any of these communications, nor did FTB actively evaluate or pursue any of these expressions of interest.

Approximately two years ago, Mr. Stalnaker met Tracy French, Centennial Bank s Florida market president at various FBA functions. HBI, through its Centennial Bank subsidiary, had entered the Florida market in 2005 with the acquisition of a small bank and became an active acquirer of failed banks in Florida beginning in 2010. HBI had expressed publicly on many occasions its interest in acquiring other banks in Florida, outside of the FDIC receivership process. In March 2013, Mr. French visited with Mr. Stalnaker in Dade City, Florida inquiring about FTB s interest in merging with HBI. On April 24, 2013, John Allison (HBI s Chairman), C. Randall Sims (HBI s Chief Executive Officer) and Mr. French met with Mr. Stalnaker in Dade City, Florida to discuss each bank s operations and strategic opportunities. Shortly thereafter, after preliminary consultations with the FTB board, Mr. Stalnaker contacted HBI with a preliminary range of values it would consider for the sale of FTB. HBI s initial response was that the valuation was too high for them to consider at that time. During the month of May, HBI began discussions with Liberty Bancshares, Inc. (Liberty), concerning a merger and subsequently announced on June 25, 2013, an agreement to acquire Liberty, a $2.8 billion asset bank based in Jonesboro, Arkansas. Mr. French called Mr. Stalnaker to tell him the discussion of a possible transaction with FTB had to be put on hold until after the completion of the Liberty merger. The acquisition of Liberty closed on October 24, 2013, and Liberty s operations were fully converted into HBI s in the fourth quarter of 2013.

Following the conversion of Liberty, the management team of HBI began internal discussions about FTB and the possibility of a transaction. Mr. Allison and Mr. French again reached out to Mr. Stalnaker in early February 2014 about a possible affiliation. FTB and HBI discussed various terms of an affiliation over the next several weeks. FTB s board and management determined that the strategic fit and potential future benefits to FTB shareholders of a merger with HBI appeared sufficiently attractive for FTB to seek to negotiate the terms of an affiliation with HBI. HBI submitted an initial draft of the non-binding letter of intent on February 7, 2014, which reflected pricing terms of the lesser of $18.00 per share or 180% of adjusted book value (reflecting merger-related adjustments) payable in HBI stock. At FTB s February 20, 2014 board meeting, the board consulted with Smith MacKinnon, PA, its legal adviser, and Monroe, its financial adviser, regarding the financial and legal terms of the letter of intent. At that meeting, the FTB board authorized the execution of the letter of intent. The letter of intent was subject to satisfactory completion of HBI s due diligence, negotiation of a merger agreement, and an exclusivity period of 45 days, among other conditions.

From March 3, 2014, through March 5, 2014, HBI conducted its primary due diligence on FTB, at which time HBI confirmed to FTB it was prepared to proceed with the negotiation of a merger agreement but at slightly revised terms from the executed letter of intent. On March 19, 2014, HBI presented its due diligence findings and pricing terms reflecting an offer of $15.67 per share based on 180% of adjusted book value. Over the next day, Mr. Stalnaker discussed the due diligence findings with representatives of HBI. HBI subsequently increased its offer price to $16.78 per share. On March 20, 2014, the FTB board of directors met with representatives of Monroe and Smith MacKinnon to discuss the due diligence review and revised proposal. The board of directors engaged in a wide-ranging discussion of strategic alternatives before voting to accept the revised affiliation terms.

HBI presented FTB with an initial draft of the merger agreement on April 10, 2014. FTB presented initial comments on the draft merger agreement to HBI and its counsel on April 17, 2014. The HBI board approved the terms of the merger on April 17, 2014. HBI requested, and FTB approved, the issuance of a press release on April 17, 2014, announcing the terms of the letter of intent and that the parties were negotiating a merger agreement. From April 10, 2014, to April 24, 2014, executive management of both FTB and HBI and their respective legal counsel continued to negotiate the final terms of the merger agreement and related documents.

On April 24, 2014, the board of directors of FTB reviewed the proposed Merger Agreement and related documents in detail; discussed its legal obligations and fiduciary obligations as directors in considering the proposed Merger Agreement with Smith Mackinnon; and, received Monroe s summary analyses and opinion that the merger consideration to be received by the shareholders of FTB, was fair, from a financial point of view. Based upon this review and discussion of the legal terms of the Merger Agreement, the analyses and opinion of Monroe, and other relevant factors, the FTB board voted unanimously to approve the merger with HBI and to approve the Merger Agreement.

On April 25, 2014, the Merger Agreement and related documents were executed and delivered by the parties. HBI issued a press release announcing the signing of the Merger Agreement on April 25, 2014.

Recommendation of FTB s Board of Directors and Reasons for the Merger

FTB s board of directors reviewed and discussed the proposed merger with management and its financial and legal advisors in determining that the proposed merger is in the best interest of FTB and its shareholders. In reaching its conclusion to approve the Merger Agreement, FTB s board of directors considered a number of factors, including the following:

- the board s knowledge of the current and prospective environment in which FTB operates, including national and local economic conditions, the competitive environment, the increased regulatory burden and expense imposed on financial institutions as a result of recent legislation, the trend toward consolidation in the financial services industry and the likely effect of these factors on FTB s potential growth, development, profitability and strategic options;

the results that FTB could expect to achieve operating independently, and the likely risks and benefits to shareholders of that course of action, as compared with the value of the merger consideration;

the board s view that the size of the institution and related economies of scale was becoming increasingly important to continued success in the current financial services environment and that a merger with a larger bank holding company could provide those economies of scale, increase efficiencies of operations and enhance customer products and services;

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the board s belief that the number of potential acquirers interested in smaller institutions like FTB, with total assets less than $500 million and limited geographic markets, has diminished and may diminish even further over time;

the opportunities and prospects of FTB for future organic growth and/or future growth through acquisitions without raising additional capital;

the board s understanding of each of FTB s and HBI s business, operations, management, financial condition, asset quality, credit culture, earnings and prospects;

the results of FTB s due diligence investigation of HBI and the reputation, business practices and experience of HBI and its management, including the experience of its senior management related to integration of acquired businesses;

the prospects for continued growth and enhanced performance of the combined company;

the fact that FTB s shareholders will receive stock of HBI which would allow FTB shareholders to participate in the future performance of the combined company, and the value to FTB shareholders represented by that consideration;

the greater liquidity in the trading market for HBI common stock relative to the market for FTB common stock due to the listing of HBI s shares on The Nasdaq Global Select Market;

the strong historical performance of HBI and HBI s common stock;

the cash dividends historically paid by HBI on its common stock;

the opinion and financial presentations of Monroe to the FTB board of directors as to the fairness, from a financial point of view, of the merger consideration to be received by holders of FTB common stock;

the belief of the FTB board of directors that HBI emphasizes many of the same values embraced by FTB in the conduct of its business, such as, excellent customer service, employee development and delivering value to shareholders;

the potential effect of the merger on FTB s employees, including the prospects for continued employment and the severance and other benefits agreed to be provided by HBI to FTB s employees;

the anticipated likelihood of HBI s receiving the requisite regulatory approvals in a timely manner; and

the expected treatment of the merger as a reorganization for federal income tax purposes

The discussion of the information and factors considered by FTB s board of directors is not exhaustive, but includes all the material factors considered by FTB s board of directors. In view of the wide variety of factors considered by FTB s board of directors in connection with its evaluation of the merger and the complexity of these matters, the board of directors did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. FTB s board of directors evaluated the factors described above, including asking questions of management and its legal and financial advisors, and reached consensus that the merger was in the best interests of FTB and its shareholders. In considering the factors described above, individual members of FTB s board of directors may have given different weights to different factors. FTB s board of directors considered these factors as a whole, and overall considered them to be favorable to, and to support its determination.

FTB s board of directors determined that the merger, the Merger Agreement and the transactions contemplated thereby are advisable and in the best interests of FTB and its shareholders. Accordingly, the board of directors unanimously approved the Merger Agreement and unanimously recommends that FTB s shareholders vote **FOR** approval of the Merger Agreement.

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Opinion of Monroe Financial Partners, Inc.

FTB retained Monroe to act as its financial advisor in connection with the merger and participated in certain negotiations leading to the merger. As part of its engagement, FTB requested that Monroe provide an opinion as to the fairness from a financial point of view of the merger consideration to be received by the shareholders of FTB. Monroe is a nationally-recognized investment banking firm that provides specialized corporate finance and investment research services to financial services companies. In the ordinary course of its investment banking business, Monroe is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions. FTB selected Monroe as its financial advisor based upon Monroe s qualifications, expertise, and reputation in such capacity.

On April 25, 2014, Monroe rendered its fairness opinion to the board of directors of FTB that, as of such date and based upon and subject to various matters set forth in its opinion, the merger consideration was fair, from a financial point of view, to the shareholders of FTB. The full text of the fairness opinion is attached as **Appendix C** to this proxy statement/prospectus.

You should consider the following when reading the discussion of Monroe s opinion in this document:

- The summary of the opinion of Monroe set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion that is attached as **Appendix C** to this proxy statement/prospectus. You should read the opinion in its entirety for a full discussion to the procedures followed, assumptions made, matters considered and qualification and limitation on the review undertaken by Monroe in connection with its opinion.

- Monroe s opinion speaks only as of the date of its opinion. The opinion was directed to FTB s board of directors and is directed only to the fairness of the merger consideration to the FTB shareholders, from a financial point of view. It does not address the board s underlying business decision to engage in the merger or any other aspect of the merger and is not a recommendation to any shareholder as to how he or she should vote at the Special Meeting with respect to the merger or any other matter.

In connection with its written opinion dated April 25, 2014, Monroe reviewed and considered, among other things:

- the Merger Agreement;

- audited financial information of FTB for the years ending December 31, 2009 through 2013 and unaudited financial information for the three months ended March 31, 2014;

- audited financial information of HBI for the years ending December 31, 2009 through 2013 and unaudited financial information for the three months ended March 31, 2014; and certain financial statements and other historical financial information of FTB and HBI that Monroe deemed relevant in determining the parties financial capacity to undertake the Merger.

In addition, Monroe:

held discussions with members of the managements of both FTB and HBI regarding historical and current business operations, financial condition, and future prospects of their respective companies;

reviewed the historical market prices and any trading activity for the stocks of both FTB and HBI;

compared the results of operations of FTB and HBI with those of certain banking companies which were deemed to be comparable and relevant;

compared the proposed financial terms of the merger with the financial terms, to the extent publicly available, of certain other recent business combinations of commercial banking organizations;

considered the current market environment generally and the commercial banking environment in particular; and

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considered such other information, financial studies, analyses and investigations and financial, economic and market criteria as Monroe deemed relevant.

Monroe has relied, without independent verification, upon the accuracy and completeness of the information provided to it by FTB and HBI for the purposes of its opinion. Monroe further relied on the assurances of the senior management of each of FTB and HBI that they are not aware of any facts or circumstances that would make any of such information inaccurate or misleading. Monroe assumed that there has been no material change in the assets, financial condition, results of operations, business or prospects of FTB and HBI since the date of the most recent financial statements made available to Monroe. Monroe did not undertake any independent evaluation or appraisal of the assets and liabilities of FTB and HBI nor was it furnished with any appraisals. Monroe is not an expert in the evaluation of loan portfolios, including under-performing or non-performing assets, charge-offs or the allowance for loan losses; it has not reviewed any individual credit files of FTB or HBI. Monroe assumed that the respective allowances for loan losses for FTB and HBI are adequate to cover such losses.

Any estimates for FTB and HBI contained in Monroe s analyses are not necessarily predictive of future results or values, which may be significantly more or less favorable than the estimates. Monroe assumed that any projections provided or approved by FTB and HBI were reasonably prepared on a basis reflecting the best currently available estimates and judgments of management. Monroe assumed such forecasts and projections will be realized in the amounts and at times contemplated thereby.

Monroe s opinion is necessarily based on financial, economic, regulatory, market and other conditions as in effect on, and the information made available to Monroe as of, the date of its opinion. Events occurring after the date of its opinion could materially affect Monroe s views. Monroe has not undertaken to update, revise, reaffirm or withdraw its opinion or otherwise comment upon events occurring after the date of the opinion. Monroe expressed no opinion as to any of the legal, regulatory, tax or accounting matters relating to the merger or any other transactions contemplated in connection with the Merger.

In rendering the fairness opinion, Monroe performed a variety of financial analyses. The following is a summary of the material analyses performed by Monroe, but is not a complete description of all the analyses underlying Monroe s opinion. The summary includes information presented in tabular format. In order to fully understand the financial analyses, these tables must be read together with the accompanying text. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex process involving subjective judgment as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. The evaluation of fairness, from a financial point of view, of the merger consideration is to some extent subjective, based on the experience and judgment of Monroe, and not merely the result of mathematical analysis of financial data. Monroe did not attribute particular weight to any analysis or factor considered by it. The process, therefore, is not necessarily susceptible to partial analysis or summary description. Monroe believes that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered in its analyses, without considering all other factors and analyses, could create an incomplete or inaccurate view of the analyses and the process underlying the rendering of Monroe s opinion. Also, no company included in Monroe s comparative analysis described below is identical to FTB and HBI and no transaction is identical to the merger. Accordingly, an analysis of comparable companies or transactions involves complex consideration and judgments concerning differences in financial and operating characteristics of the companies and other factors that could affect the public trading values or merger transaction values, as the case may be, of FTB and HBI and the companies to which they are being compared.

In performing its analyses, Monroe made numerous assumptions with respect to industry performance, business and economic conditions, and other matters, many of which cannot be predicted and are beyond the control of FTB, HBI and Monroe. The analysis performed by Monroe is not necessarily indicative of actual values or future results, both of which may be significantly more or less favorable than suggested by such

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analyses. Monroe prepared its analyses solely for the purposes of rendering its opinion and provided it analyses to the FTB Board at the April 24, 2014 meeting when the Merger Agreement was considered. Estimates on the values of the companies do not purport to be appraisals or necessarily reflect the prices at which the companies or their securities may actually be sold. Such estimates are inherently subject to uncertainty and actual values may be materially different.

The analysis and opinion of Monroe was among a number of factors taken into consideration by the board in making its determination to approve the Merger Agreement and the transactions contemplated by the Merger Agreement (including the merger) and the analyses described below should not be viewed as determinative of the decision of the Board or management with respect to the fairness of the merger.

Summary of the Proposed Merger. Pursuant to the Merger Agreement, the outstanding shares of FTB common stock will be converted into the right to receive shares of HBI common stock at a fixed price of $42,961,382 or approximately $16.78 per FTB share. The number of shares to be received by FTB shareholders will be based on the price performance of HBI common stock over the 20 trading days immediately prior to the Effective Time.

Based upon financial information as of or for the three months ended March 31, 2014, Monroe calculated the following merger transaction ratios:

Merger Consideration	
Total Merger Consideration	$ 42,961,382
FTB Stock Outstanding	2,559,771
Deal Value Per Share	$ 16.78
Merger Multiples	
(3/31/14)	
Stated Book Value	146.3%
Tangible Book Value	146.3%
Last Twelve Months Earnings	14.0x
Total Assets	13.8%
Total Deposits	15.5%
Core Deposit Premium	5.9%

Contribution Analysis. Monroe computed the contribution of HBI and FTB to various elements of the pro forma company. The following table compares the pro forma ownership in the combined company to each company s respective contribution to various financial components of the pro forma company.

	Contribution	
Financial Information as of March 31, 2014	**HBI**	**FTB**
Total Assets	95.6%	4.4%
Total Gross Loans	94.7%	5.3%
Total Deposits	95.1%	4.9%
Tangible Common Equity	94.9%	5.1%
LTM Net Interest Income	95.7%	4.3%
LTM Core Income*	96.6%	3.4%

LTM Net Income	96.1%	3.9%
Pro Forma Ownership[(1)]	**98.1%**	**1.9%**

* Pre Tax, Pre Credit-related income

(1) Assumes HBI avg. stock price of $35.00 and exchange ratio of 0.4795

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Recent Financial Performance FTB. Monroe reviewed FTB s recent financial performance including balance sheet and income statement trends, profitability and net interest margin ratios, asset quality, and capitalization levels. Monroe s analysis included an assessment of the FTB s current capital position especially its compliance with the regulatory minimums. Monroe noted that as of March 31, 2014, FTB s tier one leverage ratio was 9.65% and the total risk based capital ratio was 11.27%.

Selected Peer Group Analysis FTB. Monroe used publicly-available information to compare selected financial information for FTB to two peer groups of publicly-traded financial institutions that Monroe deemed relevant for purposes of its analysis. Monroe compared selected operating results of FTB to those of 21 Southeast commercial banks with similar asset size (total assets between $250 million to $750 million) and asset quality (non-performing assets to total assets ratio less than 2%) (the Southeast Group) and to those of seven publicly traded banks in Florida (the Florida Group). Monroe noted the following financial performance was based on results for the three months ended March 31, 2014 for FTB and the peer groups (or the most recent quarter available), and April 23, 2014 pricing data.

	FTB	*Southeast Group Average*	*Florida Group Average*
Assets	$ 312 mil	$ 427 mil	$ 1,642 mil
Return on Avg. Assets	1.04%	0.70%	0.38%
Return on Avg. Equity	9.2%	6.6%	1.7%
Tang. Equity/Assets	9.4%	10.1%	8.9%
Net Interest Margin	4.04%	3.66%	3.78%
Efficiency Ratio	64%	74%	88%
Adj. NPAs/Assets(1)	1.31%	1.15%	3.28%
NCOs/Avg. Loans	0.03%	0.18%	0.83%
Price to LTM Earnings (x)		14.8x	13.9x
Price to Tangible Book Value (%)		115%	152%

(1) NPAs include loans past due 90 days or more, nonaccrual assets, OREO and restructured loans, adjusted for any government guarantees

Monroe noted that FTB was more profitable and had a higher net interest margin than both the Southeast Group and Florida Group. FTB also had better asset quality and capital levels compared to the Florida Group but lower asset quality and capital levels compared to the Southeast Group.

Analysis of Comparable Merger Transactions. Monroe compared the financial terms of certain recent merger and acquisition transactions in the commercial banking industry, particularly those it deemed similar to the terms of the merger.

National Merger Transactions. Monroe selected a group of comparable merger and acquisition transactions throughout the United States and compared the pricing multiples to the multiples implied by the Merger consideration. Specifically, Monroe selected 17 bank merger and acquisition transactions (the National Merger Peer Group) according to the following criteria:

Merger and acquisition transactions announced during the twelve months ended April 23, 2014;

Seller s total assets between $250 million and $750 million; and

Seller s total nonperforming assets to total assets ratio less than 2%.

Southeast Merger Transactions. Monroe selected a group of comparable Southeast United States merger and acquisition transactions and compared the pricing multiples to the multiples implied by the Merger. Specifically, Monroe selected 17 bank merger and acquisition transactions (the Southeast Merger Peer Group) according to the following criteria:

Merger and acquisition transactions announced during the twelve months ended April 23, 2014;

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Seller s total assets between $250 million and $750 million; and

Seller was located within the Southeast United States.

Florida Merger Transactions. Monroe selected a group of comparable Florida merger and acquisition transactions and compared the pricing multiples to the multiples implied by the Merger. Specifically, Monroe selected nine bank merger and acquisition transaction (the Florida Merger Peer Group) according to the following criteria:

Merger and acquisition transactions announced during the twelve months ended April 23, 2014; and

Seller was located in Florida.

Monroe then compared the implied value of the merger to FTB s tangible book value, last twelve months earnings, total assets, total deposits, and core deposits with the same metrics for the National, Southeast, and Florida comparable groups. The table below compares the median, high, and low multiples of the identified transactions with those of the merger.

Comparable Transaction Analysis National Merger Peer Group

	Florida Traditions	Comparable Transactions		
Pricing Multiples	**Indicators**	**Median**	**High**	**Low**
Purchase Price % of Tangible Book Value	146.3%	146.9%	219.7%	90.0%
Purchase Price as a Multiple of LTM Earnings	14.0x	17.3x	26.5x	6.8x
Purchase Price % of Total Assets	13.8%	15.6%	25.6%	9.1%
Purchase Price % of Total Deposits	15.5%	17.8%	34.2%	10.0%
Core Deposit Premium	5.9%	7.4%	14.1%	(2.0)%

Comparable Transaction Analysis Southeast Merger Peer Group

	Florida Traditions	Comparable Transactions		
Pricing Multiples	**Indicators**	**Median**	**High**	**Low**
Purchase Price % of Tangible Book Value	146.3%	122.4%	196.4%	33.0%
Purchase Price as a Multiple of LTM Earnings	14.0x	15.5x	28.6x	6.8x
Purchase Price % of Total Assets	13.8%	10.6%	17.5%	0.2%
Purchase Price % of Total Deposits	15.5%	11.1%	23.2%	0.3%
Core Deposit Premium	5.9%	2.4%	10.6%	(2.8)%

Comparable Transaction Florida Merger Peer Group

	Florida Traditions	Comparable Transactions		
Pricing Multiples	**Indicators**	**Median**	**High**	**Low**
Purchase Price % of Tangible Book Value	146.3%	120.0%	190.9%	85.0%
	14.0x	14.5x	16.5x	13.7x

Purchase Price as a Multiple of LTM Earnings				
Purchase Price % of Total Assets	13.8%	9.1%	19.1%	3.7%
Purchase Price % of Total Deposits	15.5%	11.1%	25.4%	3.4%
Core Deposit Premium	5.9%	3.1%	13.8%	(1.3)%

Discounted Cash Flow Analysis. Monroe performed a discounted cash flow analysis to estimate a range of present values of after-tax cash flows that FTB could provide to its shareholders on a stand-alone basis through December 31, 2018 under various circumstances, assuming it performed in accordance with the projections provided by FTB s management.

In order to derive the terminal value of the FTB Common Stock in the discounted cash flow analysis, Monroe applied an average price to last twelve months earnings multiple of 15.7x to projected fiscal year 2018 net income and an average price to tangible book multiple of 130% to projected fiscal year 2018 tangible book value. The pricing multiples were derived from the average of the three selected merger peer groups used above.

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The resulting terminal values were then discounted to the present value at a discount rate of 14.0%, chosen to reflect the desired return for the risk of owning FTB s Common Stock in the current environment. On the basis of these assumptions, Monroe calculated that the present value of FTB under the discounted cash flow analysis, at a 14.0% discount rate, was $14.75 per share, which is below the merger consideration of $16.78 per share.

In order to derive the impact of changes in price to tangible book multiples and discount rates to the terminal value of the FTB Common Stock, Monroe applied multiples of tangible book value ranging from 100% to 200% to projected fiscal year 2018 tangible book value and discount rates ranging from 12.0% to 16.0%. The imputed range of per share values of FTB Common Stock, based on tangible book value multiples, is illustrated below.

		Price to Tangible Book Multiples (%)				
		100%	**125%**	**150%**	**175%**	**200%**
	12.0%	$ 10.92	$ 13.65	$ 16.38	$ 19.11	$ 21.83
Disc.	**13.0%**	$ 10.44	$ 13.05	$ 15.66	$ 18.27	$ 20.89
Rate	**14.0%**	$ 9.99	$ 12.49	$ 14.99	$ 17.49	$ 19.99
	15.0%	$ 9.57	$ 11.96	$ 14.35	$ 16.74	$ 19.13
	16.0%	$ 9.16	$ 11.45	$ 13.74	$ 16.03	$ 18.32

Monroe noted that the per share consideration provided in the Merger is $16.78 per share, which is at the higher end of the range of per share values determined.

In order to derive the impact of changes in price to earnings multiples and discount rates to the terminal value of the FTB Common Stock, Monroe applied multiples of last twelve months earnings ranging from 12.0x to 20.0x to projected fiscal year 2018 earnings and discount rates ranging from 12.0% to 16.0%. The imputed range of per share values of FTB Common Stock, based on last twelve months earnings multiples, is illustrated below.

		Price to Earnings Multiples (x)				
		12.0x	**14.0x**	**16.0x**	**18.0x**	**20.0x**
	12.0%	$ 13.78	$ 16.08	$ 18.38	$ 20.68	$ 22.97
Disc.	**13.0%**	$ 13.19	$ 15.38	$ 17.58	$ 19.78	$ 21.98
Rate	**14.0%**	$ 12.62	$ 14.72	$ 16.82	$ 18.93	$ 21.03
	15.0%	$ 12.08	$ 14.09	$ 16.10	$ 18.12	$ 20.13
	16.0%	$ 11.57	$ 13.49	$ 15.42	$ 17.35	$ 19.28

Monroe noted that the per share consideration provided in the merger is $16.78 per share, which is within the range of per share values determined.

Monroe also considered the overall sensitivity to FTB s projected 2018 earnings value based on variations in FTB s projected earnings, ranging from a 25% discount to a 25% premium from the base forecast. Monroe then applied last twelve months earnings multiples ranging from 12.0x to 20.0x to derive the terminal value at the discount rate of 14.0%. The imputed range of per share values of FTB Common Stock, utilizing different terminal earnings scenarios, is illustrated below.

Price to Earnings Sales Multiples (x)

Earnings		**12.0x**	**14.0x**	**16.0x**	**18.0x**	**20.0x**
Growth	**(25.0%)**	$ 9.46	$ 11.04	$ 12.62	$ 14.19	$ 15.77
Variance	**(10.0%)**	$ 11.36	$ 13.25	$ 15.14	$ 17.03	$ 18.93
	0.0%	$ 12.62	$ 14.72	$ 16.82	$ 18.93	$ 21.03
	10.0%	$ 13.88	$ 16.19	$ 18.51	$ 20.82	$ 23.13
	25.0%	$ 15.77	$ 18.40	$ 21.03	$ 23.66	$ 26.29

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Monroe noted that the per share consideration provided in the merger is $16.78 per share, which is within the range of per share values determined.

Monroe noted that the discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent upon the numerous assumptions that must be made, and the results thereof are not necessarily indicative of actual values or future results.

Recent Financial Performance HBI. Monroe reviewed HBI s recent financial performance including balance sheet and income statement trends, profitability and net interest margin ratios, asset quality, and capitalization levels. Monroe s analysis included an assessment of HBI s current capital position especially its compliance with the regulatory minimums. Monroe noted that as of March 31, 2014, HBI s tier one leverage ratio was 9.08% and the total risk based capital ratio was 12.65%.

Selected Peer Group Analysis HBI. Monroe used publicly-available information to compare selected financial information for HBI to two peer groups of publicly-traded financial institutions that Monroe deemed relevant for purposes of its analysis. Monroe compared selected operating results of HBI to those of 11 commercial banks operating within the same geographical region as HBI (the Regional Group) and to those of seven banks that were active acquirers of failed banks (the FDIC Acquirer Group). Monroe noted the following financial performance was based on results for the three months ended March 31, 2014 for HBI and the peer groups (or the most recent quarter available) and April 23, 2014 pricing data.

	HBI	***Regional Group Average***	***FDIC Acquirer Group Average***
Assets	$ 6,781 mil	$ 9,635 mil	$ 5,114 mil
Return on Avg. Assets	1.72%	0.98%	1.01%
Return on Avg. Equity	13.6%	8.6%	9.2%
Tang. Equity/Assets	8.5%	9.5%	9.3%
Net Interest Margin	5.29%	4.06%	4.43%
Efficiency Ratio	44%	68%	67%
Adj. NPAs/Assets(1)	1.14%	1.96%	2.50%
NCOs/Avg. Loans	0.30%	0.22%	0.31%
Price to LTM Earnings (x)	27.0x	19.2x	20.9x
Price to Tangible Book Value (%)	403%	186%	196%

(1) NPAs include loans past due 90 days or more, nonaccrual assets, OREO and restructured loans, adjusted for any government guarantees

Monroe noted that HBI was more profitable, had a higher net interest margin, and better asset quality than both peer groups. HBI had lower capital levels compared to both peer groups. Monroe noted that HBI s common stock was trading at higher price to last twelve months earnings and price to tangible book value multiples compared to both peer groups.

Stock Price Performance HBI. Monroe reviewed HBI s recent stock price performance and compared it to the stock price performance of its peer groups and the KBW Bank Index (a well known bank index) over a one and two year timeframe (ending April 23, 2014) as illustrated in the table below.

	Total Return	
	One Year	**Two Year**
HBI	63.6%	137.5%
KBW Bank Index	25.2%	47.8%
Regional Group	30.2%	42.5%
FDIC Acquirer Group	44.9%	65.9%

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HBI s price outperformed each of the groups for both the one year and two year timeframe. Monroe noted that HBI s price to tangible book value multiples have exceeded the averages of the peer groups over the same two years. Monroe also noted that prior to the first quarter of 2013, HBI s price to last twelve months earnings multiples traded in line with the peer group, but have traded above the peer group averages since then.

Financial Impact Analysis. Monroe evaluated the pro forma effects of the merger on selected financial data of HBI and FTB, assuming management s projections for each of HBI and FTB and certain merger related accounting adjustments. The analysis indicated that the merger is expected to be accretive to HBI s estimated earnings per share and dilutive to FTB s estimated earnings per share. The analysis further indicated that the merger would be immediately accretive to HBI s tangible book value. Monroe noted that HBI remains well-capitalized from a regulatory perspective following the merger.

Monroe s Conclusions. Based on the results of the various analyses described above, Monroe concluded that the consideration to be received under the terms of the merger is fair, from a financial point of view, to FTB s stockholders.

Monroe s Compensation. Monroe has acted as financial advisor to the FTB board of directors in connection with the merger and will receive a fee of $385,000 for such services, $200,000 of which is contingent upon the closing of the merger. Monroe also received a fee for rendering its opinion. FTB has also agreed to indemnify Monroe against certain liabilities arising out of its engagement. During the two years preceding the date of Monroe s opinion, Monroe has not been engaged by, performed any services for, or received any compensation from HBI. Monroe s fairness opinion was approved by Monroe s fairness opinion committee.

Actions of the HBI Board of Directors and Reasons for the Merger

HBI s board of directors reviewed and discussed the proposed merger with management and its financial and legal advisors in determining that the proposed merger was in the best interest of HBI and its shareholders. In reaching its conclusion to approve the Merger Agreement, HBI s board of directors considered a number of factors, including the following:

The combined market footprint for HBI in Florida that the acquisition would provide.

The potential earnings accretion for HBI in the future given the opportunities for improvement in operational efficiencies.

The familiarity with FTB s organization and management.

The common business philosophies and customer profiles.

The quality of FTB s organization from a financial and regulatory perspective.

The potential market acceptance and approval of a transaction of this quality.

The fairness of the consideration as supported by the Wunderlich Securities, Inc. s fairness opinion.

The discussion of the information and factors considered by the HBI s board of directors is not exhaustive, but includes all the material factors considered by HBI s board of directors. HBI s board of directors evaluated the factors described above, including asking questions of management and its legal and financial advisors, and reached consensus that the merger was in the best interests of HBI and its shareholders.

HBI s board of directors determined that the merger, the Merger Agreement and the transactions contemplated are advisable and in the best interests of HBI and its shareholders. Accordingly, the board of directors unanimously approved the Merger Agreement.

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Opinion of HBI s Financial Advisor

The HBI board of directors requested that Wunderlich Securities, Inc. (Wunderlich Securities) evaluate the fairness, from a financial point of view, to HBI of the consideration to be paid by HBI in connection with the proposed merger of FTB with and into HBI s wholly owned subsidiary, Centennial Bank, pursuant and subject to the Merger Agreement.

At an April 17, 2014 meeting of HBI s board of directors, Wunderlich Securities provided the Board a preliminary overview of its analyses performed as of the date of the meeting. Wunderlich Securities advised the Board that its analyses were as of such date and based upon and subject to various qualifications and assumptions described in the meeting. At this meeting the Board did not request and Wunderlich Securities did not provide an opinion. Wunderlich Securities delivered its opinion to the board on April 28, 2014.

The full text of the Wunderlich Securities opinion, dated April 28, 2014, which sets forth assumptions made, matters considered, and limits on the scope of review undertaken, is attached as **Appendix B** to this proxy statement/prospectus. The summary of the opinion set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of such opinion.

Holders of HBI s common stock are urged to read the Wunderlich Securities opinion in its entirety. Wunderlich Securities provided its opinion for the information and assistance solely of HBI s board of directors (solely in its capacity as such) in connection with, and for purposes of, its consideration of the merger and the opinion only addresses whether, as of the date of such written opinion, the merger consideration to be paid by HBI in the merger pursuant to the Merger Agreement was fair, from a financial point of view, to HBI and does not address any other term or aspect of the Merger Agreement or the merger contemplated thereby. The opinion does not address the relative merits of the merger as compared to other business strategies or transactions that might be available with respect to HBI or HBI s underlying business decision to effect the merger or any related transaction. The opinion does not constitute a recommendation to HBI s board of directors or any stockholder of HBI as to how the board, such stockholder or any other person should vote or otherwise act with respect to the merger or any other matter.

In connection with rendering its opinion, Wunderlich Securities, among other things, reviewed:

- the financial terms and conditions of the merger as set forth in the Merger Agreement, including an analysis of the merger consideration to be paid;

- FTB s audited financial statements for the years ended December 31, 2012 and December 31, 2013;

- FTB s reports and schedules filed with its regulators for the years ended December 31, 2011, December 31, 2012, and December 31, 2013;

- other financial and operating information provided by FTB;

discussed with members of the senior management of HBI and FTB certain information regarding the historical and current financial and operating performance of FTB as provided by HBI and certain internal financial forecasts regarding the future financial results and condition of FTB (the Projections) prepared and provided to us by HBI s senior management, which were approved for our use in connection with the preparation of this opinion by HBI;

comparative financial and operating data on the banking industry, FTB, and certain institutions which we deemed to be comparable to FTB;

certain publicly available information regarding actual and proposed business combinations involving companies deemed comparable to FTB, including valuations for such companies; and

such other analyses and information relating to FTB and the merger as Wunderlich Securities deemed relevant for the purpose of the opinion.

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In connection with its review, Wunderlich Securities assumed and relied upon the accuracy and completeness of all information supplied or otherwise made available to Wunderlich Securities by HBI, FTB or any other party, as well as publicly available information, and did not undertake any duty or responsibility to verify independently any of such information. In addition, Wunderlich Securities did not receive or review any individual credit files nor did it make an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance-sheet assets and liabilities) of FTB or any of its respective subsidiaries and Wunderlich Securities was not furnished with any such evaluations or appraisals. Wunderlich Securities is not an expert in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of the allowances for loan losses, accordingly, it has assumed that such allowances for losses are in the aggregate adequate to cover such losses. With respect to the Projections, Wunderlich Securities was advised by HBI and has assumed that the Projections have been reasonably prepared and reflect the best currently available estimates, judgments and assumptions of the management of HBI as to the future financial performance of the FTB. Wunderlich Securities was authorized by HBI to rely upon such forecasts and other information and data, including without limitation the Projections, and Wunderlich Securities expresses no view as to any such forecasts or other information or data, or the bases or assumptions on which they were prepared. Wunderlich Securities assumed that each party to the Merger Agreement would advise it promptly if any information previously provided to Wunderlich Securities became inaccurate or was required to be updated during the period of its review. Based upon the terms specified in the Merger Agreement, Wunderlich Securities assumed that the merger will qualify as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code. Wunderlich Securities did not express any opinion as to the value of HBI s common stock or FTB s common stock following the announcement of the proposed merger, the value of HBI s common stock following the consummation of the merger, or the prices at which shares of HBI s common stock or FTB s common stock may be purchased or sold at any time, which in each case, may vary depending on numerous factors, including factors outside of the control of HBI and FTB. In rendering its opinion, Wunderlich Securities relied upon and assumed, without independent verification, that the final form of the Merger Agreement would be substantially similar to the draft Merger Agreement reviewed by Wunderlich Securities. Wunderlich Securities further assumed that the merger would be consummated on the terms described in the Merger Agreement. Furthermore, Wunderlich Securities assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the Merger Agreement were true and correct, that each party will perform all of the covenants and agreements required to be performed by it under the Merger Agreement and that all conditions to the consummation of the merger will be satisfied without being waived. Wunderlich Securities also assumed that all material governmental, regulatory or other consents and approvals will be obtained and that, in the course of obtaining any necessary governmental, regulatory or other consents and approvals, or any amendments, modifications or waivers to any documents to which HBI is a party, as contemplated by the Merger Agreement, no restrictions will be imposed or amendments, modifications or waivers made that would have any material adverse effect on HBI.

In conducting its investigation and analyses and in arriving at its opinion, Wunderlich Securities took into account such accepted financial and investment banking procedures and considerations as it deemed relevant, including the review of: (i) historical and projected assets, loans, deposits, revenues, net income and capitalization of FTB and certain other publicly held companies, with publicly traded equity securities, that it believed relevant; (ii) the current and projected financial position and results of operations of FTB; (iii) financial and operating information concerning selected business combinations which it deemed comparable in whole or in part; and (iv) the general condition of the securities markets.

Wunderlich Securities expressed no opinion as to the underlying business decision to effect the merger, the structure or tax consequences of the merger, or the availability or advisability of any alternatives to the merger. The opinion is limited to the fairness, from a financial point of view, of the merger consideration to be paid by HBI. Wunderlich Securities expressed no opinion with respect to any other reasons (legal, business, or otherwise) that may support the decision of HBI s board of directors to approve or consummate the merger. Furthermore, no opinion, counsel or interpretation was intended by Wunderlich Securities in matters that require legal, accounting or tax advice. Wunderlich Securities assumed that such opinions, counsel or interpretations had been or would be obtained from appropriate professional sources. Furthermore, Wunderlich Securities relied, with the consent of HBI s board of directors, on the fact that HBI was assisted by legal, accounting and tax advisors, and assumed that the assessments by HBI and its advisors, as to all legal, accounting and tax matters with respect to HBI and the merger were correct. In formulating its opinion, Wunderlich Securities considered only the merger consideration to be paid by HBI, and Wunderlich Securities had not considered, and its opinion does not address, any other payments that may be made to employees or other stockholders of HBI in connection with the merger. Wunderlich Securities had not been requested to opine as to, and the opinion does not express an opinion as to or otherwise address, among other things the fairness of the merger or the merger consideration to the holders of any class of securities, creditors or other constituencies of HBI, or to any other party. Wunderlich Securities did not and does not assume any fiduciary duty to HBI s board of directors, stockholders or any other party. The following summarizes the material financial analyses presented by Wunderlich Securities to HBI s board of directors at its meeting on April 17, 2014, which material was considered by Wunderlich Securities in rendering the opinion described below on April 28, 2014. No company or transaction used in the analyses described below is directly comparable to HBI, FTB or the contemplated merger.

Selected Public Companies Analysis. Wunderlich Securities analyzed the relative valuation multiples of twelve publicly-traded banks headquartered in Alabama, Georgia, Florida, Mississippi, and South Carolina with total assets between $200 million and $1 billion, including:

- Auburn National Bancorporation, Inc.
- Bank of South Carolina Corporation
- Carolina Alliance Bank
- Citizens Holding Company
- Community Southern Bank
- First Bancshares, Inc.
- First Community Corporation
- Merchants & Marine Bancorp, Inc.
- Pinnacle Bank
- Southcoast Financial Corporation

Southern First Bancshares, Inc.

Southwest Georgia Financial Corporation

Wunderlich Securities calculated various financial multiples for each company, including (i) market value compared to tangible book value, and earnings per share for the most recent actual twelve months results and (ii) market value per share compared to earnings per share, using Wall Street estimates for the selected companies for the fiscal years 2014 and 2015. The estimates published by Wall Street research analysts were not prepared in connection with the merger or at Wunderlich Securities request and may or may not prove to be accurate. Wunderlich Securities reviewed the mean, median, minimum and maximum relative valuation multiples of the selected public companies and compared them to corresponding valuation multiples for the FTB implied by the merger consideration. The results of the selected public companies analysis are summarized below:

	Price /			
	Tangible Book Value (%)	**LTM E.P.S (x)**	**2014E E.P.S. (x)**	**2015E E.P.S. (x)**
Mean	158.8	17.3	17.1	14.1
Median	159.7	17.3	17.2	13.9
Minimum	149.2	15.4	16.1	13.1
Maximum	244.4	21.8	17.9	15.1
Merger Consideration	151.5	16.2	13.6	NA

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Furthermore, Wunderlich Securities applied the mean, median, minimum and maximum relative valuation multiples for each of the metrics to FTB s actual and projected financial results and determined the implied common equity value of FTB common stock and then compared those implied common equity values to the merger consideration of $43 million. The results of this are summarized below:

	Implied Common Equity Value Based On: (*$ million*)			
	Tangible Book Value	**LTM E.P.S**	**2014E E.P.S.**	**2015E E.P.S.**
Mean	45.1	45.9	53.9	14.1
Median	45.3	46.0	54.3	13.9
Minimum	42.3	40.9	50.9	13.1
Maximum	69.4	57.8	56.5	15.1
Merger Consideration	43.0	43.0	43.0	NA

Selected Transaction Analysis. Wunderlich Securities analyzed publicly available information relating to selected acquisitions of U.S. banks and thrifts with announced deal values between $25 million and $75 million and prepared a summary of the relative valuation multiples paid in these transactions. The selected transactions used in the analysis included:

MainSource Financial Group, Inc./ MBT Bancorp

Peoples Bancorp Inc./ Ohio Heritage Bancorp, Inc.

Simmons First National Corporation/ Delta Trust & Banking Corporation

First Citizens Bancshares, Inc./ Southern Heritage Bancshares, Inc.

CBFH, Inc./ MC Bancshares, Inc.

Ameris Bancorp/ Coastal Bankshares, Inc.

CVB Financial Corp./ American Security Bank

IBERIABANK Corporation/ First Private Holdings, Inc.

First Interstate BancSystem, Inc./ Mountain West Financial Corp.

First Financial Bancorp./ Insight Bank

First Financial Bancorp./ First Bexley Bank

Mascoma Mutual Financial Services Corporation/ Connecticut River Bancorp, Inc.

WSFS Financial Corporation/ First Wyoming Financial Corporation

NewBridge Bancorp/ CapStone Bank

Heritage Oaks Bancorp/ Mission Community Bancorp

Cardinal Financial Corporation/ United Financial Banking Companies, Inc.

Stonegate Bank/ Florida Shores Bancorp, Inc.

Bank of Marin Bancorp/ NorCal Community Bancorp

Wilshire Bancorp, Inc./ BankAsiana

Commerce Bancshares, Inc./ Summit Bancshares, Inc.

Independent Bank Corp./ Mayflower Bancorp, Inc.

Sterling Financial Corporation/ Commerce National Bank

Glacier Bancorp, Inc./ North Cascades Bancshares, Inc.

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CNB Financial Corporation/ FC Banc Corp.

Heritage Financial Corporation/ Valley Community Bancshares, Inc.

Pacific Premier Bancorp, Inc./ San Diego Trust Bank

Glacier Bancorp, Inc./ Wheatland Bankshares, Inc.

First Financial Bankshares, Inc./ Orange Savings Bank, SSB

Lakeland Bancorp, Inc./ Somerset Hills Bancorp

Wunderlich Securities examined valuation multiples of transaction common equity value compared to FTB s tangible book value, LTM earnings, and core deposit premium, in each case, where such information was publicly available. Wunderlich Securities reviewed the mean, median, minimum and maximum relative valuation multiples of the selected transactions and compared them to corresponding valuation multiples for FTB implied by the merger consideration. Furthermore, Wunderlich Securities applied the mean, median, minimum and maximum relative valuation multiples to FTB s tangible book value, LTM earnings, and core deposits to determine the implied common equity value and then compared those implied common equity values to the merger consideration of $43 million. The results of the selected transactions analysis are summarized below:

	Price /		
	Tangible Book Value (%)	**LTM E.P.S (x)**	**Core Deposit Premium (%)**
Mean	148.6	22.0	6.4
Median	146.1	19.2	6.5
Minimum	112.9	6.4	2.0
Maximum	196.4	50.3	14.1
Merger Consideration	151.5	16.2	6.2

	Implied Common Equity Value Based On: (*$ million*)		
	Tangible Book Value	**LTM E.P.S.**	**Core Deposit Premium**
Mean	42.2	58.5	44.8
Median	41.5	51.0	45.0
Minimum	32.0	16.9	33.5
Maximum	55.7	133.5	64.5
Merger Consideration	43.0	43.0	43.0

Discounted Cash Flow Analysis. Wunderlich Securities analyzed the discounted present value of FTB s projected free cash flows for the years ending December 31, 2014 through December 31, 2017 on a standalone basis. Wunderlich Securities used project cash flows, defined as net income to common shareholders, less core deposit intangible amortization.

The discounted cash flow analysis was based on projections of the financial performance of FTB utilizing estimated annual growth rates of net income ranging from 0% to 15% and that represented the best available estimates and judgment of management. Consistent with the periods included in the financial projections, Wunderlich Securities used calendar year 2017 as the final year for the analysis and applied multiples, ranging from 12.0x to 15.0x, to calendar 2017 cash net income to common shareholders in order to derive a range of terminal values for FTB in 2017.

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The projected cash flows and terminal values were discounted using a rate of 11.1%, which reflected the cost of equity associated with executing FTB s business plan. Wunderlich Securities reviewed the range of aggregate common equity values derived in the discounted cash flow analysis and compared them to the merger consideration. The results of the discounted cash flow analysis are summarized below:

	Implied Common Equity Value (*$ million*)
Minimum	34.7
Maximum	59.3
Merger Consideration	43.0