CULLEN/FROST BANKERS, INC.
Form 10-Q
April 27, 2016
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United States
Securities and Exchange Commission
Washington, D.C. 20549
Form 10-Q
ý Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended: March 31, 2016
Or
¨ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to
Commission file number: 001-13221
Cullen/Frost Bankers, Inc.
(Exact name of registrant as specified in its charter)

Texas	74-1751768
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 W. Houston Street, San Antonio, Texas	78205
(Address of principal executive offices)	(Zip code)

(210) 220-4011
(Registrant’s telephone number, including area code)
N/A
(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Large accelerated filer ý	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

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

As of April 22, 2016 there were 61,991,208 shares of the registrant’s Common Stock, $.01 par value, outstanding.

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Quarterly Report on Form 10-Q
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Part I. Financial Information
Item 1. Financial Statements (Unaudited)
Cullen/Frost Bankers, Inc.
Consolidated Balance Sheets
(Dollars in thousands, except per share amounts)

	March 31, 2016	December 31, 2015
Assets:		
Cash and due from banks	$559,469	$532,824
Interest-bearing deposits	3,274,877	2,991,782
Federal funds sold and resell agreements	29,117	66,917
Total cash and cash equivalents	3,863,463	3,591,523
Securities held to maturity, at amortized cost	2,368,019	2,663,009
Securities available for sale, at estimated fair value	9,067,229	9,206,358
Trading account securities	17,023	16,579
Loans, net of unearned discounts	11,542,035	11,486,531
Less: Allowance for loan losses	(161,880)	(135,859)
Net loans	11,380,155	11,350,672
Premises and equipment, net	556,988	559,124
Goodwill	654,668	654,668
Other intangible assets, net	8,136	8,800
Cash surrender value of life insurance policies	176,058	175,191
Accrued interest receivable and other assets	308,347	340,018
Total assets	$28,400,086	$28,565,942
Liabilities:		
Deposits:		
Non-interest-bearing demand deposits	$9,649,933	$10,270,233
Interest-bearing deposits	14,507,042	14,073,362
Total deposits	24,156,975	24,343,595
Federal funds purchased and repurchase agreements	693,886	893,522
Junior subordinated deferrable interest debentures, net of unamortized issuance costs	136,083	136,069
Other long-term borrowings, net of unamortized issuance costs	99,900	99,870
Accrued interest payable and other liabilities	321,002	202,543
Total liabilities	25,407,846	25,675,599
Shareholders' Equity:		
Preferred stock, par value $0.01 per share; 10,000,000 shares authorized; 6,000,000 Series A shares ($25 liquidation preference) issued at March 31, 2016 and December 31, 2015	144,486	144,486
Common stock, par value $0.01 per share; 210,000,000 shares authorized; 63,632,464 shares issued at March 31, 2016 and December 31, 2015	637	637
Additional paid-in capital	899,870	897,350
Retained earnings	1,878,985	1,845,188
Accumulated other comprehensive income, net of tax	179,319	113,863
Treasury stock, at cost; 1,648,256 shares at March 31, 2016 and 1,650,131 shares at December 31, 2015	(111,057)	(111,181)
Total shareholders' equity	2,992,240	2,890,343
Total liabilities and shareholders' equity	$28,400,086	$28,565,942

See Notes to Consolidated Financial Statements.

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Cullen/Frost Bankers, Inc.
Consolidated Statements of Income
(Dollars in thousands, except per share amounts)

	Three Months Ended March 31,	
	2016	2015
Interest income:		
Loans, including fees	$112,586	$105,666
Securities:		
Taxable	25,974	30,172
Tax-exempt	50,333	46,546
Interest-bearing deposits	3,653	1,970
Federal funds sold and resell agreements	58	20
Total interest income	192,604	184,374
Interest expense:		
Deposits	1,787	2,756
Federal funds purchased and repurchase agreements	56	36
Junior subordinated deferrable interest debentures	750	655
Other long-term borrowings	287	224
Total interest expense	2,880	3,671
Net interest income	189,724	180,703
Provision for loan losses	28,500	8,162
Net interest income after provision for loan losses	161,224	172,541
Non-interest income:		
Trust and investment management fees	25,334	27,161
Service charges on deposit accounts	20,364	19,777
Insurance commissions and fees	15,423	14,635
Interchange and debit card transaction fees	5,022	4,643
Other charges, commissions and fees	9,053	8,441
Net gain (loss) on securities transactions	14,903	228
Other	6,044	8,330
Total non-interest income	96,143	83,215
Non-interest expense:		
Salaries and wages	79,297	76,072
Employee benefits	20,305	20,227
Net occupancy	17,187	15,081
Furniture and equipment	17,517	15,534
Deposit insurance	3,657	3,613
Intangible amortization	664	894
Other	40,532	40,090
Total non-interest expense	179,159	171,511
Income before income taxes	78,208	84,245
Income taxes	9,429	12,082
Net income	68,779	72,163
Preferred stock dividends	2,016	2,016
Net income available to common shareholders	$66,763	$70,147

Earnings per common share:

Basic	$1.07	$1.11
Diluted	1.07	1.10

See Notes to Consolidated Financial Statements.

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Cullen/Frost Bankers, Inc.
Consolidated Statements of Comprehensive Income
(Dollars in thousands)

	Three Months Ended March 31,	
	2016	2015
Net income	$68,779	$72,163
Other comprehensive income (loss), before tax:		
Securities available for sale and transferred securities:		
Change in net unrealized gain/loss during the period	122,218	34,527
Change in net unrealized gain on securities transferred to held to maturity	(8,166)	(7,887)
Reclassification adjustment for net (gains) losses included in net income	(14,903)	(228)
Total securities available for sale and transferred securities	99,149	26,412
Defined-benefit post-retirement benefit plans:		
Change in the net actuarial gain/loss	1,553	1,749
Other comprehensive income (loss), before tax	100,702	28,161
Deferred tax expense (benefit) related to other comprehensive income	35,246	9,856
Other comprehensive income (loss), net of tax	65,456	18,305
Comprehensive income	$134,235	$90,468

See Notes to Consolidated Financial Statements.

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Cullen/Frost Bankers, Inc.
Consolidated Statements of Changes in Shareholders' Equity
(Dollars in thousands, except per share amounts)

	Three Months Ended March 31,	
	2016	2015
Total shareholders' equity at beginning of period	$2,890,343	$2,851,403
Net income	68,779	72,163
Other comprehensive income (loss)	65,456	18,305
Stock option exercises (1,875 shares in 2016 and 14,350 shares in 2015)	96	728
Stock compensation expense recognized in earnings	2,482	2,562
Tax benefits related to stock compensation	38	74
Cash dividends – preferred stock (approximately $0.34 per share in both 2016 and in 2015)	(2,016)	(2,016)
Cash dividends – common stock ($0.53 per share in 2016 and $0.51 per share in 2015)	(32,938)	(32,288)
Total shareholders' equity at end of period	$2,992,240	$2,910,931

See Notes to Consolidated Financial Statements.

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Cullen/Frost Bankers, Inc.
Consolidated Statements of Cash Flows
(Dollars in thousands)

	Three Months Ended March 31,	
	2016	2015
Operating Activities:		
Net income	$68,779	$72,163
Adjustments to reconcile net income to net cash from operating activities:		
Provision for loan losses	28,500	8,162
Deferred tax expense (benefit)	(4,395)	(3,748)
Accretion of loan discounts	(3,727)	(3,571)
Securities premium amortization (discount accretion), net	19,725	17,308
Net (gain) loss on securities transactions	(14,903)	(228)
Depreciation and amortization	11,912	10,034
Net (gain) loss on sale/write-down of assets/foreclosed assets	(632)	(779)
Stock-based compensation	2,482	2,562
Net tax benefit (deficiency) from stock-based compensation	(3)	(1)
Excess tax benefits from stock-based compensation	(41)	(75)
Earnings on life insurance policies	(867)	(886)
Net change in:		
Trading account securities	(444)	(236)
Accrued interest receivable and other assets	29,418	(36,504)
Accrued interest payable and other liabilities	(5,714)	(9,423)
Net cash from operating activities	130,090	54,778
Investing Activities:		
Securities held to maturity:		
Sales	135,610	—
Maturities, calls and principal repayments	149,507	95,453
Securities available for sale:		
Purchases	(813,955)	(772,500)
Sales	1,060,196	223,987
Maturities, calls and principal repayments	91,993	372,316
Net change in loans	(54,632)	(225,770)
Proceeds from sales of premises and equipment	1,513	—
Purchases of premises and equipment	(7,366)	(51,803)
Proceeds from sales of repossessed properties	57	2,901
Net cash from investing activities	562,923	(355,416)
Financing Activities:		
Net change in deposits	(186,620)	13,692
Net change in short-term borrowings	(199,636)	(198,912)
Proceeds from stock option exercises	96	728
Excess tax benefits from stock-based compensation	41	75
Cash dividends paid on preferred stock	(2,016)	(2,016)
Cash dividends paid on common stock	(32,938)	(32,288)
Net cash from financing activities	(421,073)	(218,721)

Net change in cash and cash equivalents	271,940	(519,359)
Cash and equivalents at beginning of period	3,591,523	4,364,123
Cash and equivalents at end of period	$3,863,463	$3,844,764

See Notes to Consolidated Financial Statements.

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Notes to Consolidated Financial Statements
(Table amounts in thousands, except for share and per share amounts)
Note 1 - Significant Accounting Policies
Nature of Operations. Cullen/Frost Bankers, Inc. (“Cullen/Frost”) is a financial holding company and a bank holding company headquartered in San Antonio, Texas that provides, through our subsidiaries, a broad array of products and services throughout numerous Texas markets. The terms “Cullen/Frost,” “ the Corporation,” “we,” “us” and “our” mean Cullen/Frost Bankers, Inc. and its subsidiaries, when appropriate. In addition to general commercial and consumer banking, other products and services offered include trust and investment management, insurance, brokerage, mutual funds, leasing, treasury management, capital markets advisory and item processing.
Basis of Presentation. The consolidated financial statements in this Quarterly Report on Form 10-Q include the accounts of Cullen/Frost and all other entities in which Cullen/Frost has a controlling financial interest. All significant intercompany balances and transactions have been eliminated in consolidation. The accounting and financial reporting policies we follow conform, in all material respects, to accounting principles generally accepted in the United States and to general practices within the financial services industry.
The consolidated financial statements in this Quarterly Report on Form 10-Q have not been audited by an independent registered public accounting firm, but in the opinion of management, reflect all adjustments necessary for a fair presentation of our financial position and results of operations. All such adjustments were of a normal and recurring nature. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q adopted by the Securities and Exchange Commission (“SEC”). Accordingly, the financial statements do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements and should be read in conjunction with our consolidated financial statements, and notes thereto, for the year ended December 31, 2015, included in our Annual Report on Form 10-K filed with the SEC on February 4, 2016 (the “2015 Form 10-K”). Operating results for the interim periods disclosed herein are not necessarily indicative of the results that may be expected for a full year or any future period.
Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. The allowance for loan losses and the fair values of financial instruments and the status of contingencies are particularly subject to change.
Cash Flow Reporting. Additional cash flow information was as follows:

	Three Months Ended March 31,	
	2016	2015
Cash paid for interest	$2,794	$3,639
Cash paid for income taxes	—	—
Significant non-cash transactions:		
Securities purchased not yet settled	94,905	12,192
Loans foreclosed and transferred to other real estate owned and foreclosed assets	376	67

Reclassifications and Restatements. Certain items in prior financial statements have been reclassified to conform to the current presentation. In that regard, in connection with the adoption of a new accounting standard that requires unamortized debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, our consolidated balance sheet as of December 31, 2015 reflects a $1.2 million decrease in accrued interest receivable and other assets, a $1.0 million decrease in junior subordinated deferrable interest debentures and a $130 thousand decrease in other long-term borrowings.

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Note 2 - Securities

Securities. A summary of the amortized cost and estimated fair value of securities, excluding trading securities, is presented below.

	March 31, 2016				December 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Held to Maturity								
U.S. Treasury	$249,550	$6,895	$ —	$256,445	$249,441	$7,776	$ —	$257,217
Residential mortgage-backed securities	5,756	71	2	5,825	6,456	63	4	6,515
States and political subdivisions	2,111,363	55,139	5,088	2,161,414	2,405,762	46,003	6,149	2,445,616
Other	1,350	—	—	1,350	1,350	—	13	1,337
Total	$2,368,019	$62,105	$ 5,090	$2,425,034	$2,663,009	$53,842	$ 6,166	$2,710,685
Available for Sale								
U.S. Treasury	$3,731,803	$93,031	$ —	$3,824,834	$3,980,986	$22,041	$ 8,507	$3,994,520
Residential mortgage-backed securities	930,927	45,929	216	976,640	1,000,024	42,142	734	1,041,432
States and political subdivisions	4,067,577	156,585	876	4,223,286	3,996,113	133,305	1,459	4,127,959
Other	42,469	—	—	42,469	42,447	—	—	42,447
Total	$8,772,776	$295,545	$ 1,092	$9,067,229	$9,019,570	$197,488	$ 10,700	$9,206,358

All mortgage-backed securities included in the above table were issued by U.S. government agencies and corporations. At March 31, 2016, approximately 97.7% of the securities in our municipal bond portfolio were issued by political subdivisions or agencies within the State of Texas, of which approximately 68.0% are either guaranteed by the Texas Permanent School Fund, which has a "triple A" insurer financial strength rating, or secured by U.S. Treasury securities via defeasance of the debt by the issuers. Securities with limited marketability, such as stock in the Federal Reserve Bank and the Federal Home Loan Bank, are carried at cost and are reported as other available for sale securities in the table above. The carrying value of securities pledged to secure public funds, trust deposits, repurchase agreements and for other purposes, as required or permitted by law was $3.4 billion at March 31, 2016 and $3.9 billion and December 31, 2015.

During the fourth quarter of 2012, we reclassified certain securities from available for sale to held to maturity. The securities had an aggregate fair value of $2.3 billion with an aggregate net unrealized gain of $165.7 million ($107.7 million, net of tax) on the date of the transfer. Some of these securities were sold during the first quarter of 2016, as more fully discussed below. The net unamortized, unrealized gain on the remaining transferred securities included in accumulated other comprehensive income in the accompanying balance sheet as of March 31, 2016 totaled $51.8 million ($33.7 million, net of tax). This amount will be amortized out of accumulated other comprehensive income over the remaining life of the underlying securities as an adjustment of the yield on those securities.

Unrealized Losses. As of March 31, 2016, securities with unrealized losses, segregated by length of impairment, were as follows:

	Less than 12 Months		More than 12 Months		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
Held to Maturity						
Residential mortgage-backed securities	$2,352	$ 2	$—	$ —	$2,352	$ 2

States and political subdivisions	60,055	1,016	142,187	4,072	202,242	5,088
Total	$62,407	$ 1,018	$142,187	$ 4,072	$204,594	$ 5,090
Available for Sale						
Residential mortgage-backed securities	$227	$ 2	$24,321	$ 214	$24,548	$ 216
States and political subdivisions	164,280	449	67,609	427	231,889	876
Total	$164,507	$ 451	$91,930	$ 641	$256,437	$ 1,092

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Declines in the fair value of held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses to the extent the impairment is related to credit losses. The amount of the impairment related to other factors is recognized in other comprehensive income. In estimating other-than-temporary impairment losses, management considers, among other things, (i) the length of time and the extent to which the fair value has been less than cost, (ii) the financial condition and near-term prospects of the issuer, and (iii) the intent and our ability to retain our investment in the issuer for a period of time sufficient to allow for any anticipated recovery in cost.

Management has the ability and intent to hold the securities classified as held to maturity in the table above until they mature, at which time we will receive full value for the securities. Furthermore, as of March 31, 2016, management does not have the intent to sell any of the securities classified as available for sale in the table above and believes that it is more likely than not that we will not have to sell any such securities before a recovery of cost. Any unrealized losses are largely due to increases in market interest rates over the yields available at the time the underlying securities were purchased. The fair value is expected to recover as the bonds approach their maturity date or repricing date or if market yields for such investments decline. Management does not believe any of the securities are impaired due to reasons of credit quality. Accordingly, as of March 31, 2016, management believes the impairments detailed in the table above are temporary and no impairment loss has been realized in our consolidated income statement.

Contractual Maturities. The amortized cost and estimated fair value of securities, excluding trading securities, at March 31, 2016 are presented below by contractual maturity. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Residential mortgage-backed securities and equity securities are shown separately since they are not due at a single maturity date.

	Held to Maturity		Available for Sale	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due in one year or less	$576,622	$594,737	$55,687	$57,014
Due after one year through five years	323,002	343,717	3,504,555	3,572,118
Due after five years through ten years	291,767	297,659	1,235,012	1,293,154
Due after ten years	1,170,872	1,183,096	3,004,126	3,125,834
Residential mortgage-backed securities	5,756	5,825	930,927	976,640
Equity securities	—	—	42,469	42,469
Total	$2,368,019	$2,425,034	$8,772,776	$9,067,229

Sales of Securities. During the three months ended March 31, 2016, a portion of the securities we sold included certain securities that were issued by municipalities and special-purpose districts under municipal control (together referred to as "municipalities") within the State of Texas that have been significantly impacted by the significant decline in market oil prices due to the fact that their tax bases are heavily reliant on the energy industry relative to other sectors of the economy. Specifically, the revenues of these municipalities have been adversely impacted by the sustained low-level of oil prices. Additionally, some of these municipalities had been put on credit watch and have subsequently received downgrades by credit rating agencies. In consideration of this, along with our own internal credit analysis, we determined that the creditworthiness of these municipalities had significantly deteriorated and that it was reasonably possible that all amounts due would not be collected. Because this increased risk exposure exceeded acceptable levels, we sold certain securities issued by those municipalities. We did not sell any securities issued by these municipalities that are either guaranteed by the Texas Permanent School Fund or secured by U.S. Treasury securities via defeasance of the debt by the issuers because, as a result of these credit enhancements, the collectibility of these securities is not in doubt. Some of the securities we sold were classified as held to maturity prior to their sale. Despite their classification as held to maturity, we believe the sale of these securities was merited and permissible under the applicable accounting guidelines because of the significant deterioration in the creditworthiness of the issuers.

Sales of securities held to maturity were as follows:

	Three Months Ended

	March 31, 2016	2015
Proceeds from sales	$135,610	$ —
Amortized cost	131,840	—
Gross realized gains	3,770	—
Gross realized losses	—	—
Tax (expense) benefit of securities gains/losses	(1,319)	—

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Sales of securities available for sale were as follows:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Proceeds from sales	$1,060,196	$223,987
Gross realized gains	11,133	228
Gross realized losses	—	—
Tax (expense) benefit of securities gains/losses	(3,897)	(80)

Premiums and Discounts. Premium amortization and discount accretion included in interest income on securities was as follows:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Premium amortization	$(22,340)	$(20,006)
Discount accretion	2,615	2,698
Net (premium amortization) discount accretion	$(19,725)	$(17,308)

Trading Account Securities. Trading account securities, at estimated fair value, were as follows:

	March 31, 2016	December 31, 2015
U.S. Treasury	$ 16,544	$ 16,443
States and political subdivisions	479	136
Total	$ 17,023	$ 16,579

Net gains and losses on trading account securities were as follows:

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Net gain on sales transactions	$302	$280
Net mark-to-market gains (losses)	1	(14)
Net gain (loss) on trading account securities	$303	$266

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Note 3 - Loans

Loans were as follows:

	March 31, 2016	Percentage of Total	December 31, 2015	Percentage of Total
Commercial and industrial	$4,184,960	36.3 %	$4,120,522	35.9 %
Energy:				
Production	1,175,149	10.2	1,249,678	10.9
Service	251,147	2.2	272,934	2.4
Other	230,064	2.0	235,583	2.0
Total energy	1,656,360	14.4	1,758,195	15.3
Commercial real estate:				
Commercial mortgages	3,351,533	29.0	3,285,041	28.6
Construction	752,916	6.5	720,695	6.3
Land	282,354	2.5	286,991	2.5
Total commercial real estate	4,386,803	38.0	4,292,727	37.4
Consumer real estate:				
Home equity loans	341,327	3.0	340,528	3.0
Home equity lines of credit	236,290	2.0	233,525	2.0
Other	302,611	2.6	306,696	2.6
Total consumer real estate	880,228	7.6	880,749	7.6
Total real estate	5,267,031	45.6	5,173,476	45.0
Consumer and other	433,684	3.7	434,338	3.8
Total loans	$11,542,035	100.0 %	$11,486,531	100.0 %

Concentrations of Credit. Most of our lending activity occurs within the State of Texas, including the four largest metropolitan areas of Austin, Dallas/Ft. Worth, Houston and San Antonio, as well as other markets. The majority of our loan portfolio consists of commercial and industrial and commercial real estate loans. As of March 31, 2016, there were no concentrations of loans related to any single industry in excess of 10% of total loans other than energy loans, which totaled 14.4% of total loans. Unfunded commitments to extend credit and standby letters of credit issued to customers in the energy industry totaled $1.3 billion and $61.1 million, respectively, as of March 31, 2016.

Foreign Loans. We have U.S. dollar denominated loans and commitments to borrowers in Mexico. The outstanding balance of these loans and the unfunded amounts available under these commitments were not significant at March 31, 2016 or December 31, 2015.

Non-Accrual and Past Due Loans. Non-accrual loans, segregated by class of loans, were as follows:

	March 31, 2016	December 31, 2015
Commercial and industrial	$26,922	$ 25,111
Energy	114,124	21,180
Commercial real estate:		
Buildings, land and other	33,449	34,519
Construction	970	569
Consumer real estate	1,770	1,862
Consumer and other	220	226
Total	$177,455	$ 83,467

As of March 31, 2016, non-accrual loans reported in the table above included $61.3 million related to loans that were restructured as “troubled debt restructurings” during 2016. See the section captioned “Troubled Debt Restructurings” elsewhere in this note. Had non-accrual loans performed in accordance with their original contract terms, we would have recognized additional interest income, net of tax, of approximately $844 thousand for the three months ended March 31, 2016, compared to $397 thousand for three months ended March 31, 2015.

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An age analysis of past due loans (including both accruing and non-accruing loans), segregated by class of loans, as of March 31, 2016 was as follows:

	Loans 30-89 Days Past Due	Loans 90 or More Days Past Due	Total Past Due Loans	Current Loans	Total Loans	Accruing Loans 90 or More Days Past Due
Commercial and industrial	$ 26,818	$ 23,617	$50,435	$4,134,525	$4,184,960	$ 4,909
Energy	12,616	15,499	28,115	1,628,245	1,656,360	1,262
Commercial real estate:						
Buildings, land and other	15,129	26,135	41,264	3,592,623	3,633,887	805
Construction	1,300	995	2,295	750,621	752,916	669
Consumer real estate	5,276	1,380	6,656	873,572	880,228	1,269
Consumer and other	5,203	399	5,602	428,082	433,684	338
Total	$ 66,342	$ 68,025	$134,367	$11,407,668	$11,542,035	$ 9,252

Impaired Loans. Impaired loans are set forth in the following table. No interest income was recognized on impaired loans subsequent to their classification as impaired.

	Unpaid Contractual Principal Balance	Recorded Investment With No Allowance	Recorded Investment With Allowance	Total Recorded Investment	Related Allowance
March 31, 2016					
Commercial and industrial	$ 27,980	$ 20,367	$ 4,390	$ 24,757	$ 2,852
Energy	122,242	27,612	86,479	114,091	27,450
Commercial real estate:					
Buildings, land and other	36,348	31,545	—	31,545	—
Construction	1,218	970	—	970	—
Consumer real estate	740	457	—	457	—
Consumer and other	—	—	—	—	—
Total	$ 188,528	$ 80,951	$ 90,869	$ 171,820	$ 30,302
December 31, 2015					
Commercial and industrial	$ 26,067	$ 18,776	$ 4,084	$ 22,860	$ 2,378
Energy	25,240	8,689	12,450	21,139	2,000
Commercial real estate:					
Buildings, land and other	37,126	32,425	—	32,425	—
Construction	793	569	—	569	—
Consumer real estate	755	485	—	485	—
Consumer and other	—	—	—	—	—
Total	$ 89,981	$ 60,944	$ 16,534	$ 77,478	$ 4,378

The average recorded investment in impaired loans was as follows:

	Three Months Ended March 31, 2016	2015
Commercial and industrial	$23,809	$31,428
Energy	67,615	636
Commercial real estate:		
Buildings, land and other	31,985	16,313
Construction	770	2,767
Consumer real estate	471	582

Consumer and other	—	—
Total	$124,650	$51,726

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Troubled Debt Restructurings. Troubled debt restructurings during the three months ended March 31, 2016 and March 31, 2015 are set forth in the following table.

Three Months Ended March 31, 2016	Three Months Ended March 31, 2015