

FIRST FINANCIAL BANKSHARES INC
Form 10-Q
October 30, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2018
Commission file number 0-7674

FIRST FINANCIAL BANKSHARES, INC.
(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction of
incorporation or organization)

75-0944023
(I.R.S. Employer
Identification No.)

400 Pine Street, Abilene, Texas
(Address of principal executive offices)

79601
(Zip Code)

(325) 627-7155

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations 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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding at October 30, 2018
Common Stock, \$0.01 par value per share	67,721,632

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PART I

FINANCIAL INFORMATION

Item 1. Financial Statements.

The consolidated balance sheets of First Financial Bankshares, Inc. (the Company or we) at September 30, 2018 and 2017 and December 31, 2017, and the consolidated statements of earnings and comprehensive earnings for the three and nine months ended September 30, 2018 and 2017, and the consolidated statements of shareholders' equity and cash flows for the nine months ended September 30, 2018 and 2017, follow on pages 4 through 8.

Table of Contents**FIRST FINANCIAL BANKSHARES, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(Dollars in thousands, except per share amounts)**

	September 30, 2018 2017 (Unaudited)		December 31, 2017
ASSETS			
CASH AND DUE FROM BANKS	\$ 164,998	\$ 177,615	\$ 209,583
INTEREST-BEARING DEPOSITS IN BANKS	34,511	166,820	162,764
Total cash and cash equivalents	199,509	344,435	372,347
INTEREST-BEARING TIME DEPOSITS IN BANKS	1,458	1,458	1,458
SECURITIES AVAILABLE-FOR-SALE, at fair value	3,144,367	2,885,483	3,087,473
LOANS:			
Held for investment	3,867,040	3,472,227	3,485,569
Less-allowance for loan losses	(50,871)	(47,922)	(48,156)
Net loans held for investment	3,816,169	3,424,305	3,437,413
Held for sale	18,496	19,119	15,130
Net loans	3,834,665	3,443,424	3,452,543
BANK PREMISES AND EQUIPMENT, net	130,815	125,668	124,026
INTANGIBLE ASSETS	174,907	141,355	141,143
OTHER ASSETS	85,510	67,341	75,725
Total assets	\$ 7,571,231	\$ 7,009,164	\$ 7,254,715
LIABILITIES AND SHAREHOLDERS EQUITY			
NONINTEREST-BEARING DEPOSITS	\$ 2,146,984	\$ 1,949,174	\$ 2,041,650
INTEREST-BEARING DEPOSITS	3,998,298	3,748,286	3,921,311
Total deposits	6,145,282	5,697,460	5,962,961
DIVIDENDS PAYABLE	14,216	12,580	12,589
BORROWINGS	380,760	351,435	331,000
OTHER LIABILITIES	35,234	41,133	25,397
Total liabilities	6,575,492	6,102,608	6,331,947
COMMITMENTS AND CONTINGENCIES			
SHAREHOLDERS EQUITY:			
Common stock 0.01 par value, authorized 120,000,000 shares; 67,693,586, 66,223,957 and 66,260,444 shares issued at September 30, 2018 and 2017 and December 31, 2017, respectively)	677	662	663

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Capital surplus	440,589	376,286	378,062
Retained earnings	582,449	493,706	517,257
Treasury stock (shares at cost: 471,070, 498,459, and 495,964 at September 30, 2018 and 2017 and December 31, 2017, respectively)	(7,512)	(7,028)	(7,148)
Deferred compensation	7,512	7,028	7,148
Accumulated other comprehensive earnings (loss)	(27,976)	35,902	26,786
Total shareholders' equity	995,739	906,556	922,768
Total liabilities and shareholders' equity	\$ 7,571,231	\$ 7,009,164	\$ 7,254,715

See notes to consolidated financial statements.

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FIRST FINANCIAL BANKSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS - (UNAUDITED)

(Dollars in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
INTEREST INCOME:				
Interest and fees on loans	\$ 51,428	\$ 42,749	\$ 147,279	\$ 123,643
Interest on investment securities:				
Taxable	12,593	8,074	36,666	23,848
Exempt from federal income tax	9,558	11,091	29,882	33,991
Interest on federal funds sold and interest-bearing deposits in banks	470	640	1,382	1,037
Total interest income	74,049	62,554	215,209	182,519
INTEREST EXPENSE:				
Interest on deposits	4,330	2,228	11,854	5,748
Other	293	638	869	978
Total interest expense	4,623	2,866	12,723	6,726
Net interest income	69,426	59,688	202,486	175,793
PROVISION FOR LOAN LOSSES	1,450	1,415	3,865	5,090
Net interest income after provision for loan losses	67,976	58,273	198,621	170,703
NONINTEREST INCOME:				
Trust fees	7,291	6,040	21,265	17,804
Service charges on deposit accounts	5,690	5,083	15,950	14,517
ATM, interchange and credit card fees	7,533	6,340	21,570	19,102
Real estate mortgage operations	4,834	3,891	11,718	11,496
Net gain on sale of available-for-sale securities (includes \$58 and \$1,075 for the three months ended September 30, 2018 and 2017, respectively, and \$1,346 and \$1,825 for the nine months ended September 30, 2018 and 2017, respectively, related to accumulated other comprehensive earnings reclassifications)	58	1,075	1,346	1,825
Net gain (loss) on sale of foreclosed assets	84	(11)	201	(42)
Net gain (loss) on sale of assets	(61)	(15)	(152)	(211)
Interest on loan recoveries	199	405	607	896
Other	1,427	1,452	4,461	3,328
Total noninterest income	27,055	24,260	76,966	68,715

NONINTEREST EXPENSE:

Salaries and employee benefits	26,377	24,143	79,442	70,867
Net occupancy expense	2,900	2,711	8,589	8,081
Equipment expense	3,482	3,294	10,438	10,397
FDIC insurance premiums	570	561	1,768	1,657
ATM, interchange and credit card expenses	2,344	2,001	6,692	5,517
Professional and service fees	2,174	2,036	6,613	5,878
Printing, stationery and supplies	387	449	1,485	1,423
Operational and other losses	981	1,081	1,852	2,639
Software amortization and expense	540	742	1,542	2,237
Amortization of intangible assets	279	143	1,049	477
Other	7,472	6,803	22,978	20,718
Total noninterest expense	47,506	43,964	142,448	129,891
EARNINGS BEFORE INCOME TAXES	47,525	38,569	133,139	109,527
INCOME TAX EXPENSE (includes \$12 and \$376 for the three months ended September 30, 2018 and 2017, respectively, and \$283 and \$639 for the nine months ended September 30, 2018 and 2017, respectively, related to income tax expense from reclassification items)	7,475	9,195	20,937	25,300
NET EARNINGS	\$ 40,050	\$ 29,374	\$ 112,202	\$ 84,227
EARNINGS PER SHARE, BASIC	\$ 0.59	\$ 0.44	\$ 1.66	\$ 1.27
EARNINGS PER SHARE, ASSUMING DILUTION	\$ 0.59	\$ 0.44	\$ 1.65	\$ 1.27
DIVIDENDS PER SHARE	\$ 0.21	\$ 0.19	\$ 0.61	\$ 0.56

See notes to consolidated financial statements.

Table of Contents**FIRST FINANCIAL BANKSHARES, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS) - (UNAUDITED)****(Dollars in thousands)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
NET EARNINGS	\$ 40,050	\$ 29,374	\$ 112,202	\$ 84,227
OTHER ITEMS OF COMPREHENSIVE EARNINGS (LOSS):				
Change in unrealized gain (loss) on investment securities available-for-sale, before income taxes	(20,930)	1,729	(75,236)	28,682
Reclassification adjustment for realized gains on investment securities included in net earnings, before income tax	(58)	(1,075)	(1,346)	(1,825)
Total other items of comprehensive earnings (loss)	(20,988)	654	(76,582)	26,857
Income tax benefit (expense) related to other items of comprehensive earnings	4,407	(229)	16,082	(9,400)
Reclassification of certain income tax effects related to the change in the U.S. statutory federal income tax rate under the Tax Cuts and Jobs Act to retained earnings			5,759	
COMPREHENSIVE EARNINGS	\$ 23,469	\$ 29,799	\$ 57,461	\$ 101,684

See notes to consolidated financial statements.

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FIRST FINANCIAL BANKSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Dollars in thousands, except per share amounts)

	Common Stock Shares	Common Stock Amount	Capital Surplus	Retained Earnings	Treasury Stock Shares	Treasury Stock Amount	Deferred Compensation	Accumulated Other Comprehensive Earnings	Total Shareholders' Equity
Balances at December 31, 2016	66,094,695	\$ 661	\$ 372,245	\$ 446,534	(507,409)	\$(6,671)	\$ 6,671	\$ 18,445	\$ 837,885
Net earnings (unaudited)				84,227					84,227
Stock option exercises (unaudited)	114,612	1	2,259						2,260
Restricted stock grant (unaudited)	14,650		600						600
Cash dividends declared, \$0.56 per share (unaudited)				(37,055)					(37,055)
Change in unrealized gain in investment securities available-for-sale, net of related income taxes (unaudited)								17,457	17,457
Shares purchased (redeemed) in connection with directors' deferred compensation plan, net (unaudited)					8,950	(357)	357		
Stock option expense (unaudited)			1,182						1,182
Balances at September 30, 2017 (unaudited)	66,223,957	\$ 662	\$ 376,286	\$ 493,706	(498,459)	\$(7,028)	\$ 7,028	\$ 35,902	\$ 906,556

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Balances at December 31, 2017	66,260,444	\$ 663	\$ 378,062	\$ 517,257	(495,964)	\$(7,148)	\$ 7,148	\$ 26,786	\$ 922,768
Net earnings (unaudited)				112,202					112,202
Stock option exercises (unaudited)	133,061	1	2,799						2,800
Restricted stock grant (unaudited)	10,710		523						523
Cash dividends declared, \$0.61 per share (unaudited)				(41,272)					(41,272)
Stock issued in acquisition of Commercial Bancshares, Inc.	1,289,371	13	58,074						58,087
Change in unrealized gain (loss) in investment securities available-for-sale, net of related income taxes (unaudited)							(60,500)		(60,500)
Shares purchased (redeemed) in connection with directors deferred compensation plan, net (unaudited)					24,894	(364)	364		
Stock option expense (unaudited)			1,131						1,131
Reclassification of certain income tax effects related to the change in the U.S. statutory federal income tax rate under the Tax Cuts and Jobs Act to retained earnings (unaudited)				(5,759)			5,759		
Reclassification of unrealized gain				21			(21)		

in equity
 securities at
 December 31,
 2017 from
 accumulated
 other
 comprehensive
 earnings to
 retained earnings
 (unaudited)

Balances at September 30, 2018 (unaudited)	67,693,586	\$ 677	\$ 440,589	\$ 582,449	(471,070)	\$ (7,512)	\$ 7,512	\$ (27,976)	\$ 995,739
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See notes to consolidated financial statements.

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FIRST FINANCIAL BANKSHARES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - (UNAUDITED)

(Dollars in thousands)

	Nine Months Ended September 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 112,202	\$ 84,227
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	9,554	9,447
Provision for loan losses	3,865	5,090
Securities premium amortization (discount accretion), net	21,005	23,009
Gain on sale of assets, net	(1,254)	(1,572)
Deferred federal income tax benefit	8,107	1,290
Change in loans held-for-sale	(2,928)	7,779
Change in other assets	2,699	18,703
Change in other liabilities	5,653	7,172
Total adjustments	46,701	70,918
Net cash provided by operating activities	158,903	155,145
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash received in acquisition of Commercial Bancshares, Inc.	18,653	
Net decrease in interest-bearing time deposits in banks		249
Activity in available-for-sale securities:		
Sales	220,259	120,576
Maturities	3,354,571	4,299,781
Purchases	(3,650,127)	(4,450,719)
Activity in held-to-maturity securities maturities		124
Net increase in loans	(116,860)	(119,911)
Purchases of bank premises and equipment and other assets	(12,381)	(12,626)
Proceeds from sale of bank premises and equipment and other assets	810	4,857
Net cash used in investing activities	(185,075)	(157,669)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in noninterest-bearing deposits	(56,706)	231,452
Net increase in interest-bearing deposits	(102,875)	(12,531)
Net increase (decrease) in borrowings	49,760	(94,335)
Common stock transactions:		
Proceeds from stock issuances	2,800	2,260
Dividends paid	(39,645)	(36,373)

Net cash provided by (used in) financing activities	(146,666)	90,473
NET DECREASE IN CASH AND CASH EQUIVALENTS	(172,838)	87,949
CASH AND CASH EQUIVALENTS, beginning of period	372,347	256,486
CASH AND CASH EQUIVALENTS, end of period	\$ 199,509	\$ 344,435
SUPPLEMENTAL INFORMATION AND NONCASH TRANSACTIONS:		
Interest paid	\$ 12,617	\$ 6,772
Federal income taxes paid	20,351	21,896
Transfer of loans and bank premises to other real estate	126	2,044
Investment securities purchased but not settled	13,453	993
Restricted stocks grant to directors and officers	523	600
Stock issued in acquisition of Commercial Bancshares, Inc.	58,087	
See notes to consolidated financial statements.		

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FIRST FINANCIAL BANKSHARES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1 - Basis of Presentation

The unaudited interim consolidated financial statements include the accounts of the Company, a Texas corporation and a financial holding company registered under the Bank Holding Company Act of 1956, as amended, or BHCA, and its wholly-owned subsidiaries: First Financial Bank, National Association, Abilene, Texas; First Technology Services, Inc.; First Financial Trust & Asset Management Company, National Association; First Financial Investments, Inc.; and First Financial Insurance Agency, Inc.

Through our subsidiary bank, we conduct a full-service commercial banking business. Our banking centers are located primarily in Central, North Central, Southeast and West Texas. As of September 30, 2018, we had 72 financial centers across Texas, with eleven locations in Abilene, three locations in Weatherford, two locations in Cleburne, Conroe, San Angelo, Stephenville and Granbury, and one location each in Acton, Albany, Aledo, Alvarado, Beaumont, Boyd, Bridgeport, Brock, Burleson, Cisco, Clyde, Cut and Shoot, Decatur, Eastland, El Campo, Fort Worth, Fulshear, Glen Rose, Grapevine, Hereford, Huntsville, Keller, Kingwood, Magnolia, Mauriceville, Merkel, Midlothian, Mineral Wells, Montgomery, Moran, New Waverly, Newton, Odessa, Orange, Palacios, Port Arthur, Ranger, Rising Star, Roby, Southlake, Sweetwater, Tomball, Trent, Trophy Club, Vidor, Waxahachie, Willis and Willow Park, all in Texas. Our trust subsidiary has seven locations which are located in Abilene, Fort Worth, Odessa, Beaumont, San Angelo, Stephenville and Sweetwater.

In the opinion of management, the unaudited interim consolidated financial statements reflect all adjustments necessary for a fair presentation of the Company's financial position and unaudited results of operations and should be read in conjunction with the Company's audited consolidated financial statements, and notes thereto in the Company's Annual Report on Form 10-K, for the year ended December 31, 2017. All adjustments were of a normal recurring nature. However, the results of operations for the three and nine months ended September 30, 2018, are not necessarily indicative of the results to be expected for the year ending December 31, 2018, due to seasonality, changes in economic conditions and loan credit quality, interest rate fluctuations, regulatory and legislative changes and other factors. The preparation of financial statements in conformity with United States generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the financial statement date. Actual results could vary. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted under U.S. Securities and Exchange Commission (SEC) rules and regulations. The Company evaluated subsequent events for potential recognition and/or disclosure through the date the consolidated financial statements were issued.

Goodwill and other intangible assets are evaluated annually for impairment as of the end of the second quarter. No such impairment has been noted in connection with the current or any prior evaluations.

New Revenue Recognition Standard

ASC 606, Revenue from Contracts with Customers established principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The majority of the Company's revenue is derived from loan and investment income which are specifically excluded from the scope of this standard. Of the Company's remaining sources of income, substantially all sources of revenue are recognized either by transaction (ATM, interchange, wire transfer,

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etc.) or when the Company charges a customer for a service that has already been rendered (monthly service charges, account fees, monthly trust management fees, etc.). Payment for such performance obligations are generally received at the time the performance obligations are satisfied. Other non-interest income primarily includes items such as letter of credit fees, gains on the sale of loans held for sale and servicing fees, none of which are subject to the requirements of ASC 606. See note 13 for additional discussion related to the Company's adoption of ASC 606.

Note 2 - Stock Repurchase

On July 25, 2017, the Company's Board of Directors authorized the repurchase of up to 2,000,000 common shares through September 30, 2020. The shares buyback plan authorizes management to repurchase the shares at such time as repurchases are considered beneficial to shareholders. Any repurchase of shares will be made through the open market, block trades or in privately negotiated transactions in accordance with applicable laws and regulations. Under the repurchase plan, there is no minimum number of shares that the Company is required to repurchase. Through September 30, 2018, no shares were repurchased under this authorization.

Note 3 - Earnings Per Share

Basic earnings per common share is computed by dividing net income available to common shareholders by the weighted average number of shares outstanding during the periods presented. In computing diluted earnings per common share for the three months and nine months ended September 30, 2018, and 2017, the Company assumes that all dilutive outstanding options to purchase common shares have been exercised at the beginning of the period (or the time of issuance, if later). The dilutive effect of these outstanding options and the restricted shares is reflected by application of the treasury stock method, whereby the proceeds from exercised options and restricted shares are assumed to be used to purchase common shares at the average market price during the respective periods. The weighted average common shares outstanding used in computing basic earnings per common share for the three months ended September 30, 2018 and 2017 were 67,635,058 and 66,140,518 shares, respectively. The weighted average common shares outstanding used in computing basic earnings per common share for the nine months ended September 30, 2018 and 2017 were 67,586,843 and 66,104,914 shares, respectively. The weighted average common shares outstanding used in computing fully diluted earnings per common share for the three months ended September 30, 2018 and 2017 were 68,053,724 and 66,417,281 shares, respectively. The weighted average common shares outstanding used in computing fully diluted earnings per common share for the nine months ended September 30, 2018 and 2017 were 67,948,420 and 66,392,210 shares, respectively. For the three and nine months ended September 30, 2018 and 2017, there were no weighted average outstanding stock options that were anti-dilutive that have been excluded from the earnings per share calculation.

Note 4 - Interest-bearing Time Deposits in Banks and Securities

Interest-bearing time deposits in banks totaled \$1,458,000 at September 30, 2018 and 2017 and December 31, 2017, respectively, and have original maturities within twelve months.

Management classifies debt and equity securities as held-to-maturity, available-for-sale, or trading based on its intent. Debt securities that management has the positive intent and ability to hold to maturity are classified as held-to-maturity and recorded at cost, adjusted for amortization of premiums and accretion of discounts, which are recognized as adjustments to interest income using the interest method. Securities not classified as held-to-maturity or trading are classified as available-for-sale and recorded at fair value, with all unrealized gains and unrealized losses judged to be temporary, net of deferred income taxes, excluded from earnings and reported in the consolidated statements of comprehensive earnings. Available-for-sale securities that have unrealized losses that are judged other-than-temporary are included in gain (loss) on sale of securities and a new cost basis is established. Securities

classified as trading are recorded at fair value with unrealized gains and losses included in earnings.

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The Company records its available-for-sale and trading securities portfolio at fair value. Fair values of these securities are determined based on methodologies in accordance with current authoritative accounting guidance. Fair values are volatile and may be influenced by a number of factors, including market interest rates, prepayment speeds, discount rates, credit ratings and yield curves. Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on the quoted prices of similar instruments or an estimate of fair value by using a range of fair value estimates in the market place as a result of the illiquid market specific to the type of security.

When the fair value of a security is below its amortized cost, and depending on the length of time the condition exists and the extent the fair value is below amortized cost, additional analysis is performed to determine whether an other-than-temporary impairment condition exists. Available-for-sale and held-to-maturity securities are analyzed quarterly for possible other-than-temporary impairment. The analysis considers (i) whether we have the intent to sell our securities prior to recovery and/or maturity, (ii) whether it is more likely than not that we will have to sell our securities prior to recovery and/or maturity, (iii) the length of time and extent to which the fair value has been less than amortized cost, and (iv) the financial condition of the issuer. Often, the information available to conduct these assessments is limited and rapidly changing, making estimates of fair value subject to judgment. If actual information or conditions are different than estimated, the extent of the impairment of the security may be different than previously estimated, which could have a material effect on the Company's results of operations and financial condition.

The Company's investment portfolio consists of U.S. Treasury securities, obligations of U.S. government sponsored enterprises and agencies, obligations of states and political subdivisions, mortgage pass-through securities, corporate bonds and general obligation or revenue based municipal bonds. Pricing for such securities is generally readily available and transparent in the market. The Company utilizes independent third-party pricing services to value its investment securities, which the Company reviews as well as the underlying pricing methodologies for reasonableness and to ensure such prices are aligned with pricing matrices. The Company validates quarterly, on a sample basis, prices supplied by the independent pricing services by comparison to prices obtained from other third-party sources.

A summary of the Company's available-for-sale securities follows (in thousands):

		September 30, 2018		
	Amortized	Gross	Gross	Estimated
	Cost Basis	Unrealized	Unrealized	Fair Value
		Holding Gains	Holding Losses	
U.S. Treasury Securities	\$ 9,964	\$	\$ (35)	\$ 9,929
Obligations of U.S. government sponsored enterprises and agencies	303		(1)	302
Obligations of states and political subdivisions	1,174,320	21,664	(4,097)	1,191,887
Corporate bonds and other	4,860		(121)	4,739
Residential mortgage-backed securities	1,533,302	912	(39,908)	1,494,306
Commercial mortgage-backed securities	453,495	8	(10,299)	443,204
Total securities available-for-sale	\$ 3,176,244	\$ 22,584	\$ (54,461)	\$ 3,144,367

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		September 30, 2017		
	Amortized	Gross	Gross	Estimated
	Cost Basis	Unrealized	Unrealized	Fair Value
		Holding Gains	Holding Losses	
Obligations of U.S. government sponsored enterprises and agencies	\$ 73,583	\$ 35	\$ (30)	\$ 73,588
Obligations of states and political subdivisions	1,379,117	56,671	(1,594)	