

FIRST FINANCIAL BANKSHARES INC

Form 10-Q

July 28, 2017

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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 June 30, 2017**

**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 (Do not check if a smaller reporting company) 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

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

**Class**  
**Common Stock, \$0.01 par value per share**

**Outstanding at July 28, 2017**  
**66,170,312**

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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 June 30, 2017 and 2016 and December 31, 2016, and the consolidated statements of earnings and comprehensive earnings for the three and six months ended June 30, 2017 and 2016, and the consolidated statements of shareholders equity and cash flows for the six months ended June 30, 2017 and 2016, 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)**

	June 30, 2017		December 31, 2016
	(Unaudited)		
<b><u>ASSETS</u></b>			
CASH AND DUE FROM BANKS	\$ 163,435	\$ 135,092	\$ 204,782
FEDERAL FUNDS SOLD	3,740	2,960	3,130
INTEREST-BEARING DEPOSITS IN BANKS	53,336	67,746	48,574
Total cash and cash equivalents	220,511	205,798	256,486
INTEREST-BEARING TIME DEPOSITS IN BANKS	1,458	2,427	1,707
SECURITIES AVAILABLE-FOR-SALE, at fair value	2,964,513	2,795,356	2,860,837
SECURITIES HELD-TO-MATURITY (fair value of \$107, \$141 and \$124 at June 30, 2017 and 2016, and December 31, 2016, respectively)	105	137	121
<b>LOANS:</b>			
Held for investment	3,439,352	3,283,655	3,357,307
Less - allowance for loan losses	(47,410)	(45,060)	(45,779)
Net loans held for investment	3,391,942	3,238,595	3,311,528
Held for sale	18,327	25,733	26,898
Net loans	3,410,269	3,264,328	3,338,426
BANK PREMISES AND EQUIPMENT, net	123,620	122,326	122,685
INTANGIBLE ASSETS	143,120	143,930	143,603
OTHER ASSETS	83,796	80,688	86,066
Total assets	\$ 6,947,392	\$ 6,614,990	\$ 6,809,931

**LIABILITIES AND SHAREHOLDERS EQUITY**

NONINTEREST-BEARING DEPOSITS	\$ 1,856,439	\$ 1,644,812	\$ 1,717,722
INTEREST-BEARING DEPOSITS	3,770,170	3,411,477	3,760,817
Total deposits	5,626,609	5,056,289	5,478,539
DIVIDENDS PAYABLE	12,572	11,891	11,897
BORROWINGS	379,324	556,924	445,770
OTHER LIABILITIES	41,445	123,728	35,840

Total liabilities	6,059,950	5,748,832	5,972,046
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**COMMITMENTS AND CONTINGENCIES****SHAREHOLDERS EQUITY:**

Common stock - (\$0.01 par value, authorized 120,000,000 shares; 66,170,312, 66,059,912, and 66,094,695 shares issued at June 30, 2017 and 2016, and December 31, 2016, respectively)	662	661	661
Capital surplus	374,391	370,601	372,245
Retained earnings	476,912	418,053	446,534
Treasury stock (shares at cost: 501,198, 516,955, and 507,409 at June 30, 2017 and 2016, and December 31, 2016, respectively)	(6,948)	(6,517)	(6,671)
Deferred compensation	6,948	6,517	6,671
Accumulated other comprehensive earnings	35,477	76,843	18,445
Total shareholders equity	887,442	866,158	837,885
Total liabilities and shareholders equity	\$ 6,947,392	\$ 6,614,990	\$ 6,809,931

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 June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
<b>INTEREST INCOME:</b>				
Interest and fees on loans	\$ 41,311	\$ 39,942	\$ 80,894	\$ 80,289
Interest on investment securities:				
Taxable	8,343	7,130	15,774	14,392
Exempt from federal income tax	11,408	10,745	22,900	21,411
Interest on federal funds sold and interest-bearing deposits in banks	120	64	397	124
<b>Total interest income</b>	<b>61,182</b>	<b>57,881</b>	<b>119,965</b>	<b>116,216</b>
<b>INTEREST EXPENSE:</b>				
Interest on deposits	1,930	1,033	3,520	2,086
Other	167	297	340	556
<b>Total interest expense</b>	<b>2,097</b>	<b>1,330</b>	<b>3,860</b>	<b>2,642</b>
Net interest income	59,085	56,551	116,105	113,574
<b>PROVISION FOR LOAN LOSSES</b>	<b>1,725</b>	<b>2,058</b>	<b>3,675</b>	<b>4,386</b>
Net interest income after provision for loan losses	57,360	54,493	112,430	109,188
<b>NONINTEREST INCOME:</b>				
Trust fees	5,747	4,726	11,764	9,380
Service charges on deposit accounts	4,883	4,404	9,433	8,818
ATM, interchange and credit card fees	6,598	5,840	12,762	11,521
Real estate mortgage operations	4,188	4,013	7,605	7,153
Net gain on sale of available-for-sale securities (includes \$747 and \$912 for the three months ended June 30, 2017 and 2016, respectively, and \$750 and \$914 for the six months ended June 30, 2017 and 2016, respectively, related to accumulated other comprehensive earnings reclassifications)	747	912	750	914
Net gain (loss) on sale of foreclosed assets	(72)	278	(31)	353
Net gain (loss) on sale of assets	(200)	(74)	(196)	439
Interest on loan recoveries	337	629	491	1,261
Other	942	710	1,877	1,419

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Total noninterest income	23,170	21,438	44,455	41,258
<b>NONINTEREST EXPENSE:</b>				
Salaries and employee benefits	23,465	22,147	46,724	44,737
Net occupancy expense	2,771	2,583	5,370	5,214
Equipment expense	3,665	3,386	7,102	6,766
FDIC insurance premiums	550	818	1,097	1,642
ATM, interchange and credit card expenses	1,803	1,806	3,516	3,492
Professional and service fees	2,025	1,650	3,842	3,215
Printing, stationery and supplies	536	464	974	967
Operational and other losses	574	433	1,559	920
Amortization of intangible assets	165	199	333	398
Other	8,221	7,270	15,409	14,485
Total noninterest expense	43,775	40,756	85,926	81,836
<b>EARNINGS BEFORE INCOME TAXES</b>	36,755	35,175	70,959	68,610
<b>INCOME TAX EXPENSE</b> (includes \$261 and \$319 for the three months ended June 30, 2017 and 2016, respectively, and \$263 and \$320 for the six months ended June 30, 2017 and 2016, respectively, related to income tax expense from reclassification items)	8,500	8,366	16,105	16,105
<b>NET EARNINGS</b>	\$ 28,255	\$ 26,809	\$ 54,854	\$ 52,505
<b>EARNINGS PER SHARE, BASIC</b>	\$ 0.43	\$ 0.41	\$ 0.83	\$ 0.80
<b>EARNINGS PER SHARE, ASSUMING DILUTION</b>	\$ 0.43	\$ 0.41	\$ 0.83	\$ 0.79
<b>DIVIDENDS PER SHARE</b>	\$ 0.19	\$ 0.18	\$ 0.37	\$ 0.34

See notes to consolidated financial statements.

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
<b>NET EARNINGS</b>	\$ 28,255	\$ 26,809	\$ 54,854	\$ 52,505
<b>OTHER ITEMS OF COMPREHENSIVE EARNINGS (LOSS):</b>				
Change in unrealized gain on investment securities available-for-sale, before income taxes	17,725	19,377	26,953	46,219
Reclassification adjustment for realized gains on investment securities included in net earnings, before income tax	(747)	(912)	(750)	(914)
Total other items of comprehensive earnings	16,978	18,465	26,203	45,305
Income tax expense related to other items of comprehensive earnings	(5,842)	(6,463)	(9,171)	(15,857)
<b>COMPREHENSIVE EARNINGS</b>	\$ 39,391	\$ 38,811	\$ 71,886	\$ 81,953

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		Capital Surplus	Retained Earnings	Treasury Stock		Deferred Compensation	Accumulated	Total
	Shares	Amount			Other Comprehensive Earnings	Shareholders' Equity			
Balances at December 31, 2015	65,990,234	\$ 660	\$ 368,925	\$ 388,006	(520,651)	\$(6,296)	\$ 6,296	\$ 47,395	\$ 804,986
Net earnings (unaudited)				52,505					52,505
Stock option exercises (unaudited)	62,018	1	935						936
Restricted stock grant (unaudited)	7,660		250						250
Cash dividends declared, \$0.34 per share (unaudited)				(22,458)					(22,458)
Change in unrealized gain in investment securities available-for-sale, net of related income taxes (unaudited)								29,448	29,448
Additional tax benefit related to directors' deferred compensation plan (unaudited)			50						50
Shares purchased in connection with directors' deferred compensation plan, net (unaudited)					3,696	(221)	221		
Stock option expense (unaudited)			441						441

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Balances at June 30, 2016 (unaudited)	66,059,912	\$ 661	\$ 370,601	\$ 418,053	(516,955)	\$(6,517)	\$ 6,517	\$ 76,843	\$ 866,158
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)				54,854					54,854
Stock option exercises (unaudited)	60,967	1	1,114						1,115
Restricted stock grant (unaudited)	14,650		600						600
Cash dividends declared, \$0.37 per share (unaudited)				(24,476)					(24,476)
Change in unrealized gain in investment securities available-for-sale, net of related income taxes (unaudited)								17,032	17,032
Shares purchased in connection with directors' deferred compensation plan, net (unaudited)					6,211	(277)	277		
Stock option expense (unaudited)			432						432
Balances at June 30, 2017 (unaudited)	66,170,312	\$ 662	\$ 374,391	\$ 476,912	(501,198)	\$(6,948)	\$ 6,948	\$ 35,477	\$ 887,442

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)

	Six Months Ended June 30,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net earnings	\$ 54,854	\$ 52,505
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	6,209	5,687
Provision for loan losses	3,675	4,386
Securities premium amortization (discount accretion), net	15,592	13,912
Gain on sale of assets, net	(523)	(1,706)
Deferred federal income tax benefit	(614)	(1,288)
Change in loans held-for-sale	8,572	7,810
Change in other assets	4,210	5,861
Change in other liabilities	5,533	3,843
Total adjustments	42,654	38,505
Net cash provided by operating activities	97,508	91,010
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net decrease in interest-bearing time deposits in banks	249	1,068
Activity in available-for-sale securities:		
Sales	36,971	13,382
Maturities	604,582	2,151,678
Purchases	(741,922)	(2,132,087)
Activity in held-to-maturity securities - maturities	17	141
Net increase in loans	(85,212)	30,500
Purchases of bank premises and equipment and other assets	(7,705)	(12,130)
Proceeds from sale of other assets	599	2,170
Net cash provided by (used in) investing activities	(192,421)	54,722
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase (decrease) in noninterest-bearing deposits	138,717	(101,140)
Net increase (decrease) in interest-bearing deposits	9,353	(32,740)
Net decrease in borrowings	(66,446)	(58,751)
Common stock transactions:		
Proceeds from stock issuances	1,115	936
Dividends paid	(23,801)	(21,125)

Net cash provided by (used in) financing activities	58,938	(212,820)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(35,975)</b>	<b>(67,088)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b>256,486</b>	<b>272,886</b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>\$ 220,511</b>	<b>\$ 205,798</b>

**SUPPLEMENTAL INFORMATION AND NONCASH TRANSACTIONS:**

Interest paid	\$ 3,921	\$ 2,599
Federal income tax paid	13,348	13,874
Transfer of loans and bank premises to other real estate owned	1,916	1,692
Investment securities purchased but not settled	4,325	62,124
Restricted stock grant to officers and directors	600	250
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 June 30, 2017, we had 69 financial centers across Texas, with eleven locations in Abilene, three locations in San Angelo and Weatherford, two locations in Cleburne, Conroe, Stephenville and Granbury, and one location each in Acton, Albany, Aledo, Alvarado, Beaumont, Boyd, Bridgeport, Brock, Burleson, Cisco, Clyde, Cut and Shoot, Decatur, Eastland, Fort Worth, Glen Rose, Grapevine, Hereford, Huntsville, Keller, Magnolia, Mauriceville, Merkel, Midlothian, Mineral Wells, Montgomery, Moran, New Waverly, Newton, Odessa, Orange, 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, 2016. All adjustments were of a normal recurring nature. However, the results of operations for the three and six months ended June 30, 2017, are not necessarily indicative of the results to be expected for the year ending December 31, 2017, 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 ) require 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.

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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. Previously, the Board had authorized the repurchase of up to 1,500,000 common shares through September 30, 2017. The stock buyback plan authorizes management to repurchase the stock at such time as repurchases are considered beneficial to shareholders. Any repurchase of stock 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 July 28, 2017, no shares were repurchased under this authorization or the previous 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 six months ended June 30, 2017 and 2016, the Company assumes that all dilutive outstanding options to purchase common stock have been exercised at the beginning of the period (or the time of issuance, if later). The dilutive effect of the outstanding options and the restricted stock is reflected by application of the treasury stock method, whereby the proceeds from exercised options and restricted stock are assumed to be used to purchase common stock 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 June 30, 2017 and 2016 were 66,100,089 and 66,016,562 shares, respectively. The weighted average common shares outstanding used in computing basic earnings per common share for the six months ended June 30, 2017 and 2016 were 66,086,817 and 65,995,560 shares, respectively. The weighted average common shares outstanding used in computing fully diluted earnings per common share for the three months ended June 30, 2017 and 2016 were 66,344,943 and 66,138,275 shares, respectively. The weighted average common shares outstanding used in computing fully diluted earnings per common share for the six months ended June 30, 2017 and 2016 were 66,362,191 and 66,153,579 shares, respectively.

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

Interest-bearing time deposits in banks totaled \$1,458,000, \$2,427,000 and \$1,707,000 at June 30, 2017 and 2016 and December 31, 2016, respectively, and have original maturities generally ranging from one to two years.

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.

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.

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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):

	Amortized Cost Basis	June 30, 2017		Estimated Fair Value
		Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	
U.S. Treasury securities	\$ 10,578	\$	\$ (5)	\$ 10,573
Obligations of U.S. government sponsored enterprises and agencies	73,666	60	(21)	73,705
Obligations of states and political subdivisions	1,476,714	58,707	(3,548)	1,531,873
Corporate bonds and other	30,079	163	(2)	30,240
Residential mortgage-backed securities	971,557	8,083	(4,558)	975,082
Commercial mortgage-backed securities	342,651	1,202	(813)	343,040
<b>Total securities available-for-sale</b>	<b>\$ 2,905,245</b>	<b>\$ 68,215</b>	<b>\$ (8,947)</b>	<b>\$ 2,964,513</b>

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	June 30, 2016			
	Amortized Cost Basis	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
U.S. Treasury securities	\$ 10,721	\$ 90	\$	\$ 10,811
Obligations of U.S. government sponsored enterprises and agencies	121,174	1,178		122,352
Obligations of states and political subdivisions	1,418,342	97,980	(10)	1,516,312
Corporate bonds and other	71,687	1,723		73,410
Residential mortgage-backed securities	787,451	18,928	(606)	805,773
Commercial mortgage-backed securities	261,662	5,068	(32)	266,698
<b>Total securities available-for-sale</b>	<b>\$ 2,671,037</b>	<b>\$ 124,967</b>	<b>\$ (648)</b>	<b>\$ 2,795,356</b>

	December 31, 2016			
	Amortized Cost Basis	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
U.S. Treasury securities	\$ 10,649	\$ 19	\$	\$ 10,668
Obligations of U.S. government sponsored enterprises and agencies	113,450	253		113,703
Obligations of states and political subdivisions	1,534,095	40,194	(10,013)	1,564,276
Corporate bonds and other	51,920	476	(3)	