CAMDEN NATIONAL CORP
Form 10-Q
August 04, 2017
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2017
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File No. 0-28190
CAMDEN NATIONAL CORPORATION
(Exact name of registrant as specified in its charter)

MAINE	01-0413282
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2 ELM STREET, CAMDEN, ME	04843
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (207) 236-8821

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 periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes x 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 x 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 ¨	Accelerated filer x
Non-accelerated filer ¨	Smaller reporting company ¨
(Do not check if a 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 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 Exchange Act).

Yes ¨ No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date:
Outstanding at July 28, 2017: Common stock (no par value) 15,512,914 shares.

CAMDEN NATIONAL CORPORATION

FORM 10-Q FOR THE QUARTER ENDED JUNE 30, 2017
TABLE OF CONTENTS OF INFORMATION REQUIRED IN REPORT

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS
CONSOLIDATED STATEMENTS OF CONDITION
(unaudited)

(In thousands, except number of shares)	June 30, 2017	December 31, 2016
ASSETS		
Cash and due from banks	$93,033	$87,707
Investments:		
Available-for-sale securities, at fair value	810,858	779,867
Held-to-maturity securities, at amortized cost	94,340	94,609
Federal Home Loan Bank and Federal Reserve Bank stock, at cost	27,140	23,203
Total investments	932,338	897,679
Loans held for sale, at fair value	10,784	14,836
Loans	2,736,269	2,594,564
Less: allowance for loan losses	(24,394)	(23,116)
Net loans	2,711,875	2,571,448
Goodwill	94,697	94,697
Other intangible assets	5,820	6,764
Bank-owned life insurance	79,266	78,119
Premises and equipment, net	42,362	42,873
Deferred tax assets	36,532	39,263
Other assets	29,660	30,844
Total assets	$4,036,367	$3,864,230
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Liabilities		
Deposits:		
Demand	$424,174	$406,934
Interest checking	737,532	701,494
Savings and money market	971,156	979,263
Certificates of deposit	456,227	468,203
Brokered deposits	351,777	272,635
Total deposits	2,940,866	2,828,529
Short-term borrowings	572,073	530,129
Long-term borrowings	10,756	10,791
Subordinated debentures	58,833	58,755
Accrued interest and other liabilities	46,879	44,479
Total liabilities	3,629,407	3,472,683
Commitments and Contingencies		
Shareholders’ Equity		
Common stock, no par value: authorized 40,000,000 shares, issued and outstanding 15,512,914 and 15,476,379 on June 30, 2017 and December 31, 2016, respectively	156,312	156,041
Retained earnings	262,559	249,415
Accumulated other comprehensive loss:		
Net unrealized losses on available-for-sale securities, net of tax	(4,365)	(6,085)
Net unrealized losses on cash flow hedging derivative instruments, net of tax	(5,502)	(5,694)
Net unrecognized losses on postretirement plans, net of tax	(2,044)	(2,130)

Total accumulated other comprehensive loss	(11,911)	(13,909)
Total shareholders’ equity	406,960	391,547
Total liabilities and shareholders’ equity	$4,036,367	$3,864,230

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

(In thousands, except number of shares and per share data)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Interest Income				
Interest and fees on loans	$28,423	$ 27,706	$55,485	$ 54,722
Interest on U.S. government and sponsored enterprise obligations	4,355	4,016	8,611	8,006
Interest on state and political subdivision obligations	691	711	1,393	1,425
Interest on federal funds sold and other investments	471	342	865	603
Total interest income	33,940	32,775	66,354	64,756
Interest Expense				
Interest on deposits	2,987	2,109	5,541	4,151
Interest on borrowings	1,476	1,313	2,637	2,449
Interest on subordinated debentures	851	849	1,695	1,700
Total interest expense	5,314	4,271	9,873	8,300
Net interest income	28,626	28,504	56,481	56,456
Provision for credit losses	1,401	2,852	1,980	3,724
Net interest income after provision for credit losses	27,225	25,652	54,501	52,732
Non-Interest Income				
Debit card income	1,992	1,854	3,826	3,756
Service charges on deposit accounts	1,957	1,833	3,780	3,557
Mortgage banking income, net	1,937	1,706	3,490	2,514
Income from fiduciary services	1,355	1,342	2,602	2,511
Bank-owned life insurance	570	892	1,147	1,314
Brokerage and insurance commissions	548	517	1,001	975
Other service charges and fees	501	477	969	903
Net gain on sale of securities	—	4	—	4
Other income	1,028	1,927	1,645	2,935
Total non-interest income	9,888	10,552	18,460	18,469
Non-Interest Expense				
Salaries and employee benefits	12,376	11,999	24,523	23,590
Furniture, equipment and data processing	2,450	2,381	4,775	4,808
Net occupancy costs	1,689	1,790	3,635	3,667
Consulting and professional fees	853	982	1,698	1,867
Debit card expense	712	718	1,372	1,438
Regulatory assessments	488	774	1,033	1,495
Amortization of intangible assets	472	476	944	952
Other real estate owned and collection costs, net	344	496	300	1,152
Merger and acquisition costs	—	177	—	821
Other expenses	2,774	2,537	5,306	5,449
Total non-interest expense	22,158	22,330	43,586	45,239
Income before income tax expense	14,955	13,874	29,375	25,962
Income tax expense	4,721	4,258	9,065	7,700
Net Income	$10,234	$ 9,616	$20,310	$ 18,262
Per Share Data				
Basic earnings per share	$0.66	$ 0.62	$1.31	$ 1.18

Diluted earnings per share	$0.66	$ 0.62	$1.30	$ 1.18
Weighted average number of common shares outstanding	15,512,761	15,415,308	15,500,862	15,402,629
Diluted weighted average number of common shares outstanding	15,586,571	15,491,010	15,576,711	15,472,798

The accompanying notes are an integral part of these consolidated financial statements.

4

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2017	2016	2017	2016
Net Income	$10,234	$9,616	$20,310	$18,262
Other comprehensive income:				
Net change in unrealized gains on available-for-sale securities, net of tax of ($1,173), ($1,821), ($926) and ($6,004), respectively	2,178	3,382	1,720	11,151
Net reclassification adjustment for gains included in net income, net of tax of $0, $1, $0 and $1, respectively(1)	—	(3)	—	(3)
Net change in unrealized gains on available-for-sale securities, net of tax	2,178	3,379	1,720	11,148
Net change in unrealized (losses) gains on cash flow hedging derivatives:				
Net change in unrealized losses on cash flow hedging derivatives, net of tax of $249, $705, $200 and $1,966, respectively	(462)	(1,309)	(372)	(3,652)
Net reclassification adjustment for effective portion of cash flow hedges included in interest expense, net of tax of ($145), ($218), ($304) and ($345), respectively(2)	268	404	564	642
Net change in unrealized (losses) gains on cash flow hedging derivatives, net of tax	(194)	(905)	192	(3,010)
Reclassification of amortization of net unrecognized actuarial loss and prior service cost, net of tax of ($23), ($21), ($46) and ($42), respectively(3)	43	38	86	76
Other comprehensive income	2,027	2,512	1,998	8,214
Comprehensive Income	$12,261	$12,128	$22,308	$26,476

(1) Reclassified into the consolidated statements of income in net gain on sale of securities.
(2) Reclassified into the consolidated statements of income within interest expense.
(3) Reclassified into the consolidated statements of income in salaries and employee benefits.

The accompanying notes are an integral part of these consolidated financial statements.

5

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY
(unaudited)

(In thousands, except number of shares and per share data)	Common Stock Shares Outstanding[1]	Common Stock Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders’ Equity
Balance at December 31, 2015	15,330,717	$153,083	$222,329	$(12,222)	$363,190
Cumulative effect adjustment[(2)]	—	72	(72)	—	—
Net income	—	—	18,262	—	18,262
Other comprehensive income, net of tax	—	—	—	8,214	8,214
Stock-based compensation expense	—	1,042	—	—	1,042
Exercise of stock options and issuance of vested share awards, net of repurchase for tax withholdings	90,934	377	—	—	377
Cash dividends declared ($0.40 per share)[(1)]	—	—	(6,229)	—	(6,229)
Balance at June 30, 2016	15,421,651	$154,574	$234,290	$(4,008)	$384,856
Balance at December 31, 2016	15,476,379	$156,041	$249,415	$(13,909)	$391,547
Net income	—	—	20,310	—	20,310
Other comprehensive income, net of tax	—	—	—	1,998	1,998
Stock-based compensation expense	—	816	—	—	816
Exercise of stock options and issuance of vested share awards, net of repurchase for tax withholdings	36,535	(545)	—	—	(545)
Cash dividends declared ($0.46 per share)	—	—	(7,166)	—	(7,166)
Balance at June 30, 2017	15,512,914	$156,312	$262,559	$(11,911)	$406,960

(1) Share and per share amounts as of December 31, 2015 and as of and for the six months ended June 30, 2016 have been adjusted to reflect the three-for-two stock split effective September 30, 2016.

(2) In the second quarter of 2016, the Company adopted ASU 2016-09, effective January 1, 2016. The Company made a policy election to not estimate the forfeiture rate in the accounting for share-based compensation on its unvested share-based awards. The change in policy was accounted for on a modified-retrospective basis and represents the cumulative effect adjustment to shareholders' equity.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Six Months Ended June 30,	
(In thousands)	2017	2016
Operating Activities		
Net Income	$20,310	$18,262
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	1,980	3,724
Depreciation and amortization expense	1,844	2,456
Purchase accounting accretion, net	(1,487)	(3,073)
Investment securities amortization and accretion, net	1,551	1,405
Stock-based compensation expense	816	1,042
Amortization of intangible assets	944	952
Net gain on sale of investment securities	—	(4)
Net increase in other real estate owned valuation allowance and gain on disposition	(60)	(152)
Originations of mortgage loans held for sale	(86,658)	(107,026)
Proceeds from the sale of mortgage loans	93,557	97,375
Gain on sale of mortgage loans, net of origination costs	(2,656)	(2,166)
Decrease in other assets	2,561	6,509
Increase (decrease) in other liabilities	1,167	(2,254)
Net cash provided by operating activities	33,869	17,050
Investing Activities		
Proceeds from maturities of available-for-sale securities	67,650	65,544
Purchase of available-for-sale securities	(97,278)	(98,728)
Purchase of held-to-maturity securities	—	(9,718)
Net increase in loans	(141,360)	(93,709)
Purchase of bank-owned life insurance, net of death benefit proceeds	—	(16,122)
Purchase of Federal Home Loan Bank and Federal Reserve Bank stock	(7,058)	(7,341)
Proceeds from sale of Federal Home Loan Bank stock	3,121	—
Proceeds from the sale of other real estate owned	641	633
Recoveries of previously charged-off loans	317	254
Purchase of premises and equipment	(1,440)	(866)
Proceeds from the sale of premises and equipment	137	90
Net cash used by investing activities	(175,270)	(159,963)
Financing Activities		
Net increase in deposits	112,501	47,605
Net proceeds from borrowings less than 90 days	46,929	128,071
Repayments on Federal Home Loan Bank long-term advances	—	(10,000)
Repayments of wholesale repurchase agreements	(5,000)	—
Exercise of stock options and issuance of restricted stock, net of repurchase for tax withholdings	(545)	377
Cash dividends paid on common stock	(7,158)	(6,185)
Net cash provided by financing activities	146,727	159,868
Net increase in cash and cash equivalents	5,326	16,955
Cash and cash equivalents at beginning of period	87,707	79,488
Cash and cash equivalents at end of period	$93,033	$96,443
Supplemental information		
Interest paid	$9,740	$7,800
Income taxes paid	4,927	103

Transfer from loans to other real estate owned	—	32
Measurement-period adjustments	—	960

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar amounts in tables expressed in thousands, except per share data)

NOTE 1 – BASIS OF PRESENTATION

The accompanying unaudited consolidated interim financial statements were prepared in accordance with instructions for Form 10-Q and, therefore, do not include all disclosures required by accounting principles generally accepted in the United States of America for complete presentation of financial statements. In the opinion of management, the consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the consolidated statements of condition of Camden National Corporation as of June 30, 2017 and December 31, 2016, the consolidated statements of income for the three and six months ended June 30, 2017 and 2016, the consolidated statements of comprehensive income for the three and six months ended June 30, 2017 and 2016, the consolidated statements of changes in shareholders' equity for the six months ended June 30, 2017 and 2016, and the consolidated statements of cash flows for the six months ended June 30, 2017 and 2016. All significant intercompany transactions and balances are eliminated in consolidation. Certain items from the prior period were reclassified to conform to the current period presentation. The income reported for the three and six months ended June 30, 2017 is not necessarily indicative of the results that may be expected for the full year. The information in this report should be read in conjunction with the consolidated financial statements and accompanying notes included in the year ended December 31, 2016 Annual Report on Form 10-K.

The acronyms and abbreviations identified below are used throughout this Form 10-Q, including Part I. "Financial Information." The following was provided to aid the reader and provide a reference page when reviewing this section of the Form 10-Q.

AFS:	Available-for-sale	HPFC:	Healthcare Professional Funding Corporation, a wholly-owned subsidiary of Camden National Bank
ALCO:	Asset/Liability Committee	HTM:	Held-to-maturity
ALL:	Allowance for loan losses	IRS:	Internal Revenue Service
AOCI:	Accumulated other comprehensive income (loss)	LIBOR:	London Interbank Offered Rate
ASC:	Accounting Standards Codification	LTIP:	Long-Term Performance Share Plan
ASU:	Accounting Standards Update	Management ALCO:	Management Asset/Liability Committee
Bank:	Camden National Bank, a wholly-owned subsidiary of Camden National Corporation	MBS:	Mortgage-backed security
Board ALCO:	Board of Directors' Asset/Liability Committee	MSRs:	Mortgage servicing rights
BOLI:	Bank-owned life insurance	MSPP:	Management Stock Purchase Plan
BSA:	Bank Secrecy Act	OTTI:	Other-than-temporary impairment
CCTA:	Camden Capital Trust A, an unconsolidated entity formed by Camden National Corporation	NIM:	Net interest margin on a fully-taxable basis
CDARS:	Certificate of Deposit Account Registry System	N.M.:	Not meaningful
CDs:	Certificate of deposits	OCC:	Office of the Comptroller of the Currency
CMO:	Collateralized mortgage obligation	OCI:	Other comprehensive income (loss)
Company:	Camden National Corporation	OFAC:	Office of Foreign Assets Control
DCRP:	Defined Contribution Retirement Plan	OREO:	Other real estate owned
EPS:	Earnings per share	SERP:	Supplemental executive retirement plans
FASB:	Financial Accounting Standards Board	TDR:	Troubled-debt restructured loan
FDIC:	Federal Deposit Insurance Corporation	UBCT:	Union Bankshares Capital Trust I, an unconsolidated entity formed by Union Bankshares Company that was subsequently acquired by Camden National Corporation
FHLB:	Federal Home Loan Bank	U.S.:	United States of America
FHLBB:	Federal Home Loan Bank of Boston	USD:	United States Dollar
FRB:	Federal Reserve System Board of Governors	2003 Plan:	2003 Stock Option and Incentive Plan
FRBB:	Federal Reserve Bank of Boston	2012 Plan:	2012 Equity and Incentive Plan
Freddie Mac:	Federal Home Loan Mortgage Corporation	2013 Repurchase Program:	2013 Common Stock Repurchase Program, approved by the Company's Board of Directors
GAAP:	Generally accepted accounting principles in the United States		

9

NOTE 2 – EPS

The following is an analysis of basic and diluted EPS, reflecting the application of the two-class method, as described below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016[(4)]	2017	2016[(4)]
Net income	$10,234	$ 9,616	$20,310	$ 18,262
Dividends and undistributed earnings allocated to participating securities[(1)]	(43)	(49)	(88)	(81)
Net income available to common shareholders	$10,191	$ 9,567	$20,222	$ 18,181
Weighted-average common shares outstanding for basic EPS	15,512,761	15,415,308	15,500,862	15,402,629
Dilutive effect of stock-based awards[(2)]	73,810	75,702	75,849	70,169
Weighted-average common and potential common shares for diluted EPS	15,586,571	15,491,010	15,576,711	15,472,798
Earnings per common share[(1)]:				
Basic EPS	$0.66	$ 0.62	$1.31	$ 1.18
Diluted EPS	$0.66	$ 0.62	$1.30	$ 1.18
Awards excluded from the calculation of diluted EPS[(3)]:				
Stock options	585	18,375	585	18,375

(1) Represents dividends paid and undistributed earnings allocated to nonvested stock-based awards that contain non-forfeitable rights to dividends.
(2) Represents the effect of the assumed exercise of stock options, vesting of restricted shares and vesting of restricted stock units utilizing the treasury stock method. Not included are the unvested LTIP awards as they have not met the performance criteria for the periods presented.
(3) Represents stock-based awards not included in the computation of potential common shares for purposes of calculating diluted EPS as the exercise prices were greater than the average market price of the Company's common stock and are considered anti-dilutive.
(4) Share and per share amounts for the three and six months ended June 30, 2016 have been adjusted to reflect the three-for-two stock split effective September 30, 2016.

Nonvested stock-based payment awards that contain non-forfeitable rights to dividends are participating securities and are included in the computation of EPS pursuant to the two-class method. The two-class method is an earnings allocation formula that determines EPS for each class of common stock and participating security according to dividends declared (or accumulated) and participation rights in undistributed earnings. Certain of the Company’s nonvested stock-based awards qualify as participating securities.

Net income is allocated between the common stock and participating securities pursuant to the two-class method. Basic EPS is computed by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the period, excluding participating nonvested stock-based awards.

Diluted EPS is computed in a similar manner, except that the denominator includes the number of additional common shares that would have been outstanding if potentially dilutive common shares were issued using the treasury stock method.

NOTE 3 – SECURITIES

The following tables summarize the amortized cost and estimated fair values of AFS and HTM securities, as of the dates indicated:

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
June 30, 2017				
AFS Securities:				
Obligations of states and political subdivisions	$7,235	$ 157	$—	$7,392
Mortgage-backed securities issued or guaranteed by U.S. government-sponsored enterprises	524,635	2,280	(5,239)	521,676
Collateralized mortgage obligations issued or guaranteed by U.S. government-sponsored enterprises	279,588	268	(4,984)	274,872
Subordinated corporate bonds	5,483	193	—	5,676
Total AFS debt securities	816,941	2,898	(10,223)	809,616
Equity securities	632	610	—	1,242
Total AFS securities	$817,573	$ 3,508	$(10,223)	$810,858
HTM Securities:				
Obligations of states and political subdivisions	$94,340	$ 1,037	$(369)	$95,008
Total HTM securities	$94,340	$ 1,037	$(369)	$95,008
December 31, 2016				
AFS Securities:				
Obligations of states and political subdivisions	$8,848	$ 153	$—	$9,001
Mortgage-backed securities issued or guaranteed by U.S. government-sponsored enterprises	485,222	2,515	(7,115)	480,622
Collateralized mortgage obligations issued or guaranteed by U.S. government-sponsored enterprises	289,046	265	(5,421)	283,890
Subordinated corporate bonds	5,481	132	—	5,613
Total AFS debt securities	788,597	3,065	(12,536)	779,126
Equity securities	632	109	—	741
Total AFS securities	$789,229	$ 3,174	$(12,536)	$779,867
HTM Securities:				
Obligations of states and political subdivisions	$94,609	$ 618	$(631)	$94,596
Total HTM securities	$94,609	$ 618	$(631)	$94,596

Net unrealized losses on AFS securities at June 30, 2017 included in AOCI amounted to $4.4 million, net of a deferred tax benefit of $2.3 million. Net unrealized losses on AFS securities at December 31, 2016 included in AOCI amounted to $6.1 million, net of a deferred tax benefit of $3.3 million.

During the first six months of 2017, the Company purchased investment securities totaling $97.3 million, all of which were designated as AFS securities.

During the first six months of 2016, the Company purchased investment securities totaling $108.4 million. The Company designated $98.7 million as AFS securities and $9.7 million as HTM securities.

Impaired Securities

Management periodically reviews the Company’s investment portfolio to determine the cause, magnitude and duration of declines in the fair value of each security. Thorough evaluations of the causes of the unrealized losses are performed to determine whether the impairment is temporary or other-than-temporary in nature. Considerations such as the ability of the securities to meet cash flow requirements, levels of credit enhancements, risk of curtailment, and recoverability of invested amount over a reasonable period of time, and the length of time the security is in a loss position, for example, are applied in determining OTTI. Once a decline in value is determined to be other-than-temporary, the cost basis of the security is permanently reduced and a corresponding charge to earnings is recognized.

The following table presents the estimated fair values and gross unrealized losses of investment securities that were in a continuous loss position at June 30, 2017 and December 31, 2016, by length of time that individual securities in each category have been in a continuous loss position:

	Less Than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
June 30, 2017						
AFS Securities:						
Mortgage-backed securities issued or guaranteed by U.S. government-sponsored enterprises	$364,378	$(4,139)	$29,988	$(1,100)	$394,366	$(5,239)
Collateralized mortgage obligations issued or guaranteed by U.S. government-sponsored enterprises	116,495	(1,561)	91,652	(3,423)	208,147	(4,984)
Total AFS securities	$480,873	$(5,700)	$121,640	$(4,523)	$602,513	$(10,223)
HTM Securities:						
Obligations of states and political subdivisions	$20,686	$(369)	$—	$—	$20,686	$(369)
Total HTM securities	$20,686	$(369)	$—	$—	$20,686	$(369)
December 31, 2016						
AFS Securities:						
Mortgage-backed securities issued or guaranteed by U.S. government-sponsored enterprises	$348,579	$(5,780)	$29,496	$(1,335)	$378,075	$(7,115)
Collateralized mortgage obligations issued or guaranteed by U.S. government-sponsored enterprises	163,412	(2,906)	74,212	(2,515)	237,624	(5,421)
Total AFS securities	$511,991	$(8,686)	$103,708	$(3,850)	$615,699	$(12,536)
HTM Securities:						
Obligations of states and political subdivisions	$42,805	$(631)	$—	$—	$42,805	$(631)
Total HTM securities	$42,805	$(631)	$—	$—	$42,805	$(631)

At June 30, 2017 and December 31, 2016, the Company held 187 and 209 investment securities with a fair value of $623.2 million and $658.5 million that were in an unrealized loss position totaling $10.6 million and $13.2 million, respectively, that were considered temporary. Of these, MBS and CMOs with a fair value of $121.6 million and $103.7 million were in an unrealized loss position, and have been in an unrealized loss position for 12 months or more, totaling $4.5 million and $3.9 million at June 30, 2017 and December 31, 2016, respectively. The unrealized loss was reflective of current interest rates in excess of the yield received on investments and is not indicative of an overall change in credit quality or other factors with the Company's investment portfolio. At June 30, 2017 and December 31, 2016, gross unrealized losses on the Company's AFS and HTM securities were 2% of the respective investment securities fair value.

The Company has the intent and ability to retain its investment securities in an unrealized loss position at June 30, 2017 until the decline in value has recovered.

Sale of Securities

The following table details the Company's sales of AFS securities for the period indicated below:

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Proceeds from sales of securities	$ —	$ 84	$ —	$ 84
Gross realized gains	—	4	—	4
Gross realized losses	—	—	—	—

The Company did not sell any securities during the three and six months ended June 30, 2017. For the three and six months ended June 30, 2016, the Company sold certain AFS securities with a total carrying value of $80,000 and recorded net gains on the sale of AFS securities of $4,000 within non-interest income in the consolidated statements of income. The Company had not previously recorded any OTTI on these securities sold.

The cost basis of securities sold is measured on a specific identification basis.

FHLBB and FRB Stock

As of June 30, 2017 and December 31, 2016, the Company's investment in FHLBB stock was $21.8 million and $17.8 million, respectively. As of June 30, 2017 and December 31, 2016, the Company's investment in FRB stock was $5.4 million.

Securities Pledged

At June 30, 2017 and December 31, 2016, securities with an amortized cost of $606.8 million and $597.3 million and estimated fair values of $600.5 million and $589.7 million, respectively, were pledged to secure FHLBB advances, public deposits, and securities sold under agreements to repurchase and for other purposes required or permitted by law.

Contractual Maturities

The amortized cost and estimated fair values of debt securities by contractual maturity at June 30, 2017, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Fair Value
AFS Securities		
Due in one year or less	$ 1,631	$ 1,639
Due after one year through five years	103,620	103,833
Due after five years through ten years	162,740	162,857
Due after ten years	548,950	541,287
	$ 816,941	$ 809,616
HTM Securities		
Due in one year or less	$ 758	$ 762
Due after one year through five years	4,769	4,835
Due after five years through ten years	5,043	5,140
Due after ten years	83,770	84,271
	$ 94,340	$ 95,008

NOTE 4 – LOANS AND ALLOWANCE FOR LOAN LOSSES

The composition of the Company's loan portfolio, excluding residential loans held for sale, at June 30, 2017 and December 31, 2016 was as follows:

	June 30, 2017	December 31, 2016
Residential real estate	$831,577	$ 802,494
Commercial real estate	1,138,756	1,050,780
Commercial	370,701	333,639
Home equity	327,083	329,907
Consumer	17,035	17,332
HPFC	51,117	60,412
Total loans	$2,736,269	$ 2,594,564

The loan balances for each portfolio segment presented above are net of their respective unamortized fair value mark discount on acquired loans and net of unamortized loan origination (costs) fees totaling:

	June 30, 2017	December 31, 2016
Net unamortized fair value mark discount on acquired loans	$7,442	$ 8,810
Net unamortized loan origination (costs) fees	(526)	(66)
Total	$6,916	$ 8,744

The Bank's lending activities are primarily conducted in Maine, but also include a mortgage loan production office in Massachusetts and a commercial loan production office in New Hampshire. The Company originates single family and multi-family residential loans, commercial real estate loans, business loans, municipal loans and a variety of consumer loans. In addition, the Company makes loans for the construction of residential homes, multi-family properties and commercial real estate properties. The ability and willingness of borrowers to honor their repayment commitments is generally dependent on the level of overall economic activity within the geographic area and the general economy.

The HPFC loan portfolio consists of niche commercial lending to the small business medical field, including dentists, optometrists and veterinarians across the U.S. The ability and willingness of borrowers to honor their repayment commitments is generally dependent on the success of the borrower's business. Effective February 19, 2016, the Company closed HPFC's operations and is no longer originating loans.

The ALL is management's best estimate of the inherent risk of loss in the Company's loan portfolio as of the consolidated statement of condition date. Management makes various assumptions and judgments about the collectability of the loan portfolio and provides an allowance for potential losses based on a number of factors including historical losses. If those assumptions are incorrect, the ALL may not be sufficient to cover losses and may cause an increase in the allowance in the future. Among the factors that could affect the Company's ability to collect loans and require an increase to the allowance in the future are: (i) financial condition of borrowers; (ii) real estate market changes; (iii) state, regional, and national economic conditions; and (iv) a requirement by federal and state regulators to increase the provision for loan losses or recognize additional charge-offs.

Effective January 1, 2017, the Company's internal policy for assessing individual loans for impairment was changed to increase the principal balance threshold for a loan from $250,000 to $500,000. The qualitative factors for assessing a loan individually for impairment in accordance with the Company's internal policy were unchanged, and continue to require the loan to be classified as substandard or doubtful and on non-accrual status. There were no other significant changes in the Company's ALL methodology during the six months ended June 30, 2017.

The Board of Directors monitors credit risk through the Directors' Loan Review Committee, which reviews large credit exposures, monitors the external loan review reports, reviews the lending authority for individual loan officers when required, and has approval authority and responsibility for all matters regarding the loan policy and other credit-related policies, including reviewing and monitoring asset quality trends, concentration levels, and the ALL methodology. The Company's Credit Risk Administration and the Credit Risk Policy Committee oversee the systems and procedures to monitor the credit quality of its loan portfolio, conduct a loan review program, maintain the integrity of the loan rating system, determine the adequacy of the ALL and support the oversight efforts of the Directors' Loan Review Committee and the Board of Directors. The Company's practice is to proactively manage the portfolio such that management can identify problem credits early, assess and implement effective work-out strategies, and take charge-offs as promptly as practical. In addition, the Company continuously reassesses its underwriting standards in response to credit risk posed by changes in economic conditions. For purposes of determining the ALL, the Company disaggregates its loans into portfolio segments, which include residential real estate, commercial real estate, commercial, home equity, consumer and HPFC. Each portfolio segment possesses unique risk characteristics that are considered when determining the appropriate level of allowance. These risk characteristics unique to each portfolio segment include:

Residential Real Estate. Residential real estate loans held in the Company's loan portfolio are made to borrowers who demonstrate the ability to make scheduled payments with full consideration to underwriting factors. Borrower qualifications include favorable credit history combined with supportive income requirements and combined loan-to-value ratios within established policy guidelines. Collateral consists of mortgage liens on one- to four-family residential properties.

Commercial Real Estate. Commercial real estate loans consist of mortgage loans to finance investments in real property such as multi-family residential, commercial/retail, office, industrial, hotels, educational, health care facilities and other specific use properties. Commercial real estate loans are typically written with amortizing payment structures. Collateral values are determined based upon appraisals and evaluations in accordance with established policy guidelines. Loan-to-value ratios at origination are governed by established policy and regulatory guidelines. Commercial real estate loans are primarily paid by the cash flow generated from the real property, such as operating leases, rents, or other operating cash flows from the borrower.

Commercial. Commercial loans consist of revolving and term loan obligations extended to business and corporate enterprises for the purpose of financing working capital and/or capital investment. Collateral generally consists of pledges of business assets including, but not limited to, accounts receivable, inventory, plant & equipment, or real estate, if applicable. Commercial loans are primarily paid by the operating cash flow of the borrower. Commercial loans may be secured or unsecured.

Home Equity. Home equity loans and lines are made to qualified individuals for legitimate purposes secured by senior or junior mortgage liens on owner-occupied one- to four-family homes, condominiums, or vacation homes. The home equity loan has a fixed rate and is billed as equal payments comprised of principal and interest. The home equity line of credit has a variable rate and is billed as interest-only payments during the draw period. At the end of the draw period, the home equity line of credit is billed as a percentage of the principal balance plus all accrued interest. Borrower qualifications include favorable credit history combined with supportive income requirements and combined loan-to-value ratios within established policy guidelines.

Consumer. Consumer loan products including personal lines of credit and amortizing loans made to qualified individuals for various purposes such as education, auto loans, debt consolidation, personal expenses or overdraft protection. Borrower qualifications include favorable credit history combined with supportive income and collateral requirements within established policy guidelines. Consumer loans may be secured or unsecured.

HPFC. Prior to the Company's closing of HPFC's operations, effective February 19, 2016, it provided commercial lending to dentists, optometrists and veterinarians, many of which were start-up companies. HPFC's loan portfolio consists of term loan obligations extended for the purpose of financing working capital and/or purchase of equipment. Collateral consists of pledges of business assets including, but not limited to, accounts receivable, inventory, and/or equipment. These loans are primarily paid by the operating cash flow of the borrower and the terms range from seven to ten years.

15

The following presents the activity in the ALL and select loan information by portfolio segment for the three and six months ended June 30, 2017 and 2016, and for the year ended December 31, 2016:

	Residential Real Estate	Commercial Real Estate	Commercial	Home Equity	Consumer	HPFC	Total
For The Three and Six Months Ended June 30, 2017							
ALL for the three months ended:							
Beginning balance	$4,271	$12,726	$3,815	$2,107	$175	$627	$23,721
Loans charged off	(190)	(9)	(145)	(391)	(48)	(81)	(864)
Recoveries	4	10	118	—	2	—	134
Provision (credit)(1)	396	121	487	378	53	(32)	1,403
Ending balance	$4,481	$12,848	$4,275	$2,094	$182	$514	$24,394
ALL for the six months ended:							
Beginning balance	$4,160	$12,154	$3,755	$2,194	$181	$672	$23,116
Loans charged off	(195)	(12)	(281)	(392)	(62)	(81)	(1,023)
Recoveries	4	113	195	1	4	—	317
Provision (credit)(1)	512	593	606	291	59	(77)	1,984
Ending balance	$4,481	$12,848	$4,275	$2,094	$182	$514	$24,394
ALL balance attributable to loans:							
Individually evaluated for impairment	$468	$1,116	$120	$—	$—	$—	$1,704
Collectively evaluated for impairment	4,013	11,732	4,155	2,094	182	514	22,690
Total ending ALL	$4,481	$12,848	$4,275	$2,094	$182	$514	$24,394
Loans:							
Individually evaluated for impairment	$4,451	$13,116	$2,067	$446	$—	$—	$20,080
Collectively evaluated for impairment	827,126	1,125,640	368,634	326,637	17,035	51,117	2,716,189
Total ending loans balance	$831,577	$1,138,756	$370,701	$327,083	$17,035	$51,117	$2,736,269
For The Three and Six Months Ended June 30, 2016							
ALL for the three months ended:							
Beginning balance	$4,516	$10,380	$3,298	$2,622	$182	$341	$21,339
Loans charged off	(19)	(19)	(203)	(57)	(26)	(302)	(626)
Recoveries	31	34	82	1	2	—	150
Provision (credit)(1)	(97)	1,164	1,381	380	35	(9)	2,854
Ending balance	$4,431	$11,559	$4,558	$2,946	$193	$30	$23,717
ALL for the six months ended:							
Beginning balance	$4,545	$10,432	$3,241	$2,731	$193	$24	$21,166
Loans charged off	(229)	(241)	(429)	(185)	(41)	(302)	(1,427)
Recoveries	71	43	134	2	4	—	254
Provision(1)	44	1,325	1,612	398	37	308	3,724
Ending balance	$4,431	$11,559	$4,558	$2,946	$193	$30	$23,717
ALL balance attributable to loans:							

Individually evaluated for impairment	$497	$29	$1,400	$89	$—	$—	$2,015
Collectively evaluated for impairment	3,934	11,530	3,158	2,857	193	30	21,702
Total ending ALL	$4,431	$11,559	$4,558	$2,946	$193	$30	$23,717
Loans:							
Individually evaluated for impairment	$4,926	$2,340	$3,461	$503	$7	$—	$11,237
Collectively evaluated for impairment	795,630	1,015,437	333,056	341,478	17,811	70,651	$2,574,063
Total ending loans balance	$800,556	$1,017,777	$336,517	$341,981	$17,818	$70,651	$2,585,300

16

	Residential Real Estate	Commercial Real Estate	Commercial	Home Equity	Consumer	HPFC	Total
For The Year Ended December 31, 2016							
ALL:							
Beginning balance	$4,545	$10,432	$3,241	$2,731	$193	$24	$21,166
Loans charged off	(356)	(315)	(2,218)	(308)	(101)	(507)	(3,805)
Recoveries	95	50	332	2	7	—	486
Provision (credit)(1)	(124)	1,987	2,400	(231)	82	1,155	5,269
Ending balance	$4,160	$12,154	$3,755	$2,194	$181	$672	$23,116
ALL balance attributable to loans:							
Individually evaluated for impairment	$483	$1,373	$—	$86	$—	$65	$2,007
Collectively evaluated for impairment	3,677	10,781	3,755	2,108	181	607	21,109
Total ending ALL	$4,160	$12,154	$3,755	$2,194	$181	$672	$23,116
Loans:							
Individually evaluated for impairment	$4,348	$13,317	$2,028	$457	$7	$97	$20,254
Collectively evaluated for impairment	798,146	1,037,463	331,611	329,450	17,325	60,315	2,574,310
Total ending loans balance	$802,494	$1,050,780	$333,639	$329,907	$17,332	$60,412	$2,594,564

(1) The provision (credit) for loan losses excludes any impact for the change in the reserve for unfunded commitments, which represents management's estimate of the amount required to reflect the probable inherent losses on outstanding letters of credit and unused lines of credit. The reserve for unfunded commitments is presented within accrued interest and other liabilities on the consolidated statements of condition. At June 30, 2017 and 2016, and December 31, 2016, the reserve for unfunded commitments was $7,000, $22,000 and $11,000, respectively.

The following reconciles the three and six months ended June 30, 2017 and 2016, and year ended December 31, 2016 provision for loan losses to the provision for credit losses as presented on the consolidated statement of income:

	Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,
	2017	2016	2017	2016	2016
Provision for loan losses	$1,403	$2,854	$1,984	$3,724	$ 5,269
Change in reserve for unfunded commitments	(2)	(2)	(4)	—	(11)
Provision for credit losses	$1,401	$2,852	$1,980	$3,724	$ 5,258

The Company focuses on maintaining a well-balanced and diversified loan portfolio. Despite such efforts, it is recognized that credit concentrations may occasionally emerge as a result of economic conditions, changes in local demand, natural loan growth and runoff. To ensure that credit concentrations can be effectively identified, all commercial and commercial real estate loans are assigned Standard Industrial Classification codes, North American Industry Classification System codes, and state and county codes. Shifts in portfolio concentrations are monitored by the Company's Credit Risk Administration. As of June 30, 2017, the non-residential building operators' industry exposure was 12% of the Company's total loan portfolio and 28% of the total commercial real estate portfolio. There were no other industry exposures exceeding 10% of the Company's total loan portfolio as of June 30, 2017.

To further identify loans with similar risk profiles, the Company categorizes each portfolio segment into classes by credit risk characteristic and applies a credit quality indicator to each portfolio segment. The indicators for commercial, commercial real estate, residential real estate, and HPFC loans are represented by Grades 1 through 10 as outlined below. In general, risk ratings are adjusted periodically throughout the year as updated analysis and review warrants. This process may include, but is not limited to, annual credit and loan reviews, periodic reviews of loan performance metrics, such as delinquency rates, and quarterly reviews of adversely risk rated loans. The Company uses the following definitions when assessing grades for the purpose of evaluating the risk and adequacy of the ALL:

- Grade 1 through 6 — Grades 1 through 6 represent groups of loans that are not subject to adverse criticism as defined in regulatory guidance. Loans in these groups exhibit characteristics that represent low to moderate risks, which is measured using a variety of credit risk criteria, such as cash flow coverage, debt service coverage, balance sheet leverage, liquidity, management experience, industry position, prevailing economic conditions, support from secondary sources of repayment and other credit factors that may be relevant to a specific loan. In general, these loans are supported by properly margined collateral and guarantees of principal parties.
- Grade 7 — Loans with potential weakness (Special Mention). Loans in this category are currently protected based on collateral and repayment capacity and do not constitute undesirable credit risk, but have potential weakness that may result in deterioration of the repayment process at some future date. This classification is used if a negative trend is evident in the obligor's financial situation. Special mention loans do not sufficiently expose the Company to warrant adverse classification.
- Grade 8 — Loans with definite weakness (Substandard). Loans classified as substandard are inadequately protected by the current sound worth and paying capacity of the obligor or by collateral pledged. Borrowers experience difficulty in meeting debt repayment requirements. Deterioration is sufficient to cause the Company to look to the sale of collateral.
- Grade 9 — Loans with potential loss (Doubtful). Loans classified as doubtful have all the weaknesses inherent in the substandard grade with the added characteristic that the weaknesses make collection or liquidation of the loan in full highly questionable and improbable. The possibility of some loss is extremely high, but because of specific pending factors that may work to the advantage and strengthening of the asset, its classification as an estimated loss is deferred until its more exact status may be determined.
- Grade 10 — Loans with definite loss (Loss). Loans classified as loss are considered uncollectible. The loss classification does not mean that the asset has absolutely no recovery or salvage value, but rather that it is not practical or desirable to defer writing off the asset because recovery and collection time may be protracted.

Asset quality indicators are periodically reassessed to appropriately reflect the risk composition of the Company's loan portfolio. Home equity and consumer loans are not individually risk rated, but rather analyzed as groups taking into account delinquency rates and other economic conditions which may affect the ability of borrowers to meet debt service requirements, including interest rates and energy costs. Performing loans include loans that are current and loans that are past due less than 90 days. Loans that are past due over 90 days and non-accrual loans, including TDRs, are considered non-performing.

The following summarizes credit risk exposure indicators by portfolio segment as of the following dates:

	Residential Real Estate	Commercial Real Estate	Commercial	Home Equity	Consumer	HPFC	Total
June 30, 2017							
Pass (Grades 1-6)	$ 820,437	$ 1,072,685	$ 362,660	$—	$ —	$48,814	$2,304,596
Performing	—	—	—	325,711	17,035	—	342,746
Special Mention (Grade 7)	942	23,866	1,716	—	—	229	26,753
Substandard (Grade 8)	10,198	42,205	4,908	—	—	2,074	59,385
Doubtful (Grade 9)	—	—	1,417	—	—	—	1,417
Non-performing	—	—	—	1,372	—	—	1,372
Total	$ 831,577	$ 1,138,756	$ 370,701	$327,083	$ 17,035	$51,117	$2,736,269
December 31, 2016							
Pass (Grades 1-6)	$ 789,554	$ 1,003,386	$ 321,148	$—	$ —	$58,943	$2,173,031
Performing	—	—	—	328,287	17,328	—	345,615
Special Mention (Grade 7)	2,387	5,724	5,598	—	—	257	13,966
Substandard (Grade 8)	10,553	41,670	5,437	—	—	1,212	58,872
Doubtful (Grade 9)	—	—	1,456	—	—	—	1,456
Non-performing	—	—	—	1,620	4	—	1,624

Total	$ 802,494	$ 1,050,780	$ 333,639	$329,907	$ 17,332	$60,412	$2,594,564

The Company closely monitors the performance of its loan portfolio. A loan is placed on non-accrual status when the financial condition of the borrower is deteriorating, payment in full of both principal and interest is not expected as scheduled or principal or interest has been in default for 90 days or more. Exceptions may be made if the asset is well-secured by collateral sufficient to satisfy both the principal and accrued interest in full and collection is reasonably assured. When one loan to a borrower is placed on non-accrual status, all other loans to the borrower are re-evaluated to determine if they should also be placed on non-accrual status. All previously accrued and unpaid interest is reversed at this time. A loan may return to accrual status when collection of principal and interest is assured and the borrower has demonstrated timely payments of principal and interest for a reasonable period. Unsecured loans, however, are not normally placed on non-accrual status because they are charged-off once their collectability is in doubt.

The following is a loan aging analysis by portfolio segment (including loans past due over 90 days and non-accrual loans) and a summary of non-accrual loans, which include TDRs, and loans past due over 90 days and accruing as of the following dates:

	30-59 Days Past Due	60-89 Days Past Due	Greater than 90 Days	Total Past Due	Current	Total Loans Outstanding	Loans > 90 Days Past Due and Accruing	Non-Accrual Loans
June 30, 2017								
Residential real estate	$ 2,344	$ 721	$4,104	$7,169	$824,408	$831,577	$ —	$ 4,890
Commercial real estate	1,189	2,262	16,262	19,713	1,119,043	1,138,756	76	16,291
Commercial	178	91	1,537	1,806	368,895	370,701	—	2,056
Home equity	1,072	480	1,028	2,580	324,503	327,083	—	1,371
Consumer	43	5	—	48	16,987	17,035	—	—
HPFC	639	576	507	1,722	49,395	51,117	—	1,083
Total	$ 5,465	$ 4,135	$23,438	$33,038	$2,703,231	$2,736,269	$ 76	$ 25,691
December 31, 2016								
Residential real estate	$ 1,783	$ 924	$2,904	$5,611	$796,883	$802,494	$ —	$ 3,945
Commercial real estate	855	223	12,625	13,703	1,037,077	1,050,780	—	12,849
Commercial	633	218	1,675	2,526	331,113	333,639	—	2,088
Home equity	892	134	1,321	2,347	327,560	329,907	—	1,620
Consumer	38	—	4	42	17,290	17,332	—	4
HPFC	438	688	110	1,236	59,176	60,412	—	207
Total	$ 4,639	$ 2,187	$18,639	$25,465	$2,569,099	$2,594,564	$ —	$ 20,713

Interest income that would have been recognized if loans on non-accrual status had been current in accordance with their original terms was $277,000, $486,000, $240,000, and $424,000 for the three and six months ended June 30, 2017 and 2016, respectively.

TDRs:
The Company takes a conservative approach with credit risk management and remains focused on community lending and reinvesting. The Company works closely with borrowers experiencing credit problems to assist in loan repayment or term modifications. TDR loans consist of loans where the Company, for economic or legal reasons related to the borrower's financial difficulties, granted a concession to the borrower that it would not otherwise consider. TDRs, typically, involve term modifications or a reduction of either interest or principal. Once such an obligation has been restructured, it will remain a TDR until paid in full, or until the loan is again restructured at current market rates and no concessions are granted.

The specific reserve allowance was determined by discounting the total expected future cash flows from the borrower at the original loan interest rate, or if the loan is currently collateral-dependent, using the net realizable value, which was obtained through independent appraisals and internal evaluations. The following is a summary of TDRs, by portfolio segment, and the associated specific reserve included within the ALL as of the periods indicated:

	Number of Contracts	Recorded Investment	Specific Reserve

	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Residential real estate	22	21	$3,327	$ 3,221	$468	$ 483
Commercial real estate	3	3	993	1,008	12	—
Commercial	9	10	1,453	1,502	—	—
Home equity	2	1	308	16	—	—
Total	36	35	$6,081	$ 5,747	$480	$ 483

At June 30, 2017, the Company had performing and non-performing TDRs with a recorded investment balance of $4.8 million and $1.3 million, respectively. At December 31, 2016, the Company had performing and non-performing TDRs with a recorded investment balance of $4.3 million and $1.4 million, respectively.

The following represents loan modifications that qualify as TDRs that occurred for the three and six months ended June 30, 2017 and 2016:

	Number of Contracts		Pre-Modification Outstanding Recorded Investment		Post-Modification Outstanding Recorded Investment		Specific Reserve	
	2017	2016	2017	2016	2017	2016	2017	2016
For the three months ended								
Home equity:								
Interest rate and maturity concession	1	—	$ 315					