FIRST BUSINESS FINANCIAL SERVICES, INC.
Form 10-Q
October 28, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
þ Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2016
OR
¨ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Commission file number 001-34095
FIRST BUSINESS FINANCIAL SERVICES, INC.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Wisconsin | 39-1576570 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

| | |
|---|---|
| 401 Charmany Drive, Madison, WI | 53719 |
| (Address of Principal Executive Offices) | (Zip Code) |

(608) 238-8008
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 þ No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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 þ 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 þ | Non-accelerated filer ¨<br>(Do not check if a smaller reporting company) | Smaller reporting company ¨ |

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No þ
The number of shares outstanding of the registrant's sole class of common stock, par value $0.01 per share, on October 27, 2016 was 8,706,740 shares.

Table of Contents

FIRST BUSINESS FINANCIAL SERVICES, INC.
INDEX — FORM 10-Q

Table of Contents

PART I. Financial Information
Item 1. Financial Statements
First Business Financial Services, Inc.
Consolidated Balance Sheets

| | September 30, 2016 (unaudited) | December 31, 2015 |
|---|---|---|
| | (In Thousands, Except Share Data) | |
| Assets | | |
| Cash and due from banks | $ 16,694 | $ 14,640 |
| Short-term investments | 52,070 | 98,924 |
| Cash and cash equivalents | 68,764 | 113,564 |
| Securities available-for-sale, at fair value | 154,480 | 140,548 |
| Securities held-to-maturity, at amortized cost | 35,109 | 37,282 |
| Loans held for sale | 2,627 | 2,702 |
| Loans and leases receivable, net of allowance for loan and lease losses of $20,067 and $16,316, respectively | 1,438,230 | 1,414,649 |
| Premises and equipment, net | 3,898 | 3,954 |
| Foreclosed properties | 1,527 | 1,677 |
| Bank-owned life insurance | 29,028 | 28,298 |
| Federal Home Loan Bank and Federal Reserve Bank stock, at cost | 2,165 | 2,843 |
| Goodwill and other intangible assets | 12,762 | 12,493 |
| Accrued interest receivable and other assets | 23,848 | 24,071 |
| Total assets | $ 1,772,438 | $ 1,782,081 |
| Liabilities and Stockholders' Equity | | |
| Deposits | $ 1,566,199 | $ 1,577,231 |
| Federal Home Loan Bank and other borrowings | 29,946 | 34,740 |
| Junior subordinated notes | 10,001 | 9,990 |
| Accrued interest payable and other liabilities | 6,361 | 9,288 |
| Total liabilities | 1,612,507 | 1,631,249 |
| Stockholders' equity: | | |
| Preferred stock, $0.01 par value, 2,500,000 shares authorized, none issued or outstanding | — | — |
| Common stock, $0.01 par value, 25,000,000 shares authorized, 8,960,083 and 8,922,375 shares issued, 8,717,299 and 8,699,410 shares outstanding, at September 30, 2016 and December 31, 2015, respectively | 90 | 89 |
| Additional paid-in capital | 77,544 | 76,549 |
| Retained earnings | 88,255 | 80,584 |
| Accumulated other comprehensive income (loss) | 806 | (80) |
| Treasury stock, 242,784 and 222,965 shares at September 30, 2016 and December 31, 2015, respectively, at cost | (6,764) | (6,310) |
| Total stockholders' equity | 159,931 | 150,832 |
| Total liabilities and stockholders' equity | $ 1,772,438 | $ 1,782,081 |

See accompanying Notes to Unaudited Consolidated Financial Statements.

Table of Contents

First Business Financial Services, Inc.
Consolidated Statements of Income (Unaudited)

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | (In Thousands, Except Per Share Data) | | | |
| Interest income: | | | | |
| Loans and leases | $18,016 | $17,323 | $55,161 | $51,328 |
| Securities income | 698 | 722 | 2,102 | 2,246 |
| Short-term investments | 184 | 90 | 533 | 297 |
| Total interest income | 18,898 | 18,135 | 57,796 | 53,871 |
| Interest expense: | | | | |
| Deposits | 2,870 | 2,785 | 8,961 | 7,947 |
| Notes payable and other borrowings | 453 | 460 | 1,425 | 1,364 |
| Junior subordinated notes | 280 | 280 | 835 | 832 |
| Total interest expense | 3,603 | 3,525 | 11,221 | 10,143 |
| Net interest income | 15,295 | 14,610 | 46,575 | 43,728 |
| Provision for loan and lease losses | 3,537 | 287 | 6,824 | 1,491 |
| Net interest income after provision for loan and lease losses | 11,758 | 14,323 | 39,751 | 42,237 |
| Non-interest income: | | | | |
| Trust and investment services fee income | 1,364 | 1,251 | 3,981 | 3,737 |
| Gain on sale of Small Business Administration loans | 347 | 927 | 3,854 | 2,274 |
| Gain on sale of residential mortgage loans | 198 | 244 | 540 | 614 |
| Service charges on deposits | 772 | 705 | 2,247 | 2,094 |
| Loan fees | 506 | 486 | 1,791 | 1,487 |
| Increase in cash surrender value of bank-owned life insurance | 244 | 243 | 730 | 715 |
| Other non-interest income | 209 | 246 | 914 | 1,155 |
| Total non-interest income | 3,640 | 4,102 | 14,057 | 12,076 |
| Non-interest expense: | | | | |
| Compensation | 7,637 | 7,320 | 24,454 | 21,598 |
| Occupancy | 530 | 486 | 1,538 | 1,472 |
| Professional fees | 1,065 | 1,268 | 2,888 | 3,772 |
| Data processing | 623 | 587 | 1,971 | 1,772 |
| Marketing | 528 | 693 | 1,710 | 2,036 |
| Equipment | 292 | 308 | 913 | 914 |
| FDIC insurance | 444 | 260 | 989 | 693 |
| Collateral liquidation costs | 89 | 22 | 204 | 402 |
| Net (gain) loss on foreclosed properties | — | (163 ) | 93 | (178 ) |
| Impairment of tax credit investments | 3,314 | — | 3,520 | — |
| Other non-interest expense | 1,231 | 1,203 | 3,630 | 3,209 |
| Total non-interest expense | 15,753 | 11,984 | 41,910 | 35,690 |
| (Loss) income before income tax expense | (355 ) | 6,441 | 11,898 | 18,623 |
| Income tax (benefit) expense | (2,895 ) | 2,060 | 1,095 | 6,192 |
| Net income | $2,540 | $4,381 | $10,803 | $12,431 |
| Earnings per common share: | | | | |
| Basic | $0.29 | $0.50 | $1.24 | $1.43 |
| Diluted | $0.29 | $0.50 | $1.24 | $1.43 |
| Dividends declared per share | $0.12 | $0.11 | $0.36 | $0.33 |

See accompanying Notes to Unaudited Consolidated Financial Statements.

Table of Contents

First Business Financial Services, Inc.
Consolidated Statements of Comprehensive Income (Unaudited)

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | (In Thousands) | | | |
| Net income | $2,540 | $4,381 | $10,803 | $12,431 |
| Other comprehensive income, before tax | | | | |
| Securities available-for-sale: | | | | |
| Net unrealized securities gains arising during the period | 81 | 443 | 1,317 | 298 |
| Securities held-to-maturity: | | | | |
| Amortization of net unrealized losses transferred from available-for-sale | 41 | 54 | 124 | 181 |
| Income tax expense | (47) | (192) | (555) | (185) |
| Total other comprehensive income | $75 | $305 | $886 | $294 |
| Comprehensive income | $2,615 | $4,686 | $11,689 | $12,725 |

See accompanying Notes to Unaudited Consolidated Financial Statements.

3

Table of Contents

First Business Financial Services, Inc.
Consolidated Statements of Changes in Stockholders' Equity (Unaudited)

| | Common shares outstanding | Common stock | Additional paid-in capital | Retained earnings | Accumulated other comprehensive income | Treasury stock | Total |
|---|---|---|---|---|---|---|---|
| | (In Thousands, Except Share Data) | | | | | | |
| Balance at December 31, 2014 | 8,671,854 | $ 45 | $ 74,963 | $ 67,886 | $ 218 | $ (5,364) | $ 137,748 |
| Net income | — | — | — | 12,431 | — | — | 12,431 |
| Other comprehensive income | — | — | — | — | 294 | — | 294 |
| Common stock dividends | — | 44 | (44) | — | — | — | — |
| Exercise of stock options | 24,000 | — | 300 | — | — | — | 300 |
| Share-based compensation - restricted shares | 43,602 | — | 717 | — | — | — | 717 |
| Share-based compensation - tax benefits | — | — | 253 | — | — | — | 253 |
| Cash dividends ($0.33 per share) | — | — | — | (2,859) | — | — | (2,859) |
| Treasury stock purchased | (40,681) | — | — | — | — | (917) | (917) |
| Balance at September 30, 2015 | 8,698,775 | $ 89 | $ 76,189 | $ 77,458 | $ 512 | $ (6,281) | $ 147,967 |

| | Common shares outstanding | Common stock | Additional paid-in capital | Retained earnings | Accumulated other comprehensive (loss) income | Treasury stock | Total |
|---|---|---|---|---|---|---|---|
| | (In Thousands, Except Share Data) | | | | | | |
| Balance at December 31, 2015 | 8,699,410 | $ 89 | $ 76,549 | $ 80,584 | $ (80) | $ (6,310) | $ 150,832 |
| Net income | — | — | — | 10,803 | — | — | 10,803 |
| Other comprehensive income | — | — | — | — | 886 | — | 886 |
| Share-based compensation - restricted shares | 37,708 | 1 | 857 | — | — | — | 858 |
| Share-based compensation - tax benefits | — | — | 138 | — | — | — | 138 |
| Cash dividends ($0.36 per share) | — | — | — | (3,132) | — | — | (3,132) |
| Treasury stock purchased | (19,819) | — | — | — | — | (454) | (454) |
| Balance at September 30, 2016 | 8,717,299 | $ 90 | $ 77,544 | $ 88,255 | $ 806 | $ (6,764) | $ 159,931 |

See accompanying Notes to Unaudited Consolidated Financial Statements.

Table of Contents

First Business Financial Services, Inc.
Consolidated Statements of Cash Flows (Unaudited)

| | For the Nine Months Ended September 30, | |
|---|---|---|
| | 2016 | 2015 |
| | (In Thousands) | |
| Operating activities | | |
| Net income | $10,803 | $12,431 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Deferred income taxes, net | (9 ) | 319 |
| Impairment of tax credit investments | 3,520 | — |
| Provision for loan and lease losses | 6,824 | 1,491 |
| Depreciation, amortization and accretion, net | 1,403 | (379 ) |
| Share-based compensation | 858 | 717 |
| Increase in cash surrender value of bank-owned life insurance | (730 ) | (715 ) |
| Origination of loans for sale | (54,794 ) | (52,295 ) |
| Sale of loans originated for sale | 59,263 | 53,612 |
| Gain on sale of loans originated for sale | (4,394 ) | (2,887 ) |
| Net loss (gain) on foreclosed properties, including impairment valuation | 93 | (178 ) |
| Excess tax benefit from share-based compensation | (138 ) | (253 ) |
| Increase in accrued interest receivable and other assets | (3,106 ) | (529 ) |
| (Decrease) increase in accrued interest payable and other liabilities | (2,789 ) | 1,342 |
| Net cash provided by operating activities | 16,804 | 12,676 |
| Investing activities | | |
| Proceeds from maturities, redemptions and paydowns of available-for-sale securities | 32,555 | 32,930 |
| Proceeds from maturities, redemptions and paydowns of held-to-maturity securities | 2,906 | 3,253 |
| Proceeds from sale of available-for-sale securities | 2,183 | — |
| Purchases of available-for-sale and held-to-maturity securities | (48,943 ) | (32,614 ) |
| Proceeds from sale of foreclosed properties | 57 | 528 |
| Net increase in loans and leases | (29,962 ) | (96,898 ) |
| Investment in limited partnerships | (2,238 ) | (578 ) |
| Distributions from limited partnerships | 791 | 332 |
| Investment in Federal Home Loan Bank and Federal Reserve Bank Stock | (388 ) | (1,349 ) |
| Proceeds from sale of Federal Home Loan Bank Stock | 1,066 | 846 |
| Purchases of leasehold improvements and equipment, net | (519 ) | (498 ) |
| Net cash used in investing activities | (42,492 ) | (94,048 ) |
| Financing activities | | |
| Net (decrease) increase in deposits | (10,924 ) | 101,529 |
| Repayment of Federal Home Loan Bank advances | (3,500 ) | — |
| Net (decrease) increase in short-term borrowed funds | (1,240 ) | 2,500 |
| Excess tax benefit from share-based compensation | 138 | 253 |
| Cash dividends paid | (3,132 ) | (2,859 ) |
| Exercise of stock options | — | 300 |
| Purchase of treasury stock | (454 ) | (917 ) |
| Net cash (used in) provided by financing activities | (19,112 ) | 100,806 |
| Net (decrease) increase in cash and cash equivalents | (44,800 ) | 19,434 |
| Cash and cash equivalents at the beginning of the period | 113,564 | 103,237 |
| Cash and cash equivalents at the end of the period | $68,764 | $122,671 |

| | | |
|---|---|---|
| Supplementary cash flow information | | |
| Cash paid during the period for: | | |
| Interest paid on deposits and borrowings | $11,058 | $9,817 |
| Income taxes paid | 5,122 | 3,793 |
| Non-cash investing and financing activities: | | |
| Transfer of loans from held-to-maturity to held-for-sale | 11,504 | 2,401 |

See accompanying Notes to Unaudited Consolidated Financial Statements.

Table of Contents

Notes to Unaudited Consolidated Financial Statements

Note 1 — Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations. The accounting and reporting practices of First Business Financial Services, Inc. (the "Corporation"), its wholly owned subsidiaries, First Business Bank ("FBB"), First Business Bank – Milwaukee ("FBB – Milwaukee") and Alterra Bank ("Alterra"), have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). FBB, FBB – Milwaukee and Alterra are sometimes referred to together as the "Banks." FBB operates as a commercial banking institution in the Madison, Wisconsin market, consisting primarily of Dane County and the surrounding areas, with loan production offices in Northeast Wisconsin. FBB also offers trust and investment services through First Business Trust & Investments ("FBTI"), a division of FBB. FBB – Milwaukee operates as a commercial banking institution in the Milwaukee, Wisconsin market, consisting primarily of Waukesha County and the surrounding areas, with a loan production office in Kenosha, Wisconsin. Alterra operates as a commercial banking institution in the Kansas City market and the surrounding areas. The Banks provide a full range of financial services to businesses, business owners, executives, professionals and high net worth individuals. The Banks are subject to competition from other financial institutions and service providers and are also subject to state and federal regulations. FBB has the following wholly owned subsidiaries: First Business Capital Corp. ("FBCC"), First Madison Investment Corp. ("FMIC"), First Business Equipment Finance, LLC ("FBEF"), Rimrock Road Investment Fund, LLC ("Rimrock Road"), BOC Investment, LLC ("BOC") and Mitchell Street Apartments Investments, LLC ("Mitchell Street"). FMIC is located in and was formed under the laws of the state of Nevada. FBB-Milwaukee has one subsidiary, FBB – Milwaukee Real Estate, LLC ("FBBMRE").

Basis of Presentation. The accompanying unaudited Consolidated Financial Statements were prepared in accordance with GAAP and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with the Corporation's Consolidated Financial Statements and footnotes thereto included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2015. The unaudited Consolidated Financial Statements include the accounts of the Corporation and its wholly owned subsidiaries. In accordance with the provisions of Accounting Standards Codification ("ASC") Topic 810, the Corporation's ownership interest in FBFS Statutory Trust II ("Trust II") has not been consolidated into the financial statements. All significant intercompany balances and transactions have been eliminated in consolidation.

Management of the Corporation is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates. Material estimates that could significantly change in the near-term include the value of lease residuals, property under operating leases, securities, income taxes, goodwill and the level of the allowance for loan and lease losses. The results of operations for the nine month period ended September 30, 2016 are not necessarily indicative of results that may be expected for any other interim period or the entire fiscal year ending December 31, 2016. Certain amounts in prior periods may have been reclassified to conform to the current presentation. Subsequent events have been evaluated through the date of the issuance of the unaudited Consolidated Financial Statements. No significant subsequent events have occurred through this date requiring adjustment to the financial statements or disclosures.

The Corporation has not changed its significant accounting and reporting policies from those disclosed in the Corporation's Form 10-K for the year ended December 31, 2015 except as described further below in this Note 1.

Recent Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230). The ASU provides guidance on eight specific cash flow issues with the objective of reducing diversity in practice. The ASU is effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted. The amendments in this update will be applied retrospectively to each prior period presented. The Corporation intends to adopt the accounting standard during the first quarter of 2018, as required, and is currently evaluating the impact on its results of operations, financial position and liquidity.

Table of Contents

Note 2 — Earnings Per Common Share

Earnings per common share are computed using the two-class method. Basic earnings per common share are computed by dividing net income allocated to common shares by the weighted average number of shares outstanding during the applicable period, excluding outstanding participating securities. Participating securities include unvested restricted shares. Unvested restricted shares are considered participating securities because holders of these securities receive non-forfeitable dividends, or dividend equivalents, at the same rate as holders of the Corporation’s common stock. Diluted earnings per share are computed by dividing net income allocated to common shares, adjusted for reallocation of undistributed earnings of unvested restricted shares, by the weighted average number of shares determined for the basic earnings per common share computation plus the dilutive effect of common stock equivalents using the treasury stock method.

There were no anti-dilutive employee share-based awards for the three and nine month periods ended September 30, 2016 and 2015.

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | (Dollars in Thousands, Except Per Share Data) | | | |
| Basic earnings per common share | | | | |
| Net income | $2,540 | $ 4,381 | $10,803 | $ 12,431 |
| Less: earnings allocated to participating securities | 38 | 68 | 165 | 206 |
| Basic earnings allocated to common shareholders | $2,502 | $ 4,313 | $10,638 | $ 12,225 |
| Weighted-average common shares outstanding, excluding participating securities | 8,582,836 | 8,546,563 | 8,569,613 | 8,538,219 |
| Basic earnings per common share | $0.29 | $ 0.50 | $1.24 | $ 1.43 |
| Diluted earnings per common share | | | | |
| Earnings allocated to common shareholders, diluted | $2,502 | $ 4,313 | $10,638 | $ 12,225 |
| Weighted-average common shares outstanding, excluding participating securities | 8,582,836 | 8,546,563 | 8,569,613 | 8,538,219 |
| Dilutive effect of share-based awards | — | — | — | 1,486 |
| Weighted-average diluted common shares outstanding, excluding participating securities | 8,582,836 | 8,546,563 | 8,569,613 | 8,539,705 |
| Diluted earnings per common share | $0.29 | $ 0.50 | $1.24 | $ 1.43 |

Note 3 — Share-Based Compensation

The Corporation adopted the 2012 Equity Incentive Plan (the “Plan”) during the quarter ended June 30, 2012. The Plan is administered by the Compensation Committee of the Board of Directors of the Corporation and provides for the grant of equity ownership opportunities through incentive stock options and nonqualified stock options (together, “Stock Options”), restricted stock, restricted stock units, dividend equivalent units and any other type of award permitted by the Plan. As of September 30, 2016, 273,737 shares were available for future grants under the Plan. Shares covered by awards that expire, terminate or lapse will again be available for the grant of awards under the Plan. The Corporation may issue new shares and shares from its treasury stock for shares delivered under the Plan.

Restricted Stock

Under the Plan, the Corporation may grant restricted stock to plan participants, subject to forfeiture upon the occurrence of certain events until the dates specified in the participant’s award agreement. While restricted stock is subject to forfeiture, with the exception of restricted stock units, which do not have voting rights and are provided dividend equivalents, restricted stock participants may exercise full voting rights and will receive all dividends and other distributions paid with respect to the

Table of Contents

restricted shares. The restricted stock granted under the Plan is typically subject to a vesting period. Compensation expense is recognized over the requisite service period of generally four years for the entire award on a straight-line basis. Upon vesting of restricted share awards, the benefit of tax deductions in excess of recognized compensation expense is recognized as a financing cash flow activity.

Restricted stock activity for the year ended December 31, 2015 and the nine months ended September 30, 2016 was as follows:

| | Number of Restricted Shares/Units | Weighted Average Grant-Date Fair Value |
|---|---|---|
| Nonvested balance as of December 31, 2014 | 154,998 | $ 16.97 |
| Granted | 53,790 | 22.52 |
| Vested | (64,874) | 15.23 |
| Forfeited | (8,443) | 15.03 |
| Nonvested balance as of December 31, 2015 | 135,471 | 20.13 |
| Granted | 50,700 | 22.98 |
| Vested | (53,000) | 18.73 |
| Forfeited | (12,992) | 18.96 |
| Nonvested balance as of September 30, 2016 | 120,179 | $ 21.22 |

As of September 30, 2016, the Corporation had $2.4 million of deferred unvested compensation expense, which the Corporation expects to recognize over a weighted-average period of approximately 2.80 years.

For the three and nine months ended September 30, 2016 and 2015, share-based compensation expense related to restricted stock included in the unaudited Consolidated Statements of Income was as follows:

| | For the Three Months Ended September 30, | | For the Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 |
| | (In Thousands) | | | |
| Share-based compensation expense | $292 | $268 | $858 | $717 |

Note 4 — Securities

The amortized cost and fair value of securities available-for-sale and the corresponding amounts of gross unrealized gains and losses recognized in accumulated other comprehensive income were as follows:

| | As of September 30, 2016 | | | |
|---|---|---|---|---|
| | Amortized cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| | (In Thousands) | | | |
| Available-for-sale: | | | | |
| U.S. Government agency obligations - government-sponsored enterprises | $6,298 | $ 39 | $ — | $6,337 |
| Municipal obligations | 8,275 | 17 | (15) | 8,277 |
| Asset-backed securities | 1,169 | — | (39) | 1,130 |

| | | | | |
|---|---|---|---|---|
| Collateralized mortgage obligations - government issued | 30,588 | 701 | (7 ) | 31,282 |
| Collateralized mortgage obligations - government-sponsored enterprises | 106,489 | 1,057 | (92 ) | 107,454 |
| | $152,819 | $ 1,814 | $ (153 ) | $154,480 |

8

Table of Contents

| | As of December 31, 2015 | | | |
|---|---|---|---|---|
| | Amortized cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| | (In Thousands) | | | |
| Available-for-sale: | | | | |
| U.S. Government agency obligations - government-sponsored enterprises | $8,047 | $ 2 | $ (32 ) | $8,017 |
| Municipal obligations | 4,278 | 12 | (7 ) | 4,283 |
| Asset-backed securities | 1,327 | — | (58 ) | 1,269 |
| Collateralized mortgage obligations - government issued | 43,845 | 814 | (116 ) | 44,543 |
| Collateralized mortgage obligations - government-sponsored enterprises | 82,707 | 145 | (416 ) | 82,436 |
| | $140,204 | $ 973 | $ (629 ) | $140,548 |

The amortized cost and fair value of securities held-to-maturity and the corresponding amounts of gross unrecognized gains and losses were as follows:

| | As of September 30, 2016 | | | |
|---|---|---|---|---|
| | Amortized cost | Gross unrecognized gains | Gross unrecognized losses | Fair value |
| | (In Thousands) | | | |
| Held-to-maturity: | | | | |
| U.S. Government agency obligations - government-sponsored enterprises | $1,497 | $ 8 | $ — | $1,505 |
| Municipal obligations | 16,712 | 486 | (1 ) | 17,197 |
| Collateralized mortgage obligations - government issued | 9,803 | 183 | — | 9,986 |
| Collateralized mortgage obligations - government-sponsored enterprises | 7,097 | 179 | — | 7,276 |
| | $35,109 | $ 856 | $ (1 ) | $35,964 |

| | As of December 31, 2015 | | | |
|---|---|---|---|---|
| | Amortized cost | Gross unrecognized gains | Gross unrecognized losses | Fair value |
| | (In Thousands) | | | |
| Held-to-maturity: | | | | |
| U.S. Government agency obligations - government-sponsored enterprises | $1,495 | $ 1 | $ (11 ) | $1,485 |
| Municipal obligations | 16,038 | 332 | (5 ) | 16,365 |
| Collateralized mortgage obligations - government issued | 11,718 | 32 | (41 ) | 11,709 |
| Collateralized mortgage obligations - government-sponsored enterprises | 8,031 | 12 | (44 ) | 7,999 |
| | $37,282 | $ 377 | $ (101 ) | $37,558 |

U.S. Government agency obligations - government-sponsored enterprises represent securities issued by the Federal Home Loan Mortgage Corporation (“FHLMC”) and Federal National Mortgage Association (“FNMA”). Collateralized mortgage obligations - government issued represent securities guaranteed by the Government National Mortgage Association (“GNMA”). Collateralized mortgage obligations - government-sponsored enterprises include securities guaranteed by the FHLMC and the FNMA. Asset-backed securities represent securities issued by the Student Loan

Marketing Association (“SLMA”) which are 97% guaranteed by the U.S. Government. Municipal obligations include securities issued by various

Table of Contents

municipalities located primarily within the State of Wisconsin and are primarily general obligation bonds that are tax-exempt in nature. For the nine months ended September 30, 2016, a gain of $7,000 was recorded from the sale of three available-for-sale securities. No sales of available-for-sale securities occurred during the nine months ended September 30, 2015.

At September 30, 2016 and December 31, 2015, securities with a fair value of $20.2 million and $23.0 million, respectively, were pledged to secure interest rate swap contracts, outstanding Federal Home Loan Bank (“FHLB”) advances, if any, and additional FHLB availability.
The amortized cost and fair value of securities by contractual maturity at September 30, 2016 are shown below. Actual maturities may differ from contractual maturities because issuers have the right to call or prepay certain obligations without call or prepayment penalties.

| | As of September 30, 2016 | | | |
|---|---|---|---|---|
| | Available-for-Sale | | Held-to-Maturity | |
| | Amortized cost | Fair value | Amortized cost | Fair value |
| | (In Thousands) | | | |
| Due in one year or less | $3,258 | $3,261 | $— | $— |
| Due in one year through five years | 13,965 | 14,053 | 5,953 | 6,035 |
| Due in five through ten years | 78,174 | 79,485 | 12,255 | 12,667 |
| Due in over ten years | 57,422 | 57,681 | 16,901 | 17,262 |
| | $152,819 | $154,480 | $35,109 | $35,964 |

The tables below show the Corporation’s gross unrealized losses and fair value of available-for-sale investments with unrealized losses, aggregated by investment category and length of time that individual investments were in a continuous loss position at September 30, 2016 and December 31, 2015. At September 30, 2016, the Corporation held 48 available-for-sale securities that were in an unrealized loss position. Such securities have not experienced credit rating downgrades; however, they have primarily declined in value due to the current interest rate environment. At September 30, 2016, the Corporation held eight available-for-sale securities that had been in a continuous unrealized loss position for twelve months or greater.

The Corporation also has not specifically identified available-for-sale securities in a loss position that it intends to sell in the near term and does not believe that it will be required to sell any such securities. The Corporation reviews its securities on a quarterly basis to monitor its exposure to other-than-temporary impairment. Consideration is given to such factors as the length of time and extent to which the security has been in an unrealized loss position, changes in security ratings and an evaluation of the present value of expected future cash flows, if necessary. Based on the Corporation’s evaluation, it is expected that the Corporation will recover the entire amortized cost basis of each security. Accordingly, no other than temporary impairment was recorded in the unaudited Consolidated Statements of Income for the nine months ended September 30, 2016 and 2015.

Table of Contents

A summary of unrealized loss information for securities available-for-sale, categorized by security type and length of time for which the security has been in a continuous unrealized loss position follows:

| | As of September 30, 2016 | | | | | |
|---|---|---|---|---|---|---|
| | Less than 12 months | | 12 months or longer | | Total | |
| | Fair value | Unrealized losses | Fair value | Unrealized losses | Fair value | Unrealized losses |
| | (In Thousands) | | | | | |
| Available-for-sale: | | | | | | |
| U.S. Government agency obligations - government-sponsored enterprises | $1,000 | $ — | $— | $ — | $1,000 | $ — |
| Municipal obligations | 4,516 | 13 | 409 | 2 | 4,925 | 15 |
| Asset-backed securities | — | — | 1,130 | 39 | 1,130 | 39 |
| Collateralized mortgage obligations - government issued | 525 | — | 1,493 | 7 | 2,018 | 7 |
| Collateralized mortgage obligations - government-sponsored enterprises | 20,374 | 84 | 1,992 | 8 | 22,366 | 92 |
| | $26,415 | $ 97 | $5,024 | $ 56 | $31,439 | $ 153 |

| | As of December 31, 2015 | | | | | |
|---|---|---|---|---|---|---|
| | Less than 12 months | | 12 months or longer | | Total | |
| | Fair value | Unrealized losses | Fair value | Unrealized losses | Fair value | Unrealized losses |
| | (In Thousands) | | | | | |
| Available-for-sale: | | | | | | |
| U.S. Government agency obligations - government-sponsored enterprises | $3,536 | $ 13 | $1,981 | $ 19 | $5,517 | $ 32 |
| Municipal obligations | 2,403 | 7 | — | — | 2,403 | 7 |
| Asset-backed securities | 1,269 | $ 58 | — | — | 1,269 | 58 |
| Collateralized mortgage obligations - government issued | 3,373 | 19 | 5,687 | 97 | 9,060 | 116 |
| Collateralized mortgage obligations - government-sponsored enterprises | 59,992 | 373 | 1,717 | 43 | 61,709 | 416 |
| | $70,573 | $ 470 | $9,385 | $ 159 | $79,958 | $ 629 |

The tables below show the Corporation’s gross unrecognized losses and fair value of held-to-maturity investments, aggregated by investment category and length of time that individual investments were in a continuous loss position at September 30, 2016 and December 31, 2015. At September 30, 2016, the Corporation held one held-to-maturity security that was in an unrecognized loss position. Such security has not experienced credit rating downgrades; however, it has primarily declined in value due to the current interest rate environment. There were no held-to-maturity securities that were in a continuous unrecognized loss position for twelve months or greater as of September 30, 2016. It is expected that the Corporation will recover the entire amortized cost basis of each held-to-maturity security based upon an evaluation of the present value of the expected future cash flows. Accordingly, no other-than-temporary impairment was recorded in the Consolidated Statements of Income for the nine months ended September 30, 2016 and 2015.

A summary of unrecognized loss information for securities held-to-maturity, categorized by security type follows:

11

Table of Contents

| | As of September 30, 2016 | | | | | |
|---|---|---|---|---|---|---|
| | Less than 12 months | | 12 months or longer | | Total | |
| | Fair value | Unrecognized losses | Fair value | Unrecognized losses | Fair value | Unrecognized losses |
| | (In Thousands) | | | | | |
| Held-to-maturity: | | | | | | |
| Municipal obligations | 263 | (1) | — | — | 263 | (1) |
| | $263 | $ (1) | $ — | $ — | $263 | $ (1) |

| | As of December 31, 2015 | | | | | |
|---|---|---|---|---|---|---|
| | Less than 12 months | | 12 months or longer | | Total | |
| | Fair value | Unrecognized losses | Fair value | Unrecognized losses | Fair value | Unrecognized losses |
| | (In Thousands) | | | | | |
| Held-to-maturity: | | | | | | |
| U.S. Government agency obligations - government-sponsored enterprises | $— | $ — | $1,000 | $ 11 | $1,000 | $ 11 |
| Municipal obligations | 436 | 4 | 199 | 1 | 635 | 5 |
| Collateralized mortgage obligations - government issued | 6,518 | 41 | — | — | 6,518 | 41 |
| Collateralized mortgage obligations - government-sponsored enterprises | 5,168 | 44 | — | — | 5,168 | 44 |
| | $12,122 | $ 89 | $1,199 | $ 12 | $13,321 | $ 101 |

Table of Contents

Note 5 — Loan and Lease Receivables, Impaired Loans and Leases and Allowance for Loan and Lease Losses

Loan and lease receivables consist of the following:

| | September 30, 2016 | December 31, 2015 |
|---|---|---|
| | (In Thousands) | |
| Commercial real estate | | |
| Commercial real estate — owner occupied | $ 169,170 | $ 176,322 |
| Commercial real estate — non-owner occupied | 483,540 | 436,901 |
| Land development | 60,348 | 59,779 |
| Construction | 110,426 | 100,625 |
| Multi-family | 73,081 | 80,254 |
| 1-4 family | 46,341 | 50,304 |
| Total commercial real estate | 942,906 | 904,185 |
| Commercial and industrial | 464,920 | 472,193 |
| Direct financing leases, net | 29,638 | 31,093 |
| Consumer and other | | |
| Home equity and second mortgages | 5,390 | 8,237 |
| Other | 16,610 | 16,319 |
| Total consumer and other | 22,000 | 24,556 |
| Total gross loans and leases receivable | 1,459,464 | 1,432,027 |
| Less: | | |
| Allowance for loan and lease losses | 20,067 | 16,316 |
| Deferred loan fees | 1,167 | 1,062 |
| Loans and leases receivable, net | $ 1,438,230 | $ 1,414,649 |

Loans transferred to third parties consist of the guaranteed portion of Small Business Administration ("SBA") loans which the Corporation sold in the secondary market, as well as participation interests in other originated loans. The total principal amount of the guaranteed portion of SBA loans sold during the three months ended September 30, 2016 and 2015 was $3.3 million and $9.1 million, respectively. For the nine months ended September 30, 2016 and 2015, $34.3 million and $19.2 million of the guaranteed portion of SBA loans were sold to third parties, respectively. Each of the transfers of these financial assets met the qualifications for sale accounting, and therefore all of the loans transferred during the nine months ended September 30, 2016 and 2015 have been derecognized in the unaudited Consolidated Financial Statements. The Corporation has a continuing involvement in each of the transferred lending arrangements by way of relationship management, servicing the loans, as well as being subject to normal and customary requirements of the SBA loan program; however, there are no further obligations to the third-party participant required of the Corporation, other than standard representations and warranties related to sold amounts, that would preclude the application of sale accounting treatment. The guaranteed portion of SBA loans were transferred at their fair value and the related gain was recognized upon the transfer as non-interest income in the unaudited Consolidated Financial Statements. The total outstanding balance of sold SBA loans at September 30, 2016 and December 31, 2015 was $96.9 million and $73.4 million, respectively.

In the event of a loss resulting from default and the SBA determines there is a deficiency in the manner in which the loan was originated, funded or serviced by the Corporation, the SBA may require the Corporation to repurchase the loan, deny its liability under the guaranty, reduce the amount of the guaranty, or, if it has already paid under the guaranty, seek recovery of the principal loss related to the deficiency from the Corporation. The Corporation must comply with applicable SBA regulations in order to maintain the guaranty. In addition, the Corporation retains the option to repurchase the sold guaranteed portion of an SBA loan if the loan defaults.

Management has assessed estimated losses inherent in the outstanding guaranteed portion of SBA loans sold in accordance with ASC 450, Contingencies, and determined a reserve based on the probability of future losses for these loans to be $375,000 at September 30, 2016, which is reported in other liabilities on the Corporation's Consolidated Balance Sheets. No recourse reserve was recorded as of December 31, 2015. To date, the Corporation has not experienced significant historical losses related to the guaranteed portion of SBA loans.

Table of Contents

As of September 30, 2016 and December 31, 2015, the total amount of the Corporation’s partial ownership of sold SBA loans on the Corporation’s Consolidated Balance Sheets was $30.0 million and $24.6 million, respectively. As of September 30, 2016, $2.3 million of loans in this portfolio were considered impaired as compared to $1.8 million as of December 31, 2015.

The total principal amount of transferred participation interests in other originated loans during the three months ended September 30, 2016 and 2015 was $16.7 million and $18.3 million, respectively. For the nine months ended September 30, 2016 and 2015, $32.1 million and $54.8 million of these participation interests were transferred to third parties, respectively, all of which were treated as sales and derecognized under the applicable accounting guidance at the time of transfer. No gain or loss was recognized on participation interests in other originated loans as they were transferred at or near the date of loan origination and the payments received for servicing the portion of the loans participated represents adequate compensation. The total outstanding balance of transferred loans at September 30, 2016 and December 31, 2015 was $109.1 million and $95.8 million, respectively. As of September 30, 2016 and December 31, 2015, the total amount of the Corporation’s partial ownership of these transferred loans on the Corporation’s Consolidated Balance Sheets was $109.3 million and $112.2 million, respectively. No loans in this participation portfolio were considered impaired as of September 30, 2016 and December 31, 2015. The Corporation does not share in the participant’s portion of any potential charge-offs. The total amount of loan participations purchased on the Corporation’s Consolidated Balance Sheets as of September 30, 2016 and December 31, 2015 was $454,000 and $467,000, respectively.

According to ASC 310-30, Accounting for Certain Loans or Debt Securities Acquired in a Transfer, purchased credit-impaired loans exhibit evidence of deterioration in credit quality since origination for which it is probable at acquisition that the Corporation will be unable to collect all contractually required payments. Purchased credit-impaired loans are initially recorded at fair value, which is estimated by discounting the cash flows expected to be collected at the acquisition date. Because the estimate of expected cash flows reflects an estimate of future credit losses expected to be incurred over the life of the loans, an allowance for credit losses is not recorded at the acquisition date. The excess of cash flows expected at acquisition over the estimated fair value, referred to as the accretable yield, is recognized in interest income over the remaining life of the loan on a level-yield basis, contingent on the subsequent evaluation of future expected cash flows. The difference between the contractually required payments at acquisition and the cash flows expected to be collected at acquisition is referred to as the nonaccretable difference. A subsequent decrease in the estimate of cash flows expected to be received on purchased credit-impaired loans generally results in the recognition of an allowance for loan and lease losses. Subsequent increases in cash flows result in reversal of any nonaccretable difference (or allowance for loan and lease losses to the extent any has been recorded) with a positive impact on interest income recognized. The measurement of cash flows involves assumptions and judgments for interest rates, prepayments, default rates, loss severity and collateral values. All of these factors are inherently subjective and significant changes in the cash flow estimates over the life of the loan can result.

The following table reflects the contractually required payments receivable and fair value of the Corporation’s purchased credit-impaired loans as of September 30, 2016 and December 31, 2015:

| | September 30, 2016 | December 31, 2015 |
|---|---|---|
| | (In Thousands) | |
| Contractually required payments | $3,806 | $ 5,291 |
| Fair value of purchased credit-impaired loans | 1,937 | 3,250 |

Table of Contents

The following table presents a rollforward of the Corporation's accretable yield as of September 30, 2016 and December 31, 2015:

| | As of and for the Nine Months Ended September 30, 2016 | As of and for Year Ended December 31, 2015 |
|---|---|---|
| | (In Thousands) | |
| Accretable yield, beginning of period | $414 | $ 676 |
| Accretion recognized in earnings | (100 ) | (50 ) |
| Reclassification to nonaccretable difference for loans with changing cash flows[1] | (216 ) | (60 ) |
| Changes in accretable yield for non-credit related changes in expected cash flows[2] | 73 | (152 ) |
| Accretable yield, end of period | $171 | $ 414 |

(1) Represents changes in accretable yield for those loans that are driven primarily by credit performance.

(2) Represents changes in accretable yield for those loans that are driven primarily by changes in actual and estimated payments.

The following information illustrates ending balances of the Corporation's loan and lease portfolio, including impaired loans by class of receivable, and considering certain credit quality indicators as of September 30, 2016 and December 31, 2015:

| As of September 30, 2016 | Category I | II | III | IV | Total |
|---|---|---|---|---|---|
| | (Dollars in Thousands) | | | | |
| Commercial real estate: | | | | | |
| Commercial real estate — owner occupied | $139,894 | $13,205 | $11,468 | $4,603 | $169,170 |
| Commercial real estate — non-owner occupied | 460,093 | 19,035 | 2,505 | 1,907 | 483,540 |
| Land development | 54,194 | 833 | 1,647 | 3,674 | 60,348 |
| Construction | 99,947 | 5,470 | 2,056 | 2,953 | 110,426 |
| Multi-family | 72,856 | 225 | — | — | 73,081 |
| 1-4 family | 39,605 | 2,632 | 1,339 | 2,765 | 46,341 |
| Total commercial real estate | 866,589 | 41,400 | 19,015 | 15,902 | 942,906 |
| | | | | | |
| Commercial and industrial | 370,580 | 40,619 | 43,752 | 9,969 | 464,920 |
| | | | | | |
| Direct financing leases, net | 28,733 | 591 | 314 | — | 29,638 |
| | | | | | |
| Consumer and other: | | | | | |
| Home equity and second mortgages | 4,637 | 557 | 14 | 182 | 5,390 |
| Other | 16,132 | 82 | 5 | 391 | 16,610 |
| Total consumer and other | 20,769 | 639 | 19 | 573 | 22,000 |
| | | | | | |
| Total gross loans and leases receivable | $1,286,671 | $83,249 | $63,100 | $26,444 | $1,459,464 |
| Category as a % of total portfolio | 88.17 % | 5.70 % | 4.32 % | 1.81 % | 100.00 % |

15

Table of Contents

| As of December 31, 2015 | Category I | II | III | IV | Total |
|---|---|---|---|---|---|
| | (Dollars in Thousands) | | | | |
| Commercial real estate: | | | | | |
| Commercial real estate — owner occupied | $156,379 | $7,654 | $9,311 | $2,978 | $176,322 |
| Commercial real estate — non-owner occupied | 410,517 | 20,662 | 3,408 | 2,314 | 436,901 |
| Land development | 52,817 | 2,241 | 309 | 4,412 | 59,779 |
| Construction | 98,693 | 851 | 564 | 517 | 100,625 |
| Multi-family | 79,368 | 884 | — | 2 | 80,254 |
| 1-4 family | 41,086 | 3,985 | 1,865 | 3,368 | 50,304 |
| Total commercial real estate | 838,860 | 36,277 | 15,457 | 13,591 | 904,185 |
| Commercial and industrial | 430,199 | 7,139 | 25,706 | 9,149 | 472,193 |
| Direct financing leases, net | 29,514 | 1,013 | 528 | 38 | 31,093 |
| Consumer and other: | | | | | |
| Home equity and second mortgages | 7,497 | — | 141 | 599 | 8,237 |
| Other | 15,616 | 48 | — | 655 | 16,319 |
| Total consumer and other | 23,113 | 48 | 141 | 1,254 | 24,556 |
| Total gross loans and leases receivable | $1,321,686 | $44,477 | $41,832 | $24,032 | $1,432,027 |
| Category as a % of total portfolio | 92.29 % | 3.11 % | 2.92 % | 1.68 % | 100.00 % |

Credit underwriting through a committee process is a key component of the Corporation’s operating philosophy. Commercial lenders have relatively low individual lending authority limits, and thus a significant portion of the Corporation’s new credit extensions require approval from a loan approval committee regardless of the type of loan or lease, asset quality grade of the credit, amount of the credit or the related complexities of each proposal.

Each credit is evaluated for proper risk rating upon origination, at the time of each subsequent renewal, upon receipt and evaluation of updated financial information from the Corporation’s borrowers or as other circumstances dictate. The Corporation uses a nine grade risk rating system to monitor the ongoing credit quality of its loans and leases. The risk rating grades follow a consistent definition and are then applied to specific loan types based on the nature of the loan. Each risk rating is subjective and, depending on the size and nature of the credit, subject to various levels of review and concurrence on the stated risk rating. In addition to its nine grade risk rating system, the Corporation groups loans into four loan and related risk categories which determine the level and nature of review by management.

Category I — Loans and leases in this category are performing in accordance with the terms of the contract and generally exhibit no immediate concerns regarding the security and viability of the underlying collateral, financial stability of the borrower, integrity or strength of the borrower’s management team or the industry in which the borrower operates. Loans and leases in this category are not subject to additional monitoring procedures above and beyond what is required at the origination or renewal of the loan or lease. The Corporation monitors Category I loans and leases through payment performance, continued maintenance of its personal relationships with such borrowers and continued review of such borrowers’ compliance with the terms of their respective agreements.

Category II — Loans and leases in this category are beginning to show signs of deterioration in one or more of the Corporation’s core underwriting criteria such as financial stability, management strength, industry trends and collateral values. Management will place credits in this category to allow for proactive monitoring and resolution with the borrower to possibly mitigate the area of concern and prevent further deterioration or risk of loss to the Corporation. Category II loans are considered performing but are monitored frequently by the assigned business development officer and by subcommittees of the Banks’ loan committees.

Table of Contents

Category III — Loans and leases in this category are identified by management as warranting special attention. However, the balance in this category is not intended to represent the amount of adversely classified assets held by the Banks. Category III loans and leases generally exhibit undesirable characteristics, such as evidence of adverse financial trends and conditions, managerial problems, deteriorating economic conditions within the related industry or evidence of adverse public filings and may exhibit collateral shortfall positions. Management continues to believe that it will collect all contractual principal and interest in accordance with the original terms of the contracts relating to the loans and leases in this category, and therefore Category III loans are considered performing with no specific reserves established for this category. Category III loans are monitored by management and loan committees of the Banks on a monthly basis and the Banks' Boards of Directors at each of their regularly scheduled meetings.

Category IV — Loans and leases in this category are considered to be impaired. Impaired loans and leases have been placed on non-accrual as management has determined that it is unlikely that the Banks will receive the contractual principal and interest in accordance with the contractual terms of the agreement. Impaired loans are individually evaluated to assess the need for the establishment of specific reserves or charge-offs. When analyzing the adequacy of collateral, the Corporation obtains external appraisals at least annually for impaired loans and leases. External appraisals are obtained from the Corporation's approved appraiser listing and are independently reviewed to monitor the quality of such appraisals. To the extent a collateral shortfall position is present, a specific reserve or charge-off will be recorded to reflect the magnitude of the impairment. Loans and leases in this category are monitored by management and loan committees of the Banks on a monthly basis and the Banks' Boards of Directors at each of their regularly scheduled meetings.

Utilizing regulatory classification terminology, the Corporation identified $32.1 million and $26.8 million of loans and leases as Substandard as of September 30, 2016 and December 31, 2015, respectively. No loans were considered Special Mention, Doubtful or Loss as of either September 30, 2016 or December 31, 2015. The population of Substandard loans is a subset of Category III and Category IV loans.

The delinquency aging of the loan and lease portfolio by class of receivable as of September 30, 2016 and December 31, 2015 is as follows:

| As of September 30, 2016 | 30-59 Days Past Due | 60-89 Days Past Due | Greater Than 90 Days Past Due | Total Past Due | Current | Total Loans and Leases |
|---|---|---|---|---|---|---|
| | (Dollars in Thousands) | | | | | |
| Accruing loans and leases | | | | | | |
| Commercial real estate: | | | | | | |
| Owner occupied | $ — | $ — | $ — | $ — | $ 164,632 | $ 164,632 |
| Non-owner occupied | | | | | | |