

AMERICAN RIVER BANKSHARES

Form 10-Q

August 04, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2014
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 0-31525

AMERICAN RIVER BANKSHARES

(Exact name of registrant as specified in its charter)

California 68-0352144
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

3100 Zinfandel Drive, Suite 450, Rancho Cordova, California 95670
(Address of principal executive offices) (Zip Code)

(916) 851-0123

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes 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 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.

Large accelerated filer Accelerated filer

Non-accelerated filer

(Do not check if a 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

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

No par value Common Stock – 8,089,615 shares outstanding at August 4, 2014.

AMERICAN RIVER BANKSHARES

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FOR THE QUARTER ENDED JUNE 30, 2014**

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PART I-FINANCIAL INFORMATION**Item 1. Financial Statements.**

AMERICAN RIVER BANKSHARES

CONSOLIDATED BALANCE SHEET

(Unaudited)

(dollars in thousands)	June 30, 2014	December 31, 2013
ASSETS		
Cash and due from banks	\$19,107	\$ 17,948
Interest-bearing deposits in banks	1,000	1,000
Investment securities:		
Available-for-sale, at fair value	279,986	272,791
Held-to-maturity, at amortized cost	1,015	1,185
Loans and leases, less allowance for loan and lease losses of \$5,462 at June 30, 2014 and \$5,346 at December 31, 2013	246,521	251,747
Premises and equipment, net	1,595	1,500
Federal Home Loan Bank stock	3,686	3,248
Goodwill and other intangible assets	16,321	16,321
Other real estate owned	6,864	6,621
Bank owned life insurance	12,815	12,686
Accrued interest receivable and other assets	5,824	7,706
	\$594,734	\$ 592,753
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Noninterest bearing	\$149,169	\$ 145,516
Interest-bearing	341,689	338,174
Total deposits	490,858	483,690
Short-term borrowings	1,500	8,000
Long-term borrowings	9,500	8,000
Accrued interest payable and other liabilities	5,312	6,043
	507,170	505,733

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Commitments and contingencies

Shareholders' equity:

Preferred stock, no par value; 20,000,000 shares authorized; none outstanding		
Common stock, no par value; 20,000,000 shares authorized; issued and outstanding – 8,089,615 shares at June 30, 2014 and 8,489,247 shares at December 31, 2013	57,031	61,108
Retained earnings	26,830	24,789
Accumulated other comprehensive income, net of taxes	3,703	1,123
Total shareholders' equity	87,564	87,020
	\$594,734	\$ 592,753

See Notes to Unaudited Consolidated Financial Statements

AMERICAN RIVER BANKSHARES

CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

(dollars in thousands, except per share data)

For the periods ended June 30,

	Three months		Six months	
	2014	2013	2014	2013
Interest income:				
Interest and fees on loans	\$3,520	\$3,516	\$6,975	\$7,158
Interest on deposits in banks	1	—	2	1
Interest and dividends on investment securities:				
Taxable	1,340	805	2,678	1,593
Exempt from Federal income taxes	200	221	402	441
Dividends	6	9	6	9
Total interest income	5,067	4,551	10,063	9,202
Interest expense:				
Interest on deposits	254	301	516	632
Interest on borrowings	37	74	79	150
Total interest expense	291	375	595	782
Net interest income	4,776	4,176	9,468	8,420
Provision for loan and lease losses	—	100	—	200
Net interest income after provision for loan and lease losses	4,776	4,076	9,468	8,220
Noninterest income:				
Service charges on deposit accounts	149	147	305	298
Gain on sale of securities	17	3	17	3
Rental income from other real estate owned	105	71	212	163
Other noninterest income	237	227	476	609
Total noninterest income	508	448	1,010	1,073
Noninterest expense:				
Salaries and employee benefits	2,117	2,175	4,237	4,393
Occupancy	296	301	603	602
Furniture and equipment	188	191	366	385
Federal Deposit Insurance Corporation assessments	91	(16)	194	110
Expenses related to other real estate owned	123	195	122	500
Other expense	884	766	1,830	1,624
Total noninterest expense	3,699	3,612	7,352	7,614
Income before provision for income taxes	1,585	912	3,126	1,679
Provision for income taxes	550	260	1,085	405

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Net income	\$1,035	\$652	\$2,041	\$1,274
Basic earnings per share	\$0.13	\$0.07	\$0.25	\$0.14
Diluted earnings per share	\$0.13	\$0.07	\$0.25	\$0.14
Cash dividends per share	\$0.00	\$0.00	\$0.00	\$0.00

See notes to Unaudited Consolidated Financial Statements

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AMERICAN RIVER BANKSHARES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

(dollars in thousands, except per share data)

For the periods ended June 30,

	Three months		Six months	
	2014	2013	2014	2013
Net income	\$1,035	\$652	\$2,041	\$1,274
Other comprehensive income (loss):				
Unrealized holding gains (losses) on investment securities arising during the period	2,479	(4,517)	4,316	(4,949)
Deferred tax (expense) benefit	(992)	1,807	(1,726)	1,980
Unrealized holding gains (losses) on investment securities arising during the period, net of tax	1,487	(2,710)	2,590	(2,969)
Reclassification adjustment for realized gains included in net income	(17)	(3)	(17)	(3)
Tax effect	7	1	7	1
Realized gains, net of tax	(10)	(2)	(10)	(2)
Total other comprehensive income (loss)	1,477	(2,712)	2,580	(2,971)
Comprehensive income (loss)	\$2,512	\$(2,060)	\$4,621	\$(1,697)

See Notes to Unaudited Consolidated Financial Statements

AMERICAN RIVER BANKSHARES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(dollars in thousands)	Common Stock		Retained Earnings	Accumulated	Total Shareholders' Equity
	Shares	Amount		Other Comprehensive Income	
Balance, January 1, 2013	9,327,203	67,977	21,732	4,285	93,994
Net income			3,057		3,057
Other comprehensive income, net of tax:					
Net change in unrealized gains on available-for-sale investment securities				(3,162)	(3,162)
Net restricted stock awarded and related compensation expense	11,448	111			111
Stock option compensation expense		20			20
Retirement of common stock	(849,404)	(7,000)			(7,000)
Balance, December 31, 2013	8,489,247	61,108	24,789	1,123	87,020
Net income			2,041		2,041
Other comprehensive loss, net of tax:					
Net change in unrealized gains on available-for-sale investment securities				2,580	2,580
Net restricted stock award activity and related compensation expense	24,830	63			63
Stock option compensation expense		8			8
Retirement of common stock	(424,462)	(4,148)			(4,148)
Balance, June 30, 2014	8,089,615	\$57,031	\$26,830	\$ 3,703	\$ 87,564

See Notes to Unaudited Consolidated Financial Statements

AMERICAN RIVER BANKSHARES

CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

(dollars in thousands)

For the six months ended June 30,

	2014	2013
Cash flows from operating activities:		
Net income	\$2,041	\$1,274
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan and lease losses	—	200
(Decrease) increase in deferred loan origination fees, net	(65)	16
Depreciation and amortization	226	266
Gain on sale and call of investment securities	(17)	(3)
Amortization of investment security premiums and discounts, net	2,451	2,915
Gain on life insurance death benefit	—	(118)
Increase in cash surrender values of life insurance policies	(129)	(5)
Stock based compensation expense	71	63
(Gain) loss on sale and write-down of other real estate owned	(106)	208
Decrease in accrued interest receivable and other assets	162	2,518
Decrease in accrued interest payable and other liabilities	(731)	(705)
Net cash provided by operating activities	3,903	6,629
Cash flows from investing activities:		
Proceeds from the sale of available-for-sale investment securities	2,632	5,822
Proceeds from matured available-for-sale investment securities	105	185
Proceeds from called available-for-sale investment securities	270	—
Purchases of available-for-sale investment securities	(27,600)	(68,408)
Proceeds from principal repayments for available-for-sale investment securities	19,262	31,731
Proceeds from principal repayments for held-to-maturity investment securities	171	621
Net increase in interest-bearing deposits in banks	—	(250)
Net decrease in loans	5,103	3,692
Proceeds from sale of other real estate	106	4,529
Capitalized additions to other real estate	(54)	(187)
Death benefit from life insurance policy	—	419
Net (increase) decrease in FHLB stock	(438)	6
Purchases of equipment	(321)	(51)
Net cash used in investing activities	(764)	(21,891)

See Notes to Unaudited Consolidated Financial Statements

AMERICAN RIVER BANKSHARES

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
(Unaudited)

(dollars in thousands)

For the six months ended June 30,

	2014	2013
Cash flows from financing activities:		
Net increase (decrease) in demand, interest-bearing and savings deposits	\$10,604	\$(10,067)
Net decrease in time deposits	(3,436)	(532)
Net(decrease) increase in short-term borrowings	(6,500)	6,000
Net increase (decrease) in long-term borrowings	1,500	(8,000)
Cash paid to repurchase common stock	(4,148)	(3,906)
Net cash used in financing activities	\$(1,980)	\$(16,505)
Increase (decrease) in cash and cash equivalents	1,159	(31,767)
Cash and cash equivalents at beginning of year	17,948	55,461
Cash and cash equivalents at end of period	\$19,107	\$23,694

See Notes to Unaudited Consolidated Financial Statements

AMERICAN RIVER BANKSHARES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

1. CONSOLIDATED FINANCIAL STATEMENTS

In the opinion of management, the unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the consolidated financial position of American River Bankshares (the "Company") at June 30, 2014 and December 31, 2013, the results of its operations and statement of comprehensive income for the three-month and six-month periods ended June 30, 2014 and 2013, its cash flows for the six-month periods ended June 30, 2014 and 2013 and its statement of changes in shareholders' equity for the year ended December 31, 2013 and the six months ended June 30, 2014 in conformity with accounting principles generally accepted in the United States of America.

Certain disclosures normally presented in the notes to the annual consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted. The Company believes that the disclosures are adequate to make the information not misleading. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's 2013 annual report on Form 10-K. The results of operations for the three-month and six-month periods ended June 30, 2014 may not necessarily be indicative of the operating results for the full year.

In preparing such financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and revenues and expenses for the period. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant changes in the near term relate to the determination of the allowance for loan and lease losses, the provision for taxes, the valuation of goodwill and the estimated fair value of investment securities, impaired loans and other real estate owned.

Management has determined that since all of the banking products and services offered by the Company are available in each branch office of American River Bank, all branch offices are located within the same economic environment and management does not allocate resources based on the performance of different lending or transaction activities, it is appropriate to aggregate all of the branch offices and report them as a single operating segment. No client accounts for more than ten percent (10%) of revenues for the Company or American River Bank.

2. STOCK-BASED COMPENSATION

Equity Plans

On March 17, 2010, the Board of Directors adopted the 2010 Equity Incentive Plan (the “2010 Plan”). The 2010 Plan was approved by the Company’s shareholders on May 20, 2010. In 2000, the Board of Directors adopted and the Company’s shareholders approved a stock option plan (the “2000 Plan”), under which 221,666 options remain outstanding at June 30, 2014. At June 30, 2014, there were 50,034 stock options and 36,110 restricted shares outstanding and the total number of authorized shares that remain available for issuance under the 2010 Plan was 1,419,602. The 2010 Plan provides for the following types of stock-based awards: incentive stock options; nonqualified stock options; stock appreciation rights; restricted stock; restricted performance stock; unrestricted Company stock; and performance units. Awards awarded under the 2000 Plan were either incentive stock options or nonqualified stock options. Under the 2010 Plan, the awards may be granted to employees and directors under incentive and nonstatutory agreements and other awards agreements. The 2010 Plan and the 2000 Plan (collectively the “Plans”) require that the option price may not be less than the fair market value of the stock at the date the option is awarded. The option awards under the Plans expire on dates determined by the Board of Directors, but not later than ten years from the date of award. The vesting period is generally five years; however, the vesting period can be modified at the discretion of the Company’s Board of Directors. Outstanding option awards under the Plans are exercisable until their expiration, however, no new options will be awarded under the 2000 Plan. New shares are issued upon exercise of an option.

The award date fair value of awards is determined by the market price of the Company's common stock on the date of award and is recognized ratably as compensation expense or director expense over the vesting periods. The shares of common stock awarded pursuant to such agreements vest in increments over one to five years from the date of award. The shares awarded to employees and directors under the restricted stock agreements vest on the applicable vesting dates only to the extent the recipient of the shares is then an employee or a director of the Company or one of its subsidiaries, and each recipient will forfeit all of the shares that have not vested on the date his or her employment or service is terminated.

Equity Compensation

For the three-month periods ended June 30, 2014 and 2013, the compensation cost recognized for equity compensation was \$38,000 and \$36,000, respectively. The recognized tax benefit for equity compensation expense was \$13,000 and \$14,000, respectively, for the three-month periods ended June 30, 2014 and 2013. For the six-month periods ended June 30, 2014 and 2013, the compensation cost recognized for equity compensation was \$71,000 and \$69,000, respectively. The recognized tax benefit for equity compensation expense was \$25,000 and \$22,000, respectively, for the six-month periods ended June 30, 2014 and 2013.

At June 30, 2014, the total compensation cost related to nonvested stock option awards not yet recorded was \$102,000. This amount will be recognized over the next 5.0 years and the weighted average period of recognizing these costs is expected to be 2.7 years. At June 30, 2014, the total compensation cost related to restricted stock awards not yet recorded was \$253,000. This amount will be recognized over the next 5.0 years and the weighted average period of recognizing these costs is expected to be 1.5 years.

Equity Plans Activity

Stock Options

There were 32,705 stock options awarded during the three-month and six-month periods ended June 30, 2014 at an average exercise price of \$8.85. There were no stock options awarded during the three-month and six-month periods ended June 30, 2013. The weighted average award date fair value of options awarded for the three-month and six-month periods ended June 30, 2014 was \$2.44. A summary of option activity under the Plans as of June 30, 2014 and changes during the period then ended is presented below:

Options	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (\$000)
Outstanding at January 1, 2014	277,923	\$ 17.21	3.1 years	\$ 82
Awarded	32,705	8.85	—	—
Exercised	—	—	—	—
Cancelled	38,928	16.79	—	—
Outstanding at June 30, 2014	271,700	\$ 16.27	3.9 years	\$ 39
Vested at June 30, 2014	228,582	\$ 17.75	2.9 years	\$ 22
Non-vested at June 30, 2014	43,118	\$ 8.42	9.4 years	\$ 17

Restricted Stock

There were 24,830 shares of restricted stock awarded during the three-month and six-month periods ended June 30, 2014. There were 11,448 shares of restricted stock awarded during the three-month and six-month periods ended June 30, 2013. Of the restricted shares awarded in 2014, 13,560 restricted common shares will vest one year from the date of the award and 11,270 vest over five years at 20% per year from the date of the award. The 11,448 restricted shares awarded in 2013 vested one year from the date of the award. Award date fair value is determined by the market price of the Company's common stock on the date of award (\$8.85 on May 22, 2014 and \$7.86 on May 16, 2013).

There were 12,710 restricted awards that were fully vested during the three-month and six-month periods ended June 30, 2014 and there were 11,158 restricted awards that were fully vested during the three-month and six-month periods ended June 30, 2013. There were zero awards that had been forfeited during the three-month and six-month periods ended June 30, 2014 and June 30, 2013. The intrinsic value of nonvested restricted stock at June 30, 2014 was \$316,000.

Restricted Stock	Shares	Weighted	
		Average Award	Date Fair Value
Nonvested at January 1, 2014	23,990	\$	7.22
Awarded	24,830		8.85
Less: Vested	12,710		7.78
Less: Cancelled	—		—
Nonvested at June 30, 2014	36,110	\$	8.14

Other Equity Awards

There were no stock appreciation rights; restricted performance stock; unrestricted Company stock; or performance units awarded during the three-month or six-month month periods ended June 30, 2014 or 2013.

The intrinsic value used for stock options and restricted stock was derived from the market price of the Company's common stock of \$8.74 as of June 30, 2014.

3. COMMITMENTS AND CONTINGENCIES

In the normal course of business there are outstanding various commitments to extend credit which are not reflected in the financial statements, including loan commitments of approximately \$32,616,000 and standby letters of credit of approximately \$6,285,000 at June 30, 2014 and loan commitments of approximately \$31,681,000 and standby letters of credit of approximately \$6,363,000 at December 31, 2013. Such commitments relate primarily to real estate construction loans, revolving lines of credit and other commercial loans. However, all such commitments will not necessarily culminate in actual extensions of credit by the Company during 2014 as some of these are expected to expire without being fully drawn upon.

Standby letters of credit are commitments issued to guarantee the performance or financial obligation of a client to a third party. These guarantees are issued primarily relating to purchases of inventory, insurance programs, performance obligations to government agencies, or as security for real estate rents by commercial clients and are typically short-term in nature. Credit risk is similar to that involved in extending loan commitments to clients and accordingly,

evaluation and collateral requirements similar to those for loan commitments are used. The majority of all such commitments are collateralized. The fair value of the liability related to these standby letters of credit, which represents the fees received for issuing the guarantees, was not significant at June 30, 2014 or December 31, 2013.

4. EARNINGS PER SHARE COMPUTATION

Basic earnings per share is computed by dividing net income by the weighted average common shares outstanding for the period (8,082,638 and 8,201,383 shares for the three-month and six-month periods ended June 30, 2014, and 8,893,367 and 9,050,669 for the three-month and six-month periods ended June 30, 2013). Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common stock, such as stock options or restricted stock, result in the issuance of common stock. Diluted earnings per share is computed by dividing net income by the weighted average common shares outstanding for the period plus the dilutive effect of stock based awards. There were 9,276 and 10,515, respectively, dilutive shares for the three-month and six-month periods ended June 30, 2014 and 4,758 and 3,983, respectively, dilutive shares for the three-month and six-month periods ended June 30, 2013. For the three-month periods ended June 30, 2014 and 2013, there were 217,247 and 278,850 stock options, respectively, that were excluded from the calculation as they were considered antidilutive. For the six-month periods ended June 30, 2014 and 2013, there were 211,024 and 278,850 stock options, respectively, that were excluded from the calculation as they were considered antidilutive. Earnings per share is retroactively adjusted for stock dividends and stock splits, if applicable, for all periods presented.

5. INVESTMENT SECURITIES

The amortized cost and estimated fair values of investment securities at June 30, 2014 and December 31, 2013 consisted of the following (dollars in thousands):

Available-for-Sale

	June 30, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt securities:				
Mortgage-backed securities	\$246,459	\$ 5,218	\$ (645)	\$251,032
Obligations of states and political subdivisions	25,797	1,426	(36)	27,187
Corporate bonds	1,505	125	—	1,630
Equity securities:				
Corporate stock	54	83	—	137
	\$273,815	\$ 6,852	\$ (681)	\$279,986

	December 31, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt securities:				
Mortgage-backed securities	\$243,058	\$ 3,429	\$ (2,327)	\$244,160
Obligations of states and political subdivisions	26,302	775	(174)	26,903
Corporate bonds	1,505	104	—	1,609
Equity securities:				
Corporate stock	54	65	—	119
	\$270,919	\$ 4,373	\$ (2,501)	\$272,791

Net unrealized gains on available-for-sale investment securities totaling \$6,171,000 were recorded, net of \$2,468,000 in tax liabilities, as accumulated other comprehensive income within shareholders' equity at June 30, 2014. Proceeds and gross realized gains from the sale and call of available-for-sale investment securities for the three-month period ended June 30, 2014 totaled \$2,615,000 and \$17,000, respectively, and for the six-month period ended June 30, 2014 totaled \$2,885,000 and \$17,000, respectively. There were no transfers of available-for-sale investment securities for the three-month and six-month periods ended June 30, 2014.

Net unrealized gains on available-for-sale investment securities totaling \$1,872,000 were recorded, net of \$749,000 in tax liabilities, as accumulated other comprehensive income within shareholders' equity at December 31, 2013. Proceeds and gross realized gains from the sale and call of available-for-sale investment securities for the three-month period ended June 30, 2013 totaled zero and zero, respectively, and for the six-month period ended June 30, 2013 totaled \$5,822,000 and \$3,000, respectively. There were no transfers of available-for-sale investment securities for the three-month and six-month periods ended June 30, 2013.

Held-to-Maturity

June 30, 2014

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt securities:				
Mortgage-backed securities	\$ 1,015	\$ 72	\$ —	\$ 1,087

December 31, 2013

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt securities:				
Mortgage-backed securities	\$ 1,185	\$ 78	\$ —	\$ 1,263

There were no sales or transfers of held-to-maturity investment securities for the periods ended June 30, 2014 and June 30, 2013. Investment securities with unrealized losses at June 30, 2014 and December 31, 2013 are summarized and classified according to the duration of the loss period as follows (dollars in thousands):

2014

	Less than 12 Months Fair Value	Unrealized Losses	12 Months or More Fair Value	Unrealized Losses	Total Fair Value	Unrealized Losses
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Available-for-Sale

Debt securities:

Mortgage-backed securities	\$31,902	\$ (228)	\$31,053	\$ (417)	\$62,955	\$ (645)
Obligations of states and political subdivisions	—	—	1,409	(36)	1,409	(36)
	\$31,902	\$ (228)	\$32,462	\$ (453)	\$64,364	\$ (681)

2013

	Less than 12 Months Fair Value	Unrealized Losses	12 Months or More Fair Value	Unrealized Losses	Total Fair Value	Unrealized Losses
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Available-for-Sale

Debt securities:

Mortgage-backed Securities	\$10,047	\$ (147)	\$98,723	\$ (2,180)	\$108,770	\$ (2,327)
Obligations of states and political subdivisions	4,223	(174)	—	—	4,223	(174)
	\$14,270	\$ (321)	\$98,723	\$ (2,180)	\$112,993	\$ (2,501)

There were no held-to-maturity investment securities with unrealized losses as of June 30, 2014 or December 31, 2013.

At June 30, 2014, the Company held 221 securities of which 16 were in a loss position for less than twelve months and 15 were in a loss position for twelve months or more. Of the 31 securities in a loss position, 29 are

mortgage-backed securities and two are obligations of states and political subdivisions. At December 31, 2013, the Company held 216 securities of which 49 were in a loss position for less than twelve months and five were in a loss position for twelve months or more. Of these securities in a loss position for less than twelve months, 44 are mortgage-backed securities and five are obligations of states and political subdivisions. All securities in a loss position for greater than twelve months were mortgage-backed securities.