CHOICEONE FINANCIAL SERVICES INC
Form 10-Q
August 14, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2018

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: **000-19202**

ChoiceOne Financial Services, Inc.
(Exact Name of Registrant as Specified in its Charter)

Michigan (State or Other Jurisdiction of Incorporation or Organization)	**38-2659066** (I.R.S. Employer Identification No.)
109 East Division **Sparta, Michigan** (Address of Principal Executive Offices)	**49345** (Zip Code)

(616) 887-7366
(Registrant's Telephone Number, including Area Code)

Indicate by checkmark 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 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 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	Smaller reporting company
Emerging growth company	

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

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

As of July 31, 2018, the Registrant had outstanding 3,613,916 shares of common stock.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

ChoiceOne Financial Services, Inc.
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Assets		
Cash and due from banks	$ 11,877	$ 36,837
Equity securities at fair value (Note 2)	3,338	—
Securities available for sale (Note 2)	161,687	155,591
Federal Home Loan Bank stock	1,994	1,994
Federal Reserve Bank stock	1,573	1,573
Loans held for sale	617	1,721
Loans to other financial institutions	9,006	6,802
Loans (Note 3)	395,898	398,785
Allowance for loan losses (Note 3)	(4,659)	(4,577)
Loans, net	391,239	394,208
Premises and equipment, net	13,571	12,855
Cash surrender value of life insurance policies	14,706	14,514
Goodwill	13,728	13,728
Other assets	7,501	6,721
Total assets	$ 630,837	$ 646,544
Liabilities		
Deposits – noninterest-bearing	$ 147,040	$ 151,462
Deposits – interest-bearing	380,881	388,391
Total deposits	527,921	539,853
Repurchase agreements	—	7,148
Federal funds purchased	4,000	—
Advances from Federal Home Loan Bank	20,251	20,268
Other liabilities	2,397	2,725
Total liabilities	554,569	569,994

Shareholders' Equity		
Common stock and paid in capital, no par value; shares authorized: 7,000,000; shares outstanding:		
3,613,080 at June 30, 2018 and 3,448,569 at December 31, 2017	54,289	50,290
Retained earnings	24,146	26,023
Accumulated other comprehensive income (loss), net	(2,167)	237
Total shareholders' equity	76,268	76,550
Total liabilities and shareholders' equity	$ 630,837	$ 646,544

See accompanying notes to interim consolidated financial statements.

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ChoiceOne Financial Services, Inc.
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(Dollars in thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Interest income				
Loans, including fees	$5,028	$4,401	$9,624	$8,565
Securities:				
Taxable	713	663	1,398	1,284
Tax exempt	362	352	723	713
Other	12	9	69	24
Total interest income	6,115	5,425	11,814	10,586
Interest expense				
Deposits	463	292	809	540
Advances from Federal Home Loan Bank	57	52	102	107
Other	25	4	26	7
Total interest expense	545	348	937	654
Net interest income	5,570	5,077	10,877	9,932
Provision for loan losses (Note 3)	—	25	35	25
Net interest income after provision for loan losses	5,570	5,052	10,842	9,907
Noninterest income				
Customer service charges	1,120	1,049	2,175	2,023
Insurance and investment commissions	72	262	134	500
Gains on sales of loans	288	341	549	565
Gains on sales of securities	16	60	25	126
Net gain on sales of other assets	—	4	8	4
Earnings on life insurance policies	98	99	192	198
Other	127	127	286	258
Total noninterest income	1,721	1,942	3,369	3,674
Noninterest expense				
Salaries and benefits	2,779	2,591	5,528	5,106
Occupancy and equipment	664	689	1,344	1,397
Data processing	555	554	1,089	1,130
Professional fees	311	262	528	491
Supplies and postage	97	90	213	191
Advertising and promotional	85	73	177	127
Other	623	520	1,199	1,006
Total noninterest expense	5,114	4,779	10,078	9,448

Income before income tax	2,177	2,215	4,132	4,133
Income tax expense	344	580	642	1,052
Net income	$1,833	$1,635	$3,491	$3,081
Basic earnings per share (Note 4)	$0.51	$0.45	$0.97	$0.85
Diluted earnings per share (Note 4)	$0.50	$0.45	$0.96	$0.85
Dividends declared per share	$0.18	$0.16	$0.35	$0.31

All per share amounts have been adjusted where applicable for the 5% stock dividends paid on May 31, 2017 and May 31, 2018.

See accompanying notes to interim consolidated financial statements.

ChoiceOne Financial Services, Inc.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)

(Dollars in thousands)	Three Months Ended June 30, 2018	2017	Six Months Ended June 30, 2018	2017
Net income	$1,833	$1,635	$3,491	$3,081
Other comprehensive income:				
Changes in net unrealized gains and losses on investment securities available for sale, net of tax benefit (expense) of $86 and $(557) for the three months ended June 30, 2018 and June 30, 2017 respectively. Changes in net unrealized gains on investment securities available for sale, net of tax benefit (expense) of $569 and $(910) for the six months ended June 30, 2018 and June 30, 2017 respectively.	(324)	1,081	(2,140)	1,766
Less:				
Less: Reclassification adjustment for realized gain on sale of investment securities available for sale included in net income, net of tax expense of $3 and $21 for the three months ended June 30, 2018 and June 30, 2017 respectively. Reclassification adjustment for realized gain on sale of investment securities available for sale included in net income, net of tax expense of $5 and $43 for the six months ended June 30, 2018 and June 30, 2017 respectively.	(12)	(39)	(20)	(83)
Other comprehensive income (loss), net of tax	(336)	1,042	(2,160)	1,683
Comprehensive income	$1,497	$2,677	$1,331	$4,764

See accompanying notes to interim consolidated financial statements.

ChoiceOne Financial Services, Inc.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

(Dollars in thousands)	Number of Shares	Common Stock and Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), Net	Total
Balance, January 1, 2017	3,277,944	$46,299	$25,997	$ (598)	$71,698
Net income			3,081		3,081
Other comprehensive income				1,683	1,683
Shares issued	5,318	82			82
Effect of employee stock purchases		6			6
Stock options exercised	1,000	13			13
Stock-based compensation expense		116			116
Restricted stock units vested	4,104				—
Stock dividend declared (5%)	163,989	3,779	(3,786)		(7)
Cash dividends declared ($0.31 per share) (1) (2)			(1,144)		(1,144)
Balance, June 30, 2017	3,452,355	$50,295	$24,148	$ 1,085	$75,528
Balance, January 1, 2018	3,448,569	$50,290	$26,023	$ 237	$76,550
Net income			3,491		3,491
Other comprehensive loss				(2,160)	(2,160)
Shares issued	4,532	50			50
Shares repurchased	(20,228)	(523)			(523)
Effect of employee stock purchases		6			6
Stock options exercised	809				—
Stock-based compensation expense		131			131
Restricted stock units vested	7,304				—
Adoption effect of ASU 2016-01 (3)			244	(244)	—
Stock dividend declared (5%)	172,094	4,335	(4,342)		(7)
Cash dividends declared ($0.35 per share) (2)			(1,270)		(1,270)
Balance, June 30, 2018	3,613,080	$54,289	$24,146	$ (2,167)	$76,268

(1) Adjusted for 5% stock dividend issued on May 31, 2017.

(2) Adjusted for 5% stock dividend issued on May 31, 2018.

(3) ASU 2016-01 is further addressed in Note 1 to the financial statements.

See accompanying notes to interim consolidated financial statements.

ChoiceOne Financial Services, Inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(Dollars in thousands)	Six Months Ended June 30, 2018	2017
Cash flows from operating activities:		
Net income	$3,491	$3,081
Adjustments to reconcile net income to net cash from operating activities:		
Provision for loan losses	35	25
Depreciation	579	643
Amortization	460	549
Compensation expense on stock purchases and restricted stock units	148	163
Gains on sales of securities	(25)	(126)
Gains on sales of loans	(549)	(565)
Loans originated for sale	(17,835)	(14,456)
Proceeds from loan sales	19,120	14,180
Earnings on bank-owned life insurance	(192)	(198)
Gains on sales of other real estate owned	(8)	—
Proceeds from sales of other real estate owned	114	172
Deferred federal income tax benefit	40	138
Net changes in other assets	(853)	309
Net changes in other liabilities	219	(468)
Net cash from operating activities	4,744	3,447
Cash flows from investing activities:		
Securities available for sale:		
Sales	2,716	12,520
Maturities, prepayments and calls	6,072	8,011
Purchases	(21,177)	(24,301)
Loan originations and payments, net	686	(14,378)
Additions to premises and equipment	(1,143)	(291)
Net cash used in investing activities	(12,846)	(18,439)
Cash flows from financing activities:		
Net change in deposits	(11,932)	11,958
Net change in repurchase agreements	(7,148)	(5,612)
Net change in federal funds purchased	4,000	—
Proceeds from Federal Home Loan Bank advances	30,000	117,500
Payments on Federal Home Loan Bank advances	(30,017)	(105,517)
Issuance of common stock	40	55
Repurchase of common stock	(523)	—
Cash dividends and fractional shares from stock dividend	(1,278)	(1,151)
Net cash provided by (used in) financing activities	(16,858)	17,233
Net change in cash and cash equivalents	(24,960)	2,241

Beginning cash and cash equivalents	36,837	14,809
Ending cash and cash equivalents	$11,877	$17,050
Supplemental disclosures of cash flow information:		
Cash paid for interest	$889	$596
Cash paid for taxes	$700	800
Cash paid for income taxes	$—	$—
Loans transferred to other real estate owned	$179	$207

See accompanying notes to interim consolidated financial statements.

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ChoiceOne Financial Services, Inc.
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include ChoiceOne Financial Services, Inc. ("ChoiceOne") and its wholly-owned subsidiary, ChoiceOne Bank (the "Bank"), and the Bank's wholly-owned subsidiary, ChoiceOne Insurance Agencies, Inc. Intercompany transactions and balances have been eliminated in consolidation.

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information, prevailing practices within the banking industry and the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

The accompanying consolidated financial statements reflect all adjustments ordinary in nature which are, in the opinion of management, necessary for a fair presentation of the Consolidated Balance Sheets as of June 30, 2018 and December 31, 2017, the Consolidated Statements of Income for the three- and six-month periods ended June 30, 2018 and June 30, 2017, the Consolidated Statements of Comprehensive Income for the three- and six-month periods ended June 30, 2018 and June 30, 2017, the Consolidated Statements of Changes in Shareholders' Equity for the six-month periods ended June 30, 2018 and June 30, 2017, and the Consolidated Statements of Cash Flows for the six-month periods ended June 30, 2018 and June 30, 2017. Operating results for the six months ended June 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018.

The accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in ChoiceOne's Annual Report on Form 10-K for the year ended December 31, 2017.

Loans to Other Financial Institutions - The Bank entered into an agreement with another financial institution to fund mortgage loans. Loans to other financial institutions are purchased participating interests in individual advances made to mortgage bankers nation-wide from an unaffiliated originating bank. The originating bank services these loans and cash flows on the individual advances (principal, interest, and fees) which are allocated pro-rata based on ownership in the participating interest, less fees paid for the servicing activity. The underlying collateral is generally made up of 1-4 family first residential mortgages owned by the mortgage banker and held for sale in the secondary market and have been underwritten using secondary market underwriting standards prior to purchasing the participating interest. Once the mortgage banker delivers the loan to the secondary market, the advance is required to be paid off, including the Bank's participating interest. If the advance (in which the Bank has a participating interest) is outstanding over 90 days, the originating bank has the right to request the participating interest be paid off by the mortgage banker. The participating interests are subject to concentration risk to 8 different mortgage bankers, with the largest creditor outstanding representing 44% of the total at June 30, 2018.

Credit risk associated with the participating interest is measured as an allowance for loan losses when necessary. Losses are charged off against the allowance when incurred and recoveries of loan charge-offs are recorded when received. At least quarterly, the Bank reviews the portfolio of participating interests for potential losses including any participating interest that is outstanding over 90 days (even if the advance and participating interest is current). At June 30, 2018, there was one participating interest in loans to other financial institutions totaling $254,000 that was over 30 days. Since the inception of the program, there were no losses or charge-offs of participating interests.

Allowance for Loan Losses

The allowance for loan losses is maintained at a level believed adequate by management to absorb probable incurred losses inherent in the consolidated loan portfolio. Management's evaluation of the adequacy of the allowance is an estimate based on reviews of individual loans, assessments of the impact of current economic conditions on the portfolio and historical loss experience of seasoned loan portfolios. See Note 3 to the interim consolidated financial statements for additional information.

Management believes the accounting estimate related to the allowance for loan losses is a "critical accounting estimate" because (1) the estimate is highly susceptible to change from period to period because of assumptions concerning the changes in the types and volumes of the portfolios and economic conditions and (2) the impact of recognizing an impairment or loan loss could have a material effect on ChoiceOne's assets reported on the balance sheets as well as its net income.

Stock Transactions

A total of 2,709 shares of common stock were issued to ChoiceOne's Board of Directors for a cash price of $68,000 under the terms of the Directors' Stock Purchase Plan in the first six months of 2018. A total of 1,824 shares for a cash price of $40,000 were issued under the Employee Stock Purchase Plan in the first half of 2018. A total of 809 shares were issued upon the exercise of stock options in the first six months of 2018. A total of 7,304 shares were issued to employees for Restricted Stock Units that vested during the first half of 2018.

Stock-Based Compensation

Effective July 1, 2013, ChoiceOne began granting Restricted Stock Units to a select group of employees under the Stock Incentive Plan of 2012. All of the Restricted Stock Units are initially unvested and vest in three annual installments on each of the next three anniversaries of the grant date. Certain additional vesting provisions apply. Each unit, once vested, is settled by delivery of one share of ChoiceOne common stock.

Reclassifications

Certain amounts presented in prior periods have been reclassified to conform to the current presentation.

Recent Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU adopts a standardized approach for revenue recognition and was a joint effort with the International Accounting Standards Board (IASB). The new revenue recognition standard is based on a core principle of recognizing revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU does not apply to financial instruments. Management implemented ASU 2014-09 effective January 1, 2018 by identifying revenue streams in scope of the guidance, including interchange revenue, deposit service charges, and investment advisory income, but the timing and amount of these revenue streams were not significantly changed upon adoption.

The FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. The ASU covers various changes to the accounting, measurement, and disclosure related to certain financial instruments. The most significant change included in the update is the requirement for certain equity investments (excluding investments that are consolidated or accounted for under the equity method of accounting) to be measured at fair value with changes in fair value recognized in net income. An entity may choose to measure equity investments that do not have readily determinable fair values at cost, minus impairment. When a qualitative assessment of equity investments without readily determinable fair values indicates that impairment exists, an entity is required to measure the investment at fair value. The update also eliminates the requirement for public business entities to disclose the methods and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The company implemented ASU 2016-01 effective January 1, 2018. A cumulative-effect adjustment was recorded as of January 1, 2018 to reclassify $244,000 of unrealized gains on equity securities from accumulated other comprehensive income to retained earnings. Equity securities have also been presented separately from available for sale debt securities on the June 30, 2018 balance sheet and the fair value of loans has been estimated using an exit price notion in Note 5.

The FASB issued ASU 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. As ChoiceOne owns most of its branch locations, the impact of this ASU is not expected to be material.

The FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU provides financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date by replacing the incurred loss impairment methodology in current generally accepted accounting principles (GAAP) with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The new guidance attempts to reflect an entity's current estimate of all expected credit losses and broadens the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually to include forecasted information, as well as past events and current conditions. There is no specified method for measuring expected credit losses, and an entity may apply methods that reasonably reflect its expectations of the credit loss estimate. Although an entity may still use its current systems and methods for recording the allowance for credit losses, under the new rules, the inputs used to record the allowance for credit losses generally will need to change to appropriately reflect an estimate of all expected credit losses and the use of reasonable and supportable forecasts. Additionally, credit losses on available-for-sale debt securities will have to be presented as an allowance rather than as a write-down. This ASU is effective for fiscal years beginning after December 15, 2019, and for interim periods within those years. Management is currently evaluating the impact of this new ASU on its consolidated financial statements.

NOTE 2 - SECURITIES

The fair value of equity securities at fair value and the related gross unrealized gains recognized in other noninterest income were as follows:

(Dollars in thousands)	June 30, 2018 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Loss	Fair Value
Equity securities	$3,002	$ 336	$ —	$3,338

The fair value of securities available for sale and the related gross unrealized gains and losses recognized in accumulated other comprehensive income (loss) were as follows:

(Dollars in thousands)	June 30, 2018 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government and federal agency	$34,099	$ —	$ (971)	$33,128
U.S. Treasury	1,991	—	(72)	1,919
State and municipal	104,958	378	(1,731)	103,605
Mortgage-backed	18,310	11	(409)	17,912
Corporate	5,146	—	(79)	5,067
Asset-backed securities	56	—	—	56
Total	$164,560	$ 389	$ (3,262)	$161,687

	December 31, 2017 Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government and federal agency	$35,518	$—	$(392)	$35,126
U.S. Treasury	1,991	—	(31)	1,960
State and municipal	99,609	910	(471)	100,048
Mortgage-backed	9,943	8	(131)	9,820
Corporate	5,184	2	(35)	5,151
Equity securities	3,083	309	—	3,392
Asset-backed securities	95	—	(1)	94
Total	$155,423	$1,229	$(1,061)	$155,591

ChoiceOne reviews its securities portfolio on a quarterly basis to determine whether unrealized losses are considered to be temporary or other-than-temporary. No other-than-temporary impairment charges were recorded in the three and six months ended June 30, 2018. ChoiceOne believed that unrealized losses on securities were temporary in nature and were due to changes in interest rates and reduced market liquidity and not as a result of credit quality issues.

Presented below is a schedule of maturities of securities as of June 30, 2018, the fair value of securities as of June 30, 2018 and December 31, 2017, and the weighted average yields of securities as of June 30, 2018:

(Dollars in thousands)	Securities maturing within: Less than 1 Year	1 Year - 5 Years	5 Years - 10 Years	More than 10 Years	Fair Value at June 30, 2018	Fair Value at Dec. 31, 2017
U.S. Government and federal agency	$16,460	$9,888	$6,780	$—	$33,128	$35,126
U.S. Treasury notes and bonds	—	1,919	—	—	1,919	1,960
State and municipal	10,694	50,580	40,314	2,017	103,605	100,048
Corporate	1,992	2,587	488	—	5,067	5,151
Asset-backed securities	56	—	—	—	56	94
Total debt securities	29,202	64,974	47,582	2,017	143,775	142,379
Mortgage-backed securities	—	11,656	6,256	—	17,912	9,820
Equity securities (1)	—	—	1,000	2,338	3,338	3,392
Total	$29,202	$76,630	$54,838	$4,355	$165,025	$155,591

	Weighted average yields: Less than 1 Year	1 Year - 5 Years	5 Years - 10 Years	More than 10 Years	Total
U.S. Government and federal agency	2.19%	1.78 %	2.67 %	— %	2.17%
U.S. Treasury notes and bonds	—	1.85	—	—	1.85
State and municipal (2)	3.10	3.05	3.58	1.22	3.23
Corporate	—	2.48	3.21	—	1.58
Asset-backed securities	2.59	—	—	—	2.59
Mortgage-backed securities	—	2.92	3.01	—	2.95
Equity securities (1)	—	—	4.78	1.07	2.18

(1) Equity securities are preferred and common stock that may or may not have a stated maturity.

(2) The yield is computed for tax-exempt securities on a fully tax-equivalent basis at an incremental rate of 21%.

Following is information regarding unrealized gains and losses on equity securities for the three- and six-month periods ending June 30, 2018:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
Net gains and losses recognized during the period	$26	$58
Less: Net gains and losses recognized during the period on securities sold	—	9
Unrealized gains and losses recognized during the reporting period on securities still held at the reporting date	$26	$49

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NOTE 3 – LOANS AND ALLOWANCE FOR LOAN LOSSES

Activity in the allowance for loan losses and balances in the loan portfolio were as follows:

(Dollars in thousands)	Agricultural	Commercial and Industrial	Consumer	Commercial Real Estate	Construction Real Estate	Residential Real Estate	Unallocated	Total
Allowance for Loan Losses								
Three Months Ended June 30, 2018								
Beginning balance	$ 350	$ 1,005	$ 245	$ 1,786	$ 18	$ 625	$ 680	$4,709
Charge-offs	—	(57)	(50)	—	—	(9)	—	(116)
Recoveries	—	—	15	3	—	48	—	66
Provision	9	22	(5)	122	(2)	(44)	(102)	35
Ending balance	$ 359	$ 970	$ 205	$ 1,911	$ 16	$ 620	$ 578	$4,659
Six Months Ended June 30, 2018								
Beginning balance	$ 506	$ 1,001	$ 262	$ 1,761	$ 35	$ 726	$ 286	$4,577
Charge-offs	—	(58)	(118)	—	—	(13)	—	(188)
Recoveries	—	53	51	59	—	73	—	236
Provision	(147)	(26)	10	91	(19)	(166)	292	35
Ending balance	$ 359	$ 970	$ 205	$ 1,911	$ 16	$ 620	$ 578	$4,659