PLUMAS BANCORP
Form 10-Q
May 07, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE QUARTERLY PERIOD ENDED March 31, 2014

¨ **TRANSITION REPORT UNDER SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934**
FOR THE TRANSITION PERIOD FROM __________ TO __________

COMMISSION FILE NUMBER: 000-49883

PLUMAS BANCORP

(Exact Name of Registrant as Specified in Its Charter)

California	**75-2987096**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
35 S. Lindan Avenue, Quincy, California	**95971**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant s Telephone Number, Including Area Code (530) 283-7305

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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ¨	Accelerated Filer ¨
Non-Accelerated Filer ¨	Smaller Reporting Company x

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

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of May 6, 2014.
4,789,639 shares

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PLUMAS BANCORP

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share data)

	March 31, 2014	December 31, 2013
Assets		
Cash and cash equivalents	$ 50,214	$ 49,917
Investment securities available for sale	88,830	90,343
Loans, less allowance for loan losses of $5,715 at March 31, 2014 and $5,517 at December 31, 2013	340,931	334,374
Premises and equipment, net	12,260	12,519
Bank owned life insurance	11,591	11,504
Real estate and vehicles acquired through foreclosure	5,767	6,459
Accrued interest receivable and other assets	10,092	10,609
Total assets	$ 519,685	$ 515,725
Liabilities and Shareholders Equity		
Deposits:		
Non-interest bearing	$ 158,949	$ 162,816
Interest bearing	296,235	286,623
Total deposits	455,184	449,439
Repurchase agreements	6,064	9,109
Note payable	3,000	3,000
Subordinated debenture	7,334	7,295
Accrued interest payable and other liabilities	5,927	5,979
Junior subordinated deferrable interest debentures	10,310	10,310
Total liabilities	487,819	485,132
Commitments and contingencies (Note 6)		
Shareholders equity:		
Common stock, no par value; 22,500,000 shares authorized; issued and outstanding 4,789,639 shares at March 31, 2014 and 4,787,739 at December 31, 2013	6,264	6,249
Retained earnings	26,449	25,507
Accumulated other comprehensive loss	(847)	(1,163)
Total shareholders equity	31,866	30,593

Total liabilities and shareholders equity	$ 519,685	$ 515,725

See notes to unaudited condensed consolidated financial statements.

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PLUMAS BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In thousands, except per share data)

	For the Three Months Ended March 31, 2014	2013
Interest Income:		
Interest and fees on loans	$ 4,608	$ 4,316
Interest on investment securities	374	256
Other	30	22
Total interest income	5,012	4,594
Interest Expense:		
Interest on deposits	133	155
Interest on note payable	32	
Interest on subordinated debt	188	
Interest on junior subordinated deferrable interest debentures	74	83
Other	2	27
Total interest expense	429	265
Net interest income before provision for loan losses	4,583	4,329
Provision for Loan Losses	150	700
Net interest income after provision for loan losses	4,433	3,629
Non-Interest Income:		
Service charges	994	876
Gain on sale of loans	332	521
Other	362	303
Total non-interest income	1,688	1,700
Non-Interest Expenses:		
Salaries and employee benefits	2,369	2,219
Occupancy and equipment	779	757
Other	1,413	1,399
Total non-interest expenses	4,561	4,375
Income before provision for income taxes	1,560	954
Provision for Income Taxes	618	338
Net income	$ 942	$ 616

Preferred Stock Dividends and Discount Accretion				(171)
Net income available to common shareholders	$	942	$	445
Basic earnings per common share	$	0.20	$	0.09
Diluted earnings per common share	$	0.19	$	0.09

See notes to unaudited condensed consolidated financial statements.

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PLUMAS BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In thousands)

	For the Three Months Ended March 31, 2014	For the Three Months Ended March 31, 2013
Net income	$ 942	$ 616
Other comprehensive income (loss):		
Change in net unrealized gain(loss)	538	(287)
Less: Reclassification adjustments for net gains included in net income		
Net unrealized holding gain (loss)	538	(287)
Income tax effect	(222)	119
Total other comprehensive income (loss)	316	(168)
Total comprehensive income	$ 1,258	$ 448

See notes to unaudited condensed consolidated financial statements.

PLUMAS BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	For the Three Months Ended March 31, 2014	2013
Cash Flows from Operating Activities:		
Net income	$ 942	$ 616
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	150	700
Change in deferred loan origination costs/fees, net	(185)	(208)
Depreciation and amortization	325	342
Stock-based compensation expense	9	9
Amortization of investment security premiums	118	114
Gain on sale of OREO and other vehicles	(70)	(26)
Gain on sale of loans held for sale	(332)	(521)
Loans originated for sale	(2,965)	(4,577)
Proceeds from loan sales	5,318	7,672
Provision from change in OREO valuation	135	114
Earnings on bank-owned life insurance	(87)	(91)
Decrease in accrued interest receivable and other assets	360	538
Decrease in accrued interest payable and other liabilities	(52)	(972)
Net cash provided by operating activities	3,666	3,710
Cash Flows from Investing Activities:		
Proceeds from matured and called available-for-sale investment securities	13,045	6,000
Proceeds from principal repayments from available-for-sale government-sponsored mortgage-backed securities	2,049	2,242
Purchases of available-for-sale securities	(13,159)	(8,122)
Net increase in loans	(8,519)	(1,711)
Proceeds from sale of OREO	431	243
Proceeds from sale of other vehicles	93	51
Purchase of premises and equipment	(15)	(20)
Net cash used in investing activities	(6,075)	(1,317)

Continued on next page.

PLUMAS BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

(Continued)

	For the Three Months Ended March 31, 2014	2013
Cash Flows from Financing Activities:		
Net increase in demand, interest bearing and savings deposits	$ 7,137	$ 3,804
Net decrease in time deposits	(1,392)	(3,134)
Net (decrease) increase in securities sold under agreements to repurchase	(3,045)	24
Proceeds from exercise of stock options	6	
Net cash provided by financing activities	2,706	694
Increase in cash and cash equivalents	297	3,087
Cash and Cash Equivalents at Beginning of Year	49,917	44,675
Cash and Cash Equivalents at End of Period	$ 50,214	$ 47,762
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest expense	$ 384	$ 1,146
Non-Cash Investing Activities:		
Real estate and vehicles acquired through foreclosure	$ 158	$ 364

See notes to unaudited condensed consolidated financial statements.

PLUMAS BANCORP

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. GENERAL

During 2002, Plumas Bancorp (the Company) was incorporated as a bank holding company for the purpose of acquiring Plumas Bank (the Bank) in a one bank holding company reorganization. This corporate structure gives the Company and the Bank greater flexibility in terms of operation, expansion and diversification. The Company formed Plumas Statutory Trust I (Trust I) for the sole purpose of issuing trust preferred securities on September 26, 2002. The Company formed Plumas Statutory Trust II (Trust II) for the sole purpose of issuing trust preferred securities on September 28, 2005.

The Bank operates eleven branches in California, including branches in Alturas, Chester, Fall River Mills, Greenville, Kings Beach, Portola, Quincy, Redding, Susanville, Tahoe City, and Truckee. The Bank s administrative headquarters is in Quincy, California. In addition, the Bank operates a loan administrative office in Reno, Nevada and a lending office specializing in government-guaranteed lending in Auburn, California. The Bank s primary source of revenue is generated from providing loans to customers who are predominately small and middle market businesses and individuals residing in the surrounding areas.

2. REGULATORY MATTERS

On February 15, 2012, the Bank received notice from the Federal Deposit Insurance Corporation (FDIC) and the California Department of Financial Institutions (DFI) that the Consent Order with the FDIC and the DFI which was effective on March 16, 2011 had been terminated. Effective February 8, 2012, the Bank entered into an informal agreement with the FDIC and DFI which, among other things, requested that the Bank continue to maintain a Tier 1 Leverage Capital Ratio of 9% which is in excess of that required for well capitalized institutions and continue to reduce its level of classified asset balances that were outstanding as of September 30, 2011 to not more than 50% of Tier 1 Capital plus the allowance for loan losses. At December 31, 2012 this ratio was 32% and the Bank s Tier 1 Leverage Capital Ratio was 10.4%. The FDIC and DFI terminated the informal agreement effective January 24, 2013. Effective July 1, 2013, the California Department of Corporations and the DFI merged to form the Department of Business Oversight (DBO).

On July 28, 2011 the Company entered into an agreement with the Federal Reserve Bank of San Francisco (the FRB Agreement). Under the terms of the FRB Agreement, Plumas Bancorp agreed to take certain actions that were designed to maintain its financial soundness so that it may continue to serve as a source of strength to the Bank. Among other things, the FRB Agreement required prior written approval related to the payment or taking of dividends and distributions, making any distributions of interest, principal or other sums on subordinated debentures or trust preferred securities, incurrence of debt, and the purchase or redemption of stock. On April 19, 2013 the Company received notice that the FRB Agreement had been terminated.

3. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements include the accounts of the Company and the accounts of its wholly-owned subsidiary, Plumas Bank. Plumas Statutory Trust I and Plumas Statutory Trust II are not consolidated into the Company s consolidated financial statements and, accordingly, are accounted for under the equity method. In the opinion of management, the unaudited condensed consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the Company s financial position at

March 31, 2014 and the results of its operations and its cash flows for the three-month periods ended March 31, 2014 and 2013. Our condensed consolidated balance sheet at December 31, 2013 is derived from audited financial statements. Certain reclassifications have been made to prior period s balances to conform to classifications used in 2014.

The unaudited condensed consolidated financial statements of the Company have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC) for interim reporting on Form 10-Q. Accordingly, 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 (GAAP) have been omitted. The Company believes that the disclosures are adequate to make the information not misleading.

These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company s 2013 Annual Report to Shareholders on Form 10-K. The results of operations for the three-month period ended March 31, 2014 may not necessarily be indicative of future operating results. 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 periods reported. Actual results could differ significantly from those estimates.

Management has determined that because all of the commercial banking products and services offered by the Company are available in each branch of the Bank, all branches 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 the Bank branches and report them as a single operating segment. No single customer accounts for more than 10% of the revenues of the Company or the Bank.

4. INVESTMENT SECURITIES AVAILABLE FOR SALE

The amortized cost and estimated fair value of investment securities at March 31, 2014 and December 31, 2013 consisted of the following, in thousands:

Available-for-Sale	March 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt securities:				
U.S. Government-sponsored agencies	$ 16,080	$ 19	$ (69)	$ 16,030
U.S. Government-sponsored agencies collateralized by mortgage obligations-residential	71,257	67	(1,486)	69,838
Obligations of states and political subdivisions	2,935	31	(4)	2,962
	$ 90,272	$ 117	$ (1,559)	$ 88,830

Net unrealized loss on available-for-sale investment securities totaling $1,442,000 were recorded, net of $595,000 in tax benefits, as accumulated other comprehensive income within shareholders equity at March 31, 2014. No securities were sold during the three months ended March 31, 2014.

Available-for-Sale	December 31, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt securities:				
U.S. Government-sponsored agencies	$ 27,132	$ 40	$ (75)	$ 27,097
U.S. Government-sponsored agencies collateralized by mortgage obligations-residential	63,807	22	(1,954)	61,875
Obligations of states and political subdivisions	1,384	4	(17)	1,371
	$ 92,323	$ 66	$ (2,046)	$ 90,343

Net unrealized loss on available-for-sale investment securities totaling $1,980,000 were recorded, net of $817,000 in tax benefits, as accumulated other comprehensive income within shareholders equity at December 31, 2013. No securities were sold during the year ended December 31, 2013.

There were no transfers of available-for-sale investment securities during the three months and year ended March 31, 2014 and twelve months ended December 31, 2013. There were no securities classified as held-to-maturity at March 31, 2014 or December 31, 2013.

Investment securities with unrealized losses at March 31, 2014 and December 31, 2013 are summarized and classified according to the duration of the loss period as follows, in thousands:

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
March 31, 2014						
Debt securities:						
U.S. Government-sponsored agencies	$ 7,953	$ 69			$ 7,953	$ 69
U.S. Government agencies collateralized by mortgage obligations-residential	52,159	1,205	$ 5,880	$ 281	58,039	1,486
Obligations of states and political subdivisions	1,166	4			1,166	4
	$ 61,278	$ 1,278	$ 5,880	$ 281	$ 67,158	$ 1,559
December 31, 2013						
Debt securities:						
U.S. Government-sponsored agencies	$ 5,930	$ 75			$ 5,930	$ 75
U.S. Government agencies collateralized by mortgage obligations-residential	53,603	1,700	$ 4,317	$ 254	57,920	1,954
Obligations of states and political subdivisions	928	17			928	17
	$ 60,461	$ 1,792	$ 4,317	$ 254	$ 64,778	$ 2,046

At March 31, 2014, the Company held 84 securities of which 60 were in a loss position. Of the securities in a loss position, all but 6 were in a loss position for less than twelve months. Of the 60 securities 8 are U.S. Government-sponsored agencies 47 are U.S. Government-sponsored agencies collateralized by residential mortgage obligations and 5 were obligations of states and political subdivisions. The unrealized losses relate principally to market rate conditions. All of the securities continue to pay as scheduled. When analyzing an issuer s financial condition, management considers the length of time and extent to which the market value has been less than cost; the historical and implied volatility of the security; the financial condition of the issuer of the security; and the Company s intent and ability to hold the security to recovery. As of March 31, 2014, management does not have the intent to sell these securities nor does it believe it is more likely than not that it will be required to sell these securities before the recovery of its amortized cost basis. Based on the Company s evaluation of the above and other relevant factors, the Company does not believe the securities that are in an unrealized loss position as of March 31, 2014 are other than temporarily impaired.

The amortized cost and estimated fair value of investment securities at March 31, 2014 by contractual maturity are shown below, in thousands.

	Amortized Cost	Estimated Fair Value
Within one year	$ 4,082	$ 4,092
After one year through five years	11,998	11,939
After five years through ten years	2,678	2,705

After ten years	257	256
Investment securities not due at a single maturity date:		
Government-sponsored mortgage-backed securities	71,257	69,838
	$ 90,272	$ 88,830

Expected maturities will differ from contractual maturities because the issuers of the securities may have the right to call or prepay obligations with or without call or prepayment penalties. Investment securities with amortized costs totaling $48,787,000 and $54,373,000 and estimated fair values totaling $48,039,000 and $53,493,000 March 31, 2014 and December 31, 2013, respectively, were pledged to secure deposits and repurchase agreements.

5. LOANS AND THE ALLOWANCE FOR LOAN LOSSES

Outstanding loans are summarized below, in thousands:

	March 31, 2014	December 31, 2013
Commercial	$ 28,118	$ 32,612
Agricultural	28,802	30,647
Real estate residential	30,090	31,322
Real estate commercial	162,979	155,942
Real estate construction and land development	20,294	17,793
Equity lines of credit	37,041	35,800
Auto	33,779	30,305
Other	4,080	4,130
	345,183	338,551
Deferred loan costs, net	1,463	1,340
Allowance for loan losses	(5,715)	(5,517)
	$ 340,931	$ 334,374

Changes in the allowance for loan losses, in thousands, were as follows:

	March 31, 2014	December 31, 2013
Balance, beginning of year	$ 5,517	$ 5,686
Provision charged to operations	150	1,400
Losses charged to allowance	(195)	(1,915)
Recoveries	243	346
Balance, end of year	$ 5,715	$ 5,517

The recorded investment in impaired loans totaled $11,259,000 and $9,815,000 at March 31, 2014 and December 31, 2013, respectively. The Company had specific allowances for loan losses of $1,306,000 on impaired loans of $4,085,000 at March 31, 2014 as compared to specific allowances for loan losses of $629,000 on impaired loans of $2,322,000 at December 31, 2013. The balance of impaired loans in which no specific reserves were required totaled $7,174,000 and $7,493,000 at March 31, 2014 and December 31, 2013, respectively. The average recorded investment in impaired loans for the three months ended March 31, 2014 and March 31, 2013 was $8,713,000 and $17,440,000, respectively. The Company recognized $95,000 and $103,000 in interest income on a cash basis for impaired loans during the three months ended March 31, 2014 and 2013, respectively.

Included in impaired loans are troubled debt restructurings. A troubled debt restructuring is a formal restructure of a loan where the Company for economic or legal reasons related to the borrower s financial difficulties, grants a concession to the borrower. The concessions may be granted in various forms to include one or a combination of the following: a reduction of the stated interest rate of the loan; an extension of the maturity date at a stated rate of interest lower than the current market rate for new debt with similar risk; or a permanent reduction of the recorded investment in the loan.

In order to determine whether a borrower is experiencing financial difficulty, an evaluation is performed of the probability that the borrower will be in payment default on any of its debt in the foreseeable future without the modification. This evaluation is performed under the Company s internal underwriting policy.

The carrying value of troubled debt restructurings at March 31, 2014 and December 31, 2013 was $7,418,000 and $7,616,000, respectively. The Company has allocated $500,000 and $284,000 of specific reserves on loans to customers whose loan terms have been modified in troubled debt restructurings as of March 31, 2014 and December 31, 2013, respectively. The Company has not committed to lend additional amounts on loans classified as troubled debt restructurings at March 31, 2014 and December 31, 2013.

During the three month period ended March 31, 2014 and March 31, 2013, the terms of certain loans were modified as troubled debt restructurings. Modifications involving a reduction of the stated interest rate of the loan was for periods ranging from 1 month to 10 years and those with decreases in rates ranged from 0% to 1.5%.

There were no troubled debt restructurings that occurred during the three months ending March 31, 2014.

The following table presents loans by class modified as troubled debt restructurings that occurred during the three months ending March 31, 2013, dollars in thousands:

	Number of Loans	Pre-Modification Outstanding Recorded Investment	Post-Modification Recorded Investment
Troubled Debt Restructurings:			
Auto	1	$ 8	$ 7
Total	1	$ 8	$ 7

The troubled debt restructurings described above resulted in no allowance for loan losses or charge-offs during the three months ending March 31, 2013.

There were no troubled debt restructurings for which there was a payment default within twelve months following the modification during the three months ended March 31, 2014.

The following table presents loans by class modified as troubled debt restructurings for which there was a payment default within twelve months following the modification during the three months ended March 31, 2013, dollars in thousands.

	Number of Loans	Recorded Investment
Troubled Debt Restructurings:		
Real estate construction and land development	1	$ 1,150
Total	1	$ 1,150

The troubled debt restructurings described above increased the allowance for loan losses by $154,000 and resulted in no charge-offs during the three months ending March 31, 2013.

The terms of certain other loans were modified during the three months ending March 31, 2014 and year ending December 31, 2013 that did not meet the definition of a troubled debt restructuring. These loans have a total recorded investment as of March 31, 2014 and December 31, 2013 of $6 million and $14 million, respectively.

These loans which were modified during the three months ended March 31, 2014 and year ended December 31, 2013 did not meet the definition of a troubled debt restructuring as the modification was a delay in a payment ranging from 30 days to 3 months that was considered to be insignificant or the borrower was not considered to be experiencing financial difficulties.

At March 31, 2014 and December 31, 2013, nonaccrual loans totaled $8,555,000 and $5,519,000, respectively. Interest foregone on nonaccrual loans totaled $101,000 and $180,000 for the three months ended March 31, 2014 and 2013, respectively. Loans past due 90 days or more and on accrual status totaled $6,000 and $17,000 at March 31, 2014 and December 31, 2013, respectively.

Salaries and employee benefits totaling $341,000 and $294,000 have been deferred as loan origination costs during the three months ended March 31, 2014 and 2013, respectively.

The Company assigns a risk rating to all loans, with the exception of automobile and other loans and periodically, but not less than annually, performs detailed reviews of all such loans over $100,000 to identify credit risks and to assess the overall collectability of the portfolio. These risk ratings are also subject to examination by independent specialists engaged by the Company and the Company s regulators. During these internal reviews, management monitors and analyzes the financial condition of borrowers and guarantors, trends in the industries in which borrowers operate and the fair values of collateral securing these loans. These credit quality indicators are used to assign a risk rating to each individual loan.

The risk ratings can be grouped into five major categories, defined as follows:

Pass A pass loan is a strong credit with no existing or known potential weaknesses deserving of management s close attention.

Watch A Watch loan has potential weaknesses that deserve management s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or in the Company s credit position at some future date. Watch loans are not adversely classified and do not expose the Company to sufficient risk to warrant adverse classification.

Substandard A substandard loan is not adequately protected by the current sound worth and paying capacity of the borrower or the value of the collateral pledged, if any. Loans classified as substandard have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. Well defined weaknesses include a project s lack of marketability, inadequate cash flow or collateral support, failure to complete construction on time or the project s failure to fulfill economic expectations. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

Doubtful Loans classified doubtful have all the weaknesses inherent in those classified as substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.

Loss Loans classified as loss are considered uncollectible and charged off immediately.

The following table shows the loan portfolio allocated by management s internal risk ratings at the dates indicated, in thousands:

March 31, 2014 — **Commercial Credit Exposure**
Credit Risk Profile by Internally Assigned Grade

	Commercial	Agricultural	Real Estate-Residential	Real Estate-Commercial	Real Estate-Construction	Equity LOC	Total
Grade:							
Pass	$ 26,918	$ 28,363	$ 28,631	$ 152,387	$ 18,572	$ 35,766	$ 290,637
Watch	953	379	330	4,494		153	6,309
Substandard	247	60	1,129	6,098	1,722	1,122	10,378
Doubtful							
Total	$ 28,118	$ 28,802	$ 30,090	$ 162,979	$ 20,294	$ 37,041	$ 307,324

December 31, 2013 — **Commercial Credit Exposure**
Credit Risk Profile by Internally Assigned Grade

	Commercial	Agricultural	Real Estate-Residential	Real Estate-Commercial	Real Estate-Construction	Equity LOC	Total
Grade:							
Pass	$ 30,477	$ 30,213	$ 30,007	$ 147,605	$ 17,733	$ 34,742	$ 290,777
Watch	1,420	345	346	3,484		157	5,752
Substandard	665	89	969	4,853	60	890	7,526
Doubtful	50					11	61
Total	$ 32,612	$ 30,647	$ 31,322	$ 155,942	$ 17,793	$ 35,800	$ 304,116

	Consumer Credit Exposure Credit Risk Profile Based on Payment Activity March 31, 2014			Consumer Credit Exposure Credit Risk Profile Based on Payment Activity December 31, 2013		
	Auto	Other	Total	Auto	Other	Total
Grade:						
Performing	$ 33,703	$ 4,071	$ 37,774	$ 30,228	$ 4,113	$ 34,341
Non-performing	76	9	85	77	17	94
Total	$ 33,779	$ 4,080	$ 37,859	$ 30,305	$ 4,130	$ 34,435

The following tables show the allocation of the allowance for loan losses at the dates indicated, in thousands:

	Commercial	Agricultural	Real Estate-Residential	Real Estate-Commercial	Real Estate-Construction	Equity LOC	Auto	Other	Total
<u>Three months ended 3/31/14:</u>									
<u>Allowance for Loan Losses</u>									
Beginning balance	$ 785	$ 164	$ 638	$ 1,774	$ 944	$ 613	$ 449	$ 150	$ 5,517
Charge-offs	(86)					(11)	(71)	(27)	(195)
Recoveries	13		19	1	162	12	12	24	243
Provision	(170)	13	(53)	187	60	97	39	(23)	150
Ending balance	$ 542	$ 177	$ 604	$ 1,962	$ 1,166	$ 711	$ 429	$ 124	$ 5,715
<u>Three months ended 3/31/13:</u>									
<u>Allowance for Loan Losses</u>									
Beginning balance	$ 855	$ 159	$ 894	$ 1,656	$ 950	$ 736	$ 289	$ 147	$ 5,686
Charge-offs	(153)		(221)	(132)	(55)		(22)	(63)	(646)
Recoveries	9			2			17	9	37
Provision	75	6	(19)	(108)	705	(28)	6	63	700
Ending balance	$ 786	$ 165	$ 654	$ 1,418	$ 1,600	$ 708	$ 290	$ 156	$ 5,777
<u>March 31, 2014:</u>									
<u>Allowance for Loan Losses</u>									
Ending balance: individually evaluated for impairment	$ 29	$	$ 253	$ 522	$ 231	$ 257	$ 11	$ 3	$ 1,306
Ending balance: collectively evaluated for impairment	$ 513	$ 177	$ 351	$ 1,440	$ 935	$ 454	$ 418	$ 121	$ 4,409
<u>Loans</u>									
Ending balance	$ 28,118	$ 28,802	$ 30,090	$ 162,979	$ 20,294	$ 37,041	$ 33,779	$ 4,080	$ 345,183
Ending balance: individually evaluated for impairment	$ 1,092	$ 267	$ 2,669	$ 4,364	$ 1,731	$ 1,057	$ 76	$ 3	$ 11,259
Ending balance: collectively evaluated for impairment	$ 27,026	$ 28,535	$ 27,421	$ 158,615	$ 18,563	$ 35,984	$ 33,703	$ 4,077	$ 333,924

December 31, 2013:									
Allowance for Loan Losses									
Ending balance: individually evaluated for impairment	$ 79	$	$ 200	$ 232	$ 13	$ 105	$	$	$ 629
Ending balance: collectively evaluated for impairment	$ 706	$ 164	$ 438	$ 1,542	$ 931	$ 508	$ 449	$ 150	$ 4,888
Loans									
Ending balance	$ 32,612	$ 30,647	$ 31,322	$ 155,942	$ 17,793	$ 35,800	$ 30,305	$ 4,130	$ 338,551
Ending balance: individually evaluated for impairment	$ 1,324	$ 267	$ 2,475	$ 3,074	$ 1,737	$ 861	$ 77	$	$ 9,815
Ending balance: collectively evaluated for impairment	$ 31,288	$ 30,380	$ 28,847	$ 152,868	$ 16,056	$ 34,939	$ 30,228	$ 4,130	$ 328,736

The following table shows an aging analysis of the loan portfolio by the time past due, in thousands:

March 31, 2014	30-89 Days Past Due	90 Days and Still Accruing	Nonaccrual	Total Past Due	Current	Total
Commercial:						
Commercial	$ 28	$	$ 1,066	$ 1,094	$ 27,024	$ 28,118
Agricultural					28,802	28,802
Real estate construction			1,587	1,587	18,707	20,294
Real estate	109		3,656	3,765	159,214	162,979
Residential:						
Real estate	158		1,110	1,268	28,822	30,090
Equity LOC	97		1,057	1,154	35,887	37,041
Consumer:						
Auto	389		76	465	33,314	33,779
Other	116	6	3	125	3,955	4,080
Total	$ 897	$ 6	$ 8,555	$ 9,458	$ 335,725	$ 345,183

December 31, 2013	30-89 Days Past Due	90 Days and Still Accruing	Nonaccrual	Total Past Due	Current	Total
Commercial:						
Commercial	$ 129	$	$ 1,295	$ 1,424	$ 31,188	$ 32,612
Agricultural					30,647	30,647
Real estate construction	25		18	43	17,750	17,793
Real estate	304		2,369	2,673	153,269	155,942
Residential:						
Real estate	695		899	1,594	29,728	31,322
Equity LOC	72		861	933	34,867	35,800
Consumer:						
Auto	244		77	321	29,984	30,305
Other	63	17		80	4,050	4,130
Total	$ 1,532	$ 17	$ 5,519	$ 7,068	$ 331,483	$ 338,551

The following tables show information related to impaired loans at the dates indicated, in thousands:

As of March 31, 2014:	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial	$ 1,042	$ 1,289		$ 1,357	$ 1
Agricultural	267	267		267	5
Real estate construction	1,041	1,041		188	3
Real estate commercial	2,287	2,725		2,298	13
Real estate residential	2,083	2,115		2,095	21
Equity Lines of Credit	389	389		392	2
Auto	65	65		36	2
Other					
With an allowance recorded:					
Commercial	$ 50	$ 50	$ 29	$ 18	$ 1
Agricultural					
Real estate construction	690	690	231	25	1
Real estate commercial	2,077	2,077	522	919	35
Real estate residential	586	592	253	586	2
Equity Lines of Credit	668	668	257	521	9
Auto	11	11	11	11	
Other	3	3	3		
Total:					
Commercial	$ 1,092	$ 1,339	$ 29	$ 1,375	$ 2
Agricultural	267	267		267	5
Real estate construction	1,731	1,731	231	213	4
Real estate commercial	4,364	4,802	522	3,217	48
Real estate residential	2,669	2,707	253	2,681	23
Equity Lines of Credit	1,057	1,057	257	913	11
Auto	76	76	11	47	2
Other	3	3	3		
Total	$ 11,259	$ 11,982	$ 1,306	$ 8,713	$ 95

As of December 31, 2013:	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial	$ 1,224	$ 1,493		$ 1,239	$ 3
Agricultural	267	267		267	20
Real estate construction	1,325	1,325		1,384	79
Real estate commercial	2,237	2,675		2,489	53
Real estate residential	2,024	2,035		2,057	89
Equity Lines of Credit	339	339		294	9
Auto	77	77		20	3
Other					

With an allowance recorded:					
Commercial	$ 100	$ 100	$ 79	$ 58	$
Agricultural					
Real estate construction	412	412	13	417	25
Real estate commercial	837	837	232	994	
Real estate residential	451	451	200	452	10
Equity Lines of Credit	522	522	105	511	7
Auto					
Other					
Total:					
Commercial	$ 1,324	$ 1,593	$ 79	$ 1,297	$ 3
Agricultural	267	267		267	20
Real estate construction	1,737	1,737	13	1,801	104
Real estate commercial	3,074	3,512	232	3,483	53
Real estate residential	2,475	2,486	200	2,509	99
Equity Lines of Credit	861	861	105	805	16
Auto	77	77		20	3
Other					
Total	$ 9,815	$ 10,533	$ 629	$ 10,182	$ 298

6. COMMITMENTS AND CONTINGENCIES

The Company is party to claims and legal proceedings arising in the ordinary course of business. In the opinion of the Company s management, the amount of ultimate liability with respect to such proceedings will not have a material adverse effect on the financial condition or result of operations of the Company taken as a whole.

In the normal course of business, there are various outstanding commitments to extend credit, which are not reflected in the financial statements, including loan commitments of $90,933,000 and $84,229,000 and stand-by letters of credit of $60,000 and $60,000 at March 31, 2014 and December 31, 2013, respectively.

Of the loan commitments outstanding at March 31, 2014, $10,191,000 are real estate construction loan commitments that are expected to fund within the next twelve months. The remaining commitments primarily relate to revolving lines of credit or other commercial loans, and many of these are expected to expire without being drawn upon. Therefore, the total commitments do not necessarily represent future cash requirements. Each loan commitment and the amount and type of collateral obtained, if any, are evaluated on an individual basis. Collateral held varies, but may include real property, bank deposits, debt or equity securities or business assets.

Stand-by letters of credit are conditional commitments written to guarantee the performance of a customer to a third party. These guarantees are primarily related to the purchases of inventory by commercial customers and are typically short-term in nature. Credit risk is similar to that involved in extending loan commitments to customers and accordingly, evaluation and collateral requirements similar to those for loan commitments are used. The deferred liability related to the Company s stand-by letters of credit was not significant at March 31, 2014 or December 31, 2013.

7. EARNINGS PER SHARE

Basic earnings per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue common stock, such as stock options, result in the issuance of common stock which shares in the earnings of the Company. The treasury stock method has been applied to determine the dilutive effect of stock options in computing diluted earnings per share.

	For the Three Months Ended March 31,	
(In thousands, except per share data)	2014	2013
Net Income:		
Net income	$ 942	$ 616
Dividends and discount accretion on preferred shares		(171)
Net income available to common shareholders	$ 942	$ 445
Earnings Per Share:		
Basic earnings per share	$ 0.20	$ 0.09
Diluted earnings per share	$ 0.19	$ 0.09
Weighted Average Number of Shares Outstanding:		
Basic shares	4,788	4,776
Diluted shares	4,929	4,831

Shares of common stock issuable under stock options and warrants for which the exercise prices were greater than the average market prices were not included in the computation of diluted earnings per share due to their antidilutive effect. Stock options and warrants not included in the computation of diluted earnings per share, due to shares not being in-the-money and having an antidilutive effect, were approximately 161,000 and 439,000 for the three month periods ended March 31, 2014 and 2013, respectively.

8. STOCK-BASED COMPENSATION

Stock Options

In 2001, the Company established a Stock Option Plan for which 350,859 shares of common stock remain reserved for issuance to employees and directors and no shares are available for future grants as of March 31, 2014.

In May 2013, the Company established the 2013 Stock Option Plan for which 500,000 shares of common stock are reserved and available for future grants to employees and directors. The Plan requires that the option price may not be less than the fair market value of the stock at the date the option is granted, and that the stock must be paid in full at the time the option is exercised. Payment in full for the option price must be made in cash, with Company common stock previously acquired by the optionee and held by the optionee for a period of at least six months, in options of the Optionee that are fully vested and exercisable or in any combination of the foregoing. The options expire on dates determined by the Board of Directors, but not later than ten years from the date of grant. No grants have been made under the 2013 plan. A summary of the activity within the 2001 Stock Option Plan follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years	Intrinsic Value
Options outstanding at January 1, 2014	365,059	$ 8.53		
Options cancelled	(12,300)	13.65		
Options exercised	(1,900)	2.95		
Options outstanding at March 31, 2014	350,859	$ 8.38	3.2	$ 620,319
Options exercisable at March 31, 2014	301,666	$ 9.27	3.0	$ 459,435
Expected to vest after March 31, 2014	31,363	$ 2.95	5.0	$ 102,556

As of March 31, 2014, there was $39,000 of total unrecognized compensation cost related to non-vested, share-based compensation arrangements granted under the Plan. That cost is expected to be recognized over a weighted average period of 1 year.

The total fair value of options vested during the three months ended March 31, 2014 and 2013 was $49,000 and $52,000, respectively. The total intrinsic value of options at time of exercise was $6,000 for the three months ended March 31, 2014.

Cash received from option exercise for the three months ended March 31, 2014 was $6,000. There was no tax benefit realized for the tax deduction from options exercised in 2014.

9. INCOME TAXES

The Company files its income taxes on a consolidated basis with its subsidiary. Income tax expense is the total of current year income tax due or refundable and the change in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognized for the tax consequences of temporary differences between the reported amount of assets and liabilities and their tax bases. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. A valuation allowance is recognized if, based on the weight of available evidence management believes it is more likely than not that some portion or all of the deferred tax assets will not be realized. On the consolidated balance sheet, net deferred tax assets are included in accrued interest receivable and other assets.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Interest expense and penalties associated with unrecognized tax benefits, if any, are classified as income tax expense in the consolidated income statement. There have been no significant changes to unrecognized tax benefits or accrued interest and penalties for the three months ended March 31, 2014.

10. FAIR VALUE MEASUREMENT

The Company measures fair value under the fair value hierarchy described below.

Level 1: Quoted prices for identical instruments traded in active exchange markets.

Level 2: Quoted prices (unadjusted) for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable or can be corroborated by observable market data.

Level 3: Model based techniques that use one significant assumption not observable in the market. These unobservable assumptions reflect the Company s estimates of assumptions that market participants would use on pricing the asset or liability. Valuation techniques include management judgment and estimation which may be significant.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Management monitors the availability of observable market data to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluates the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total assets, total liabilities or total earnings.

Fair Value of Financial Instruments

The carrying amounts and estimated fair values of financial instruments, at March 31, 2014 and December 31, 2013 are as follows, in thousands:

	Carrying Value	Fair Value Measurements at March 31, 2014 Using: Level 1	Level 2	Level 3	Total Fair Value
Financial assets:					
Cash and cash equivalents	$ 50,214	$ 50,214			$ 50,214
Investment securities	88,830		$ 88,830		88,830
Loans, net	340,931			$ 342,757	342,757
FHLB stock	2,226				N/A
Accrued interest receivable	1,499		224	1,275	1,499
Financial liabilities:					
Deposits	455,184	393,894	61,331		455,225
Repurchase agreements	6,064		6,064		6,064
Note payable	3,000			3,000	3,000
Subordinated debenture	7,334			7,120	7,120
Junior subordinated deferrable interest debentures	10,310			6,997	6,997
Accrued interest payable	104	6	65	33	104

	Carrying Value	Fair Value Measurements at December 31, 2013 Using: Level 1	Level 2	Level 3	Total Fair Value
Financial assets:					
Cash and cash equivalents	$ 49,917	$ 49,917			$ 49,917
Investment securities	90,343		$ 90,343		90,343
Loans, net	334,374			$ 337,392	337,392
FHLB stock	2,226				N/A
Accrued interest receivable	1,691		260	1,431	1,691
Financial liabilities:					
Deposits	449,439	386,757	62,743		449,500
Repurchase agreements	9,109		9,109		9,109
Note payable	3,000			3,000	3,000
Subordinated debenture	7,295			7,121	7,121
Junior subordinated deferrable interest debentures	10,310			7,193	7,193
Accrued interest payable	98	6	58	34	98

These estimates do not reflect any premium or discount that could result from offering the Company s entire holdings of a particular financial instrument for sale at one time, nor do they attempt to estimate the value of anticipated future business related to the instruments. In addition, the tax ramifications related to the realization of unrealized gains and losses can have a significant effect on fair value estimates and have not been considered in any of these estimates.

The following methods and assumptions were used by management to estimate the fair value of its financial instruments:

Cash and cash equivalents: The carrying amounts of cash and short-term instruments approximate fair values and are classified as Level 1.

Investment securities: Fair values for securities available for sale are generally determined by matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities relationship to other benchmark quoted securities (Level 2).

Loans: Fair values of loans, excluding loans held for sale, are estimated as follows: For variable rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values resulting in a Level 3 classification. Fair values for other loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality resulting in a Level 3 classification. Impaired loans are valued at the lower of cost or fair value. The methods utilized to estimate the fair value of loans do not necessarily represent an exit price.

FHLB stock: It was not practicable to determine the fair value of the FHLB stock due to restrictions placed on its transferability.

Deposits: The fair values disclosed for demand deposits, including interest and non-interest demand accounts, savings, and certain types of money market accounts are, by definition, equal to the carrying amount at the reporting date resulting in a Level 1 classification. Fair values for fixed rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits resulting in a Level 2 classification.

Repurchase agreements: The fair value of securities sold under repurchase agreements is estimated based on bid quotations received from brokers using observable inputs and are included as Level 2.

Note payable: The fair value of the Company s Note Payable is estimated using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements resulting in a Level 3 classification.

Subordinated debentures: The fair values of the Company s Subordinated Debentures are estimated using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements resulting in a Level 3 classification.

Junior subordinated deferrable interest debentures: The fair values of the Company s Subordinated Debentures are estimated using discounted cash flow analyses based on the current borrowing rates for similar types of borrowing arrangements resulting in a Level 3 classification.

Accrued interest and payable: The carrying amounts of accrued interest approximate fair value and are considered to be linked in classification to the asset or liability for which they relate.

Commitments to extend credit and letters of credit: The fair value of commitments are estimated using the fees currently charged to enter into similar agreements and are not significant and, therefore, not presented. Commitments to extend credit are primarily for variable rate loans and letters of credit.

Because no market exists for a significant portion of the Company s financial instruments, fair value estimates are based on judgments regarding current economic conditions, risk characteristics of various financial instruments and other factors. Those estimates that are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision are included in Level 3. Changes in assumptions could significantly affect the fair values presented.

The following tables present information about the Company s assets and liabilities measured at fair value on a recurring and non-recurring basis as of March 31, 2014 and December 31, 2013, and indicates the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair value:

Assets and liabilities measured at fair value on a recurring basis at March 31, 2014 and December 31, 2013 are summarized below, in thousands:

		Fair Value Measurements at March 31, 2014 Using		
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
U.S. Government-sponsored agencies	$ 16,030		$ 16,030	
U.S. Government-sponsored agencies collateralized by mortgage obligations-residential	69,838		69,838	
Obligations of states and political subdivisions	2,962		2,962	
	$ 88,830	$	$ 88,830	$

		Fair Value Measurements at December 31, 2013 Using		
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
U.S. Government-sponsored agencies	$ 27,097		$ 27,097	
U.S. Government-sponsored agencies collateralized by mortgage obligations-residential	61,875		61,875	
Obligations of states and political subdivisions	1,371		1,371	
	$ 90,343	$ -	$ 90,343	$

The fair value of securities available-for-sale equals quoted market price, if available. If quoted market prices are not available, fair value is determined using quoted market prices for similar securities or matrix pricing. There were no changes in the valuation techniques used during 2014 or 2013. Transfers between hierarchy measurement levels are recognized by the Company as of the beginning of the reporting period. Changes in fair market value are recorded in other comprehensive income.

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Assets and liabilities measured at fair value on a non-recurring basis at March 31, 2014 are summarized below, in thousands:

		Fair Value Measurements at March 31, 2014 Using			Three Months Ended March 31, 2014
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)
Assets:					
Impaired loans:					
Commercial	$ 762	$	$	$ 762	$
Agricultural					
Real estate residential	183			183	(60)
Real estate commercial	2,319			2,319	(290)
Real estate construction and land development	65			65	(215)
Equity lines of credit	354			354	(136)
Auto					(3)
Other					(11)
Total impaired loans	3,683			3,683	(715)
Other real estate:					
Real estate residential	358			358	11
Real estate commercial	1,085			1,085	(20)
Real estate construction and land development	4,053			4,053	(126)
Equity lines of credit	234			234	
Total other real estate	5,730			5,730	(135)
	$ 9,413	$	$	$ 9,413	$ (850)

Assets and liabilities measured at fair value on a non-recurring basis at December 31, 2013 are summarized below, in thousands:

		Fair Value Measurements at December 31, 2013 Using			Three Months Ended March 31, 2013
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Gains (Losses)
Assets:					
Impaired loans:					
Commercial	$ 767	$	$	$ 767	$ (22)
Agricultural					1
Real estate residential	28			28	40
Real estate commercial	1,377			1,377	8
Real estate construction and land development					(653)
Equity lines of credit	360			360	(13)
Auto					
Other					(24)