PLUMAS BANCORP
Form 10-Q
May 06, 2015
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED March 31, 2015

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 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	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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of May 4, 2015.
4,806,039 shares

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PLUMAS BANCORP

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share data)

	March 31, 2015	**December 31, 2014**
Assets		
Cash and cash equivalents	$48,633	$45,574
Investment securities available for sale	90,072	90,320
Loans, less allowance for loan losses of $5,722 at March 31, 2015 and $5,451 at December 31, 2014	379,231	366,787
Premises and equipment, net	11,470	11,642
Bank owned life insurance	11,931	11,845
Real estate and vehicles acquired through foreclosure	3,683	3,603
Accrued interest receivable and other assets	8,830	9,091
Total assets	$553,850	$538,862
Liabilities and Shareholders' Equity		
Deposits:		
Non-interest bearing	$183,972	$180,649
Interest bearing	299,692	287,242
Total deposits	483,664	467,891
Repurchase agreements	6,944	9,626
Note payable	1,000	1,000
Subordinated debenture	7,493	7,454
Accrued interest payable and other liabilities	6,328	6,084
Junior subordinated deferrable interest debentures	10,310	10,310
Total liabilities	515,739	502,365
Commitments and contingencies (Note 5)		
Shareholders' equity:		
Common stock, no par value; 22,500,000 shares authorized; issued and outstanding – 4,803,239 shares at March 31, 2015 and 4,799,139 at December 31, 2014	6,345	6,312

Retained earnings	31,460	30,245
Accumulated other comprehensive income (loss), net	306	(60)
Total shareholders’ equity	38,111	36,497
Total liabilities and shareholders’ equity	$553,850	$538,862

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,	
	2015	**2014**
Interest Income:		
Interest and fees on loans	$4,943	$4,608
Interest on investment securities	398	374
Other	35	30
Total interest income	5,376	5,012
Interest Expense:		
Interest on deposits	124	133
Interest on note payable	11	32
Interest on subordinated debt	188	188
Interest on junior subordinated deferrable interest debentures	74	74
Other	2	2
Total interest expense	399	429
Net interest income before provision for loan losses	4,977	4,583
Provision for Loan Losses	300	150
Net interest income after provision for loan losses	4,677	4,433
Non-Interest Income:		
Service charges	938	994
Gain on sale of loans	657	332
Gain on sale of investments	30	-
Other	420	362
Total non-interest income	2,045	1,688
Non-Interest Expenses:		
Salaries and employee benefits	2,718	2,369
Occupancy and equipment	700	779
Other	1,288	1,413
Total non-interest expenses	4,706	4,561
Income before provision for income taxes	2,016	1,560
Provision for Income Taxes	801	618
Net income	$1,215	$942
Basic earnings per common share	$0.25	$0.20
Diluted earnings per common share	$0.24	$0.19

See notes to unaudited condensed consolidated financial statements.

PLUMAS BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In thousands)

	For the Three Months Ended March 31,	
	2015	**2014**
Net income	$1,215	$942
Other comprehensive income:		
Change in net unrealized gain	653	538
Less: reclassification adjustments for net gains included in net income	(30)	-
Net unrealized holding gain	623	538
Related tax effect:		
Change in net unrealized gain	(269)	(222)
Reclassification of net gains included in net income	12	-
Income tax effect	(257)	(222)
Other comprehensive income	366	316
Total comprehensive income	$1,581	$1,258

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,	
	2015	**2014**
Cash Flows from Operating Activities:		
Net income	$1,215	$942
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	300	150
Change in deferred loan origination costs/fees, net	(148)	(185)
Depreciation and amortization	327	325
Stock-based compensation expense	29	9
Gain on sale of Investments	(30)	-
Amortization of investment security premiums	127	118
Gain on sale of OREO and other vehicles	(17)	(70)
Gain on sale of loans held for sale	(657)	(332)
Loans originated for sale	(9,134)	(2,965)
Proceeds from loan sales	9,485	5,318
Provision from change in OREO valuation	(129)	135
Earnings on bank-owned life insurance	(85)	(87)
Decrease in accrued interest receivable and other assets	134	360
Increase (decrease) in accrued interest payable and other liabilities	245	(52)
Net cash provided by operating activities	1,662	3,666
Cash Flows from Investing Activities:		
Proceeds from matured and called available-for-sale investment securities	-	13,045
Proceeds from principal repayments from available-for-sale government-sponsored mortgage-backed securities	2,690	2,049
Purchases of available-for-sale securities	(8,584)	(13,159)
Proceeds from sale of available-for-sale securities	6,669	-
Net increase in loans	(12,750)	(8,519)
Proceeds from sale of OREO	301	431
Proceeds from sale of other vehicles	73	93
Purchase of premises and equipment	(104)	(15)
Net cash used in investing activities	(11,705)	(6,075)

Continued on next page.

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PLUMAS BANCORP

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

(Continued)

	For the Three Months Ended March 31,	
	2015	**2014**
Cash Flows from Financing Activities:		
Net increase in demand, interest bearing and savings deposits	$17,028	$7,137
Net decrease in time deposits	(1,255)	(1,392)
Net decrease in securities sold under agreements to repurchase	(2,683)	(3,045)
Proceeds from exercise of stock options	12	6
Net cash provided by financing activities	13,102	2,706
Increase in cash and cash equivalents	3,059	297
Cash and Cash Equivalents at Beginning of Year	45,574	49,917
Cash and Cash Equivalents at End of Period	$48,633	$50,214
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest expense	$355	$384
Income taxes	$155	$120
Non-Cash Investing Activities:		
Real estate and vehicles acquired through foreclosure	$309	$158

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 and lending office in Reno, Nevada, lending offices specializing in government-guaranteed lending in Auburn, California and Beaverton, Oregon and a commercial/agricultural lending office in Chico, 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. 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, 2015 and the results of its operations and its cash flows for the three-month periods ended March 31, 2015 and 2014. Our condensed consolidated balance sheet at December 31, 2014 is derived from audited financial statements. Certain reclassifications have been made to prior period’s balances to conform to classifications used in 2015.

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 2014 Annual Report to Shareholders on Form 10-K. The results of operations for the three-month period ended March 31, 2015 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.

3. INVESTMENT SECURITIES AVAILABLE FOR SALE

The amortized cost and estimated fair value of investment securities at March 31, 2015 and December 31, 2014 consisted of the following, in thousands:

Available-for-Sale:	March 31, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt securities:				
U.S. Government-sponsored agencies	$6,504	$ 47	$ (2)	$ 6,549
U.S. Government-sponsored agencies collateralized by mortgage obligations-residential	69,846	462	(298)	70,010
Obligations of states and political subdivisions	13,201	320	(8)	13,513
	$89,551	$ 829	$ (308)	$ 90,072

Net unrealized gain on available-for-sale investment securities totaling $521,000 were recorded, net of $215,000 in tax expense, as accumulated other comprehensive income within shareholders' equity at March 31, 2015. During the three months ended March 31, 2015 the Company sold eight available-for-sale investment securities for total proceeds of $6,669,000 recording a $30,000 gain on sale. The Company realized a gain on sale from five of these securities totaling $37,000 and a loss on sale on three securities of $7,000.

Available-for-Sale	December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Debt securities:				
U.S. Government-sponsored agencies	$7,003	$ 19	$ (20)	$ 7,002
U.S. Government-sponsored agencies collateralized by mortgage obligations-residential	70,610	192	(522)	70,280
Obligations of states and political subdivisions	12,307	234	(9)	12,532
Corporate debt	502	4	-	506
	$90,422	$ 449	$ (551)	$ 90,320

Net unrealized loss on available-for-sale investment securities totaling $102,000 were recorded, net of $42,000 in tax benefits, as accumulated other comprehensive income within shareholders' equity at December 31, 2014. During the year ended December 31, 2014 the Company sold fourteen available-for-sale investment securities for total proceeds of $16,325,000 recording a $128,000 gain on sale. The Company realized a gain on sale from thirteen of these securities totaling $134,000 and a loss on sale on one security of $6,000.

There were no transfers of available-for-sale investment securities during the three months ended March 31, 2015 and twelve months ended December 31, 2014. There were no securities classified as held-to-maturity at March 31, 2015 or December 31, 2014.

Investment securities with unrealized losses at March 31, 2015 and December 31, 2014 are summarized and classified according to the duration of the loss period as follows, in thousands:

March 31, 2015

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Debt securities:						
U.S. Government- sponsored agencies	$998	$ 2			$998	$ 2
U.S. Government agencies collateralized by mortgage obligations-residential	11,757	45	$14,946	$ 253	26,703	298
Obligations of states and political subdivisions	866	8	-	-	866	8
	$13,621	$ 55	$14,946	$ 253	$28,567	$ 308

December 31, 2014

	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Debt securities:						
U.S. Government- sponsored agencies	$994	$ 6	$2,985	$ 14	$3,979	$ 20
U.S. Government agencies collateralized by mortgage obligations-residential	4,504	17	28,643	505	33,147	522
Obligations of states and political subdivisions	2,014	9	-	-	2,014	9
	$7,512	$ 32	$31,628	$ 519	$39,140	$ 551

At March 31, 2015, the Company held 120 securities of which 29 were in a loss position. Of the securities in a loss position, 14 were in a loss position for less than twelve months. Of the 120 securities 6 are U.S. Government-sponsored agencies 59 are U.S. Government-sponsored agencies collateralized by residential mortgage obligations and 55 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, 2015, 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, 2015 are other than temporarily impaired.

The amortized cost and estimated fair value of investment securities at March 31, 2015 by contractual maturity are shown below, in thousands.

	Amortized Cost	Estimated Fair Value
Within one year	$ -	$ -
After one year through five years	6,504	6,549
After five years through ten years	10,617	10,869
After ten years	2,584	2,644
Investment securities not due at a single maturity date:		
Government-sponsored mortgage-backed securities	69,846	70,010
	$ 89,551	$ 90,072

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 $58,372,000 and $57,793,000 and estimated fair values totaling $58,613,000 and $57,636,000 March 31, 2015 and December 31, 2014, respectively, were pledged to secure deposits and repurchase agreements.

4. LOANS AND THE ALLOWANCE FOR LOAN LOSSES

Outstanding loans are summarized below, in thousands:

	March 31, 2015	December 31, 2014
Commercial	$32,193	$31,465
Agricultural	34,640	35,355
Real estate - residential	28,813	29,284
Real estate – commercial	174,508	163,306
Real estate – construction and land development	24,936	24,572
Equity lines of credit	38,251	38,972
Auto	46,571	44,618
Other	3,124	2,818
	383,036	370,390
Deferred loan costs, net	1,917	1,848
Allowance for loan losses	(5,722)	(5,451)
	$379,231	$366,787

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

	March 31, 2015	December 31, 2014
Balance, beginning of year	$5,451	$ 5,517
Provision charged to operations	300	1,100
Losses charged to allowance	(175)	(1,913)
Recoveries	146	747
Balance, end of year	$5,722	$ 5,451

The recorded investment in impaired loans totaled $7,943,000 and $8,582,000 at March 31, 2015 and December 31, 2014, respectively. The Company had specific allowances for loan losses of $579,000 on impaired loans of $3,100,000 at March 31, 2015 as compared to specific allowances for loan losses of $564,000 on impaired loans of $2,401,000 at December 31, 2014. The balance of impaired loans in which no specific reserves were required totaled $4,843,000 and $6,181,000 at March 31, 2015 and December 31, 2014, respectively. The average recorded investment in impaired loans for the three months ended March 31, 2015 and March 31, 2014 was $7,952,000 and $8,713,000, respectively. The Company recognized $30,000 and $95,000 in interest income for impaired loans during the three months ended March 31, 2015 and 2014, respectively. Of these amounts, $0 and $50,000 were recognized on nonaccrual loans accounted for on a cash basis, 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, 2015 and December 31, 2014 was $5,655,000 and $5,738,000, respectively. The Company has allocated $349,000 and $319,000 of specific reserves on loans to customers whose loan terms have been modified in troubled debt restructurings as of March 31, 2015 and December 31, 2014, respectively. The Company has not committed to lend additional amounts on loans classified as troubled debt restructurings at March 31, 2015 and December 31, 2014.

There were no troubled debt restructurings that occurred during the three months ending March 31, 2015 and 2014, respectively.

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, 2015 and 2014, respectively.

The terms of certain other loans were modified during the three months ending March 31, 2015 and year ending December 31, 2014 that did not meet the definition of a troubled debt restructuring. These loans have a total recorded investment as of March 31, 2015 and December 31, 2014 of $11 million and $27 million, respectively.

These loans which were modified during the three months ended March 31, 2015 and year ended December 31, 2014 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, 2015 and December 31, 2014, nonaccrual loans totaled $5,997,000 and $6,625,000, respectively. Interest foregone on nonaccrual loans totaled $118,000 and $101,000 for the three months ended March 31, 2015 and 2014, respectively. Loans past due 90 days or more and on accrual status totaled $0 at March 31, 2015 and December 31, 2014.

Salaries and employee benefits totaling $317,000 and $341,000 have been deferred as loan origination costs during the three months ended March 31, 2015 and 2014, 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, 2015	**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	$30,025	$ 33,902	$ 27,648	$ 167,870	$ 23,265	$37,736	$320,446
Watch	1,413	345	84	2,277	620	145	4,884
Substandard	755	393	1,081	4,361	1,051	370	8,011
Doubtful	-	-	-	-	-	-	-
Total	$32,193	$ 34,640	$ 28,813	$ 174,508	$ 24,936	$38,251	$333,341

December 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	$30,176	$ 34,609	$ 28,048	$ 156,329	$ 22,924	$38,373	$310,459
Watch	789	355	233	2,297	537	146	4,357
Substandard	500	391	1,003	4,680	1,111	453	8,138
Doubtful	-	-	-	-	-	-	-
Total	$31,465	$ 35,355	$ 29,284	$ 163,306	$ 24,572	$38,972	$322,954

	Consumer Credit Exposure Credit Risk Profile Based on Payment Activity March 31, 2015			**Consumer Credit Exposure Credit Risk Profile Based on Payment Activity December 31, 2014**		
	Auto	Other	Total	Auto	Other	Total
Grade:						
Performing	$46,493	$3,109	$49,602	$44,523	$2,805	$47,328
Non-performing	78	15	93	95	13	108
Total	$46,571	$3,124	$49,695	$44,618	$2,818	$47,436

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
Three months ended 3/31/15:									
Allowance for Loan Losses									
Beginning balance	$ 574	$ 225	$ 379	$ 1,701	$ 1,227	$ 691	$ 581	$ 73	$ 5,451
Charge-offs	(40)	-	(5)	-	(1)	(8)	(111)	(10)	(175)
Recoveries	81	-	2	-	-	2	43	18	146
Provision	(33)	(3)	43	262	2	(98)	114	13	300
Ending balance	$ 582	$ 222	$ 419	$ 1,963	$ 1,228	$ 587	$ 627	$ 94	$ 5,722
Three months ended 3/31/14:									
Allowance for Loan Losses									
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
March 31, 2015:									
Allowance for Loan Losses									
Ending balance: individually evaluated for impairment	$ -	$ -	$ 63	$ 125	$ 287	$ 86	$ 3	$ 15	$ 579
Ending balance: collectively evaluated for impairment	$ 582	$ 222	$ 356	$ 1,838	$ 941	$ 501	$ 624	$ 79	$ 5,143
Loans									
Ending balance	$ 32,193	$ 34,640	$ 28,813	$ 174,508	$ 24,936	$ 38,251	$ 46,571	$ 3,124	$ 383,036
Ending balance: individually evaluated for impairment	$ 70	$ 605	$ 2,311	$ 3,339	$ 1,191	$ 334	$ 78	$ 15	$ 7,943
	$ 32,123	$ 34,035	$ 26,502	$ 171,169	$ 23,745	$ 37,917	$ 46,493	$ 3,109	$ 375,093

Ending balance: collectively evaluated for impairment									
<u>December 31, 2014:</u>									
<u>Allowance for Loan Losses</u>									
Ending balance: individually evaluated for impairment	$ -	$ -	$ 51	$ 65	$ 274	$ 174	$ -	$ -	$ 564
Ending balance: collectively evaluated for impairment	$ 574	$ 225	$ 328	$ 1,636	$ 953	$ 517	$ 581	$ 73	$ 4,887
<u>Loans</u>									
Ending balance	$ 31,465	$ 35,355	$ 29,284	$ 163,306	$ 24,572	$ 38,972	$ 44,618	$ 2,818	$ 370,390
Ending balance: individually evaluated for impairment	$ 55	$ 605	$ 2,518	$ 3,643	$ 1,252	$ 415	$ 93	$ 1	$ 8,582
Ending balance: collectively evaluated for impairment	$ 31,410	$ 34,750	$ 26,766	$ 159,663	$ 23,320	$ 38,557	$ 44,525	$ 2,817	$ 361,808

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

March 31, 2015	30-89 Days Past Due	90 Days and Still Accruing	Nonaccrual	Total Past Due	Current	Total
Commercial:						
Commercial	$ 22	$ -	$ 53	$75	$32,118	$32,193
Agricultural	-	-	342	342	34,298	34,640
Real estate – construction	-	-	1,051	1,051	23,885	24,936
Real estate	339	-	3,339	3,678	170,830	174,508
Residential:						
Real estate	1,521	-	785	2,306	26,507	28,813
Equity LOC	157	-	334	491	37,760	38,251
Consumer:						
Auto	674	-	78	752	45,819	46,571
Other	14	-	15	29	3,095	3,124
Total	$ 2,727	$ -	$ 5,997	$8,724	$374,312	$383,036

December 31, 2014	30-89 Days Past Due	90 Days and Still Accruing	Nonaccrual	Total Past Due	Current	Total
Commercial:						
Commercial	$131	$ -	$ 38	$169	$31,296	$31,465
Agricultural	-	-	339	339	35,016	35,355
Real estate – construction	345	-	1,111	1,456	23,116	24,572
Real estate	-	-	3,643	3,643	159,663	163,306
Residential:						
Real estate	292	-	985	1,277	28,007	29,284
Equity LOC	194	-	415	609	38,363	38,972
Consumer:						
Auto	601	-	93	694	43,924	44,618
Other	43	-	1	44	2,774	2,818
Total	$1,606	$ -	$ 6,625	$8,231	$362,159	$370,390

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

As of March 31, 2015:	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial	$ 70	$ 70	$	$ 58	-
Agricultural	605	605		605	5
Real estate – construction	445	445		449	2
Real estate – commercial	2,105	2,751		2,121	-
Real estate – residential	1,422	1,433		1,419	20
Equity Lines of Credit	127	127		119	-
Auto	69	69		73	-
Other	-	-		-	-
With an allowance recorded:					
Commercial					