

ConnectOne Bancorp, Inc.  
Form 10-Q  
May 12, 2014

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

**(Mark One)**

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

For the quarterly period ended March 31, 2014

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number **001-35812**

**CONNECTONE BANCORP, INC.**

(Exact name of Registrant as Specified in Its Charter)

**NEW JERSEY**

(State or other jurisdiction of incorporation or organization)

**26-1998619**

(I.R.S. Employer Identification Number)

**301 Sylvan Avenue**

**Englewood Cliffs, New Jersey 07632**

(Address of Principal Executive Offices)

**(201) 816-8900**

(Issuer's Telephone Number, including area code)

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities and 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 SD-T 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, or a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerated filer and small reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

As of May 12, 2014 there were 5,122,047 shares of common stock, no par value, outstanding.



**ConnectOne Bancorp, Inc.**  
**FORM 10-Q**

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**PART I – FINANCIAL INFORMATION****Item 1. Financial Statements****ConnectOne Bancorp, Inc.****CONSOLIDATED BALANCE SHEETS****(in thousands)**

	March 31, 2014	December 31, 2013
	(unaudited)	
Assets		
Cash and due from banks	\$3,005	\$2,907
Interest-bearing deposits with banks	42,325	31,459
Cash and cash equivalents	45,330	34,366
Securities available for sale	27,199	27,589
Securities held to maturity, fair value of \$943 at 2014 and \$1,077 at 2013	898	1,027
Loans held for sale	792	575
Loans receivable	1,245,363	1,151,904
Less: Allowance for loan losses	(17,035 )	(15,979 )
Net loans receivable	1,228,328	1,135,925
Investment in restricted stock, at cost	9,411	7,622
Bank premises and equipment, net	7,385	7,526
Accrued interest receivable	4,235	4,102
Other real estate owned	870	1,303
Goodwill	260	260
Bank-owned life insurance	15,334	15,191
Deferred taxes	7,539	7,614
Other assets	142	128
Total assets	\$1,347,723	\$1,243,228

(continued)

See accompanying notes to unaudited consolidated financial statements.

**ConnectOne Bancorp, Inc.****CONSOLIDATED BALANCE SHEETS****(in thousands, except share data)**

	March 31, 2014	December 31, 2013
	(unaudited)	
<b>Liabilities</b>		
Deposits		
Noninterest-bearing	\$236,872	\$216,804
Interest-bearing	790,884	749,003
Total deposits	1,027,756	965,807
FHLB Borrowings	177,301	137,558
Accrued interest payable	2,836	2,762
Capital lease obligation	3,081	3,107
Other liabilities	3,741	3,866
<b>Total liabilities</b>	<b>1,214,715</b>	<b>1,113,100</b>
 <b>Commitments and Contingencies</b>		
 <b>Stockholders' Equity</b>		
Preferred stock (Series A), no par value; \$20 liquidation value; authorized 125,000 shares; no shares issued and outstanding at March 31, 2014 and December 31, 2013	—	—
Preferred stock (Series B), no par value; \$20 liquidation value; authorized 875,000 shares; no shares issued and outstanding at March 31, 2014 and December 31, 2013	—	—
Preferred stock (Series C), no par value; \$1,000 liquidation value; authorized 7,500 shares; no shares issued and outstanding at March 31, 2014 and December 31, 2013	—	—
Common stock and surplus, no par value; authorized 10,000,000 shares at March 31, 2014 and December 31, 2013; issued and outstanding 5,122,047 at March 31, 2014 and 5,106,455 at December 31, 2013	99,466	99,315
Retained earnings	33,539	30,931
Accumulated other comprehensive income/(loss)	3	(118 )
<b>Total stockholders' equity</b>	<b>133,008</b>	<b>130,128</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$1,347,723</b>	<b>\$1,243,228</b>

See accompanying notes to unaudited consolidated financial statements.

**ConnectOne Bancorp, Inc.****CONSOLIDATED STATEMENTS OF INCOME (unaudited)****(in thousands, except for share and per share data)**

	Three Months Ended March 31,	
	2014	2013
Interest income		
Loans receivable, including fees	\$13,455	\$10,696
Securities	227	195
Other interest income	22	21
Total interest income	13,704	10,912
Interest expense		
Deposits	1,401	1,146
FHLB borrowings	561	334
Capital lease	47	48
Total interest expense	2,009	1,528
Net interest income	11,695	9,384
Provision for loan losses	1,300	925
Net interest income after provision for loan losses	10,395	8,459
Non-interest income		
Service fees	87	100
Gains on sales of loans	41	83
Income on bank owned life insurance	144	—
Other income	77	76
Total non-interest income	349	259
Non-interest expenses		
Salaries and employee benefits	3,091	2,480
Occupancy and equipment	829	729
Professional fees	378	271
Advertising and promotion	99	103
Data processing	517	447
Merger related expenses	923	—
Other expenses	835	711
Total non-interest expenses	6,672	4,741
Income before income tax expense	4,072	3,977
Income tax expense	1,464	1,641
Net income	\$2,608	\$2,336
Earnings per common share:		
Basic	\$0.52	\$0.58
Diluted	0.50	0.56
Weighted average common shares outstanding:		



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Basic	5,035,521	4,055,908
Diluted	5,216,599	4,178,214

See accompanying notes to unaudited consolidated financial statements.

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**ConnectOne Bancorp, Inc.**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)**

**(in thousands)**

	Three Months Ended March 31,	
	2014	2013
Net income	\$2,608	\$2,336
Unrealized holding (losses)/gains on securities available for sale arising during the period	202	(122 )
Tax effect	81	(49 )
Other comprehensive loss	121	(73 )
Comprehensive income	\$2,729	\$2,263

See accompanying notes to unaudited consolidated financial statements.

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**ConnectOne Bancorp, Inc.****CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

(dollars in thousands)

	Common Stock and Surplus	Preferred Stock, Series A	Preferred Stock, Series B	Preferred Stock, Series C	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at January 1, 2013	\$ 51,205	\$ —	\$ —	\$ —	\$ 20,661	\$ 496	\$ 72,362
Net income	—	—	—	—	10,270	—	10,270
Other comprehensive loss, net of taxes	—	—	—	—	—	(614 )	(614 )
Issuance of 1,840,000 shares, net of expenses	47,715	—	—	—	—	—	47,715
Grant of 100,238 restricted stock awards and performance units	—	—	—	—	—	—	—
Equity-based compensation	395	—	—	—	—	—	395
Balance at December 31, 2013	99,315	—	—	—	30,931	(118 )	130,128
Net income	—	—	—	—	2,608	—	2,608
Other comprehensive income, net of taxes	—	—	—	—	—	121	121
Grant of 15,592 restricted stock awards	—	—	—	—	—	—	—
Equity-based compensation	151	—	—	—	—	—	151
Balance at March 31, 2014 (unaudited)	\$ 99,466	\$ —	\$ —	\$ —	\$ 33,539	\$ 3	\$ 133,008

See accompanying notes to unaudited consolidated financial statements.

**ConnectOne Bancorp, Inc.****CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)****(in thousands)**

	Three months ended March 31,	
	2014	2013
Cash flows from operating activities		
Net income	\$2,608	\$2,336
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,300	925
Depreciation and amortization	305	297
Net amortization of securities discounts and premiums	4	20
Equity-based compensation	151	99
Proceeds from sale of loans	2,246	4,352
Originations of loans held for sale	(2,422 )	(4,149 )
Gain on sales of loans	(41 )	(83 )
Increase in bank-owned life insurance	(144 )	—
Increase in accrued interest receivable	(133 )	(157 )
Increase (decrease) in accrued interest payable	74	(126 )
Increase (decrease) in other liabilities	(125 )	1,314
(Increase) decrease in other assets	(13 )	205
Net cash provided by operating activities	3,810	5,033
Cash flows from investing activities		
Net increase in loans	(93,703 )	(52,978)
Maturities, calls and principal repayments of securities held to maturity and available for sale	711	1,851
Proceeds from sale of other real estate owned	433	—
Net (increase) decrease in investments in restricted stock, at cost	(1,789 )	228
Purchases of bank premises and equipment	(164 )	(701 )
Net cash used in investing activities	(94,512 )	(51,600)
Cash flows from financing activities		
Net increase in deposits	61,949	29,760
Proceeds from FHLB borrowings	40,000	5,000
Repayment of FHLB borrowings	(257 )	(10,162)
Net proceeds from initial public offering	—	47,715
Decrease in capital lease obligation	(26 )	(18 )
Net cash provided by financing activities	101,666	72,295
Net increase in cash and cash equivalents	10,964	25,728
Cash and cash equivalents - beginning	34,366	50,629
Cash and cash equivalents - ending	\$45,330	\$76,357
Supplementary cash flows information:		
Interest paid	\$1,935	\$1,654
Income taxes paid	\$1,275	\$900

See accompanying notes to unaudited consolidated financial statements.

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**ConnectOne Bancorp, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Operations and Principles of Consolidation: The consolidated financial statements include ConnectOne Bancorp, Inc. (“The Parent Corporation”) and its wholly owned subsidiary, ConnectOne Bank (“the Bank” and, collectively with the Parent Corporation and the Parent Corporation’s other direct subsidiaries, “the Company.”)

The Company provides financial services through its offices in Bergen, Hudson, Monmouth, and Essex counties, New Jersey. Its primary deposit products are checking, savings, and term certificate accounts, and its primary lending products are residential mortgage, commercial, and installment loans. Substantially all loans are secured by specific items of collateral including business assets, consumer assets, and commercial and residential real estate. Commercial loans are expected to be repaid from cash flow from business operations. There are no significant concentrations of loans to any one industry or customer. However, the customers’ ability to repay their loans is dependent on the cash flows, real estate and general economic conditions in the area.

The consolidated financial information included herein as of and for the periods ended March 31, 2014 and 2013 is unaudited. The accompanying unaudited consolidated financial statements included herein have been prepared by the Company in accordance with U.S. generally accepted accounting principles and pursuant to the rules and regulations of the Securities and Exchange Commission and reflect all adjustments which, in the opinion of management, are considered necessary for a fair presentation of the financial condition and results of operations for the periods presented. All adjustments made were of a normal and recurring nature. Operating results for the three months ended March 31, 2014 are not necessarily indicative of the results that may be expected for the year ended December 31, 2014. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013.

**ConnectOne Bancorp, Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## NOTE 2 - SECURITIES

The amortized cost, gross unrealized gains and losses and fair value of securities available for sale at March 31, 2014 and December 31, 2013, are as follows (dollars in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<u>March 31, 2014</u>				
Securities available for sale:				
U.S. Treasury securities	\$ 1,937	\$ —	\$ (84)	) \$ 1,853
States and political subdivisions	4,412	2	(32)	) 4,382
Asset-backed securities:				
Residential mortgages	9,038	333	(87)	) 9,284
Student loans	4,451	7	(11)	) 4,447
Small business loans	1,356	—	(12)	) 1,344
Equity securities	6,000	—	(111)	) 5,889
	\$ 27,194	\$ 342	\$ (337)	) \$ 27,199

December 31, 2013

Securities available for sale:				
U.S. Treasury securities	\$ 1,935	\$ —	\$ (132)	) \$ 1,803
States and political subdivisions	4,415	—	(80)	) 4,335
Asset-backed securities:				
Residential mortgages	9,452	333	(128)	) 9,657
Student loans	4,568	—	(20)	) 4,548
Small business loans	1,414	—	(23)	) 1,391
Equity securities	6,000	—	(145)	) 5,855
	\$ 27,784	\$ 333	\$ (528)	) \$ 27,589

The amortized cost, gross unrecognized gains and losses and fair value of securities held to maturity at March 31, 2014 and December 31, 2013, are as follows (dollars in thousands):

	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
<u>March 31, 2014</u>				
Securities held to maturity:				

Asset-backed securities:

Residential mortgages	\$ 898	\$ 45	\$ —	\$943
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December 31, 2013

Securities held to maturity:

Asset-backed securities:

Residential mortgages	\$ 1,985	\$ 99	\$ —	\$2,084
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**ConnectOne Bancorp, Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## NOTE 2 - SECURITIES

(continued)

The amortized cost and fair value of debt securities available for sale and held to maturity at March 31, 2014, by contractual maturity, are shown below (dollars in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Asset-backed securities do not have a specific maturity and are shown separately.

	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<u>March 31, 2014</u>				
Due in one year or less	\$1,001	\$1,002	\$—	\$—
Due after one year through five years	—	—	—	—
Due after five years through ten years	3,849	3,733	—	—
Due after ten years	1,499	1,500	—	—
Asset-backed securities:				
Residential mortgages	9,038	9,284	898	943
Student loans	4,451	4,447	—	—
Small business loans	1,356	1,344	—	—
	\$21,194	\$21,310	\$898	\$943

There were no sales of available for sale securities for the quarters ended March 31, 2014 and 2013.

Securities with a carrying value of \$204,000 and \$215,000 at March 31, 2014 and December 31, 2013, respectively, were pledged to secure public deposits, securities sold under agreements to repurchase and for other purposes as required or permitted by law.

The following table summarizes securities with unrealized losses at March 31, 2014 and December 31, 2013, aggregated by major security type and length of time in a continuous unrealized loss position (in thousands).

Less than 12 Months

Total

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	Fair	Unrealized	12 Months or Longer	Fair	Unrealized	Fair	Unrealized
	Value	Losses	Value	Losses	Value	Losses	
March 31, 2014							
Securities available for sale:							
U.S. Treasury securities	\$1,853	\$ (84 )	\$ —	\$ —	\$1,853	\$ (84 )	
States and political subdivisions	1,880	(32 )	—	—	1,880	(32 )	
Asset-backed securities:							
Residential mortgages	2,275	(87 )	—	—	2,275	(87 )	
Student loans	2,495	(11 )	—	—	2,495	(11 )	
Small business loans	1,344	(12 )	—	—	1,344	(12 )	
Equity securities	5,889	(111 )	—	—	5,889	(111 )	
	\$15,736	\$ (337 )	\$ —	\$ —	\$15,736	\$ (337 )	

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**ConnectOne Bancorp, Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## NOTE 2 - SECURITIES

(continued)

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<u>December 31, 2013</u>						
Securities available for sale:						
U. S. Treasury securities	\$1,803	\$ (132 )	\$ —	\$ —	\$1,803	\$ (132 )
States and political subdivisions	3,412	(80 )	—	—	3,412	(80 )
Asset-backed securities:						
Residential mortgages	4,284	(128 )	—	—	4,284	(128 )
Student loans	4,548	(20 )	—	—	4,548	(20 )
Small business loans	1,391	(23 )	—	—	1,391	(23 )
Equity securities	5,855	(145 )	—	—	5,855	(145 )
	\$21,293	\$ (528 )	\$ —	\$ —	\$21,293	\$ (528 )

Unrealized losses on available for sale securities have not been recognized into income because the securities are of high credit quality, management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery, and the decline in fair value is largely due to changes in interest rates. The fair value is expected to recover as the securities approach maturity.

## NOTE 3 – LOANS RECEIVABLE

The composition of loans receivable (which excludes loans held for sale) at March 31, 2014 and December 31, 2013 are as follows (dollars in thousands):

	March 31, 2014	December 31, 2013
Commercial	\$223,324	\$ 203,690
Commercial real estate	835,169	769,121
Commercial construction	69,420	59,877
Residential real estate	83,243	85,568
Home equity	32,665	32,504

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Consumer	2,348	2,340
Gross loans	1,246,169	1,153,100
Unearned net origination fees and costs	(806 )	(1,196 )
Loans receivable	1,245,363	1,151,904
Less: Allowance for loan losses	(17,035 )	(15,979 )
Net loans receivable	\$1,228,328	\$ 1,135,925

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**ConnectOne Bancorp, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 3 – LOANS RECEIVABLE**

(continued)

The portfolio classes in the above table have unique risk characteristics with respect to credit quality:

The repayment of commercial loans is generally dependent on the creditworthiness and cash flow of borrowers, and if applicable, guarantors, which may be negatively impacted by adverse economic conditions. While the majority of these loans are secured, collateral type, marketing, coverage, valuation and monitoring is not as uniform as in other portfolio classes and recovery from liquidation of such collateral may be subject to greater variability.

Payment on commercial real estate loans is driven principally by operating results of the managed properties or underlying business and secondarily by the sale or refinance of such properties. Both primary and secondary sources of repayment, and value of the properties in liquidation, may be affected to a greater extent by adverse conditions in the real estate market or the economy in general.

Properties underlying commercial construction loans often do not generate sufficient cash flows to service debt and thus repayment is subject to ability of the borrower and, if applicable, guarantors, to complete development or construction of the property and carry the project, often for extended periods of time until the property can be sold. As a result, the performance of these loans is contingent upon future events whose probability at the time of origination is uncertain.

The ability of borrowers to service debt in the residential, home equity and consumer loan portfolios is generally subject to personal income which may be impacted by general economic conditions, such as increased unemployment levels. These loans are predominately collateralized by first and/or second liens on single family properties. If a borrower cannot maintain the loan, the Company's ability to recover against the collateral in sufficient amount and in a timely manner may be significantly influenced by market, legal and regulatory conditions.

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**ConnectOne Bancorp, Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****NOTE 3 – LOANS RECEIVABLE**

(continued)

The following table represents the allocation of allowance for loan losses and the related loans by loan portfolio segment disaggregated based on the impairment methodology at March 31, 2014 and December 31, 2013 (dollars in thousands):

	Commercial	Commercial	Commercial	Residential	Home	Consumer	Unallocated	Total
	Commercial	Real	Commercial	Real	Home	Consumer	Unallocated	Total
	Estate	Estate	Construction	Estate	Equity	Consumer	Unallocated	Total
					Lines of	Consumer	Unallocated	Total
					Credit	Consumer	Unallocated	Total
<b>March 31, 2014</b>								
Allowance for loan losses:								
Individually evaluated for impairment	\$ 1,456	\$ 80	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,536
Collectively evaluated for impairment	3,267	9,259	740	1,217	701	52	263	15,499
<b>Total</b>	<b>\$ 4,723</b>	<b>\$ 9,339</b>	<b>\$ 740</b>	<b>\$ 1,217</b>	<b>\$ 701</b>	<b>\$ 52</b>	<b>\$ 263</b>	<b>\$ 17,035</b>
Gross loans:								
Individually evaluated for impairment	\$ 5,743	\$ 6,106	\$ —	\$ 2,784	\$ 765	\$ —	\$ —	\$ 15,398
Collectively evaluated for impairment	217,581	829,063	69,420	80,459	31,900	2,348	—	1,230,771
<b>Total</b>	<b>\$ 223,324</b>	<b>\$ 835,169</b>	<b>\$ 69,420</b>	<b>\$ 83,243</b>	<b>\$ 32,665</b>	<b>\$ 2,348</b>	<b>\$ —</b>	<b>\$ 1,246,169</b>
<b>December 31, 2013</b>								
Allowance for loan losses:								
Individually evaluated for impairment	\$ 1,440	\$ 122	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,562
Collectively evaluated for impairment	2,998	8,622	639	1,248	698	52	160	14,417
<b>Total</b>	<b>\$ 4,438</b>	<b>\$ 8,744</b>	<b>\$ 639</b>	<b>\$ 1,248</b>	<b>\$ 698</b>	<b>\$ 52</b>	<b>\$ 160</b>	<b>\$ 15,979</b>

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Gross loans:								
Individually evaluated for impairment	\$ 5,813	\$ 6,137	\$ —	\$ 3,029	\$ 767	\$ —	\$ —	\$ 15,746
Collectively evaluated for impairment	197,877	762,984	59,877	82,539	31,737	2,340	—	1,137,354
Total	\$ 203,690	\$ 769,121	\$ 59,877	\$ 85,568	\$ 32,504	\$ 2,340	\$ —	\$ 1,153,100

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**ConnectOne Bancorp, Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

## NOTE 3 – LOANS RECEIVABLE

(continued)

The following tables present information related to impaired loans by class as of March 31, 2014, December 31, 2013 and March 31, 2013 and for the quarters ended March 31, 2014 and 2013 and for the year ended December 31, 2013 (dollars in thousands):

	Unpaid Principal Balance	Recorded Investment (1)	Allowance for Loan Losses Allocated	Average Recorded Investment (1)	Interest Income Recognized	Cash Basis Interest Recognized
<u>March 31, 2014</u>						
With no related allowance recorded:						
Commercial	\$ 929	\$ 801	—	\$ 819	\$ —	\$ —
Commercial real estate	5,244	4,870	—	4,955	22	—
Commercial construction	—	—	—	—	—	—
Residential real estate	3,641	2,817	—	3,202	8	—
Home equity lines of credit	770	765	—	771	—	—
Consumer	—	—	—	—	—	—
	10,584	9,253	—	9,747	30	—
With an allowance recorded:						
Commercial	5,018	4,949	1,456	5,077	17	—
Commercial real estate	1,394	1,403	80	1,447	21	—
Commercial construction	—	—	—	—	—	—
Residential real estate	—	—	—	—	—	—
Home equity lines of credit	—	—	—	—	—	—
Consumer	—	—	—	—	—	—
	6,412	6,352	1,536	6,524	38	—
Total	\$ 16,996	\$ 15,605	\$ 1,536	\$ 16,271	\$ 68	\$ —
<u>December 31, 2013</u>						
With no related allowance recorded:						
Commercial	\$ 934	\$ 809	—	\$ 830	\$ 15	\$ —
Commercial real estate	4,712	4,348	—	4,479	63	—
Commercial construction	—	—	—	—	—	—



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Residential real estate	3,643	3,055	—	3,510	36	—
Home equity lines of credit	771	768	—	567	7	—
Consumer	—	—	—	—	—	—
	10,060	8,980	—	9,386	121	—
With an allowance recorded:						
Commercial	5,057	5,016	1,440	5,192	122	60
Commercial real estate	1,950	1,959	122	2,042	119	—
Commercial construction	—	—	—	—	—	—
Residential real estate	—	—	—	—	—	—
Home equity lines of credit	—	—	—	—	—	—
Consumer	—	—	—	—	—	—
	7,007	6,975	1,562	7,234	241	60
Total	\$ 17,067	\$ 15,955	\$ 1,562	\$ 16,620	\$ 362	\$ 60

March 31, 2013

With no related allowance recorded:

Commercial	\$ 273	\$ 276	—	\$ 286	\$ —	\$ —
Commercial real estate	2,392	2,434	—	1,666	16	—
Commercial construction	—	—	—	—	—	—
Residential real estate	3,023	3,068	—	3,058	—	—
Home equity lines of credit	119	121	—	121	1	—
Consumer	—	—	—	—	—	—
	5,807	5,899	—	5,131	17	—

With an allowance recorded:

Commercial	2,862	2,862	648	2,895	32	32
Commercial real estate	3,274	3,326	612	3,442	35	—
Commercial construction	—	—	—	—	—	—
Residential real estate	639	647	45	660	8	—
Home equity lines of credit	—	—	—	—	—	—
Consumer	—	—	—	—	—	—