Howard Bancorp Inc
Form 10-Q/A
November 09, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2012

OR

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

Commission File Number: 001-35489

HOWARD BANCORP, INC.

(Exact name of registrant as specified in its charter)

Maryland	20-3735949
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

6011 University Blvd. Suite 370, Ellicott City, MD	21043
(Address of principal executive offices)	(Zip Code)

(410) 750-0020

(Registrant’s telephone number, including area code)

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 during to 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 small reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “small reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨ Accelerated filer ¨
Non-accelerated filer ¨ Small reporting company x

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

The number of outstanding shares of common stock outstanding as of October 31, 2012.

Common Stock, $0.01 par value – 4,036,628 shares

HOWARD BANCORP, INC.

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As used in this report, “Bancorp” refers to Howard Bancorp, Inc., references to the “Company,” “we,” “us,” and “ours” refer to Howard Bancorp, Inc. and its subsidiaries, collectively, and references to the “Bank” refer to Howard Bank.

This report contains forward-looking statements, which can be identified by the use of words such as “estimate,” “project,” “believe,” “intend,” “anticipate,” “plan,” “seek,” “expect,” “will,” “may,” “should” and words of similar meaning. You can als them by the fact that they do not relate strictly to historical or current facts.

These forward-looking statements include, but are not limited to:

- statements of our goals, intentions and expectations, particularly increasing originations of residential mortgage loans, our portfolio of mortgage loans and our selling of loans into the secondary market;
- the expected impact of our recently-completed initial public offering and concurrent private placement;
- statements regarding our intentions to not sell securities in our investment portfolio and the status of unrealized losses in such portfolios;
- our statement regarding anticipated changes in expenses;
- statements with respect to our allowance for credit losses, and the adequacy thereof;
- future cash requirements relating to commitments to extend credit, and that we do not anticipate any material losses in connection therewith;
- our statement with respect to expected retention of maturing certificates of deposits; and
- our statement with respect to adequate liquidity and future liquidity intensions.

These forward-looking statements are based on our current beliefs and expectations and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, these forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. We are under no duty to and do not undertake any obligation to update any forward-looking statements after the date of this prospectus.

The following factors, among others, could cause actual results to differ materially from the anticipated results or other expectations expressed in the forward-looking statements:

- general economic conditions, either nationally or in our market area, that are worse than expected;
- competition among depository and other financial institutions;
- inflation and changes in the interest rate environment that reduce our margins or reduce the fair value of financial instruments;
- adverse changes in the securities markets;
- changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees and capital requirements;

- our ability to enter new markets successfully and capitalize on growth opportunities, and to otherwise implement our growth strategy;
- changes in consumer spending, borrowing and savings habits;
- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, the Securities and Exchange Commission ("SEC") and the Public Company Accounting Oversight Board;
- changes in our organization, compensation and benefit plans
- loss of key personnel; and
- other risk discussed in this report, in our final prospectus dated May 21, 2012 as filed with the SEC on May 23, 2012 and in other reports we may file.

Because of these and a wide variety of other uncertainties, our actual future results may be materially different from the results indicated by these forward-looking statements. You should not put undue reliance on any forward-looking statements.

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PART I

Item 1. Financial Statements

Howard Bancorp, Inc. and Subsidiary

Consolidated Balance Sheets

(in thousands)	Unaudited September 30, 2012	December 31, 2011
ASSETS		
Cash and due from banks	$ 11,858	$ 17,926
Federal funds sold	6,478	279
Total cash and cash equivalents	18,336	18,205
Securities available-for-sale	35,952	13,376
Nonmarketable equity securities	1,205	1,313
Loans held for sale	573	646
Loans and leases, net of unearned income	298,814	276,531
Allowance for credit losses	(2,733)	(3,433)
Net loans Net loans and leases	296,081	273,098
Bank premises and equipment, net	9,659	9,484
Other real estate owned	2,903	1,885
Deferred income taxes	1,208	1,679
Interest receivable and other assets	2,564	3,396
Total assets	$ 368,481	$ 323,082
LIABILITIES		
Noninterest-bearing deposits	$ 79,934	$ 62,044
Interest-bearing deposits	207,492	200,598
Total deposits	287,426	262,642
Short-term borrowings	27,619	12,984
Long-term borrowings	6,000	10,000
Accrued expenses and other liabilities	1,114	826
Total liabilities	322,159	286,452
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock—par value $0.01 (liquidation preference of $1,000 per share) authorized 5,000,000;shares issued and outstanding 12,562 series AA at September 30, 2012 and December 31, 2011, net of issuance cost	12,562	12,562
	40	26

Common stock - par value of $0.01 authorized 5,000,000 shares; issued and outstanding 4,036,628 shares at September 30, 2012 and 2,640,264 shares at December 31, 2011		
Capital surplus	37,379	28,413
Accumulated deficit	(3,681)	(4,391)
Accumulated other comprehensive income	22	20
Total shareholders' equity	46,322	36,630
Total liabilities and shareholders' equity	$ 368,481	$ 323,082

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations

(in thousands)	Unaudited Nine months ended September 30, 2012	2011	Three months ended September 30, 2012	2011
INTEREST INCOME				
Interest and fees on loans and leases	$11,386	$10,728	$ 3,854	$ 3,666
Interest and dividends on securities	74	82	29	30
Other interest income	46	17	15	6
Total interest income	11,506	10,827	3,898	3,702
INTEREST EXPENSE				
Deposits	1,371	1,300	432	441
Short-term borrowings	125	137	40	50
Long-term borrowings	53	72	14	18
Total interest expense	1,549	1,509	486	509
NET INTEREST INCOME	9,957	9,318	3,412	3,193
Provision for credit losses	650	740	308	558
Net interest income after provision for credit losses	9,307	8,578	3,104	2,635
NONINTEREST INCOME				
Service charges on deposit accounts	235	229	87	75
Gains on the sale of loans	111	18	31	4
Loss on the sale of other real estate owned	(131)	-	-	-
Other operating income	334	256	98	60
Total noninterest income	549	503	216	139
NONINTEREST EXPENSE				
Compensation and benefits	4,291	3,752	1,491	1,256
Occupancy and equipment	1,124	1,061	381	341
Marketing and business development	435	368	145	109
Professional fees	445	250	134	79
Data processing fees	331	257	116	92
FDIC Assessment	228	258	83	42
Provision for OREO	48	393	-	-
Other operating expense	940	1,018	309	293
Total noninterest expense	7,843	7,357	2,659	2,212
INCOME BEFORE INCOME TAXES	2,013	1,724	661	561
Income tax expense	831	693	274	224
NET INCOME	$1,182	$1,031	$ 387	$ 337
Preferred stock dividends	471	278	157	115
Net income available to common shareholders	$711	$753	$ 230	$ 222
NET INCOME PER COMMON SHARE AVAILABLE				
Basic	$0.24	$0.29	$ 0.06	$ 0.08
Diluted	$0.24	$0.29	$ 0.06	$ 0.08

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

	Unaudited			
	Nine months ended September 30,		Three months ended September 30,	
(in thousands)	2012	2011	2012	2011
Net Income	$1,182	$1,031	$ 387	$ 337
Other comprehensive income				
Investments available-for-sale:				
Unrealized holding (losses) gains	3	(1)	15	(37)
Related income tax benefit (expense)	(1)	-	(5)	15
Comprehensive income	$1,184	$1,030	$ 397	$ 315

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Equity

(dollars in thousands, except per share data)	Preferred stock	Number of shares	Common stock	Capital Surplus	Accumulated deficit	Accumulated other comprehensive gain/(loss)	Total
(Unaudited)							
Balances at January 1, 2011	$6,272	2,636,837	$ 26	$28,285	$ (5,325)	$ 30	$29,288
Net income	-	-	-	-	1,031	-	1,031
Net unrealized gain/(loss) on securities	-	-	-	-	-	-	-
Issuance of series AA preferred stock	12,562						12,562
Dividends paid on preferred stock	-	-	-	-	(278)	-	(278)
Repurchase of series A and B perferred stock	(6,272)	-	-	-	-	-	(6,272)
Issuance of common stock:							
Stock awards	-	3,427	-	21	-	-	21
Stock-based compensation	-	-	-	80	-	-	80
Balances at September 30, 2011	$12,562	2,640,264	$ 26	$28,386	$ (4,572)	$ 30	$36,432
Balances at January 1, 2012	$12,562	2,640,264	$ 26	$28,413	$ (4,391)	$ 20	$36,630
Net income	-	-	-	-	1,182	-	1,182
Net unrealized gain/(loss) on securities	-	-	-	-	-	2	2
Issuance of series AA preferred stock	-						-
Dividends paid on preferred stock	-	-	-	-	(471)	-	(471)
Issuance of common stock:							
Stock offering	-	1,396,364	14	8,966	-	-	8,980
Balances at September 30, 2012	$12,562	4,036,628	$ 40	$37,379	$ (3,681)	$ 22	$46,322

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

	Unaudited Nine months ended September 30,	
(in thousands)	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$1,182	$1,031
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	650	740
Deferred income taxes	470	605
Provision for other real estate owned	48	393
Depreciation	381	343
Stock-based compensation	-	101
Net accretion of investment securities	32	172
Loans originated for sale	(8,658)	(1,655)
Proceeds from loans originated for sale	8,841	2,745
Gains on sales of loans	(111)	(18)
Loss on sales of other real estate owned, net	131	-
Decrease in interest receivable	(62)	(161)
Increase (decrease) in interest payable	10	(19)
Decrease in other assets	1,003	358
Increase in other liabilities	278	191
Net cash provided by operating activities	4,195	4,826
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investment securities available-for-sale	(44,018)	(39,185)
Proceeds from maturities of investment securities available-for-sale	21,413	36,545
Net increase in loans and leases outstanding	(25,358)	(16,963)
Proceeds from the sale of other real estate owned	527	-
Purchase of premises and equipment	(555)	(415)
Net cash used in investing activities	(47,991)	(20,018)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in noninterest-bearing deposits	17,890	8,985
Net increase in interest-bearing deposits	6,893	2,673
Net increase (decrease) in short-term borrowings	14,635	(1,843)
Proceeds from issuance of long-term debt	-	4,000
Repayment of long-term debt	(4,000)	-
Net proceeds from issuance of common stock, net of cost	8,980	-
Net proceeds from issuance of preferred stock, net of cost	-	6,290
Cash dividends on preferred stock	(471)	(278)
Net cash provided by financing activities	43,927	19,827
Net increase in cash and cash equivalents	131	4,635
Cash and cash equivalents at beginning of period	18,205	11,754

Cash and cash equivalents at end of period	$18,336	$16,389
SUPPLEMENTAL INFORMATION		
Cash payments for interest	$1,539	$1,319
Cash payments for income taxes	$475	$50

The accompanying notes are an integral part of these consolidated financial statements.

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Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

On December 15, 2005, Howard Bancorp, Inc. ("Bancorp") acquired all of the stock and became the holding company of Howard Bank (the "Bank") pursuant to the Plan of Reorganization approved by the shareholders of the Bank and by federal and state regulatory agencies. Each share of Bank common stock was converted into two shares of Bancorp common stock effected by the filing of Articles of Exchange on that date, and the shareholders of the Bank became the shareholders of Bancorp. The Bank has three subsidiaries, two of which hold foreclosed real estate and the other owns and manages real estate that is used as a branch location and has office and retail space. The accompanying consolidated financial statements of Bancorp and its wholly-owned subsidiary bank (collectively the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America**.** These consolidated financial statements included herein are unaudited, however they reflect all adjustments consisting only of normal recurring accruals that, in the opinion of management, are necessary to present fairly the Company's financial condition, results of operations, and cash flows for the periods presented. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. The Company believes that the disclosures are adequate to make the information presented not misleading. The balances as of December 31, 2011 have been derived from audited financial statements. There have been no significant changes to the Company's accounting policies as disclosed in the 2011 Annual Report. The results of operations for the three and nine months ended September 30, 2012 are not necessarily indicative of the results of operations to be expected for the remainder of the year or any other period.

Bancorp was incorporated in April of 2005 under the laws of the State of Maryland and is a bank holding company registered under the Bank Holding Company Act of 1956. Bancorp is a single bank holding company with one subsidiary, Howard Bank, which operates as a state trust company with commercial banking powers regulated by the Maryland Office of the Commissioner of Financial Regulation (the "Commissioner").

The Company is a diversified financial services company providing commercial banking, mortgage banking and consumer finance through banking branches, the internet and other distribution channels to businesses, business owners, professionals and other consumers located primarily in Howard County Maryland, Anne Arundel County Maryland and their contiguous counties.

The following is a description of the Company's significant accounting policies.

Principles of Consolidation

The consolidated financial statements include the accounts of Bancorp, its subsidiary bank and the bank's subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Certain reclassifications may have been made to the prior year's consolidated financial statements to conform to current period presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant changes in the near-term relate to the determination of the allowance for credit losses, other-than-temporary impairment of investment securities, deferred income taxes and share-based compensation.

Segment Information

The Company has one reportable segment, "Community Banking." All of the Company's activities are interrelated, and each activity is dependent and assessed based on how each of the activities of the Company supports the others. For example, lending is dependent upon the ability of the Bank to fund itself with deposits and other borrowings and manage interest rate and credit risk. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment or unit.

New Accounting Pronouncements

ASU No. 2011-11, "Disclosures about Offsetting Assets and Liabilities." ASU No. 2011-11 requires an entity to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. This scope would include derivatives, sale and repurchase agreements and reverse sale and repurchase agreements, and securities borrowing and securities lending arrangements. The guidance is effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods and is not expected to have a significant impact on the financial statements.

ASU No. 2011-12, "Deferral of Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05." ASU No. 2011-12 defer the effective date pertaining to reclassification adjustments out of accumulated other comprehensive income in Accounting Standards Update 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income, until the Board is able to reconsider those paragraphs. While the Board is considering the concerns entities should continue to report reclassifications out of accumulated other comprehensive income consistent with the presentation requirements in effect before Update 2011-05. ASU No. 2011-12 became effective January 1, 2012 and did not have a significant impact on the financial statements.

Note 2: Investments Securities

The amortized cost and estimated fair values of investments available for sale are as follows:

(in thousands)	**September 30,** - Unaudited 2012				December 31, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Federal agencies	$35,536	$ 10	$ 2	$ 35,544	$12,774	$ 1	$ 2	$ 12,773
Mortgage-backed	380	28	-	408	568	35	-	603
	$35,916	$ 38	$ 2	$ 35,952	$13,342	$ 36	$ 2	$ 13,376

There have not been any individual securities with an unrealized loss position for a period greater than one year as of either September 30, 2012 or December 31, 2011. Gross unrealized losses and fair value by investment category and length of time the individual securities have been in a continuous unrealized loss position at September 30, 2012 and December 31, 2011 are presented below:

September 30, 2012 -Unaudited

(in thousands)	Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. Federal agencies	$ 12,999	$ 2	$ -	$ -	$12,999	$ 2
Mortgage-backed	-	-	-	-	-	-
	$ 12,999	$ 2	$ -	$ -	$12,999	$ 2

December 31, 2011

(in thousands)	Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. Federal agencies	$ 9,722	$ 2	$ -	$ -	$9,722	$ 2
Mortgage-backed	-	-	-	-	-	-
	$ 9,722	$ 2	$ -	$ -	$9,722	$ 2

The unrealized losses that existed were a result of market changes in interest rates since the original purchase. Management systematically evaluates investment securities for other-than-temporary declines in fair value on a quarterly basis. This analysis requires management to consider various factors, which include (1) duration and magnitude of the decline in value, (2) the financial condition of the issuer or issuers and (3) structure of the security.

An impairment loss is recognized in earnings if any of the following are true: (1) the Company intends to sell the debt security; (2) it is more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis; or (3) the Company does not expect to recover the entire amortized cost basis of the security. In situations where the Company intends to sell or when it is more likely than not that the Company will be required to sell the security, the entire impairment loss must be recognized in earnings. In all other situations, only the portion of the impairment loss representing the credit loss must be recognized in earnings, with the remaining portion being recognized in shareholders' equity as a component of other comprehensive income, net of deferred tax.

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The amortized cost and estimated fair values of investments available for sale by contractual maturity are shown below:

(in thousands)	**September 30,** - Unaudited 2012		December 31, 2011	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Amounts maturing:				
One year or less	$ 30,566	$ 30,567	$6,000	$ 6,000
After one through five years	5,144	5,163	7,021	7,036
After five through ten years	109	117	168	177
After ten years	97	105	153	163
	$ 35,916	$ 35,952	$13,342	$ 13,376

There were no sales of investment securities during the nine months ended September 30, 2012 or in 2011. At September 30, 2012 and December 31, 2011, $16.2 million and $5.8 million fair value of securities was pledged as collateral for repurchase agreements, respectively. The outstanding balance of no single issuer, except for U. S. Government and U. S. Government agency securities, exceeded ten percent of shareholders' equity at either period.

Note 3: Loans and Leases

The Company makes loans to customers primarily in the Greater Baltimore Maryland metropolitan area, and surrounding communities. A substantial portion of the Company's loan portfolio consists of loans to businesses secured by real estate and/or other business assets.

The loan portfolio segment balances at September 30, 2012 and December 31, 2011 are presented in the following table:

(in thousands)	Unaudited September 30, 2012	% of Total		December 31, 2011	% of Total	
Real estate						
Construction and land	$35,889	**12.0**	%	$39,268	14.2	%
Residential - first lien	23,074	7.7		22,087	8.0	
Residential - junior lien	8,162	2.7		9,242	3.3	
Total residential real estate	31,236	10.5		31,329	11.3	
Commercial - owner occupied	58,793	19.7		46,588	16.8	

Commercial - non-owner occupied	86,116	28.8		76,880	27.8	
Total commercial real estate	144,909	48.5		123,468	44.6	
Total real estate loans	212,034	71.0		194,065	70.2	
Commercial loans and leases	85,409	28.6		81,243	29.4	
Consumer	1,371	0.5		1,223	0.4	
Total loans and leases	$298,814	**100.0**	**%**	$276,531	100.0	%

There were $573 thousand in loans held for sale at September 30, 2012 and $646 thousand at December 31, 2011.

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Note 4: Credit Quality Assessment

Allowance for Credit Losses

Summary information on the allowance for credit loss activity for the nine months ended September 30, 2012 and September 30, 2011 is provided in the following table:

	Unaudited Nine months ended September 30,	
(in thousands)	2012	2011
Balance at beginning of year	$ 3,433	$ 3,523
Provision for credit losses	650	740
Loan and lease charge-offs	(1,480)	(553)
Loan and lease recoveries	130	306
Balance at period end	$ 2,733	$ 4,016

The following tables provides information on the activity in the allowance for credit losses by the respective loan portfolio segment for the three months and nine months ended September 30, 2012 and September 30, 2011, and for the year ended December 31, 2011:

	September 30, 2012 - Unaudited							
(in thousands)	Construction and land	Residential first lien	Residential junior lien	Commercial owner occupied	Commercial non-owner occupied	Commercial loans and leases	Consumer loans	Total
Allowance for credit losses:								
Nine months ended September 30, 2012								
Beginning balance	$ 174	$ 111	$ 64	$ 611	$ 197	$ 2,233	$ 43	$ 3,433
Charge-offs	-	(23)	(44)	-	(268)	(1,130)	(15)	(1,480)
Recoveries	-	-	-	-	63	65	2	130
Provision for credit losses	18	17	2	40	357	215	1	650
Ending balance	$ 192	$ 105	$ 22	$ 651	$ 349	$ 1,383	$ 31	$ 2,733

Three months ended September 30, 2012								
Beginning balance	$99	$ 65	$ 42	$ 553	$ 532	$ 1,744	$ 41	$3,076
Charge-offs	-	-	-	-	(268)	(463)	-	(731)
Recoveries	-	-	-	-	63	16	1	80
Provision for credit losses	93	40	(20)	98	22	86	(11)	308
Ending balance	$192	$ 105	$ 22	$ 651	$ 349	$ 1,383	$ 31	$2,733
Ending balance: individually evaluated for impairment	103	73	-	-	-	257	-	433
collectively evaluated for impairment	89	32	22	651	349	1,126	31	2,300
Loans:								
Ending balance	35,889	23,074	8,162	58,793	86,116	85,409	1,371	298,814
Ending balance: individually evaluated for impairment	432	471	-	-	3,146	1,978	-	6,027
collectively evaluated for impairment	35,457	22,603	8,162	58,793	82,970	83,431	1,371	292,787

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	September 30, 2011 - Unaudited							
(in thousands)	Construction and land	Residential first lien	Residential junior lien	Commercial owner occupied	Commercial non-owner occupied	Commercial loans and leases	Consumer loans	Total
Allowance for credit losses:								
Nine months ended September 30, 2011								
Beginning balance	$ 143	$ 16	$ 20	$ 892	$ 124	$ 2,294	$ 34	$ 3,523
Charge-offs	-	-	-	-	-	(531)	(21)	(552)
Recoveries	-	-						