First Federal of Northern Michigan Bancorp, Inc.
Form 10-K/A
April 16, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 1

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

For the fiscal ended December 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: **000-31957**

FIRST FEDERAL OF NORTHERN MICHIGAN BANCORP, INC.

(Exact name of registrant as specified in its charter)

Maryland	**32-0135202**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

100 S. Second Avenue, Alpena, Michigan	**49707**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(989) 356-9041**

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, par value $0.01 per share	**The NASDAQ Stock Market LLC**
(Title of each class to be registered)	(Name of each exchange on which each class is to be registered)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES NO

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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). YES NO

The aggregate market value of the voting stock held by non-affiliates of the registrant, computed by reference to the last sale price on June 30, 2014 ($6.05 per share) was $15.4 million.

As of March 30, 2015, there were 3,727,014 issued and outstanding shares of the Registrant’s Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE:

1. Proxy Statement for the 2014 Annual Meeting of Stockholders (Parts I and III).

2. Annual Report to Shareholders for the Year Ended December 31, 2014 (Part II).

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Explanatory Note

This Form 10-K/A is being filed as an amendment ("Amendment No. 1") to the Annual Report on Form 10-K of First Federal of Northern Michigan Bancorp, Inc. for the year ended December 31, 2014 (the "Original Filing"), filed with the Securities and Exchange Commission on March 30, 2015. The sole purpose of filing this Amendment No. 1 is to replace the Selected Financial Data table in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operation. Item 7 is being re-filed in its entirety in this Amendment No. 1 pursuant to Securities Exchange Act Rule 12b-15. No other changes have been made to Item 7 or to the Original Filing.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Selected Consolidated Financial and Other Data of the Company

Set forth below are selected financial and other data of First Federal of Northern Michigan Bancorp, Inc. (the "Company"). This information is derived in part from and should be read in conjunction with the Consolidated Financial Statements of the Company and the notes thereto presented elsewhere in this Annual Report. The information at and for the years ended December 31, 2014 and December 31, 2013 is derived in part from the audited consolidated financial statements of the Company that appear in this Annual Report. The information at and for the years ended December 31, 2012, 2011, and 2010 is derived in part from audited consolidated financial statements that do not appear in this Annual Report.

Financial condition data:	2014	2013	2012	2011	2010
	(In thousands)				
Total assets	$325,867	$209,657	$213,834	$217,045	$215,733
Loans receivable, net	163,647	136,315	138,912	140,884	157,144
Loans held for sale	88	175	79	—	—
Investment securities	120,758	52,613	53,109	55,484	37,821
Cash and cash equivalents	11,254	2,766	2,752	2,749	1,963
Deposits	270,734	160,029	158,350	150,649	155,466
FHLB advances	22,885	24,813	26,358	34,500	29,000
Repo Sweep agreements	—	—	3,183	5,592	6,172
Stockholders' equity	30,536	23,525	24,435	24,568	23,236

	For the Years Ended December 31,				
Operating data:	2014	2013	2012	2011	2010
	(In thousands)				
Interest income	$9,100	$8,319	$9,243	$10,390	$11,447
Interest expense	1,082	1,150	1,654	2,262	3,447
Net interest income	8,018	7,169	7,589	8,128	8,000
Provision for loan losses	284	637	1,367	284	1,101
Net interest income after provision for loan losses	7,734	6,532	6,222	7,844	6,899
Other income (loss):					
Service charges and fees	807	857	760	730	804
Mortgage banking activities	472	585	1,243	969	1,438
Net gain on sale of investment securities	(4)	—	47	—	546
Gain (loss) on sale of real estate	(76)	3	(3)	(51)	(43)
Bargain purchase gain	1,982	—	—	—	—
Other non-interest income	180	194	80	126	301
Insurance & brokerage commissions	117	126	149	158	159

Total other income	3,478	1,765	2,276	1,932	3,205
Other expenses	8,963	8,242	8,712	9,034	9,866
Income (loss) before income tax expense (benefit)	2,249	55	(214)	742	238
Income tax expense	—	—	—	—	—
Net income (loss)	$2,249	$55	$(214)	$742	$238

	For the Years Ended December 31,				
Performance Ratios:	2014	2013	2012	2011	2010
Return on average assets	0.87 %	0.03 %	-0.10 %	0.34 %	0.10 %
Return on average equity	8.42 %	0.22 %	-0.85 %	3.07 %	0.99 %
Average interest rate spread	3.18 %	3.54 %	3.65 %	3.88 %	3.60 %
Dividend payout ratio	11.01 %	105.35 %	0.00 %	0.00 %	0.00 %
Dividends per share	$0.08	$0.02	$0.00	$0.00	$0.00
Net interest margin	3.31 %	3.64 %	3.78 %	4.02 %	3.78 %
Efficiency ratio (Bank)	78.24 %	98.00 %	101.55 %	90.06 %	102.76 %
Texas ratio (Bank)	17.10 %	17.02 %	30.83 %	28.28 %	39.66 %
Non-interest expense to average total assets	3.36 %	3.78 %	3.94 %	4.14 %	4.33 %
Average interest-earning assets to average interest-bearing liabilities	128.81 %	118.10 %	115.88 %	112.59 %	111.20 %

	At December 31,				
Asset Quality Ratios:	2014	2013	2012	2011	2010
Non-performing assets to total assets	1.52 %	1.95 %	3.42 %	3.11 %	4.37 %
Non-performing loans to total loans	1.30 %	1.68 %	3.50 %	2.34 %	4.13 %
Allowance for loan losses to nonperforming loans	66.82 %	63.65 %	35.50 %	45.47 %	42.85 %
Allowance for loan losses to total loans	0.86 %	1.07 %	1.24 %	1.07 %	1.77 %
Capital Ratios:					
Equity to total assets at end of period	9.37 %	11.22 %	11.43 %	11.32 %	10.77 %
Average equity to average assets	10.27 %	11.43 %	11.63 %	11.06 %	10.47 %
Risk-based capital ratio (Bank only)	16.89 %	17.89 %	17.36 %	17.20 %	15.57 %
Other Data:					
Number of full service offices	8	8	8	8	8

Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

First Federal of Northern Michigan (the "Bank"), the Company's principal operating subsidiary, is a full-service, community-oriented savings bank whose primary lending activity is the origination of one- to four-family residential real estate mortgages, commercial real estate loans, commercial loans, and consumer loans. As of December 31, 2014, $71.8 million, or 43.5%, of our total loan portfolio consisted of one- to four-family residential real estate loans, $63.6 million, or 38.5%, and $19.0 million, or 11.5%, of our total loan portfolio consisted of commercial mortgage loans and commercial loans, respectively, and $10.9 million, or 6.6%, of our total loan portfolio consisted of consumer and other loans. In recent years, commercial mortgage loans and commercial loans have grown as a percentage of our loan portfolio for three reasons. First, we have increased our emphasis on originating these loans, which generally have higher interest rates compared to one- to four-family residential real estate loans. In addition, most of these loans are originated with adjustable interest rates, which assist us in managing interest rate risk. Finally, most of our one- to four-family residential mortgage loan customers prefer fixed-rate loans in the low interest rate environment that has prevailed over the last several years. In spite of the fact of selling a majority of the fixed-rate one- to four-family residential mortgage loans that we originate, one- to four-family residential real estate loans have increased as a percentage of our total loan portfolio.

Our results of operations depend primarily on our net interest income, which is the difference between the interest income we receive on our interest-earning assets, such as loans and securities, and the interest expense we pay on our deposits and borrowings. Our results of operations are also affected by non-interest income and non-interest expense, the provision for loan losses and income tax expense. Non-interest income consists primarily of banking fees, service charges, insurance commissions, mortgage banking activities and security transactions. Our non-interest expense consists primarily of salaries and employee benefits, FDIC insurance premiums, occupancy and office expenses, advertising and promotion expense, data processing expenses and expenses related to troubled credits and repossessed properties.

Our results of operations are significantly affected by general economic and competitive conditions, and particularly changes in market interest rates, government policies and actions of regulatory authorities. Numerous factors that are beyond our control can cause market interest rates to increase or decline. In addition, we are unable to predict future changes in government policies and actions of regulatory authorities that could have a material impact on our financial performance. As a result, we believe that changes in market interest rates, government policies and actions of regulatory authorities represent the primary uncertainties in predicting our future performance.

Business Strategy

***Operating as a Community Savings Bank*.** We are committed to meeting the financial needs of the communities in which we operate. Our branch network of eight offices enhances our ability to serve these communities. We provide a broad range of individualized consumer and business financial services. We believe that we can be more effective in servicing our customers than many of our non-local competitors because our employees and senior management are able to respond promptly to customer needs and inquiries. Our ability to provide these services is enhanced by the experience of our senior management, which has an average of 26 years experience in the financial services industry.

In August 2014, we consummated our merger with Bank of Alpena, ("Alpena"), resulting in an increase to stockholders equity of $7.0 million during 2014.

Restoring our Balance Sheet. Beginning in 2001, we began to increase our originations of commercial real estate and commercial loans, resulting in significant organic loan growth in the years from 2004 through 2006. In contrast, beginning in 2008, due to severely deteriorating economic conditions we began to see a decline in loan balances and an increase in charge-offs, which decreased our asset base. As a result of our merger with Bank of Alpena, our total assets grew to $325.6 million as of December 31, 2014. Total loans increased $27.3 million, or 19.7% to $165.3 million as of December 31, 2014 from $138.1 million as of December 31, 2013. We are seeing signs of economic recovery in our markets and have devoted staff and resources to allow for continued growth of our balance sheet in 2015 and beyond.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Increasing Our Share of Lower-Cost Deposits. In past years our cost of funds has been relatively high as we accepted higher-cost long-term certificates of deposit to fund our long-term assets such as one- to four-family residential mortgage loans. As we have increased our origination of shorter-term commercial real estate and commercial loans, most of which are originated with adjustable interest rates, we have decreased our need for higher-cost long-term certificates of deposit. We intend to continue to lower our cost of funds by increasing our share of lower-cost deposit products in the form of savings, checking and money market deposits. We typically are not a market leader in deposit rates, although from time-to-time we do offer higher rates as liquidity needs dictate. We also intend to continue to market our non-interest-bearing checking accounts in conjunction with our focus on commercial business lending. We grew the average balance of core deposits, non-maturity deposit accounts, by $78.7 million in 2014. This growth is attributed to the merger and implementing a sales calling program, in which we target area businesses and municipalities to gain core deposit relationships and a reclassification of funds previously maintained in non-core deposit products.

Maintaining High Asset Quality and Capital Strength. We are committed to conservative loan underwriting standards and procedures, and we primarily originate loans secured by real estate. As a result, we have historically experienced low levels of late payments and losses on loans. However, during the economic recession of recent years, we saw delinquency trends increase despite our conservative underwriting practices due to declining economic conditions and increasing unemployment in our market area. In 2014 we saw an improvement in delinquency patterns as evidenced by improvements in our asset quality ratios: at December 31, 2014, our ratio of non-performing assets to total assets was 1.03% as compared to 1.95% at December 31, 2013. We continue to maintain a strong capital base. At December 31, 2014, our total risk-based capital ratio was 16.9%, a decrease from 17.9% at December 31, 2013 and well in excess of the regulatory requirements to be categorized as "well capitalized."

Managing Our Interest Rate Risk Exposure by Selling Fixed-Rate Residential Real Estate Loans. Historically, most borrowers have preferred long-term, fixed-rate residential real estate loans when, as now, market interest rates are at relatively low levels. These loans expose us to interest rate risk because our liabilities, consisting primarily of deposits, have relatively short maturities. In order to better match the maturities of our loan portfolio to the maturities of our deposits in the current low interest rate environment, we sell substantially all of the fixed-rate, one- to four-family residential real estate loans with maturities of 15 years or more that we have originated since 2002. Beginning in late 2012 we began placing certain 15 year fixed residential real estate loans into our portfolio in an effort to rebuild our balance sheet and increase net interest income, however we continue to sell most loans with terms longer than 15 years into the secondary market to minimize interest rate risk.

Comparison of Financial Condition at December 31, 2014 and 2013

Total assets increased $116.0 million, or 55.3%, to $325.6 million at December 31, 2014 from $209.7 million at December 31, 2013. Net loans increased $27.3 million, or 20.1% to $163.6 million at December 31, 2014 from $136.3 million at December 31, 2013. Mortgage loan originations decreased $3.5 million to $25.3 million in 2014 from $28.8 million in 2013. During that time period, our mortgage loan portfolio increased $8.0 million to $71.8 million at December 31, 2014 from $63.8 million as of December 31, 2013, as a result of loans acquired in the merger. The commercial loan portfolio increased 28.4% to $82.6 million at December 31, 2014 from $64.4 million at December 31, 2013. Cash and cash equivalents increased $8.5 million to $11.3 million at December 31, 2014 from $2.8 million at December 31, 2013. Deposits held at other financial institutions increased $8.4 million as a result of investing in certificates of deposit with the cash acquired in the merger. Investment securities increased $68.1 million, or 129.5%, to $120.8 million at December 31, 2014 from $52.6 million at December 31, 2013.

Deposits increased $110.7 million, or 69.2%, to $270.7 million at December 31, 2014 from $160.0 million at December 31, 2013. This increase was due in large part to $95.8 million in deposits acquired in the merger, of which $29.4 million was placed in our interest bearing commercial checking and $33.0 million in our non-interest-bearing commercial checking accounts. Our focus in 2014 continued to be on building deposit relationships rather than attracting higher-cost non-core certificate of deposit accounts. Borrowings, consisting primarily of FHLB advances, decreased $1.9 million, or 7.8%, to $22.9 million at December 31, 2014 from $24.8 million at December 31, 2013 as we replaced borrowings with deposits.

Management’s Discussion and Analysis of Financial Condition and Results of Operations

Stockholders’ equity increased $7.0 million, or 29.8%, to $30.5 million at December 31, 2014 from $23.5 million at December 31, 2013. The increase was mainly a result of the $7.1 million in equity acquired from Bank of Alpena in the merger, $2.2 million in net income for the year, and an increase of $591,000 in net unrealized gain on investment securities, with dividends paid of $247,000 partially offsetting these increases.

Comparison of Operating Results for the Years Ended December 31, 2014 and 2013

General. Net income increased to $2.2 million for the year ended December 31, 2014 from $55,000 for the year ended December 31, 2013. Net interest income before provision for loan losses increased $849,000 to $8.0 million in 2014 from $7.2 million in 2013, due in large part to the increase in interest earning assets for the year. The provision for loan losses was $353,000 lower in 2014 than in 2013, resulting in net interest income after provision for loan losses being $1.2 million higher in 2014 than in 2013. Non-interest income was $1.7 million higher in 2014 than in 2013, and non-interest expense was $721,000 higher in 2014 than in 2013.

Interest Income. Interest income increased $781,000, or 9.4%, to $9.1 million for the year ended December 31, 2014 from $8.2 million for the year ended December 31, 2013. The increase was primarily due to an increase in the average balance of our interest earning assets of $45.5 million, or 23.1%, year over year. The average balance of our one- to four-family residential mortgage loans increased $1.8 million, or 2.7%, to $67.1 million for the year ended December 31, 2014 from $65.3 million for the year ended December 31, 2013, while the average yield on such loans decreased to 4.67% from 5.11%. The average balance of our non-mortgage loans, principally commercial loans and consumer loans, increased $7.4 million, or 9.9%, to $82.2 million for the twelve months ended December 31, 2014 from $74.8 million for the twelve months ended December 31, 2013. The average yield on our commercial loans decreased five basis points and the average yield on our consumer loans decreased 18 basis points from 2013 to 2014. The average balance of our investment securities, excluding mortgage-backed securities, increased $15.8 million, or 70.5%, to $38.2 million for the year ended December 31, 2014 from $22.4 million for the year ended December 31, 2013, while the average yield on these investments decreased to 2.00% from 2.24%. In addition, the average balance of our mortgage-backed securities increased $11.2 million, or 38.0%, to $40.8 million for the year ended December 31, 2014 from $29.5 million for the year ended December 31, 2013, with an average yield increase of 25 basis points to 1.88% from 1.63%.

Interest Expense. Interest expense decreased to $1.1 million for the year ended December 31, 2014 from $1.2 million for the year ended December 31, 2013, due primarily to a $26.1 million, or 38.2%, increase in the average balance of lower costing core deposits accounts year over year. The average balance of interest-bearing deposits increased $26.1 million from 2014 to 2013, while the average cost of those deposits decreased nine basis points to 0.51% for 2014 from 0.60% for 2013, reflecting a continued decline in market interest rates during 2014. The average balance of FHLB borrowings decreased $646,000 from 2014 to 2013 while the cost of those borrowings decreased to 1.11%

from 1.92% year over year as we were able to pay off high-cost maturing advances with deposits or replace them with lower-cost advances due to the rate environment. The average balance of REPO Sweep accounts decreased $4.0 million, or 100.0% year over year, as a result of the discontinuation of this product as of December 31, 2013.

Net Interest Income. Net interest income increased to $8.0 million for the year ended December 31, 2014 from $7.2 million for the year ended December 31, 2013. The increase was primarily due to an increase of $45.5 million in the average balance of our interest earning assets. While the average balance increased we experienced a decrease of 36 basis points in our average interest rate spread to 3.18% for the year ended December 31, 2014 from 3.54% for the year ended December 31, 2013.

Provision for Loan Losses. We recorded a provision for loan losses of $284,000 for the year ended December 31, 2014 compared to $637,000 for the year ended December 31, 2013. We had net charge-offs of $362,000 and $915,000 during 2014 and 2013, respectively. Included in our net charge-offs for 2013 is a partial charge-off of $589,000, related to a single loan that became troubled at the end of 2012. Our provision is based on management's review of the components of the overall loan portfolio, the status of non-performing loans and various subjective factors. For 2014, the provision was significantly lower than 2013 due to the following factors: our provision for loan losses is based on a twelve-quarter rolling average of actual net charge-offs adjusted for various environmental factors for each pool of loans in our portfolio. As our charge-off history on commercial loans improved in 2014 as compared to recent prior years, lower loss factors were applied to those pools of loans to establish an adequate reserve. In addition, asset quality metrics improved in 2014. In contrast, in 2013, the Company charged off $915,000 in loans, including $344,000 of residential mortgage loans which required a comparatively higher provision than the current year.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Non-Interest Income. Non-interest income increased to $3.5 million for the year ended December 31, 2014 from $1.8 million for the year ended December 31, 2013. The 2014 results reflect a bargain purchase gain of $2.0 million related to the acquisition that closed in August 2014. This increase was partially offset by decreases of $113,000 in mortgage banking activities and a loss on sale of real estate owned and other repossessed assets of $79,000 which was recorded in 2014. In 2014 we retained in our portfolio approximately $11.4 million of 10- and 15-year fixed residential mortgages in our portfolio, rather than selling them, which reduced mortgage banking activities income. Non-interest income is detailed in the table presented below:

	For years ended December 31,					
	2014			2013	Change from 2014 to 2013	
	(dollars in thousands)					
Service charges and other fees	$	807		857	(5.83	%)
Net gain on sale of investments		(4	)	—	0.00	%
Net gain on sale of loans		206		235	(12.34	%)
Net gain/(loss) on sale of real estate owned and other repossessed assets		(76	)	3	2,633.33	%
Loan servcing fees		266		350	(24.00	%)
Insurance and brokerage commissions		117		126	(7.14	%)
Bargain purchase gain		1,982		—	0.00	%
Other		180		194	(7.22	%)
	$	3,478		1,765	97.05	%

Non-Interest Expense. Non-interest expense increased to $9.0 million for the year ended December 31, 2014 from $8.2 million for the year ended December 31, 2013. The year over year increase related primarily to increases in compensation and employee benefits of $307,000, occupancy of $121,000, and merger related expenses of $183,000. These increases were partially offset by a decrease in collection loan activity expenses of $85,000 for 2014. Non-interest expense is detail in the table presented below:

	For years ended December 31,		
	2014	2013	Change from 2014 to 2013
	(dollars in thousands)		
Compensation and employee benefits	$4,961	4,654	6.60 %
FDIC premiums	207	184	12.50 %
Amortization of intangible assets	145	119	21.85 %
Advertising	183	130	40.77 %
Occupancy and equipment	1,032	911	13.28 %
Data processing service bureau	345	301	14.62 %
Professional fees	393	427	(7.96 %)
Collection activity	68	153	(55.56 %)
Real estate and other repossessed assets	272	245	11.02 %
Merger related expenses	266	83	220.48 %
Other	1,091	1,035	5.41 %
	$8,963	8,242	8.75 %

Income Taxes. The Company had no federal income expense for 2014 and 2013 as a result of the valuation allowance against the Company's deferred tax assets. See Critical Accounting Policies section for discussion on valuation of deferred tax assets.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Average Balance Sheet. The following tables set forth average balance sheets, average yields and costs, and certain other information for the periods indicated. No tax-equivalent yield adjustments were made, as the effect thereof was not material. All average balances are daily average balances. Non-accrual loans were included in the computation of average balances, but have been reflected in the table as loans carrying a zero yield. The yields set forth below include the effect of deferred fees, discounts and premiums that are amortized or accreted to interest income or expense.

	As of December 31, 2014		For Years Ended December 31, 2014			Average Consolidated Statements of Condition For Years Ended December 31, 2013			Average Consolidated Statements of Condition For Years Ended December 31, 2012		
	Balance	Yield / Rate	Average Balance	Interest	Average Yield / Rate	Average Balance	Interest	Average Yield / Rate	Average Balance	Interest	Average Yield / Rate
			(In thousands)			(In thousands)			(In thousands)		
Interest-earning assets:											
Mortgage loans			$67,057	$3,133		$65,297	$3,338		$67,151	$3,708	
Non-mortgage loans			82,232	4,260		74,813	3,865		75,640	4,220	
Loans	163,735	4.80%	149,289	7,393	4.95%	140,110	7,203	5.14%	142,791	7,928	5.55%
Mortgage-backed securities	63,648	2.65%	40,760	767	1.89%	29,540	480	1.63%	29,002	621	2.14%
Other Investment securities	57,110	1.60%	39,656	766	1.93%	22,401	502	2.24%	24,352	566	2.32%
Investment securities	120,758	2.16%	80,416	1,533	1.91%	51,941	982	1.89%	53,354	1,187	2.22%
Other investments	19,683	0.71%	12,632	174	1.39%	4,759	134	2.83%	4,412	128	2.90%
Total interest-earning assets	304,176	3.47%	242,337	9,100	3.76%	196,810	8,319	4.23%	200,557	9,243	4.62%
Non interest-earning assets	21,691		56,314			16,261			16,544		
Total Assets	$325,867		$298,651			$213,071			$217,101		
Interest-bearing liabilities:											
Savings Deposits	29,846	0.05%	$26,279	13	0.06%	$21,630	11	0.06%	$18,784	9	0.06%
Money market/NOW	107,935	0.27%	68,206	141	0.21%	46,765	97	0.21%	43,634	94	0.21%

accounts												
Certificates of deposit	76,921	1.00%	70,228	664	0.95%	70,217	718	1.02%	74,966	931	1.24%
Total interest-bearing deposits	214,702	0.50%	164,713	818	0.51%	138,612	826	0.61%	137,384	1,034	0.75%
Borrowed funds	22,885	1.17%	23,422	264	1.11%	28,035					