Birmingham Bloomfield Bancshares
Form 10-Q
August 09, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10 - Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2012

Commission File Number 000-52584

BIRMINGHAM BLOOMFIELD BANCSHARES, INC.

(Exact name of registrant as specified in its charter)

Michigan	**20-3993452**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

33583 Woodward Avenue, Birmingham, MI 48009

(Address of principal executive offices, including zip code)

(248) 723-7200

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant: (i) 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 (ii) 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 the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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

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

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

The number of shares outstanding of the issuer s Common Stock as of August 9, 2012, was 1,824,662 shares.

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PART 1 FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF CONDITION

	(Unaudited) June 30, 2012	December 31, 2011
Assets		
Cash and cash equivalents		
Cash	$ 17,114,837	$ 4,693,585
Federal funds sold		
Total cash and cash equivalents	17,114,837	4,693,585
Securities, available for sale (Note 2)	3,932,096	4,594,761
Federal home loan bank stock	218,100	169,900
Loans held for sale		2,484,829
Loans (Note 3)		
Total portfolio loans	113,074,270	106,297,926
Less: allowance for loan losses	(1,644,350)	(1,574,350)
Net portfolio loans	111,429,920	104,723,576
Premises & equipment	1,327,169	1,395,187
Bank-owned Life Insurance	2,141,791	2,100,000
Interest receivable and other assets	3,687,380	4,235,623
Total assets	$ 139,851,293	$ 124,397,461
Liabilities and Shareholders Equity		
Deposits (Note 4)		
Non-interest bearing	$ 20,714,602	$ 19,662,283
Interest bearing	101,935,329	88,015,546
Total deposits	122,649,931	107,677,829
Interest payable and other liabilities	655,566	755,090
Total liabilities	123,305,497	$ 108,432,919
Shareholders equity (Note 10)		
Senior non-cumulative perpetual preferred stock series D		
$1,000 liquidation value per share, 1%		
Authorized, issued and outstanding 4,621 shares	4,621,000	4,621,000
Common stock, no par value		
Authorized 4,500,000 shares		
Issued and outstanding 1,824,662 and 1,812,662 shares, respectively	17,105,618	17,066,618
Additional paid in capital	493,154	493,154
Accumulated deficit	(5,767,185)	(6,311,398)
Accumulated other comprehensive income	93,209	95,168
Total shareholders equity	16,545,796	15,964,542
Total liabilities and shareholders equity	$ 139,851,293	$ 124,397,461

See accompanying notes to consolidated financial statements

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CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	For the three months ended June 30, 2012	For the three months ended June 30, 2011	For the six months ended June 30, 2012	For the six months ended June 30, 2011
Interest Income				
Interest and fees on loans	$ 1,690,514	$ 1,534,244	$ 3,282,831	$ 3,090,053
Interest on securities	25,252	24,811	50,948	52,722
Interest on fed funds and bank balances	3,176	5,733	6,590	10,364
Total interest income	1,718,942	1,564,788	3,340,369	3,153,139
Interest Expense				
Interest on deposits	223,390	313,877	450,947	627,932
Interest on fed funds and short-term borrowings			64	14,509
Total interest expense	223,390	313,877	451,011	642,441
Net Interest Income	1,495,552	1,250,911	2,889,358	2,510,698
Provision for Loan Losses	50,000	15,000	70,000	54,000
Net Interest Income After Provision for Loan Losses	1,445,552	1,235,911	2,819,358	2,456,698
Non-interest Income				
Service charges on deposit accounts	20,499	12,589	39,297	24,161
Mortgage banking activities	34,039	47,322	196,867	58,761
SBA loan sales	26,958	209,439	148,749	500,733
Other Income	30,130	10,814	210,702	21,618
Total non-interest income	111,626	280,164	595,615	605,273
Non-interest Expense				
Salaries and employee benefits	640,169	643,368	1,401,839	1,225,385
Occupancy expense	114,936	125,583	234,667	243,685
Equipment expense	51,127	42,188	100,279	77,588
Advertising and public relations	47,874	44,697	90,468	80,743
Data processing expense	58,039	60,560	117,041	109,573
Professional fees	159,267	145,916	276,301	257,440
Loan origination expense	38,044	22,681	107,056	49,050
Regulatory assessments	23,715	33,901	48,975	82,327
Other expenses	83,059	87,625	178,099	164,144
Total non-interest expense	1,216,230	1,206,519	2,554,725	2,289,935
Net Income Before Federal Income Tax	340,948	309,556	860,248	772,036
Federal income tax expense	111,298		282,651	
Net Income	229,650	309,556	577,597	772,036
Dividend on senior preferred stock	21,831	44,082	33,384	88,165
Accretion of discount on preferred stock		4,100		8,200
Net Income Applicable to Common Shareholders	$ 207,819	$ 261,374	$ 544,213	$ 675,671

Basic and Diluted Income per Share	$	0.11	$	0.15	$	0.30	$	0.38
Average Shares Outstanding		1,816,222		1,800,000		1,814,442		1,800,000

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net income applicable to common shareholders	$ 207,819	$ 261,374	$ 544,213	$ 675,671
Other comprehensive income (loss), net of applicable taxes				
Change in value of investments available for sale	2,333	27,804	(1,959)	27,067
Comprehensive income	$ 210,152	$ 289,178	$ 542,254	$ 702,738

See accompanying notes to consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY (Unaudited)

	Six Months Ended June 30,	
	2012	2011
Total Shareholders Equity		
Balance at beginning of period	$ 15,964,542	$ 10,985,525
Net income	577,597	772,036
Net change in unrealized gains on securities available for sale	(1,959)	27,067
Stock Awards	39,000	
Preferred dividends	(33,384)	(88,165)
Balance at end of period	$ 16,545,796	$ 11,696,463

See accompanying notes to consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	For the Six Months Ended June 30, 2012	2011
Cash flows from operating activities		
Net income	$ 577,597	$ 772,036
Stock awards	39,000	
Provision for loan losses	70,000	54,000
Gain on sale of loans	(196,867)	(58,761)
Proceeds for sales of loans originated for sale	8,476,596	2,209,009
Loans originated for sale	(5,794,900)	(2,620,957)
Discount (Accretion) of securities	2,587	(2,234)
Depreciation expense	107,977	95,117
Deferred income taxes	282,651	
Net decrease (increase) in other assets	224,810	(385,251)
Net (decrease) in other liabilities	(99,524)	(27,177)
Net cash provided by operating activities	3,689,927	35,782
Cash flows from investing activities		
Net change in portfolio loans	(6,776,344)	300,098
Purchase of securities	(1,049,200)	(9,700)
Proceeds from calls or maturities of securities	1,500,000	200,000
Principal payments on securities	158,109	77,617
Purchases of premises and equipment	(39,959)	(216,014)
Net cash (used in) provided by investing activities	(6,207,394)	352,001
Cash flows from financing activities		
Increase in deposits	14,972,103	9,054,747
Net change in short term borrowings		(1,469,095)
Dividend on senior preferred stock	(33,384)	(88,165)
Net cash provided by financing activities	14,938,719	7,497,487
Increase in cash and cash equivalents	12,421,252	7,885,270
Cash and cash equivalents beginning of period	4,693,585	5,366,304
Cash and cash equivalents end of period	$ 17,114,837	$ 13,251,574
Supplemental Information:		
Interest paid	$ 456,986	$ 675,006
Income tax paid		
Loans transferred to other real estate		297,806

See accompanying notes to consolidated financial statements

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Note 1 Summary of Significant Accounting Policies

Basis of Statement Presentation

The accompanying unaudited consolidated interim financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) with the instructions to Form 10-Q. Accordingly, certain information and disclosures required by accounting principles generally accepted in the United States of America for complete financial statements are not included herein. The interim financial statements should be read in conjunction with the financial statements of Birmingham Bloomfield Bancshares, Inc. (the Corporation) and the notes thereto included in the Corporation s annual report on Form 10-K for the year ended December 31, 2011.

All adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for a fair presentation of financial position, results of operations, and cash flows, have been made. The results of operations for the three and six month periods ended June 30, 2012 are not necessarily indicative of the results that may be expected for the year ended December 31, 2012.

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation.

Principles of Consolidation

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary the Bank of Birmingham (the Bank). All significant intercompany balances and transactions have been eliminated in consolidation.

Changes in Significant Accounting Policies

Comprehensive Income In June 2011, the FASB issued ASU 2011-05 Presentation of Comprehensive Income . This standard requires an entity to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but continuous statements. This standard eliminates the option to present the components of other comprehensive income as part of the statement of equity. This standard is effective for fiscal years and interim periods with those years beginning after December 15, 2011. The implementation of this standard will only change the presentation of comprehensive income; it will not have an impact on the Company s financial position or results of operations. This guidance was adopted in the first quarter of 2012 with no impact to the financial statements.

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Note 2 Securities

The amortized cost and estimated fair value of securities, with gross unrealized gains and losses, follows (000s omitted):

June 30, 2012	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U. S. Government agency securities	$ 1,846	$ 12	$	$ 1,858
Municipal securities	705	19		724
Mortgage backed securities	990	97		1,087
Corporate bonds	250	13		263
Sub-Total Available for Sale	$ 3,791	$ 141	$	$ 3,932
FHLB Stock	218			218
Total Securities	$ 4,009	$ 141	$	$ 4,150

December 31, 2011	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U. S. Government agency securities	$ 2,347	$ 9	$ (2)	$ 2,354
Municipal securities	709	16	(4)	721
Mortgage backed securities	1,145	113		1,258
Corporate bonds	250	12		262
Sub-Total Available for Sale	$ 4,451	$ 150	$ (6)	$ 4,595
FHLB Stock	170			170
Total Securities	$ 4,621	$ 150	$ (6)	$ 4,765

As of June 30, 2012 and December 31, 2011, all securities are classified as available for sale excluding the FHLB stock. Unrealized gains and losses within the investment portfolio are determined to be temporary. The Bank has performed an analysis of the portfolio for other than temporary impairment and concluded no losses are required to be recognized. Management has no specific intent to sell any securities and it is not more likely than not the Bank will be required to sell any securities before recovery of the cost basis. Management expects to collect all amounts due according to the contractual terms of the security. The Corporation had no securities with unrealized losses at June 30, 2012 and a total of $6,000 in gross unrealized losses related to three individual securities at December 31, 2011.

At June 30, 2012 and December 31, 2011, securities with a market value of $2.9 million and $3.6 million, respectively, were pledged to the Federal Home Loan Bank of Indianapolis as collateral to access funding.

Federal Home Loan Bank stock is restricted and can only be sold back to the Federal Home Loan Bank. The carrying value of the stock approximates its fair value.

The amortized cost and estimated fair value of all securities at June 30, 2012, by contractual maturity are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations without call or prepayment penalties. The contractual maturities of securities are as follows (000s omitted):

	Amortized cost	Estimated fair value

Due in one year or less	$ 750	$ 754
Due in one year through five years	3,041	3,178
Due in five years through ten years		
Due after ten years		
Total	$ 3,791	$ 3,932

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Note 3 Loans

A summary of the portfolio loan balances as of June 30, 2012 and December 31, 2011 is as follows (000s omitted):

	June 30, 2012	December 31, 2011
Mortgage loans on real estate:		
Residential 1 to 4 family	$ 7,254	$ 4,005
Multifamily	14,923	14,508
Commercial	54,005	50,426
Construction	671	2,541
Second mortgage	108	112
Equity lines of credit	10,619	11,119
Total mortgage loans on real estate	87,580	82,711
Commercial loans	24,576	22,512
Consumer installment loans	1,000	1,141
Total loans	113,156	106,364
Less: Allowance for loan losses	(1,644)	(1,574)
Net deferred loan fees	(82)	(66)
Net loans	$ 111,430	$ 104,724

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Note 3 Loans Continued

An analysis of the allowance for loan losses for the three and six month periods ended June 30, 2012 and 2011 (000s omitted):

Three months ended June 30, 2012

	Commercial	Home Equity	Residential	Consumer	Total
Allowance for Loan Losses					
Beginning balance	$ 1,160	$ 407	$ 21	$ 6	$ 1,594
Charge-offs					
Recoveries					
Provision	145	(100)	5		50
Ending balance	$ 1,305	$ 307	$ 26	$ 6	$ 1,644
Percent of principal balance	1.34%	3.29%	0.51%	0.52%	1.45%
Ending balance: individually evaluated for impairment	$ 318	$ 184	$	$	$ 502
Ending balance: collectively evaluated for impairment	$ 987	$ 123	$ 26	$ 6	$ 1,142
Portfolio Loans					
Ending unpaid principal balance	$ 97,538	$ 9,334	$ 5,124	$ 1,160	$ 113,156
Ending unpaid principal balance: individually evaluated for impairment	$ 1,629	$ 590	$	$	$ 2,219
Ending unpaid principal balance: collectively evaluated for impairment	$ 95,909	$ 8,744	$ 5,124	$ 1,160	$ 110,937

Three months ended June 30, 2011

	Commercial	Home Equity	Residential	Consumer	Total
Allowance for Loan Losses					
Beginning balance	$ 1,113	$ 350	$ 14	$ 10	$ 1,487
Charge-offs					
Recoveries					
Provision	18	(1)	(5)	3	15
Ending balance	$ 1,131	$ 349	$ 9	$ 13	$ 1,502
Percent of principal balance	1.28%	3.57%	1.18%	1.23%	1.50%
Ending balance: individually evaluated for impairment	$ 56	$ 212	$	$	$ 268
Ending balance: collectively evaluated for impairment	$ 1,075	$ 137	$ 9	$ 13	$ 1,234
Portfolio Loans					
Ending unpaid principal balance	$ 88,563	$ 9,771	$ 760	$ 1,063	$ 100,157
Ending unpaid principal balance: individually evaluated for impairment	$ 699	$ 590	$	$	$ 1,289
Ending unpaid principal balance: collectively evaluated for impairment	$ 87,864	$ 9,181	$ 760	$ 1,063	$ 98,868

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Note 3 Loans Continued

Six months ended June 30, 2012

	Commercial	Home Equity	Residential	Consumer	Total
Allowance for Loan Losses					
Beginning balance	$ 1,142	$ 416	$ 10	$ 6	$ 1,574
Charge-offs					
Recoveries					
Provision	163	(109)	16		70
Ending balance	$ 1,305	$ 307	$ 26	$ 6	$ 1,644
Percent of principal balance	1.34%	3.29%	0.51%	0.52%	1.45%
Ending balance: individually evaluated for impairment	$ 318	$ 184	$	$	$ 502
Ending balance: collectively evaluated for impairment	$ 987	$ 123	$ 26	$ 6	$ 1,142
Portfolio Loans					
Ending unpaid principal balance	$ 97,538	$ 9,334	$ 5,124	$ 1,160	$ 113,156
Ending unpaid principal balance: individually evaluated for impairment	$ 1,629	$ 590	$	$	$ 2,219
Ending unpaid principal balance: collectively evaluated for impairment	$ 95,909	$ 8,744	$ 5,124	$ 1,160	$ 110,937

Six months ended June 30, 2011

	Commercial	Home Equity	Residential	Consumer	Total
Allowance for Loan Losses					
Beginning balance	$ 1,070	$ 352	$ 14	$ 12	$ 1,448
Charge-offs					
Recoveries					
Provision	61	(3)	(5)	1	54
Ending balance	$ 1,131	$ 349	$ 9	$ 13	$ 1,502
Percent of principal balance	1.28%	3.57%	1.18%	1.23%	1.50%
Ending balance: individually evaluated for impairment	$ 56	$ 212	$	$	$ 268
Ending balance: collectively evaluated for impairment	$ 1,075	$ 137	$ 9	$ 13	$ 1,234
Portfolio Loans					
Ending unpaid principal balance	$ 88,563	$ 9,771	$ 760	$ 1,063	$ 100,157
Ending unpaid principal balance: individually evaluated for impairment	$ 699	$ 590	$	$	$ 1,289
Ending unpaid principal balance: collectively evaluated for impairment	$ 87,864	$ 9,181	$ 760	$ 1,063	$ 98,868

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Note 3 Loans continued

Management uses a loan rating system to identify the inherent risk associated with portfolio loans. Loan ratings are based on a subjective definition that describes the conditions present at each level of risk and identifies the important aspect of each loan. The Bank currently uses a 1 to 8 grading scale for commercial loans. Each loan grade corresponds to a specific qualitative classification. All other consumer and mortgage loan types are not graded using the risk rating scale but are internally rated based on various credit quality characteristics using the same qualitative classification. The risk rating classifications included: pass, special mention, substandard, doubtful and loss.

Loans risk-rated as special mention are considered criticized loans, exhibiting some potential credit weakness that requires additional attention by management and are maintained on the internal watch list and monitored on a regular basis. Loans risk-rated as substandard or higher are considered classified loans exhibiting well-defined credit weakness and are recorded on the problem loan list and evaluated more frequently. The Bank s credit administration function is designed to provide increased information on all types of loans to identify adverse credit risk characteristics in a timely manner. Total criticized and classified loans increased to $16,024,000 at June 30, 2012 from $13,821,000 at December 31, 2011. The increase is isolated to commercial loans and is the result of deterioration in specific credits identified by Credit Administration. The general condition of the portfolio remains strong. The Bank has no loans in non-accrual status. There were no loans that were risk rated doubtful or loss at June 30, 2012 or December 31, 2011. Management closely monitors each loan adversely criticized or classified and institutes appropriate measures to eliminate the basis of criticism.

The primary risk elements considered by management regarding each consumer and residential real estate loan are lack of timely payment and loss of real estate values. Management has a reporting system that monitors past due loans and has adopted policies to pursue its creditor s rights in order to preserve the Bank s position. The primary risk elements concerning commercial and industrial loans and commercial real estate loans are the financial condition of the borrower, the sufficiency of collateral, and lack of timely payment. Management has a policy of requesting and reviewing periodic financial reporting from its commercial loan customers and verifies existence of collateral and its value.

An analysis of credit quality indicators at June 30, 2012 and December 31, 2011 follows (000s omitted):

June 30, 2012

Commercial Loans

Credit Quality		Commercial Real Estate	Commercial Term	Commercial LOC	Commercial Construction
1	pass	$	$	$	$ 18
2	pass		80	239	
3	pass	16,987	3,603	5,452	653
4	pass	43,254	9,122	3,052	
5	special mention	7,466	3,744	1,272	
6	substandard	694	1,382	520	
7	doubtful				
8	loss				
		$ 68,401	$ 17,931	$ 10,535	$ 671

Consumer Loans

Credit Quality	Home Equity LOC	Residential Mortgage	Home Equity Term	Consumer Installment	Consumer LOC
Pass	$ 8,402	$ 5,016	$ 108	$ 435	$ 711
Special mention	342			14	
Substandard	590				

Doubtful					
Loss					
	$ 9,334	$ 5,016	$ 108	$ 449	$ 711

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Note 3 Loans continued

December 31, 2011

Commercial Loans

Credit Quality	Commercial Real Estate	Commercial Term	Commercial LOC	Commercial Construction
1 pass	$	$	$	$
2 pass	217	89		
3 pass	16,023	3,793	4,644	
4 pass	41,184	8,754	5,248	683
5 special mention	5,586	2,524	511	1,858
6 substandard	1,426	598	365	
7 - doubtful				
8 - loss				
	$ 64,436	$ 15,758	$ 10,768	$ 2,541

Consumer Loans

Credit Quality	Home Equity LOC	Residential Mortgage	Home Equity Term	Consumer Installment	Consumer LOC
Pass	$ 8,686	$ 1,828	$ 111	$ 583	$ 700
Special mention	343			20	
Substandard	590				
Doubtful					
Loss					
	$ 9,619	$ 1,828	$ 111	$ 603	$ 700

A loan is considered a troubled debt restructuring (TDR) if the Bank for economic or legal reasons related to the borrower s financial condition grants a concession to the debtor that the Bank would not otherwise consider. TDRs represent loans where the original terms of the agreement have been modified to provide relief to the borrower and are individually evaluated for impairment. The loans continue to perform according to the modified contractual terms.

Information regarding modified loans as of June 30, 2012 and December 31, 2011 (000s omitted):

June 30, 2012 **Troubled Debt Restructuring**	Number of Contracts	Pre-Modification Investment	Post-Modification Investment
Commercial Real Estate	1	$ 699	$ 699
Commercial Term	1	$ 60	$ 60
Commercial LOC			
Construction			
Home Equity			
Residential Mortgage			
Consumer			

December 31, 2011

Troubled Debt Restructuring			
Commercial Real Estate	1	$ 699	$ 699
Commercial Term			
Commercial LOC			
Construction			
Home Equity			
Residential Mortgage			
Consumer			

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Note 3 Loans continued

A loan is considered impaired when, based on current information and events, it is probable that the Corporation will be unable to collect all principal and interest payments according to the contractual terms of the loan agreement. Characteristics considered by management in determining impairment include delinquency status, collateral value, and known factors adversely affecting the ability of the borrower to satisfy the terms of the agreement. When an individual loan is classified as impaired, the Corporation measures impairment using (1) the present value of expected cash flows discounted at the loans effective interest rate, (2) the loans observable market price, or (3) the fair value of the collateral. The method used is determined on a loan by loan basis, except for a collateral dependent loan. All collateral dependent loans are required to be measured using the fair value of collateral method. If the value of an impaired loan is less than the recorded investment in the loan an impairment reserve is recognized. All modified loans are considered impaired.

Large groups of homogeneous loans are collectively evaluated for impairment. Accordingly, the Corporation does not separately identify individual consumer and residential loans for impairment disclosures, except if modified and considered to be a troubled debt restructuring.

Information regarding impaired loans at June 30, 2012; December 31, 2011; and June 30, 2011 (000s omitted):

June 30, 2012					Year to Date
Impaired loans	Recorded Investment	Unpaid Principal	Allowance	Average Investment	Interest Recognized
Loans with no related allowance recorded:					
Commercial Term	$ 935	$ 935	$	$ 935	$ 31
Loans with allowance recorded:					
Commercial Real Estate	$ 694	$ 694	$ 318	$ 697	$ 18
Home Equity Line of Credit	$ 590	$ 590	$ 184	$ 590	$ 15
Total loans:					
Commercial	$ 1,629	$ 1,629	$ 318	$ 1,632	$ 49
Home Equity	$ 590	$ 590	$ 184	$ 590	$ 15
December 31, 2011					
Impaired loans					
Loans with allowance recorded:					
Commercial Real Estate	$ 699	$ 699	$ 115	$ 699	$ 35
Home Equity Line of Credit	$ 590	$ 590	$ 212	$ 590	$ 29
Total loans:					
Commercial	$ 699	$ 699	$ 115	$ 699	$ 35
Home Equity	$ 590	$ 590	$ 212	$ 590	$ 29
June 30, 2011					
Impaired loans					
Loans with allowance recorded:					
Commercial Real Estate	$ 699	$ 699	$ 56	$ 699	$ 18
Home Equity Line of Credit	$ 590	$ 590	$ 212	$ 590	$ 15
Total loans:					
Commercial	$ 699	$ 699	$ 56	$ 699	$ 18
Home Equity	$ 590	$ 590	$ 212	$ 590	$ 15

Note 3 Loans continued

As of June 30, 2012 there were no loans more than 30 days past due while at December 31, 2011 loans representing $4,000 were more than 30 days past due. There were no nonperforming loans, which represents non-accruing loans and loans past due 90 days or more and still accruing interest, at June 30, 2012 and December 31, 2011. Loans are placed in non-accrual status when, in the opinion of management, uncertainty exists as to the ultimate collection of principal and interest. Commercial loans are reported as being in non-accrual status if: (a) they are maintained on a cash basis because of deterioration in the financial position of the borrower, (b) payment in full of interest or principal is not expected, or (c) principal or interest has been in default for a period of 90 days or more. If it can be documented that the loan obligation is both well secured and in the process of collection, the loan may remain on accrual status. However, if the loan is not brought current before becoming 120 days past due, the loan is reported as non-accrual. A non-accrual asset may be restored to accrual status when none of its principal or interest is due and unpaid, when it otherwise becomes well secured, or is in the process of collection.

Information regarding past due loans at June 30, 2012 and December 31, 2011 follows (000s omitted):

June 30, 2012	Loans past due			Total Past Due	Current	Total Loans	Non-Accrual	>90 days Accruing
	30 59	60 - 90	Over 90					
Commercial real estate	$	$	$	$	$ 68,401	$ 68,401	$	$
Commercial term					17,931	17,931		
Commercial LOC					10,535	10,535		
Construction					671	671		
Home equity LOC					9,334	9,334		
Residential mortgage					5,016	5,016		
Home equity term					108	108		
Consumer installment					449	449		
Consumer LOC					711	711		
	$	$	$	$	$ 113,156	$ 113,156	$	$