MidWestOne Financial Group, Inc.
Form 10-Q
May 07, 2013

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 March 31, 2013

OR

o 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 000-24630

MIDWESTONE FINANCIAL GROUP, INC.
(Exact name of Registrant as specified in its charter)

Iowa	42-1206172
(State of Incorporation)	(I.R.S. Employer Identification No.)

102 South Clinton Street
Iowa City, IA 52240
(Address of principal executive offices, including zip code)
319-356-5800
(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. x Yes o 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). x Yes o 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 definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

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

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

As of May 6, 2013, there were 8,459,582 shares of common stock, $1.00 par value per share, outstanding.

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PART I – FINANCIAL INFORMATION
Item 1. Financial Statements.

MIDWESTONE FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(dollars in thousands)	March 31, 2013 (unaudited)	December 31, 2012
ASSETS		
Cash and due from banks	$21,399	$30,197
Interest-bearing deposits in banks	533	16,242
Federal funds sold	—	752
Cash and cash equivalents	21,932	47,191
Investment securities:		
Available for sale	572,461	557,541
Held to maturity (fair value of $32,579 as of March 31, 2013 and $32,920 as of December 31, 2012)	32,545	32,669
Loans held for sale	872	1,195
Loans	1,041,783	1,035,284
Allowance for loan losses	(16,260)	(15,957)
Net loans	1,025,523	1,019,327
Loan pool participations, net	32,379	35,650
Premises and equipment, net	25,425	25,609
Accrued interest receivable	9,443	10,292
Intangible assets, net	9,303	9,469
Bank-owned life insurance	28,907	28,676
Other real estate owned	3,025	3,278
Assets held for sale	764	764
Deferred income taxes	1,287	776
Other assets	21,779	20,382
Total assets	$1,785,645	$1,792,819
LIABILITIES AND SHAREHOLDERS' EQUITY		
Deposits:		
Non-interest-bearing demand	$175,510	$190,491
Interest-bearing checking	590,899	582,283
Savings	95,760	91,603
Certificates of deposit under $100,000	298,112	312,489
Certificates of deposit $100,000 and over	213,364	222,867
Total deposits	1,373,645	1,399,733
Federal funds purchased	1,569	—
Securities sold under agreements to repurchase	54,277	68,823
Federal Home Loan Bank borrowings	152,147	120,120
Deferred compensation liability	3,533	3,555
Long-term debt	15,464	15,464
Accrued interest payable	1,492	1,475
Other liabilities	6,653	9,717
Total liabilities	1,608,780	1,618,887
Shareholders' equity:		

Preferred stock, no par value; authorized 500,000 shares; no shares issued and outstanding at March 31, 2013 and December 31, 2012	$—	$—
Common stock, $1.00 par value; authorized 15,000,000 shares at March 31, 2013 and December 31, 2012; issued 8,690,398 shares at March 31, 2013 and December 31, 2012; outstanding 8,498,484 shares at March 31, 2013 and 8,480,488 shares at December 31, 2012	8,690	8,690
Additional paid-in capital	80,243	80,383
Treasury stock at cost, 191,914 shares as of March 31, 2013 and 209,910 shares at December 31, 2012	(3,039)	(3,316)
Retained earnings	83,722	79,995
Accumulated other comprehensive income	7,249	8,180
Total shareholders' equity	176,865	173,932
Total liabilities and shareholders' equity	$1,785,645	$1,792,819

See accompanying notes to consolidated financial statements.

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MIDWESTONE FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited) (dollars in thousands, except share and per share amounts)	Three Months Ended March 31, 2013	2012
Interest income:		
Interest and fees on loans	$12,114	$13,080
Interest and discount on loan pool participations	1,080	454
Interest on bank deposits	5	10
Interest on investment securities:		
Taxable securities	2,630	2,752
Tax-exempt securities	1,361	1,219
Total interest income	17,190	17,515
Interest expense:		
Interest on deposits:		
Interest-bearing checking	671	829
Savings	36	37
Certificates of deposit under $100,000	1,239	1,590
Certificates of deposit $100,000 and over	633	773
Total interest expense on deposits	2,579	3,229
Interest on federal funds purchased	9	3
Interest on securities sold under agreements to repurchase	36	55
Interest on Federal Home Loan Bank borrowings	692	803
Interest on notes payable	8	9
Interest on long-term debt	75	168
Total interest expense	3,399	4,267
Net interest income	13,791	13,248
Provision for loan losses	200	579
Net interest income after provision for loan losses	13,591	12,669
Noninterest income:		
Trust, investment, and insurance fees	1,349	1,253
Service charges and fees on deposit accounts	707	767
Mortgage origination and loan servicing fees	1,044	767
Other service charges, commissions and fees	572	710
Bank-owned life insurance income	231	230
Gain on sale or call of available for sale securities (Includes $80 reclassified from accumulated other comprehensive income for net gains on available for sale securities for the three months ended March 31, 2013)	80	316
Gain (loss) on sale of premises and equipment	(2)	158
Total noninterest income	3,981	4,201
Noninterest expense:		
Salaries and employee benefits	6,293	5,972
Net occupancy and equipment expense	1,688	1,644
Professional fees	683	732
Data processing expense	391	446
FDIC insurance expense	294	310
Amortization of intangible assets	166	194
Other operating expense	1,479	1,505

Total noninterest expense	10,994	10,803
Income before income tax expense	6,578	6,067
Income tax expense (Includes $31 income tax expense reclassified from accumulated other comprehensive income for the three months ended March 31, 2013)	1,788	1,635
Net income	$4,790	$4,432
Share and Per share information:		
Ending number of shares outstanding	8,498,484	8,464,820
Average number of shares outstanding	8,493,376	8,497,919
Diluted average number of shares	8,536,495	8,528,828
Earnings per common share - basic	$0.56	$0.52
Earnings per common share - diluted	0.56	0.52
Dividends paid per common share	0.13	0.09

See accompanying notes to consolidated financial statements.

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MIDWESTONE FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited) (dollars in thousands)	Three Months Ended March 31, 2013	2012
Net income	$4,790	$4,432
Other comprehensive income (loss), available for sale securities:		
Unrealized holding gains (losses) arising during period	(1,410)	859
Reclassification adjustment for gains included in net income	(80)	(316)
Income tax (expense) benefit	559	(196)
Other comprehensive income (loss) on available for sale securities	(931)	347
Other comprehensive income (loss), net of tax	(931)	347
Comprehensive income	$3,859	$4,779

See accompanying notes to consolidated financial statements.

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MIDWESTONE FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(unaudited) (dollars in thousands, except share and per share amounts)	Preferred Stock	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total
Balance at December 31, 2011	$ —	$ 8,690	$ 80,333	$ (2,312)	$ 66,299	$ 3,484	$ 156,494
Net income	—	—	—	—	4,432	—	4,432
Dividends paid on common stock ($0.085 per share)	—	—	—	—	(723)	—	(723)
Stock options exercised (11,553 shares)	—	—	(47)	134	—	—	87
Release/lapse of restriction on RSUs (13,170 shares)	—	—	(164)	173	—	—	9
Repurchase of common stock (86,083 shares)	—	—	—	(1,441)	—	—	(1,441)
Stock compensation	—	—	65	—	—	—	65
Other comprehensive income, net of tax	—	—	—	—	—	347	347
Balance at March 31, 2012	$ —	$ 8,690	$ 80,187	$ (3,446)	$ 70,008	$ 3,831	$ 159,270
Balance at December 31, 2012	$ —	$ 8,690	$ 80,383	$ (3,316)	$ 79,995	$ 8,180	$ 173,932
Net income	—	—	—	—	4,790	—	4,790
Dividends paid on common stock ($0.125 per share)	—	—	—	—	(1,063)	—	(1,063)
Stock options exercised (1,875 shares)	—	—	1	30	—	—	31
Release/lapse of restriction on RSUs (17,295 shares)	—	—	(211)	247	—	—	36
Stock compensation	—	—	70	—	—	—	70
Other comprehensive loss, net of tax	—	—	—	—	—	(931)	(931)
Balance at March 31, 2013	$ —	$ 8,690	$ 80,243	$ (3,039)	$ 83,722	$ 7,249	$ 176,865

See accompanying notes to consolidated financial statements.

MIDWESTONE FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (dollars in thousands)	Three Months Ended March 31,	
	2013	2012
Cash flows from operating activities:		
Net income	$4,790	$4,432
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	200	579
Depreciation, amortization and accretion	1,366	1,377
(Gain) loss on sale of premises and equipment	2	(158)
Deferred income taxes	48	28
Stock-based compensation	70	74
Net gain on sale or call of available for sale securities	(80)	(316)
Net gain on sale of other real estate owned	(45)	(67)
Net gain on sale of loans held for sale	(545)	(503)
Writedown of other real estate owned	33	—
Origination of loans held for sale	(26,892)	(32,308)
Proceeds from sales of loans held for sale	27,760	33,823
Decrease in accrued interest receivable	849	783
Increase in cash surrender value of bank-owned life insurance	(231)	(230)
(Increase) decrease in other assets	(1,397)	216
Decrease in deferred compensation liability	(22)	(30)
Increase (decrease) in accrued interest payable, accounts payable, accrued expenses, and other liabilities	(3,047)	709
Net cash provided by operating activities	2,859	8,409
Cash flows from investing activities:		
Proceeds from sales of available for sale securities	1,080	14,558
Proceeds from maturities and calls of available for sale securities	19,265	19,134
Purchases of available for sale securities	(37,236)	(51,162)
Proceeds from maturities and calls of held to maturity securities	126	20
Purchase of held to maturity securities	—	(5,000)
(Increase) decrease in loans	(6,460)	3,795
Decrease in loan pool participations, net	3,271	4,144
Purchases of premises and equipment	(436)	(1,157)
Proceeds from sale of other real estate owned	329	983
Proceeds from sale of premises and equipment	4	645
Net cash used in investing activities	(20,057)	(14,040)
Cash flows from financing activities:		
Net increase (decrease) in deposits	(26,088)	38,011
Increase (decrease) in federal funds purchased	1,569	(8,920)
Increase (decrease) in securities sold under agreements to repurchase	(14,546)	2,027
Proceeds from Federal Home Loan Bank borrowings	40,000	—
Repayment of Federal Home Loan Bank borrowings	(8,000)	(4,000)
Stock options exercised	67	87
Dividends paid	(1,063)	(723)
Repurchase of common stock	—	(1,441)
Net cash (used in) provided by financing activities	(8,061)	25,041

Net increase (decrease) in cash and cash equivalents	(25,259)	19,410
Cash and cash equivalents at beginning of period	47,191	32,623
Cash and cash equivalents at end of period	$21,932	$52,033
Supplemental disclosures of cash flow information:		
Cash paid during the period for interest	$3,382	$1,095
Cash paid during the period for income taxes	$1,800	$815
Supplemental schedule of non-cash investing activities:		
Transfer of loans to other real estate owned	$64	$656
Transfer of property to assets held for sale	$—	$764

See accompanying notes to consolidated financial statements.

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MidWestOne Financial Group, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

1.Principles of Consolidation and Presentation

MidWestOne Financial Group, Inc. (the "Company," which is also referred to herein as "we," "our" or "us") is an Iowa corporation incorporated in 1983, a bank holding company under the Bank Holding Company Act of 1956 and a financial holding company under the Gramm-Leach-Bliley Act of 1999. Our principal executive offices are located at 102 South Clinton Street, Iowa City, Iowa 52240.

The Company owns 100% of the outstanding common stock of MidWestOne Bank, an Iowa state non-member bank chartered in 1934 with its main office in Iowa City, Iowa (the "Bank"), and 100% of the common stock of MidWestOne Insurance Services, Inc., Oskaloosa, Iowa. We operate primarily through our bank subsidiary, MidWestOne Bank, and MidWestOne Insurance Services, Inc., our wholly-owned subsidiary that operates an insurance agency business through three offices located in central and east-central Iowa.

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, therefore, do not include all the information and notes necessary for complete financial statements in conformity with U.S. generally accepted accounting principles. The information in this Quarterly Report on Form 10-Q is written with the presumption that the users of the interim financial statements have read or have access to the most recent Annual Report on Form 10-K of the Company, which contains the latest audited financial statements and notes thereto, together with Management's Discussion and Analysis of Financial Condition and Results of Operations as of December 31, 2012 and for the year then ended. Management believes that the disclosures are adequate to make the information presented not misleading. In the opinion of management, the accompanying consolidated financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position as of March 31, 2013, and the results of operations and cash flows for the three months ended March 31, 2013 and 2012. All significant intercompany accounts and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are based on information available to management at the time the estimates are made. Actual results could differ from those estimates. The results for the three months ended March 31, 2013 may not be indicative of results for the year ending December 31, 2013, or for any other period.

All significant accounting policies followed in the preparation of the quarterly financial statements are disclosed in the December 31, 2012 Annual Report on Form 10-K. In the consolidated statements of cash flows, cash and cash equivalents include cash and due from banks, interest-bearing deposits in banks, and federal funds sold.

2.Shareholders' Equity

Preferred Stock: The number of authorized shares of preferred stock for the Company is 500,000. As of March 31, 2013, none were issued or outstanding.

Common Stock: As of March 31, 2013, the number of authorized shares of common stock for the Company was 15,000,000.

On October 18, 2011, our Board of Directors amended the Company's existing $1.0 million share repurchase program, originally authorized on July 26, 2011, by increasing the remaining amount of authorized repurchases to $5.0 million, and extending the expiration of the program to December 31, 2012.

On January 15, 2013, the Company's board of directors announced the renewal of the Company's share repurchase program, extending the expiration of the program to December 31, 2014 and increasing the remaining amount of authorized repurchases under the program to $5.0 million from the approximately $2.4 million of authorized repurchases that had previously remained. Pursuant to the program, the Company may continue to repurchase shares from time to time in the open market, and the method, timing and amounts of repurchase will be solely in the discretion of the Company's management. The repurchase program does not require the Company to acquire a specific number of shares. Therefore, the amount of shares repurchased pursuant to the program will depend on several factors, including market conditions, capital and liquidity requirements, and alternative uses for cash available. As of March 31, 2013 the remaining amount available for share repurchases under the program was $5.0 million.

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3.Earnings per Common Share

Basic earnings per common share computations are based on the weighted average number of shares of common stock actually outstanding during the period. Diluted earnings per share amounts are computed by dividing net income by the weighted average number of shares outstanding and all dilutive potential shares outstanding during the period.

The following table presents the computation of earnings per common share for the respective periods:

	Three Months Ended March 31,	
(dollars in thousands, except share and per share amounts)	2013	2012
Basic earnings per common share computation		
Numerator:		
Net income	$4,790	$4,432
Denominator:		
Weighted average shares outstanding	8,493,376	8,497,919
Basic earnings per common share	$0.56	$0.52
Diluted earnings per common share computation		
Numerator:		
Net income	$4,790	$4,432
Denominator:		
Weighted average shares outstanding, included all dilutive potential shares	8,536,495	8,528,828
Diluted earnings per common share	$0.56	$0.52

4.Investment Securities

A summary of investment securities available for sale is as follows:

	As of March 31, 2013			
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government agencies and corporations	$67,828	$999	$46	$68,781
State and political subdivisions	210,282	11,096	359	221,019
Mortgage-backed securities and collateralized mortgage obligations	244,283	5,607	299	249,591
Corporate debt securities	30,666	375	754	30,287
Total debt securities	553,059	18,077	1,458	569,678
Other equity securities	2,639	147	3	2,783
Total	$555,698	$18,224	$1,461	$572,461

	As of December 31, 2012			
(in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. Government agencies and corporations	$68,707	$1,132	$56	$69,783
State and political subdivisions	206,392	11,752	125	218,019
Mortgage-backed securities and collateralized mortgage obligations	236,713	6,433	28	243,118

Corporate debt securities	25,839	360	1,259	24,940
Total debt securities	537,651	19,677	1,468	555,860
Other equity securities	1,637	109	65	1,681
Total	$539,288	$19,786	$1,533	$557,541

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A summary of investment securities held to maturity is as follows:

	As of March 31, 2013			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
(in thousands)				
State and political subdivisions	$19,262	$173	$159	$19,276
Mortgage-backed securities	10,024	29	—	10,053
Corporate debt securities	3,259	—	9	3,250
Total	$32,545	$202	$168	$32,579

	As of December 31, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
(in thousands)				
State and political subdivisions	$19,278	$199	$57	$19,420
Mortgage-backed securities	10,133	121	—	10,254
Corporate debt securities	3,258	—	12	3,246
Total	$32,669	$320	$69	$32,920

The summary of investment securities shows that some of the securities in the available for sale and held to maturity investment portfolios had unrealized losses, or were temporarily impaired, as of March 31, 2013 and December 31, 2012. This temporary impairment represents the estimated amount of loss that would be realized if the securities were sold on the valuation date.

The following presents information pertaining to securities with gross unrealized losses as of March 31, 2013 and December 31, 2012, aggregated by investment category and length of time that individual securities have been in a continuous loss position:

		As of March 31, 2013					
	Number of Securities	Less than 12 Months		12 Months or More		Total	
Available for Sale		Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(in thousands, except number of securities)							
U.S. Government agencies and corporations	2	$15,350	$ 46	$—	$ —	$15,350	$ 46
State and political subdivisions	48	15,707	359	—	—	15,707	359
Mortgage-backed securities and collateralized mortgage obligations	6	44,924	299	—	—	44,924	299
Corporate debt securities	8	14,706	51	1,069	703	15,775	754
Other equity securities	1	996	3	—	—	996	3
Total	65	$91,683	$ 758	$1,069	$ 703	$92,752	$ 1,461

		As of December 31, 2012					
	Number of Securities	Less than 12 Months		12 Months or More		Total	
		Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(in thousands, except number of securities)							
	2	$15,359	$ 56	$—	$ —	$15,359	$ 56

U.S. Government agencies and corporations							
State and political subdivisions	27	7,221	125	—	—	7,221	125
Mortgage-backed securities and collateralized mortgage obligations	2	10,919	28	—	—	10,919	28
Corporate debt securities	9	14,672	242	755	1,017	15,427	1,259
Other equity securities	1	754	65	—	—	754	65
Total	41	$48,925	$ 516	$755	$ 1,017	$49,680	$ 1,533

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		As of March 31, 2013					
	Number	Less than 12 Months		12 Months or More		Total	
Held to Maturity	of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(in thousands, except number of securities)							
State and political subdivisions	14	10,129	159	—	—	10,129	159
Corporate debt securities	1	2,375	9	—	—	2,375	9
Total	15	$12,504	$ 168	$—	$ —	$12,504	$ 168

		As of December 31, 2012					
	Number	Less than 12 Months		12 Months or More		Total	
	of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
(in thousands, except number of securities)							
State and political subdivisions	11	3,672	57	—	—	3,672	57
Corporate debt securities	1	2,371	12	—	—	2,371	12
Total	12	$6,043	$ 69	$—	$ —	$6,043	$ 69

The Company's assessment of other-than-temporary impairment ("OTTI") is based on its reasonable judgment of the specific facts and circumstances impacting each individual security at the time such assessments are made. The Company reviews and considers factual information, including expected cash flows, the structure of the security, the credit quality of the underlying assets and the current and anticipated market conditions.

At March 31, 2013, approximately 62% of the municipal bonds held by the Company were Iowa based. The Company does not intend to sell these municipal obligations, and it is not more likely than not that the Company will be required to sell them before the recovery of its cost. Due to the issuers' continued satisfaction of their obligations under the securities in accordance with their contractual terms and the expectation that they will continue to do so, management's intent and ability to hold these securities for a period of time sufficient to allow for any anticipated recovery in fair value, as well as the evaluation of the fundamentals of the issuers' financial condition and other objective evidence, the Company believes that the municipal obligations identified in the tables above were temporarily depressed as of March 31, 2013 and December 31, 2012.

The receipt of principal, at par, and interest on mortgage-backed securities is guaranteed by the respective government-sponsored agency guarantor, such that the Company believes that its mortgage-backed securities do not expose the Company to credit-related losses. At March 31, 2013 and December 31, 2012, the Company's mortgage-backed securities portfolio consisted of securities predominantly underwritten to the standards of and guaranteed by the following government-sponsored agencies: FHLMC, FNMA and GNMA.

At March 31, 2013, the Company owned six collateralized debt obligations backed by pools of trust preferred securities with an original cost basis of $9.8 million. The book value of these securities as of March 31, 2013 totaled $1.8 million, after other-than-temporary impairment charges during 2008, 2009, and 2010. All of the Company's trust preferred collateralized debt obligations are in mezzanine tranches and are currently rated less than investment grade by Moody's Investor Services. They are secured by trust preferred securities of banks and insurance companies throughout the United States, and were rated as investment grade securities when purchased between March 2006 and December 2007. However, as the banking climate eroded during 2008, the securities experienced cash flow problems. Due to continued market deterioration in these securities during 2009 and 2010, additional pre-tax charges to earnings were recorded. As of March 31, 2013, no additional charges had been recognized during 2011, 2012, or 2013. The market for these securities is considered to be inactive according to the guidance issued in ASC Topic 820, “Fair Value Measurements and Disclosures.” The Company uses a discounted cash flow model to determine the estimated fair value of its pooled trust preferred collateralized debt obligations and to assess other-than-temporary impairment. The discounted cash flow analysis was performed in accordance with ASC Topic 325. The assumptions used in preparing the discounted cash flow model include the following: estimated discount rates (using yields of comparable traded instruments adjusted for illiquidity and other risk factors), estimated deferral and default rates on collateral, and estimated cash flows. The Company also reviewed a stress test of these securities to determine the additional deferrals or defaults in the collateral pool in excess of what the Company believes is probable, before the payments on the individual securities are negatively impacted.

As of March 31, 2013, the Company also owned $1.8 million of equity securities in banks and financial service-related companies, and $1.0 million of mutual funds invested in debt securities and other debt instruments that will cause shares of the fund to be deemed to be qualified under the Community Reinvestment Act (the "CRA"). Equity securities are

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considered to have other-than-temporary impairment whenever they have been in a loss position, compared to current book value, for twelve consecutive months, and the Company does not expect them to recover to their original cost basis. For the first quarter of 2013 and the full year of 2012, no impairment charges were recorded, as the affected equity securities were not deemed impaired due to stabilized market prices in relation to the Company's original purchase price.

It is reasonably possible that the fair values of the Company's investment securities could decline in the future if the overall economy and the financial condition of the issuers deteriorate and the liquidity of these securities remains depressed. As a result, there is a risk that other-than-temporary impairments may occur in the future and any such amounts could be material to the Company's consolidated statements of operations.

A summary of the contractual maturity distribution of debt investment securities at March 31, 2013 is as follows:

	Available For Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(in thousands)				
Due in one year or less	$21,531	$21,770	$525	$526
Due after one year through five years	97,829	101,814	2,759	2,750
Due after five years through ten years	129,891	135,637	7,172	7,319
Due after ten years	59,525	60,866	12,065	11,931
Mortgage-backed securities and collateralized mortgage obligations	244,283	249,591	10,024	10,053
Total	$553,059	$569,678	$32,545	$32,579

Mortgage-backed and collateralized mortgage obligations are collateralized by mortgage loans guaranteed by U.S. government agencies. Experience has indicated that principal payments will be collected sooner than scheduled because of prepayments. Therefore, these securities are not scheduled in the maturity categories indicated above. Equity securities available for sale with an amortized cost of $2.6 million and a fair value of $2.8 million are also excluded from this table.

Other investment securities include investments in Federal Home Loan Bank (“FHLB”) stock. The carrying value of the FHLB stock at March 31, 2013 and December 31, 2012 was $12.2 million and $11.1 million, respectively, which is included in the Other Assets line of the consolidated balance sheets. This security is not readily marketable and ownership of FHLB stock is a requirement for membership in the FHLB Des Moines. The amount of FHLB stock the Bank is required to hold is directly related to the amount of FHLB advances borrowed. Because there are no available market values, this security is carried at cost and evaluated for potential impairment each quarter. Redemption of this investment is at the option of the FHLB.

Realized gains and losses on sales are determined on the basis of specific identification of investments based on the trade date. Realized gains on investments for the three months ended March 31, 2013 and 2012 are as follows:

	Three Months Ended March 31,	
	2013	2012
(in thousands)		
Available for sale fixed maturity securities:		
Gross realized gains	$80	$314
Gross realized losses	—	—
Other-than-temporary impairment	—	—
	80	314
Equity securities:		
Gross realized gains	—	2
Gross realized losses	—	—

Other-than-temporary impairment	—	—
	—	2
	$80	$316

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5.Loans Receivable and the Allowance for Loan Losses

The composition of loans and loan pool participations by portfolio segment are as follows:

Allowance for Loan Losses and Recorded Investment in Loan Receivables
As of March 31, 2013 and December 31, 2012

(in thousands)	Agricultural	Commercial and Industrial	Commercial Real Estate	Residential Real Estate	Consumer	Unallocated	Total
March 31, 2013							
Allowance for loan losses:							
Individually evaluated for impairment	$155	$312	$ 339	$180	$5	$ —	$991
Collectively evaluated for impairment	816	4,084	5,555	2,904	253	1,657	15,269
Total	$971	$4,396	$ 5,894	$3,084	$258	$ 1,657	$16,260
Loans acquired with deteriorated credit quality (loan pool participations)	$3	$68	$ 681	$240	$5	$ 1,137	$2,134
Loans receivable							
Individually evaluated for impairment	$3,234	$2,121	$ 4,494	$1,510	$58	$ —	$11,417
Collectively evaluated for impairment	77,261	240,510	440,822	252,438	19,335	—	1,030,366
Total	$80,495	$242,631	$ 445,316	$253,948	$19,393	$ —	$1,041,783
Loans acquired with deteriorated credit quality (loan pool participations)	$59	$1,816	$ 22,826	$4,590	$65	$ 5,157	$34,513

(in thousands)	Agricultural	Commercial and Industrial	Commercial Real Estate	Residential Real Estate	Consumer	Unallocated	Total
December 31, 2012							
Allowance for loan losses:							
Individually evaluated for impairment	$ 159	$295	$ 293	$136	$6	$ —	$889
Collectively evaluated for impairment	867	4,304	5,474	2,871	350	1,202	15,068
Total	$ 1,026	$4,599	$ 5,767	$3,007	$356	$ 1,202	$15,957
Loans acquired with deteriorated credit quality (loan pool participations)	$ 4	$77	$ 673	$240	$15	$ 1,125	$2,134
Loans receivable							
Individually evaluated for impairment	$ 3,323	$1,806	$ 5,342	$886	$37	$ —	$11,394
Collectively evaluated for impairment	81,403	236,810	434,642	251,990	19,045	—	1,023,890

Total	$ 84,726	$ 238,616	$ 439,984	$ 252,876	$ 19,082	$ —	$ 1,035,284
Loans acquired with deteriorated credit quality (loan pool participations)	$ 76	$ 2,379	$ 24,346	$ 4,788	$ 67	$ 6,128	$ 37,784

The changes in the allowance for loan losses by portfolio segment are as follows:

Allowance for Loan Loss Activity
For the Three Months Ended March 31, 2013 and 2012

(in thousands)	Agricultural	Commercial and Industrial	Commercial Real Estate	Residential Real Estate	Consumer	Unallocated	Total
2013							
Beginning balance	$ 1,026	$ 4,599	$ 5,767	$ 3,007	$ 356	$ 1,202	$ 15,957
Charge-offs	(39)	(173)	—	(112)	(49)	—	(373)
Recoveries	5	9	457	2	3	—	476
Provision	(21)	(39)	(330)	187	(52)	455	200
Ending balance	$ 971	$ 4,396	$ 5,894	$ 3,084	$ 258	$ 1,657	$ 16,260
2012							
Beginning balance	$ 1,209	$ 5,380	$ 5,171	$ 3,501	$ 167	$ 248	$ 15,676
Charge-offs	—	(912)	(26)	(175)	(11)	—	(1,124)
Recoveries	507	15	3	12	11	—	548
Provision	(593)	204	(297)	(604)	211	1,658	579
Ending balance	$ 1,123	$ 4,687	$ 4,851	$ 2,734	$ 378	$ 1,906	$ 15,679

Loan Portfolio Segment Risk Characteristics

Agricultural - Agricultural loans, most of which are secured by crops, livestock, and machinery, are provided to finance capital improvements and farm operations as well as acquisitions of livestock and machinery. The ability of the borrower to repay may be affected by many factors outside of the borrower's control including adverse weather conditions, loss of livestock due to disease or other factors, declines in market prices for agricultural products and the impact of government regulations. The ultimate repayment of agricultural loans is dependent upon the profitable operation or management of the agricultural entity. Collateral for these loans generally includes accounts receivable, inventory, equipment and real estate. However, depending on the overall financial condition of the borrower, some loans are made on an unsecured basis. The collateral securing these loans may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the business.

Commercial and Industrial - Commercial and industrial loans are primarily made based on the reported cash flow of the borrower and secondarily on the underlying collateral provided by the borrower. The collateral support provided by the borrower for most of these loans and the probability of repayment are based on the liquidation of the pledged collateral and enforcement of a personal guarantee, if any exists. The primary repayment risks of commercial and industrial loans are that the cash flows of the borrower may be unpredictable, and the collateral securing these loans may fluctuate in value. The size of the loans the Company can offer to commercial customers is less than the size of the loans that competitors with larger lending limits can offer. This may limit the Company's ability to establish relationships with the area's largest businesses. As a result, the Company may assume greater lending risks than financial institutions that have a lesser concentration of such loans and tend to make loans to larger businesses. Collateral for these loans generally includes accounts receivable, inventory, equipment and real estate. However, depending on the overall financial condition of the borrower, some loans are made on an unsecured basis. The collateral securing these loans may depreciate over time, may be difficult to appraise and may fluctuate in value based on the success of the business. In addition, if the United States economy does not meaningfully improve, this could harm or continue to harm the businesses of our commercial and industrial customers and reduce the value of the collateral securing these loans.

Commercial Real Estate - The Company offers mortgage loans to commercial and agricultural customers for the acquisition of real estate used in their businesses, such as offices, warehouses and production facilities, and to real estate investors for the acquisition of apartment buildings, retail centers, office buildings and other commercial buildings. The market value of real estate securing commercial real estate loans can fluctuate significantly in a short period of time as a result of market conditions in the geographic area in which the real estate is located. Adverse developments affecting real estate values in one or more of the Company's markets could increase the credit risk associated with its loan portfolio. Additionally, real estate lending typically involves higher loan principal amounts and the repayment of the loans generally is dependent, in large part, on sufficient income from the properties securing the loans to cover operating expenses and debt service. Economic events or governmental regulations outside of the control of the borrower or lender could negatively impact the future cash flow and market values of the affected properties.

Residential Real Estate - The Company generally retains short-term residential mortgage loans that are originated for its own portfolio but sells most long-term loans to other parties while retaining servicing rights on the majority of those. The market value of real estate securing residential real estate loans can fluctuate as a result of market conditions in the geographic area in which the real estate is located. Adverse developments affecting real estate values in one or more of the Company's markets could increase the credit risk associated with its loan portfolio. Additionally, real estate lending typically involves higher loan principal amounts and the repayment of the loans generally is dependent, in large part, on the borrower's continuing financial stability, and is therefore more likely to be affected by adverse personal circumstances.

Consumer - Consumer loans typically have shorter terms, lower balances, higher yields and higher risks of default. Consumer loan collections are dependent on the borrower's continuing financial stability, and are therefore more likely to be affected by adverse personal circumstances. Collateral for these loans generally includes automobiles, boats, recreational vehicles, mobile homes, and real estate. However, depending on the overall financial condition of the borrower, some loans are made on an unsecured basis. The collateral securing these loans may depreciate over time, may be difficult to recover and may fluctuate in value based on condition. In addition, a decline in the United States economy could result in reduced employment, impacting the ability of customers to repay their obligations.

Loans acquired with deteriorated credit quality (loan pool participations) - The underlying loans in the loan pool participations include both fixed-rate and variable-rate instruments. No amounts for interest due are reflected in the carrying value of the loan pool participations. Based on historical experience, the average period of collectibility for loans underlying loan pool participations, many of which have exceeded contractual maturity dates, is approximately three to five years. Loan pool balances are affected by the payment and refinancing activities of the borrowers resulting in pay-offs of the underlying loans and reduction in the balances. Collections from the individual borrowers are managed by the loan pool servicer and are affected by the borrower's financial ability and willingness to pay, foreclosure and legal action, collateral value, and the economy in general.

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Charge-off Policy

The Company requires a loan to be charged-off as soon as it becomes apparent that some loss will be incurred, or when its collectability is sufficiently questionable that it no longer is considered a bankable asset. The primary considerations when determining if and how much of a loan should be charged-off are as follows: (1) the potential for future cash flows; (2) the value of any collateral; and (3) the strength of any co-makers or guarantors.

When it is determined that a loan requires partial or full charge-off, a request for approval of a charge-off is submitted to the Bank's President, Executive Vice President and Chief Credit Officer, and the Senior Regional Loan officer. The Bank's Board of Directors formally approves all loan charge-offs. Once a loan is charged-off, it cannot be restructured and returned to the Bank's books.

The Allowance for Loan and Lease Losses - Bank Loans

The Company requires the maintenance of an adequate allowance for loan and lease losses (“ALLL”) in order to cover estimated probable losses without eroding the Company's capital base. Calculations are done at each quarter end, or more frequently if warranted, to analyze the collectability of loans and to ensure the adequacy of the allowance. In line with FDIC directives, the ALLL calculation does not include consideration of loans held for sale or off-balance-sheet credit exposures (such as unfunded letters of credit). Determining the appropriate level for the ALLL relies on the informed judgment of management, and as such, is subject to inaccuracy. Given the inherently imprecise nature of calculating the necessary ALLL, the Company's policy permits an "unallocated" allowance between 15% above and 5% below the “indicated reserve.” These unallocated amounts are present due to the inherent imprecision in the ALLL calculation.

Loans Reviewed Individually for Impairment

The Company identifies loans to be reviewed and evaluated individually for impairment, based on current information and events, and the probability that the borrower will be unable to repay all amounts due according to the contractual terms of the loan agreement. Specific areas of consideration include: size of credit exposure, risk rating, delinquency, nonaccrual status, and loan classification.

The level of individual impairment is measured using one of the following methods: (1) the fair value of the collateral less costs to sell; (2) the present value of expected future cash flows, discounted at the loan's effective interest rate; or (3) the loan's observable market price. Loans that are deemed fully collateralized or have been charged down to a level corresponding with any three of the measurements require no assignment of reserves from the ALLL.

All loans deemed troubled debt restructure or “TDR” are considered impaired. A loan is considered a TDR when the Bank, for economic or legal reasons related to a borrower's financial difficulties, grants a concession to the borrower that the Bank would not otherwise consider. All of the following factors are indicators that the Bank has granted a concession (one or multiple items may be present):

- The borrower receives a reduction of the stated interest rate for the remaining original life of the debt.
- The borrower receives an extension of the maturity date or dates at a stated interest rate lower that the current market interest rate for new debt with similar risk characteristics.
- The borrower receives a reduction of the face amount or maturity amount of the debt as stated in the instrument or other agreement.
- The borrower receives a deferral of required payments (principal and/or interest).
- The borrower receives a reduction of the accrued interest.

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The following table sets forth information on the Company's troubled debt restructurings by class of financing receivable occurring during the stated periods:

	Three Months Ended March 31,					
	2013			2012		
(dollars in thousands)	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Troubled Debt Restructurings:						
Commercial and industrial						
Amortization or maturity date change	1	158	158	0	—	—
Commercial real estate:						
Farmland						
Interest rate reduction	0	—	—	2	2,475	2,475
Commercial real estate-other						
Amortization or maturity date change	2	165	136	0	—	—
Residential real estate:						
One- to four- family first liens						
Interest rate reduction	1	109	112	0	—	—
One- to four- family junior liens						
Interest rate reduction	1	8	13	0	—	—
Total	5	$ 440	$ 419	2	$ 2,475	$ 2,475

Loans by class of financing receivable modified as TDRs within the previous 12 months and for which there was a payment default during the stated periods were:

	Three Months Ended March 31,			
	2013		2012	
(dollars in thousands)	Number of Contracts	Recorded Investment	Number of Contracts	Recorded Investment
Troubled Debt Restructurings That Subsequently Defaulted:				
Commercial and industrial				
Amortization or maturity date change	2	688	0	—
Commercial real estate:				
Construction and development				
Interest rate reduction	0	—	1	580
Consumer				
Amortization or maturity date change	1	23	0	—
Total	3	$ 711	1	$ 580

Loans Reviewed Collectively for Impairment

All loans not evaluated individually for impairment are grouped together by type (i.e. commercial, agricultural, consumer, etc.) and further segmented within each subset by risk classification (i.e. pass, special mention, and substandard). Homogeneous loans past due 60-89 days and 90+ days, are classified special mention and substandard, respectively, for allocation purposes.

The Company's historical loss experience for each loan type is calculated using the fiscal quarter-end data for the most recent 20 quarters as a starting point for estimating losses. In addition, other prevailing qualitative or environmental factors likely to cause probable losses to vary from historical data are incorporated in the form of adjustments to increase or decrease the loss rate applied to each group. These adjustments are documented, and fully explain how the current information, events, circumstances, and conditions impact the historical loss measurement assumptions.

Although not a comprehensive list, the following are considered key factors and are evaluated with each calculation of the ALLL to determine if adjustments to historical loss rates are warranted:

- Changes in lending policies and procedures, including changes in underwriting standards and collection, charge-off, and recovery practices not considered elsewhere in estimating credit losses.
- Changes in international, national, regional, and local economic and business conditions and developments that

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affect the collectability of the portfolio, including the condition of various market segments.

- Changes in the nature and volume of the portfolio and in the terms of loans.
- Changes in the experience, ability and depth of lending management and other relevant staff.
- Changes in the volume and severity of past due loans, the volume of nonaccrual loans, and the volume and severity of adversely classified or graded loans.
- Changes in the quality of our loan review system.
- Changes in the value of underlying collateral for collateral-dependent loans.
- The existence and effect of any concentrations of credit, and changes in the level of such concentrations.
- The effect of other external factors, such as competition and legal and regulatory requirements, on the level of estimated credit losses in the Bank's existing portfolio.

The items listed above are used to determine the pass percentage for loans evaluated collectively and, as such, are applied to the loans risk rated pass. Due to the inherent risks associated with special mention risk rated loans (i.e. early stages of financial deterioration, technical exceptions, etc.), this subset is reserved at two times the pass allocation factor to reflect this increased risk exposure. In addition, non-impaired loans classified as substandard loans carry exponentially greater risk than special mention loans, and as such, this subset is reserved at six times the pass allocation. Further, non-impaired loans identified as substandard “performing collateral deficient” are reserved at 12 times the pass allocation due to the perceived additional risk for such credits.

The Allowance for Loan and Lease Losses - Loan Pool Participations

The Company requires that the loan pool participation ALLL will be at least sufficient to cover the next quarter's estimated charge-offs as presented by the servicer. Currently, charge-offs are netted against the income the Company receives, thus the balance in the loan pool participation reserve is not affected and remains stable. In essence, a provision for loan losses is made that is equal to the quarterly charge-offs, which is deducted from income received from the loan pool participations. By maintaining a sufficient reserve to cover the next quarter's charge-offs, the Company will have sufficient reserves in place should no income be collected from the loan pool participations during the quarter. In the event the estimated charge-offs provided by the servicer are greater than the loan pool participation ALLL, an additional provision is made to cover the difference between the current ALLL and the estimated charge-offs provided by the servicer.

Loans Reviewed Individually for Impairment

The loan servicer reviews the portfolio quarterly on a loan-by-loan basis, and loans that are deemed to be impaired are charged-down to their estimated value. All loans that are to be charged-down are reserved against in the ALLL adequacy calculation. Loans that continue to have an investment basis that have been charged-down are monitored, and if additional impairment is noted the reserve requirement is increased on the individual loan.

Loans Reviewed Collectively for Impairment

The Company utilizes the annualized average of portfolio loan (not loan pool) historical loss per risk category over a two-year period of time. Supporting documentation for the technique used to develop the historical loss rate for each group of loans is required to be maintained. It is management's assessment that the two-year rate is most reflective of the probable credit losses in the current loan pool portfolio.

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The following table sets forth the composition of each class of the Company's loans by internally assigned credit quality indicators at March 31, 2013 and December 31, 2012:

	Pass	Special Mention/ Watch	Substandard	Doubtful	Loss	Total
(in thousands)						
March 31, 2013						
Agricultural	$76,695	$222	$3,578	$—	$—	$80,495
Commercial and industrial	216,467	10,866	14,014	—	—	241,347
Credit cards	1,021	13	6	—	—	1,040
Overdrafts	275	62	59	—	—	396
Commercial real estate:						
Construction and development	68,054	10,394	3,545	—	—	81,993
Farmland	74,966	2,525	2,348	—	—	79,839
Multifamily	46,059	1,470	—	—	—	47,529
Commercial real estate-other	218,242	15,710	2,003	—	—	235,955
Total commercial real estate	407,321	30,099	7,896	—	—	445,316
Residential real estate:						
One- to four- family first liens	194,971	3,921	1,612	—	—	200,504
One- to four- family junior liens	52,989	100	355	—	—	53,444
Total residential real estate	247,960	4,021	1,967	—	—	253,948
Consumer	19,100	71	70	—	—	19,241
Total	$968,839	$45,354	$27,590	$—	$—	$1,041,783
Loans acquired with deteriorated credit quality (loan pool participations)	$18,217	$—	$16,291	$—	$5	$34,513

	Pass	Special Mention/ Watch	Substandard	Doubtful	Loss	Total
(in thousands)						
December 31, 2012						
Agricultural	$80,657	$579	$3,490	$—	$—	$84,726
Commercial and industrial	211,344	12,473	13,376	—	—	237,193
Credit cards	967	4	30	—	—	1,001
Overdrafts	452	181	126	—	—	759
Commercial real estate:						
Construction and development	72,916	9,493	4,385	—	—	86,794
Farmland	76,023	2,684	2,356	—	—	81,063
Multifamily	46,272	1,486	—	—	—	47,758
Commercial real estate-other	209,143	13,745	1,481	—	—	224,369
Total commercial real estate	404,354	27,408	8,222	—	—	439,984
Residential real estate:						
One- to four- family first liens	191,712	4,478	1,552	—	—	197,742
One- to four- family junior liens	54,606	229	299	—	—	55,134
Total residential real estate	246,318	4,707	1,851	—	—	252,876
Consumer	18,604	70	71	—	—	18,745
Total	$962,696	$45,422	$27,166	$—	$—	$1,035,284

Loans acquired with deteriorated credit quality (loan pool participations)	$21,251	$—	$16,518	$—	$15	$37,784

Special Mention/Watch - A special mention/watch asset has potential weaknesses that deserve management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the asset or in the Company's credit position at some future date. Special mention/watch assets are not adversely classified and do not expose the Company to sufficient risk to warrant adverse classification.

Substandard - Substandard loans are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected.

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Doubtful - Loans classified doubtful have all the weaknesses inherent in those classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions and values, highly questionable and improbable.
Loss - Loans classified loss are considered uncollectible and of such little value that their continuance as bankable assets is not warranted. This classification does not mean that the loan has absolutely no recovery or salvage value but rather it is not practical or desirable to defer writing off this basically worthless asset even though partial recovery may be effected in the future.

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The following table sets forth the amounts and categories of the Company's impaired loans as of March 31, 2013 and December 31, 2012:

	March 31, 2013			December 31, 2012		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
(in thousands)						
With no related allowance recorded:						
Agricultural	$1,563	$2,063	$—	$1,600	$2,100	$—
Commercial and industrial	668	785	—	775	1,524	—
Credit cards	—	—	—	—	—	—
Overdrafts	—	—	—	—	—	—
Commercial real estate:						
Construction and development	149	299	—	149	299	—
Farmland	105	118	—	75	88	—
Multifamily	—	—	—	—	—	—
Commercial real estate-other	845	970	—	1,722	1,887	—
Total commercial real estate	1,099	1,387	—	1,946	2,274	—
Residential real estate:						
One- to four- family first liens	285	341	—	136	203	—
One- to four- family junior liens	259	259	—	41	41	—
Total residential real estate	544	600	—	177	244	—
Consumer	32	49	—	14	30	—
Total	$3,906	$4,884	$—	$4,512	$6,172	$—
With an allowance recorded:						
Agricultural	$1,671	$1,671	$155	$1,723	$1,723	$159
Commercial and industrial	1,453	1,453	312	1,031	1,031	295
Credit cards	—	—	—	—	—	—
Overdrafts	—	—	—	—	—	—
Commercial real estate:						
Construction and development	524	524	160	525	525	105
Farmland	2,316	2,466	41	2,316	2,466	47
Multifamily	—	—	—	—	—	—
Commercial real estate-other	555	555	138	555	555	141
Total commercial real estate	3,395	3,545	339	3,396	3,546	293
Residential real estate:						
One- to four- family first liens	887	887	129	642	642	89
One- to four- family junior liens	79	79	51	67	67	47
Total residential real estate	966	966	180	709	709	136
Consumer	26	26	5	23	23	6
Total	$7,511	$7,661	$991	$6,882	$7,032	$889
Total:						
Agricultural	$3,234	$3,734	$155	$3,323	$3,823	$159