

Village Bank & Trust Financial Corp.
Form 10-Q
November 14, 2016

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 September 30, 2016

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: 0-50765

VILLAGE BANK AND TRUST FINANCIAL CORP.

(Exact name of registrant as specified in its charter)

1,428,635 shares of common stock, \$4.00 par value, outstanding as of November 10, 2016

Village Bank and Trust Financial Corp.

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Part I – Financial Information

ITEM 1 – FINANCIAL STATEMENTS

Village Bank and Trust Financial Corp. and Subsidiary
Consolidated Balance Sheets
September 30, 2016 (Unaudited) and December 31, 2015
(in thousands, except share data)

	September 30, 2016	December 31, 2015
Assets		
Cash and due from banks	\$ 16,281	\$ 17,076
Federal funds sold	15,477	186
Total cash and cash equivalents	31,758	17,262
Investment securities available for sale	26,772	37,919
Loans held for sale	16,093	14,373
Loans		
Outstandings	333,536	306,771
Allowance for loan losses	(3,419)	(3,562)
Deferred fees and costs, net	617	670
Total loans, net	330,734	303,879
Other real estate owned, net of valuation allowance	3,621	6,249
Assets held for sale	841	12,631
Premises and equipment, net	12,705	13,671
Bank owned life insurance	7,269	7,130
Accrued interest receivable	2,354	2,060
Other assets	14,144	4,767
	\$ 446,291	\$ 419,941
Liabilities and Shareholders' Equity		
Liabilities		
Deposits		
Noninterest bearing demand	\$ 88,399	\$ 78,282
Interest bearing	290,821	286,566
Total deposits	379,220	364,848
Federal Home Loan Bank advances	8,200	6,000
Long-term debt - trust preferred securities	8,764	8,764
Other borrowings	215	508
Accrued interest payable	64	1,346

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Other liabilities	6,373	8,116
Total liabilities	402,836	389,582
Shareholders' equity		
Preferred stock, \$4 par value, \$1,000 liquidation preference, 1,000,000 shares authorized; 5,715 shares issued and outstanding at September 30, 2016 and December 31, 2015	23	23
Common stock, \$4 par value - 10,000,000 shares authorized; 1,428,996 shares issued and outstanding at September 30, 2016 1,417,775 shares issued and outstanding at December 31, 2015	5,618	5,562
Additional paid-in capital	58,597	58,497
Accumulated deficit	(21,502)	(33,948)
Common stock warrant	732	732
Stock in directors rabbi trust	(1,034)	(1,034)
Directors deferred fees obligation	1,034	1,034
Accumulated other comprehensive loss	(13)	(507)
Total shareholders' equity	43,455	30,359
	\$ 446,291	\$ 419,941

See accompanying notes to consolidated financial statements.

Village Bank and Trust Financial Corp. and Subsidiary
Consolidated Statements of Operations
Three and Nine Months Ended September 30, 2016 and 2015
(Unaudited)
(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Interest income				
Loans	\$ 4,013	\$ 3,780	\$ 11,583	\$ 11,096
Investment securities	72	155	261	464
Federal funds sold	19	10	46	46
Total interest income	4,104	3,945	11,890	11,606
Interest expense				
Deposits	590	621	1,784	1,877
Borrowed funds	70	82	174	307
Total interest expense	660	703	1,958	2,184
Net interest income	3,444	3,242	9,932	9,422
Provision for loan losses	-	-	-	-
Net interest income after provision for loan losses	3,444	3,242	9,932	9,422
Noninterest income				
Service charges and fees	673	632	1,858	1,906
Gain on sale of loans	2,043	1,840	4,630	4,797
Gain on sale of asset held for sale	-	-	504	-
Gain on sale of investment securities	15	-	162	7
Rental income	-	309	582	800
Other	114	89	292	266
Total noninterest income	2,845	2,870	8,028	7,776
Noninterest expense				
Salaries and benefits	3,045	2,892	8,463	8,271
Commissions	533	499	1,163	1,234
Occupancy	324	412	1,188	1,298
Equipment	197	189	573	587
Write down of assets held for sale	-	-	220	687
Supplies	81	70	232	204
Professional and outside services	743	856	2,220	2,153
Advertising and marketing	76	73	239	246
Foreclosed assets, net	79	(49)	250	(135)
FDIC insurance premium	90	234	287	702
Other operating expense	541	465	1,484	1,401
Total noninterest expense	5,709	5,641	16,319	16,648

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			-	
Income before income tax expense (benefit)	580	471	1,641	550
Income tax benefit	(11,352)	-	(11,352)	-
Net income	11,932	471	12,993	550
Preferred stock dividends and amortization of discount	(186)	(170)	(547)	(500)
Preferred stock principal forgiveness	-	-	-	4,404
Preferred stock dividend forgiveness	-	-	-	2,215
Net income available to common shareholders	\$ 11,746	\$ 301	\$ 12,446	\$ 6,669
Earnings per share, basic	\$ 8.21	\$ 0.21	\$ 8.74	\$ 6.17
Earnings per share, diluted	\$ 8.21	\$ 0.21	\$ 8.74	\$ 6.14

See accompanying notes to consolidated financial statements.

Village Bank and Trust Financial Corp. and Subsidiary
Consolidated Statements of Comprehensive Income
Three and Nine Months Ended September 30, 2016 and 2015
(Unaudited)
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net income	\$ 11,932	\$ 471	\$ 12,993	\$ 550
Other comprehensive income				
Unrealized holding gains arising during the period	22	544	902	650
Tax effect	8	185	307	221
Net change in unrealized holding gains on securities available for sale, net of tax	14	359	595	429
Reclassification adjustment				
Reclassification adjustment for gains realized in income	(15)	-	(162)	(7)
Tax effect	(5)	-	(55)	(2)
Reclassification for gains included in net income, net of tax	(10)	-	(107)	(5)
Minimum pension adjustment	3	3	9	9
Tax effect	1	1	3	3
Minimum pension adjustment, net of tax	2	2	6	6
Total other comprehensive income	6	361	494	430
Total comprehensive income	\$ 11,938	\$ 832	\$ 13,487	\$ 980

See accompanying notes to consolidated financial statements.

Village Bank and Trust Financial Corp. and Subsidiary
Consolidated Statements of Shareholders' Equity
Nine Months Ended September 30, 2016 and 2015
(Unaudited)
(in thousands)

	Preferred Stock	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Warrant	Stock in Directors Rabbi Trust	Directors Deferred Fees Obligation	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2015	\$ 23	\$ 5,562	\$ 58,497	\$(33,948)	\$ 732	\$(1,034)	\$ 1,034	\$ (507)	\$ 30,359
Preferred stock dividend	-	-	-	(547)	-	-	-	-	(547)
Issuance of common stock	-	56	(56)	-	-	-	-	-	-
Stock based compensation	-	-	156	-	-	-	-	-	156
Minimum pension adjustment (net of income taxes of \$3)	-	-	-	-	-	-	-	6	6
Net income	-	-	-	12,993	-	-	-	-	12,993
Change in unrealized gain (loss) on investment securities available-for-sale, net of reclassification and tax effect	-	-	-	-	-	-	-	488	488
Balance, September 30, 2016	\$ 23	\$ 5,618	\$ 58,597	\$(21,502)	\$ 732	\$(1,034)	\$ 1,034	\$ (13)	\$ 43,455
Balance, December 31, 2014	\$ 59	\$ 1,339	\$ 58,188	\$(40,539)	\$ 732	\$(878)	\$ 878	\$ (721)	\$ 19,058
Preferred stock dividend	-	-	-	(500)	-	-	-	-	(500)
Restricted stock issuance	-	15	(93)	-	-	(156)	156	-	(78)
Issuance of common stock, net of offering expense of \$1,200	-	2,875	5,842	-	-	-	-	-	8,717
Preferred stock exchanged for common stock	(18)	1,332	(1,314)	-	-	-	-	-	-
Preferred stock principal forgiveness	(18)	-	(4,386)	4,404	-	-	-	-	-

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Preferred stock dividend forgiveness	-	-	-	2,215	-	-	-	-	2,215
Stock based compensation	-	-	264	-	-	-	-	-	264
Minimum pension adjustment (net of income taxes of \$3)	-	-	-	-	-	-	-	6	6
Net income	-	-	-	550	-	-	-	-	550
Change in unrealized gain (loss) on investment securities available-for-sale, net of reclassification and tax effect	-	-	-	-	-	-	-	424	424
Balance, September 30, 2015	\$ 23	\$ 5,561	\$ 58,501	\$ (33,870)	\$ 732	\$ (1,034)	\$ 1,034	\$ (291)	\$ 30,656

See accompanying notes to consolidated financial statements.

Village Bank and Trust Financial Corp. and Subsidiary
Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2016 and 2015
(Unaudited)
(in thousands)

	2016	2015
Cash Flows from Operating Activities		
Net income	\$12,993	\$550
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	606	649
Deferred income taxes	645	201
Valuation allowance (recovery) deferred income taxes	(11,997)	(201)
Write-down of other real estate owned	466	216
Valuation allowance other real estate owned	(335)	73
Write-down of assets held for sale	220	687
Gain on securities sold	(162)	(7)
Gain on loans sold	(4,630)	(4,797)
Gain on sale of assets held for sale	(504)	-
Loss on sale and disposal of premises and equipment	2	12
Gain on sale of other real estate owned	(59)	(666)
Stock compensation expense	156	264
Proceeds from sale of mortgage loans	157,290	166,176
Origination of mortgage loans for sale	(154,380)	(164,235)
Amortization of premiums and accretion of discounts on securities, net	116	216
Increase in interest receivable	(294)	(713)
Increase in bank owned life insurance	(139)	(137)
Decrease (increase) in other assets	2,611	(835)
Increase (decrease) in interest payable	(1,282)	135
Increase (decrease) in other liabilities	(2,290)	1,010
Net cash used in operating activities	(967)	(1,402)
Cash Flows from Investing Activities		
Purchases of available for sale securities	(10,000)	(6,748)
Proceeds from the sale or calls of available for sale securities	21,933	7,129
Proceeds from the sale of assets held for sale	7,338	-
Net increase in loans	(22,488)	(14,747)
Proceeds from sale of other real estate owned	3,101	5,340
Purchases of premises and equipment	(700)	(780)
Net cash used in investing activities	(816)	(9,806)
Cash Flows from Financing Activities		
Net proceeds from sale of common stock, net of expenses of \$990	-	8,965
Net increase (decrease) in deposits	14,372	(9,821)
Net increase (decrease) in Federal Home Loan Bank Advances	2,200	(8,000)

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Net decrease in other borrowings	(293)	(2,964)
Net cash (used in) provided by financing activities	16,279	(11,820)
Net increase (decrease) in cash and cash equivalents	14,496	(23,028)
Cash and cash equivalents, beginning of period	17,262	49,103
Cash and cash equivalents, end of period	\$31,758	\$26,075
Supplemental Disclosure of Cash Flow Information		
Cash payments for interest	\$3,239	\$2,049
Supplemental Schedule of Non Cash Activities		
Real estate owned assets acquired in settlement of loans	\$268	\$329
Assets moved to held for sale	\$-	\$831
Bank financed sale of asset held for sale	\$4,912	\$-
Dividends on preferred stock accrued	\$547	\$500
Non-Cash conversion of preferred shares	\$-	\$4,619
Forgiveness of principal and accrued dividends	\$-	\$6,619

See accompanying notes to consolidated financial statements.

Village Bank and Trust Financial Corp. and Subsidiary

Notes to Consolidated Financial Statements

Three and Nine Months Ended September 30, 2016 and 2015

(Unaudited)

Note 1 - Principles of presentation

Village Bank and Trust Financial Corp. (the “Company”) is the holding company of Village Bank (the “Bank”). The consolidated financial statements include the accounts of the Company, the Bank and the Bank’s subsidiary. All material intercompany balances and transactions have been eliminated in consolidation.

On August 6, 2014, the Company filed Articles of Amendment to its Articles of Incorporation with the Virginia State Corporation Commission to effect a reverse stock split of its outstanding common stock which became effective on August 8, 2014. As a result of the reverse split, every sixteen shares of the Company’s issued and outstanding common stock were consolidated into one issued and outstanding share of common stock. The computations of basic and diluted earnings (loss) per share have been adjusted retroactively to reflect the reverse stock split.

In the opinion of management, the accompanying condensed consolidated financial statements of the Company have been prepared on the accrual basis in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. However, all adjustments that are, in the opinion of management, necessary for a fair presentation have been included. The results of operations for the nine month period ended September 30, 2016 is not necessarily indicative of the results to be expected for the full year ending December 31, 2016. The unaudited interim financial statements should be read in conjunction with the audited financial statements and notes to financial statements that are presented in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015 as filed with the Securities and Exchange Commission (“SEC”).

The Company has evaluated events and transactions occurring subsequent to the consolidated balance sheet date of September 30, 2016 for items that should potentially be recognized or disclosed in these consolidated financial statements. The evaluation was conducted through the date these consolidated financial statements were issued.

Note 2 - Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the balance sheets and statements of operations for the period. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change include the determination of the allowance for loan losses and its related provision, the valuation allowance on the deferred tax asset, and the estimate of the fair value of assets held for sale.

Note 3 - Earnings per common share

The following table presents the basic and diluted earnings (loss) per common share computation (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Numerator				
Net income - basic and diluted	\$ 11,932	\$ 471	\$ 12,993	\$ 550
Preferred stock dividend and accretion	(186)	(170)	(548)	(500)
Preferred stock principal forgiveness	-	-	-	4,404
Preferred stock dividend forgiveness	-	-	-	2,215
Net income available to common shareholders	\$ 11,746	\$ 301	\$ 12,446	\$ 6,669
Denominator				
Weighted average shares outstanding - basic	1,430	1,418	1,423	1,081
Dilutive effect of common stock options and restricted stock awards	-	5	-	5
Weighted average shares outstanding - diluted	1,430	1,423	1,423	1,086
Earnings per share - basic	\$ 8.21	\$ 0.21	\$ 8.74	\$ 6.17
Earnings per share - diluted	\$ 8.21	\$ 0.21	\$ 8.74	\$ 6.14

Outstanding options and warrants to purchase common stock were considered in the computation of diluted earnings (loss) per share for the periods presented. Stock options for 2,587 and 1,742 shares were not included in computing diluted earnings per share for the three and nine months ended September 30, 2016, respectively, and stock options for 4,505 and 14,802 shares were not included in computing diluted earnings per share for the three and nine months ended September 30, 2015, respectively, because their effects were anti-dilutive.

Note 4 – Investment securities available for sale

At September 30, 2016 and December 31, 2015, all of our securities were classified as available for sale. The following table presents the composition of our investment portfolio at the dates indicated (dollars in thousands):

	Par Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Average Yield	
September 30, 2016							
US Government Agencies							
One to five years	\$21,000	\$ 21,254	\$ 89	\$ (14)	\$ 21,329	0.86	%
More than ten years	3,024	3,030	-	(19)	3,011	1.08	%
	24,024	24,284	89	(33)	24,340	0.89	%
Mortgage-backed securities							
One to five years	1,480	1,514	14	-	1,528	1.21	%
More than ten years	860	900	4	-	904	1.25	%
	2,340	2,414	18	-	2,432	1.22	%
Total investment securities	\$26,364	\$ 26,698	\$ 107	\$ (33)	\$ 26,772	0.92	%
December 31, 2015							
US Government Agencies							
One to five years	\$11,000	\$ 11,270	\$ -	\$ (157)	\$ 11,113	0.91	%
Five to ten years	18,500	19,697	-	(403)	19,294	2.32	%
More than ten years	3,312	3,319	-	(13)	3,306	0.85	%
	32,812	34,286	-	(573)	33,713	1.51	%
Mortgage-backed securities							
One to five years	1,794	1,841	-	(28)	1,813	1.30	%
More than ten years	1,149	1,202	1	(15)	1,188	1.34	%
	2,943	3,043	1	(43)	3,001	1.35	%
Municipals							
More than ten years	1,130	1,255	-	(50)	1,205	3.72	%
	1,130	1,255	-	(50)	1,205	3.72	%
Total investment securities	\$36,885	\$ 38,584	\$ 1	\$ (666)	\$ 37,919	1.57	%

Investment securities with book values of approximately \$7,335,000 and \$5,968,000 at September 30, 2016 and December 31, 2015, respectively, were pledged to secure deposit repurchase agreements and FHLB advances.

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Gross realized gains and losses pertaining to available for sale securities are detailed as follows for the periods indicated (dollars in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Gross realized gains	\$ 15	\$ -	\$ 162	\$ 13
Gross realized losses	-	-	-	(6)
	\$ 15	\$ -	\$ 162	\$ 7

The Company sold approximately \$4 million and \$22 million of investment securities for the three and nine months ended September 30, 2016 resulting in a net gain of \$15,000 and \$162,000, respectively. The Company sold approximately \$7 million of investment securities available for sale at a net gain of \$7,000 for the nine months ended September 30, 2015, and no investment securities were sold during the three months ended September 30, 2015. The sale of these securities, which had fixed interest rates, allowed the Company to decrease its exposure to the anticipated upward movement in interest rates that would result in unrealized losses being recognized in shareholders' equity.

Investment securities available for sale that have an unrealized loss position at September 30, 2016 and December 31, 2015 are detailed below (dollars in thousands):

	Securities in a loss position for less than 12 Months		Securities in a loss position for more than 12 Months		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2016						
US Government Agencies	\$11,988	\$ (14)	\$3,011	\$ (19)	\$14,999	\$ (33)
Mortgage-backed securities	9	-	-	-	9	-
	\$11,997	\$ (14)	\$3,011	\$ (19)	\$15,008	\$ (33)
December 31, 2015						
US Government Agencies	\$18,598	\$ (329)	\$15,115	\$ (244)	\$33,713	\$ (573)
Municipals	707	(14)	497	(36)	1,204	(50)
Mortgage-backed securities	2,899	(43)	-	-	2,899	(43)
	\$22,204	\$ (386)	\$15,612	\$ (280)	\$37,816	\$ (666)

All of the unrealized losses are attributable to increases in interest rates and not to credit deterioration. Currently, the Company believes that it is probable that the Company will be able to collect all amounts due according to the contractual terms of the investments. Because the decline in market value is attributable to changes in interest rates and not to credit quality, and because it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases, which may be maturity, the Company does not consider these investments to be other than temporarily impaired at September 30, 2016.

Note 5 – Loans and allowance for loan losses

The following table presents the composition of our loan portfolio (excluding mortgage loans held for sale) at the dates indicated (dollars in thousands):

	September 30, 2016		December 31, 2015	
	Amount	%	Amount	%
Construction and land development				
Residential	\$ 7,166	2.15 %	\$ 5,202	1.70 %
Commercial	24,834	7.45 %	25,948	8.45 %
	32,000	9.60 %	31,150	10.15 %
Commercial real estate				
Owner occupied	68,305	20.48 %	69,256	22.58 %
Non-owner occupied	52,598	15.77 %	38,037	12.40 %
Multifamily	8,721	2.61 %	8,537	2.78 %
Farmland	288	0.09 %	388	0.13 %
	129,912	38.95 %	116,218	37.88 %
Consumer real estate				
Home equity lines	20,460	6.13 %	20,333	6.63 %
Secured by 1-4 family residential,				
First deed of trust	53,737	16.11 %	56,776	18.51 %
Second deed of trust	5,753	1.72 %	6,485	2.11 %
	79,950	23.96 %	83,594	27.25 %
Commercial and industrial loans (except those secured by real estate)	37,773	11.33 %	20,086	6.55 %
Guaranteed student loans	51,381	15.40 %	53,989	17.60 %
Consumer and other	2,520	0.76 %	1,734	0.57 %
Total loans	333,536	100.0 %	306,771	100.0 %
Deferred loan cost, net	617		670	
Less: allowance for loan losses	(3,419)		(3,562)	
	\$ 330,734		\$ 303,879	

The Bank purchased portfolios of rehabilitated student loans guaranteed by the Department of Education (“DOE”). The guarantee covers approximately 98% of principal and accrued interest. The loans are serviced by a third-party servicer that specializes in handling the special needs of the DOE student loan programs.

Loans pledged as collateral with the Federal Home Loan Bank of Atlanta (“FHLB”) as part of their lending arrangement with the Company totaled \$11,076,000 and \$7,891,000 at September 30, 2016 and December 31, 2015, respectively.

The Company assigns risk rating classifications to its loans. These risk ratings are divided into the following groups:

Risk rated 1 to 4 loans are considered of sufficient quality to preclude an adverse rating. These assets generally are well protected by the current net worth and paying capacity of the obligor or by the value of the asset or underlying collateral;

- Risk rated 5 loans are defined as having potential weaknesses that deserve management's close attention;

Risk rated 6 loans are inadequately protected by the current sound worth and paying capacity of the obligor or of the collateral pledged, if any;

Risk rated 7 loans have all the weaknesses inherent in substandard loans, with the added characteristics that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions and values, highly questionable and improbable; and

Loans rated 6 or 7 are considered "Classified" loans for regulatory classification purposes.

The following tables provide information on the risk rating of loans at the dates indicated (dollars in thousands):

	Risk Rated 1-4	Risk Rated 5	Risk Rated 6	Risk Rated 7	Total Loans
September 30, 2016					
Construction and land development					
Residential	\$ 7,166	\$ -	\$ -	\$ -	\$ 7,166
Commercial	23,115	491	1,228	-	24,834
	30,281	491	1,228	-	32,000
Commercial real estate					
Owner occupied	63,114	2,761	2,430	-	68,305
Non-owner occupied	52,598	-	-	-	52,598
Multifamily	7,775	946	-	-	8,721
Farmland	288	-	-	-	288
	123,775	3,707	2,430	-	129,912
Consumer real estate					
Home equity lines					
Secured by 1-4 family residential	19,124	236	1,100	-	20,460
First deed of trust	48,298	2,779	2,660	-	53,737
Second deed of trust	5,351	125	277	-	5,753
	72,773	3,140	4,037	-	79,950
Commercial and industrial loans (except those secured by real estate)					
Guaranteed student loans	36,257	1,033	483	-	37,773
Consumer and other	51,381	-	-	-	51,381
	2,460	54	6	-	2,520
Total loans	\$ 316,927	\$ 8,425	\$ 8,184	\$ -	\$ 333,536
December 31, 2015					
Construction and land development					
Residential	\$ 5,202	\$ -	\$ -	\$ -	\$ 5,202
Commercial	24,053	572	1,323	-	25,948
	29,255	572	1,323	-	31,150
Commercial real estate					
Owner occupied	64,261	2,850	2,145	-	69,256
Non-owner occupied	35,887	2,055	95	-	38,037

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Multifamily	8,337	200	-	-	8,537
Farmland	388	-	-	-	388
	108,873	5,105	2,240	-	116,218
Consumer real estate					
Home equity lines	18,539	435	1,359	-	20,333
Secured by 1-4 family residential					
First deed of trust	51,200	2,710	2,866	-	56,776
Second deed of trust	5,751	128	606	-	6,485
	75,490	3,273	4,831	-	83,594
Commercial and industrial loans (except those secured by real estate)	18,873	373	840	-	20,086
Guaranteed student loans	53,989	-	-	-	53,989
Consumer and other	1,649	62	23	-	1,734
Total loans	\$ 288,129	\$ 9,385	\$ 9,257	\$ -	\$ 306,771

The following table presents the aging of the recorded investment in past due loans and leases as of the dates indicated (dollars in thousands):

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days and Accruing
September 30, 2016							
Construction and land development							
Residential	\$ -	\$ -	\$ -	\$ -	\$7,166	\$7,166	\$ -
Commercial	33	-	-	33	24,801	24,834	-
	33	-	-	33	31,967	32,000	-
Commercial real estate							
Owner occupied	-	-	-	-	68,305	68,305	-
Non-owner occupied	-	-	-	-	52,598	52,598	-
Multifamily	192	-	-	192	8,529	8,721	-
Farmland	-	-	-	-	288	288	-
	192	-	-	192	129,720	129,912	-
Consumer real estate							
Home equity lines	189	-	-	189	20,271	20,460	-
Secured by 1-4 family residential							
First deed of trust	173	-	-	173	53,564	53,737	-
Second deed of trust	86	-	-	86	5,667	5,753	-
	448	-	-	448	79,502	79,950	-
Commercial and industrial loans (except those secured by real estate)	163	20	-	183	37,590	37,773	-
Guaranteed student loans	2,478	1,820	9,722	14,020	37,361	51,381	9,722
Consumer and other	21	-	-	21	2,499	2,520	-
Total loans	\$ 3,335	\$ 1,840	\$ 9,722	\$ 14,897	\$318,639	\$333,536	\$ 9,722

	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans	Recorded Investment > 90 Days and Accruing
December 31, 2015							
Construction and land development							

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Residential	\$ -	\$ -	\$ -	\$ -	\$5,202	\$5,202	\$ -
Commercial	-	-	-	-	25,948	25,948	-
	-	-	-	-	31,150	31,150	-
Commercial real estate							
Owner occupied	327	-	-	327	68,929	69,256	-
Non-owner occupied	-	110	-	110	37,927	38,037	-
Multifamily	-	-	-	-	8,537	8,537	-
Farmland	-	-	-	-	388	388	-
	327	110	-	437	115,781	116,218	-
Consumer real estate							
Home equity lines	-	-	-	-	20,333	20,333	-
Secured by 1-4 family residential							