

# INVESTAR HOLDING CORP

## **FORM 8-K** (Current report filing)

Filed 11/10/15 for the Period Ending 11/09/15

Address	10500 COURSEY BLVD THIRD FLOOR BATON ROUGE, LA, 70816
Telephone	225-227-2222
CIK	0001602658
Symbol	ISTR
SIC Code	6022 - State Commercial Banks
Industry	Banks
Sector	Financials
Fiscal Year	12/31

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported): November 9, 2015**

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**Investar Holding Corporation**

(Exact name of registrant as specified in its charter)

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**Louisiana**  
(State or other jurisdiction  
of incorporation)

**001-36522**  
(Commission  
File Number)

**27-1560715**  
(I.R.S. Employer  
Identification No.)

**7244 Perkins Road**  
**Baton Rouge, Louisiana 70808**  
(Address of principal executive offices, including zip code)

**Registrant's telephone number, including area code: (225) 227-2222**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 7.01. Regulation FD Disclosure**

Investar Holding Corporation (the “Company”) has announced that John J. D’Angelo, Chief Executive Officer and President, will make presentations regarding the Company at the Sandler O’Neill + Partners, L.P. East Coast Financial Services Conference in Palm Beach, Florida on November 9, 2015 – November 11, 2015. The slides furnished as Exhibit 99.1 to this Current Report on Form 8-K were prepared for the presentations.

The information in this report is being furnished, not filed, pursuant to Regulation FD. Accordingly, the information in Items 7.01 and 9.01 of this report will not be incorporated by reference into any registration statement filed by the Company under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference. The furnishing of the information in this report is not intended to, and does not, constitute a determination or admission by the Company that the information in this report is material or complete, or that investors should consider this information before making an investment decision with respect to any security of the Company.

The exhibit to this report may include certain statements concerning expectations for the future that are forward-looking statements as defined by federal securities law. Any forward-looking statements are based on the historical performance of the Company and its subsidiaries or on the Company’s current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by the Company that the future plans, estimates or expectations by the Company will be achieved. Such forward-looking statements are subject to various risks and uncertainties and assumptions relating to the Company’s operations, financial results, financial condition, business prospects, growth strategy and liquidity. If one or more of these or other risks or uncertainties materialize, or if the Company’s underlying assumptions prove to be incorrect, the Company’s actual results may vary materially from those indicated in these statements. The Company does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements. These factors include, but are not limited to, the following, any one or more of which could materially affect the outcome of future events:

- business and economic conditions generally and in the financial services industry in particular, whether nationally, regionally or in the markets in which we operate;
- our ability to achieve organic loan and deposit growth, and the composition of that growth;
- changes (or the lack of changes) in interest rates, yield curves and interest rate spread relationships that affect our loan and deposit pricing;
- the extent of continuing client demand for the high level of personalized service that is a key element of our banking approach as well as our ability to execute our strategy generally;
- our dependence on our management team, and our ability to attract and retain qualified personnel;
- changes in the quality or composition of our loan or investment portfolios, including adverse developments in borrower industries or in the repayment ability of individual borrowers;
- inaccuracy of the assumptions and estimates we make in establishing reserves for probable loan losses and other estimates;
- the concentration of our business within our geographic areas of operation in Louisiana; and
- concentration of credit exposure.

These factors should not be construed as exhaustive. Additional information on these and other risk factors can be found in Item 1A. “Risk Factors” and Item 7. “Special Note Regarding Forward-Looking Statements” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014, filed with the Securities and Exchange Commission.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Presentation slides to be used at the Sandler O’Neill East Coast Banking Conference in Palm Beach, Florida on November 9, 2015 – November 11, 2015.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**INVESTAR HOLDING CORPORATION**

Date: November 10, 2015

By: /s/ John J. D'Angelo

John J. D'Angelo

President and Chief Executive Officer



**INVESTAR**<sup>®</sup>  
HOLDING CORPORATION

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**NASDAQ: ISTR**

**Sandler O'Neill East Coast Financial Services Conference  
November 2015**

This presentation may include forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based upon current expectations and assumptions about our business that are subject to a variety of risks and uncertainties that could cause the actual results to differ materially from those described in this presentation. You should not rely on forward-looking statements as a prediction of future events.

Additional information regarding factors that could cause actual results to differ materially from those discussed in any forward looking statements are described in reports and registration statements we file with the SEC, including our Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, copies of which are available on the Investar internet website <http://www.investarbank.com>.

We disclaim any obligation to update any forward-looking statements or any changes in events, conditions or circumstances upon which any forward-looking statement may be based except as required by law.

[www.investarbank.com](http://www.investarbank.com)

NASDAQ: ISTR

We encourage everyone to visit the Investors Section of our website at [www.investarbank.com](http://www.investarbank.com), where we have posted additional important information such as press releases and SEC filings.

We intend to use our website to expedite public access to time-critical information regarding the Company in advance of or in lieu of distributing a press release or a filing with the SEC disclosing the same information.

Market Data		Financial Highlights	
Shares Outstanding	7,264,261	Assets	\$937.7 million
Market Cap	\$112.5 million	Net Loans	\$704.7 million
Price per Share	\$15.49	Deposits	\$730.4 million
Dividend Yield (YTD)	0.19%	Tangible Equity	\$104.9 million
Price/ Tangible Book Value	107.2%	TE/TA	11.23%
Price/LTM EPS	14.6x	Net Income	\$5.6 million
		ROAA	0.83%
		ROAE	7.06%
		NPA's/Assets	0.40%
		Net Interest Margin	3.64%
		Cost of Funds	0.80%



**John J. D'Angelo,**  
*President & CEO*

- Founding President and Chief Executive Officer
- New Orleans native; graduate of Louisiana State University
- Prior to founding Investar, Mr. D'Angelo was president and director of Aegis Lending Corporation, a mortgage lending company with operations in 46 states and the District of Columbia
- Previously, Mr. D'Angelo held various senior positions at Hibernia National Bank (the predecessor to Capital One Bank, N.A.), focusing on the East Baton Rouge Parish, Louisiana, market
- Current ownership of 2%

**Christopher L. Hufft,**  
*Chief Financial Officer*

- Joined the Bank in February 2014 as Chief Accounting Officer
- Prior to joining the Bank, Mr. Hufft served for 9 years as the Vice President of Accounting at Amedisys, Inc., a publicly-traded home health and hospice company
- Mr. Hufft, a licensed certified public accountant, also spent seven years in public accounting, serving both public and privately-held clients in the banking, healthcare and manufacturing sectors
- B.S. Accounting – Louisiana State University

**Travis M. Lavergne,**  
*Chief Credit Officer*

- Served as Executive Vice President and Chief Credit Officer since March, 2013 and Chief Risk Management Officer since joining in July 2012
- Prior to joining the Bank, Mr. Lavergne was a Senior Examiner at the Louisiana Office of Financial Institutions from September 2005 to July 2012
- B.S. Finance – Louisiana State University
- M.B.A. Southeastern Louisiana University

## Accomplishments to Date



Since commencing operations in June 2006, Investar has successfully established a profitable commercial bank in multiple growth markets:

Firmly Established in Four Key Louisiana Markets

High Quality Organic Loan Portfolio

Very Strong Growth Complemented by Two Successful Acquisitions

Key Areas Staffed with Experienced Bankers

Nimble Institution Able to Shift Resources as Customers' Demands Change

Completed Initial Public Offering of 3.3 million shares generating net proceeds of \$41.7 million



## Franchise History

**June 2006** – Chartered with an initial capitalization of \$10.1 million

**May 2009** – Opened second branch in Baton Rouge

**October 1, 2011** – Acquired South Louisiana Business Bank

**May 2013** – Entered the Hammond market through the acquisition of First Community Bank

**July 2014** – Completed initial public offering of 3.3 million shares

**FY 2008** – Achieved profitability in second full year of operations

**2Q 2011** – Opened two additional branches in Baton Rouge Market

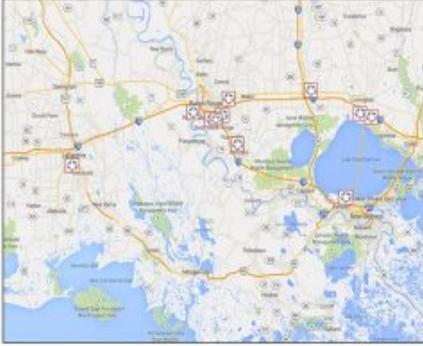
**December 2012** – Entered the New Orleans market through the purchase of two closed branch locations and hiring of local bankers

**July 2013** – Entered Lafayette market by opening a de novo branch

**August 2014** – Opened additional branch in Baton Rouge market

## Branch Map

## Current



- Total Assets: \$937.7 Million
- 11 full-service branches in the Baton Rouge, New Orleans, Hammond, and Lafayette markets
- 165 employees at September 30, 2015
- One new branch opening in 2015
- Institutional ownership 41%
- Insider ownership 9%
- 5-year CAGRs<sup>1</sup>
  - Assets – 38.3%
  - Loans – 35.6%
  - Deposits – 34.2%

- **Management**
    - Continue to add experienced bankers in new and existing markets
  - **Market**
    - Southern Louisiana focus with complementary new market expansion
  - **Growth**
    - Leverage existing infrastructure in four markets
    - Limited de novo branching
    - Opportunistic, disciplined acquisition strategy
    - Focus on relationship banking
  - **Asset Quality**
    - Loan portfolio diversity
    - Disciplined credit philosophy – legacy delinquencies less than 1%
  - **Profitability**
    - Expected to increase as investment in infrastructure has already been made
- 

- Two whole bank transactions since 2011
- Processes and infrastructure established to analyze selective opportunities going forward

South Louisiana Business Bank	First Community Bank
<ul style="list-style-type: none"> <li>• Announced: June, 2011</li> <li>• Closed: October, 2011</li> <li>• 1 Branch in Prairieville, LA</li> <li>• \$31.5 million in gross loans<sup>1</sup></li> <li>• \$38.6 million in deposits<sup>1</sup></li> </ul> <p><b>Rationale</b></p> <ul style="list-style-type: none"> <li>• Entered Ascension Parish with 3.4% deposit market share</li> <li>• Capital accretive</li> <li>• Management talent</li> </ul>	<ul style="list-style-type: none"> <li>• Announced: January, 2013</li> <li>• Closed: May, 2013</li> <li>• 2 Branches – Hammond and Mandeville, LA</li> <li>• \$77.5 million in gross loans<sup>1</sup></li> <li>• \$86.5 million in deposits<sup>1</sup></li> </ul> <p><b>Rationale</b></p> <ul style="list-style-type: none"> <li>• Recorded bargain purchase gain</li> <li>• Initial entrance into Hammond market plus another location in the New Orleans MSA</li> </ul>

#### Current Landscape

- Focused on existing footprint and complementary markets in Southern Louisiana
- 60% of Louisiana-headquartered banks < \$250 million in assets<sup>2</sup>
- 81% of Louisiana-headquartered banks < \$500 million in assets<sup>2</sup>

[1] Based on fair values at time of closing  
As of March 31, 2015

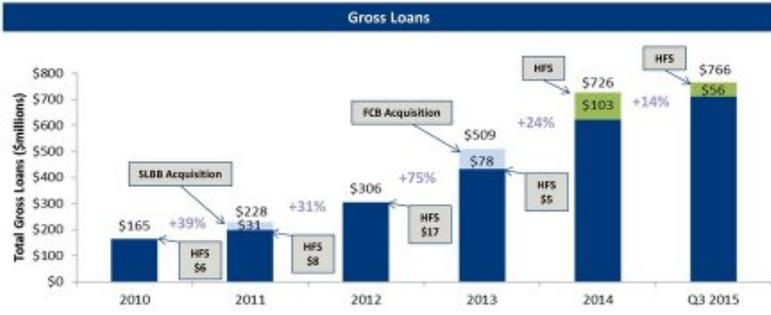
# Growth Has Been the Story



## Total Assets



Note: Gray shading denotes the market value of acquired assets on date of the respective acquisitions of South Louisiana Bank (closed on October 1, 2011) and First Community Bank (closed on May 1, 2013). Percentage growth excludes HFS balances.



Note: Light blue shading denotes the marked value of acquired loans on date of the respective acquisition of South Louisiana Bank (closed on October 1, 2011) and First Community Bank (closed on May 1, 2013). Percentage growth excludes HFS balances.

# Loan Composition

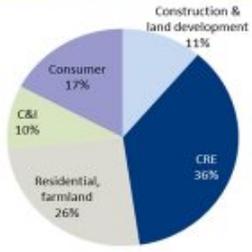


Loan Composition	December 31,				September 30,				Increase/(Decrease)	
	2012		2013		2014		2015		Amount	%
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Mortgage loans on real estate</b>										
Construction and land development	\$ 20,271	7.0%	\$ 63,170	12.5%	\$ 71,350	12.4%	\$ 79,796	13.2%	\$ 8,446	11.4%
1-4 Family	54,813	19.0	104,665	20.8	137,519	22.2	154,277	21.7	\$16,758	12.2
Multifamily	1,750	0.6	14,286	2.8	17,458	2.8	24,484	3.5	\$7,026	40.2
Farm/land	64	0.0	830	0.2	2,919	0.5	3,009	0.4	\$90	30.8
<b>Commercial real estate</b>										
Owner occupied	52,533	18.2	78,415	15.6	110,068	19.2	132,419	18.7	\$12,351	10.7
Nonowner occupied	47,394	16.4	78,948	15.6	105,390	16.9	126,555	17.8	\$21,165	20.1
<b>Commercial and Industrial</b>	15,319	5.3	32,665	6.5	54,187	8.7	67,671	9.5	\$13,484	24.9
<b>Consumer</b>	96,609	31.5	131,056	26.0	114,299	18.4	122,350	17.2	\$8,051	7.0
<b>Total loans</b>	<b>\$ 288,793</b>	<b>100%</b>	<b>\$ 504,095</b>	<b>100%</b>	<b>\$ 622,790</b>	<b>100%</b>	<b>\$ 710,561</b>	<b>100%</b>	<b>\$ 87,771</b>	<b>14.1%</b>
Loans held for sale	16,588		5,029		103,396		55,653		(47,743)	(46.2)
<b>Total gross loans</b>	<b>\$ 305,381</b>		<b>\$ 509,124</b>		<b>\$ 726,186</b>		<b>\$ 766,214</b>		<b>\$ 40,028</b>	<b>5.5%</b>

# Loan Composition

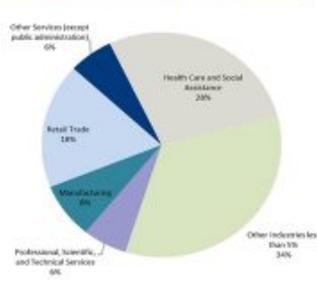


**September 30, 2015**



**Total Loans<sup>1</sup>: \$710.6 million**  
**Yield on loans: 4.67%**  
**51% of CRE is owner occupied**

**Business Lending Portfolio<sup>2</sup>**



**Total Business Lending Portfolio<sup>2</sup>: \$132.4 million**

[1] Total loans includes gross loans less loans held for sale.  
 [2] Business lending portfolio includes owner-occupied CRE and C&I loans as of September 30, 2015.

## NPAs / Total Loans + OREO



## NCOs / Average Loans

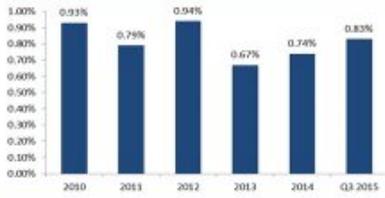


\* Peer group consists of 1000 peers produced by the FTEC and defined by a combination of asset size, number of branches and location in a Metropolitan Statistical Area.

# Disciplined Lending

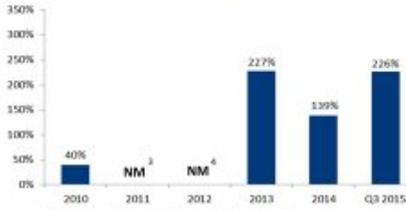


Reserves / Total Loans<sup>1,2</sup>

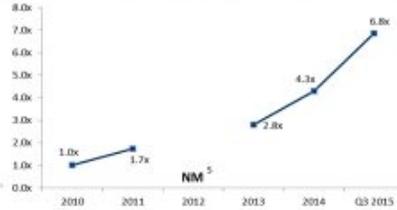


- Reserves / Total Loans<sup>1,2</sup>: 0.83%
- Reserves / (Total Loans<sup>1</sup> – Acquired): 0.88%
- (Reserves + FV Marks) / Total Loans<sup>1,2</sup>: 0.93%

Reserves / NPLs



Provision Expense / NCOs

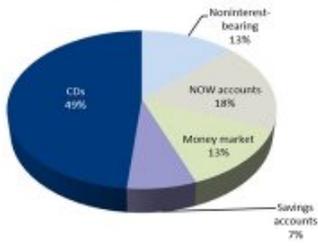


[1] Total loans excludes loans held for sale and allowance for loan losses.  
 [2] Includes \$49.5 million of loans from previous acquisitions that were marked-to-market as of September 30, 2015.  
 [3] Reserves/NPLs for December 31, 2011 was 0.230x.  
 [4] Reserves/NPLs for December 31, 2012 was 0.180x.  
 [5] Quarterly reported accounting in 2012.

# Deposit Composition and Growth



Deposit Composition<sup>1</sup>  
(\$730 million)

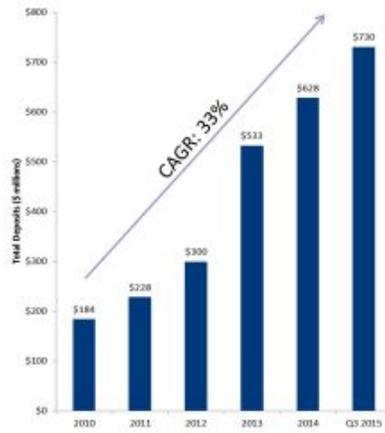


Cost of funds of interest-bearing deposits: 0.84%  
YTD Growth in noninterest-bearing deposits: 35%

Target: 20% of total deposits are noninterest-bearing

- Treasury Management
- Small Business Banking
- Focus on Relationship Banking

Total Deposits  
2010 - Present



# Financial Highlights



Amounts in thousands, except share data

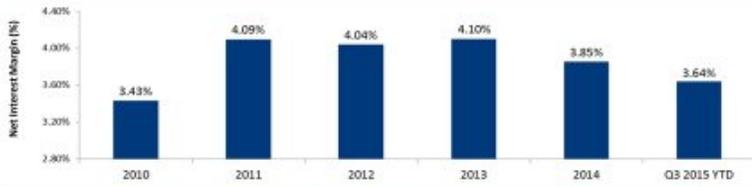
	Quarter Ended September 30,		Year Ended December 31,	
	2015	2014	2014	2013
<b>Financial Highlights</b>				
Total Assets	\$937,747	\$784,597	\$879,354	\$634,946
Gross Loans <sup>(1)</sup>	\$766,214	\$634,747	\$726,186	\$509,124
Total Deposits	\$730,434	\$621,612	\$628,118	\$532,606
Total Stockholders' Equity	\$108,128	\$102,165	\$103,384	\$55,483
Shares Outstanding	7,264,261	7,253,774	7,262,085	3,945,114
<b>Capital Ratios</b>				
Tangible Equity / Tangible Assets	11.23%	12.66%	11.76%	8.74%
Tier 1 Leverage Ratio	12.61%	13.52%	12.61%	9.53%
Total RBC Ratio	14.41%	16.42%	14.41%	11.51%
<b>Asset Quality Ratios</b>				
NPAs / Total Assets	0.40%	0.56%	0.69%	0.79%
NPLs / Loans	0.37%	0.25%	0.54%	0.30%
Loan Loss Reserves / Total Loans	0.83%	0.74%	0.74%	0.67%
Loan Loss Reserves / NPLs	226.43%	296.01%	138.61%	227.00%
NCDs / Avg Loans	0.03%	0.03%	0.07%	0.09%
<b>Performance Ratios</b>				
Net Income	\$1,856	\$1,442	\$5,397	\$3,168
ROAE	6.83%	5.72%	6.80%	6.10%
ROAA	0.78%	0.75%	0.73%	0.64%
Net Interest Margin	3.52%	3.86%	3.85%	4.10%
Efficiency Ratio <sup>(2)</sup>	69.31%	70.47%	74.90%	78.07%
<b>Per Share Data</b>				
Tangible Book Value per Share	\$14.45	\$13.64	\$13.79	\$13.24
Diluted Earnings per Share	\$0.26	\$0.20	\$0.93	\$0.81

(1) Gross loans includes loans held for sale (HFS)  
 (2) Efficiency ratio is a non-GAAP financial measure

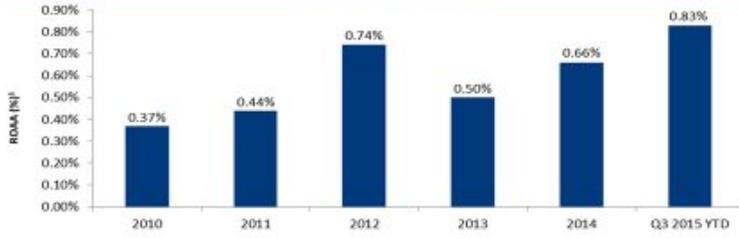
# Performance Metrics



## Net Interest Margin

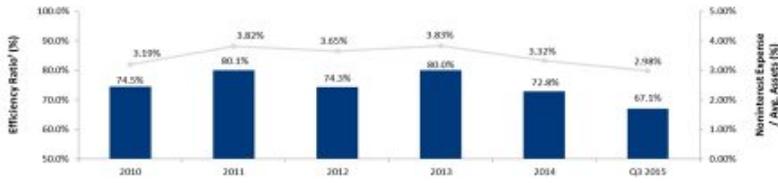


## Return on Average Assets



(3) Return on average assets was adjusted for the bargain purchase gain recognized in 2011, and the net effect of the Company's investment in a tax credit entity recognized in 2014.

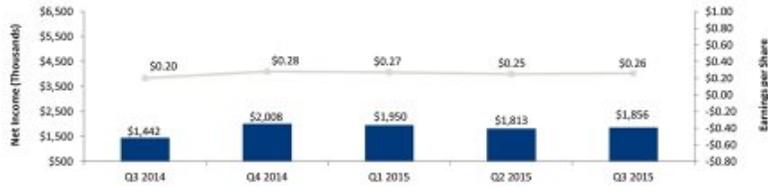
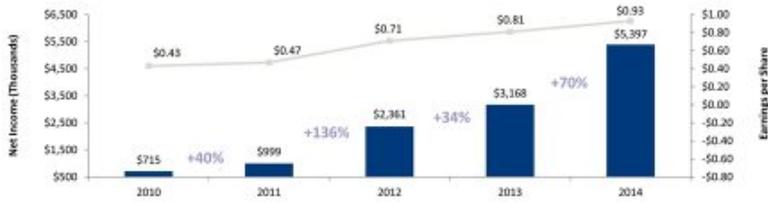
## Expense Ratios



	Year Ended December 31,					
	2010	2011	2012	2013	2014	Q3 2015
<b>Employees</b>	49	70	100	167	179	165
<b>Locations</b>	4	5	7	10	11	11

(1) Efficiency ratio is a non-GAAP financial measure. The efficiency ratio was adjusted for the impairment related to the Company's investment in a tax credit entity for the year ended December 31, 2014 and for the tenant purchase gain recognized as a result of the acquisition from Community Bank for the year ended December 31, 2013.

## Net Income and Earnings Per Share



- Strong balance sheet and earnings growth
- Meaningful organic opportunities exist in market
- Profitable with room to grow into current infrastructure
- Clean asset quality
- Experienced management team
- Experienced, disciplined acquirer
- Committed level of insider ownership
- Management aligned with shareholders

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## Appendix

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# Non-GAAP Financial Measures



Tangible book value per share, the ratio of tangible equity to tangible assets, and the efficiency ratio are not financial measures recognized under GAAP and, therefore, are considered non-GAAP financial measures. Our management, banking regulators, many financial analysts and other investors use these non-GAAP financial measures to compare the capital adequacy of banking organizations with significant amounts of preferred equity and/or goodwill or other intangible assets, which typically stem from the use of the purchase accounting method of accounting for mergers and acquisitions. Tangible equity, tangible assets, tangible book value per share or related measures should not be considered in isolation or as a substitute for total stockholders' equity, total assets, book value per share or any other measure calculated in accordance with GAAP. Moreover, the manner in which we calculate tangible equity, tangible assets, tangible book value per share and any other related measures may differ from that of other companies reporting measures with similar names. The following table reconciles, as of the dates set forth below, stockholders' equity (on a GAAP basis) to tangible equity and total assets (on a GAAP basis) to tangible assets and calculates our tangible book value per share.

Dollar values in thousands except per share amounts

	Year Ended December 31,					Three Months Ended	
	2010	2011	2012	2013	2014	Q3 2014	Q3 2015
<b>Total Stockholders' Equity - GAAP</b>	\$16,814	\$35,166	\$43,553	\$55,483	\$103,384	\$102,165	\$108,128
<b>Adjustments</b>							
Goodwill	\$0	\$2,684	\$2,684	\$2,684	\$2,684	\$2,684	\$2,684
Other Intangibles	\$0	\$155	\$145	\$573	\$532	\$542	\$511
<b>Tangible Equity</b>	<u>\$16,814</u>	<u>\$32,327</u>	<u>\$40,724</u>	<u>\$52,226</u>	<u>\$100,168</u>	<u>\$98,939</u>	<u>\$104,933</u>
<b>Total Assets - GAAP</b>	\$209,465	\$279,330	\$375,446	\$634,946	\$879,354	\$784,597	\$937,747
<b>Adjustments</b>							
Goodwill	\$0	\$2,684	\$2,684	\$2,684	\$2,684	\$2,684	\$2,684
Other Intangibles	\$0	\$155	\$145	\$573	\$532	\$552	\$501
<b>Tangible Assets</b>	<u>\$209,465</u>	<u>\$276,491</u>	<u>\$372,617</u>	<u>\$631,689</u>	<u>\$876,138</u>	<u>\$781,361</u>	<u>\$934,562</u>
<b>Total Shares Outstanding</b>							
Book Value Per Share	\$11.46	\$12.82	\$13.56	\$14.06	\$14.24	\$14.08	\$14.88
Effect of Adjustment	\$0.00	(\$1.03)	(\$0.88)	(\$0.82)	(\$0.45)	\$0.44	(\$0.43)
<b>Tangible Book Value Per Share</b>	<u>\$11.46</u>	<u>\$11.79</u>	<u>\$12.68</u>	<u>\$13.24</u>	<u>\$13.79</u>	<u>\$13.64</u>	<u>\$14.45</u>
<b>Total Equity to Total Assets</b>	8.03%	12.59%	11.60%	8.74%	11.76%	13.02%	11.53%
Effect of Adjustment	-	(0.90)	(0.67)	(0.47)	(0.33)	(0.36)	(0.30)
<b>Tangible Equity to Tangible Assets</b>	<u>8.03%</u>	<u>11.69%</u>	<u>10.93%</u>	<u>8.27%</u>	<u>11.43%</u>	<u>12.66%</u>	<u>11.23%</u>
<b>Efficiency Ratio</b>							
Noninterest Expense	\$6,195	\$8,615	\$11,645	\$19,024	\$24,384	\$6,313	\$7,013
Income before Noninterest Expense	\$7,293	\$10,116	\$14,985	\$23,340	\$30,926	\$8,454	\$9,719
Provision	\$1,019	\$639	\$685	\$1,026	\$1,628	\$505	\$400
<b>Efficiency Ratio</b>	<u>74.5%</u>	<u>80.1%</u>	<u>74.3%</u>	<u>78.1%</u>	<u>74.9%</u>	<u>70.5%</u>	<u>69.3%</u>

# Income Statement



(In \$ in thousands, except share data)

	Year Ended December 31,					Three Months Ended	
	2010	2011	2012	2013	2014	Q3 2014	Q3 2015
<b>INTEREST INCOME</b>							
Interest and fees on loans	\$ 9,082	\$ 10,877	\$ 13,968	\$ 21,686	\$ 29,979	\$ 7,801	\$ 8,912
Interest on investment securities	611	406	585	756	1,339	367	550
Other interest income	17	19	34	30	50	14	18
<b>TOTAL INTEREST INCOME</b>	<b>9,710</b>	<b>11,302</b>	<b>14,587</b>	<b>22,472</b>	<b>31,368</b>	<b>8,182</b>	<b>9,480</b>
<b>INTEREST EXPENSE</b>							
Interest on deposits	3,194	2,445	2,361	3,204	4,273	1,084	1,358
Interest on borrowings	300	134	181	256	402	98	170
<b>TOTAL INTEREST EXPENSE</b>	<b>3,494</b>	<b>2,579</b>	<b>2,542</b>	<b>3,460</b>	<b>4,675</b>	<b>1,182</b>	<b>1,528</b>
<b>NET INTEREST INCOME</b>	<b>6,216</b>	<b>8,723</b>	<b>12,042</b>	<b>19,012</b>	<b>26,694</b>	<b>7,000</b>	<b>7,952</b>
<b>PROVISION FOR LOAN LOSSES</b>	<b>1,019</b>	<b>633</b>	<b>685</b>	<b>1,026</b>	<b>1,628</b>	<b>505</b>	<b>400</b>
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	<b>5,197</b>	<b>8,084</b>	<b>11,360</b>	<b>17,986</b>	<b>25,066</b>	<b>6,495</b>	<b>7,552</b>
<b>NON-INTEREST INCOME</b>							
Service charges on deposit accounts	74	102	118	214	305	85	95
Gain on sale of investment securities, net	184	160	139	449	340	63	334
Net gain on sale of assets	-	55	36	344	1,892	1,391	876
Bargain purchase gain	-	-	-	956	-	-	-
Fee income on mortgage loans held for sale, net	1,733	1,569	3,131	2,843	2,119	85	261
Other operating income	305	146	201	596	1,204	335	601
<b>TOTAL NON-INTEREST INCOME</b>	<b>2,096</b>	<b>2,032</b>	<b>3,625</b>	<b>5,354</b>	<b>5,860</b>	<b>1,959</b>	<b>2,167</b>
<b>INCOME BEFORE NON-INTEREST EXPENSE</b>	<b>7,293</b>	<b>10,116</b>	<b>14,985</b>	<b>23,340</b>	<b>30,926</b>	<b>8,454</b>	<b>9,719</b>
<b>NON-INTEREST EXPENSE</b>							
Salaries and employee benefits	1,538	4,909	7,461	11,772	14,565	3,773	4,161
Impairment on investment in tax credit entity	-	-	-	-	690	-	54
Operating expenses	2,657	3,706	4,184	7,252	9,129	2,540	2,798
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>4,195</b>	<b>8,615</b>	<b>11,645</b>	<b>19,024</b>	<b>24,384</b>	<b>6,313</b>	<b>7,013</b>
<b>INCOME BEFORE INCOME TAX EXPENSE</b>	<b>3,098</b>	<b>1,501</b>	<b>3,340</b>	<b>4,316</b>	<b>6,542</b>	<b>2,141</b>	<b>2,706</b>
<b>INCOME TAX EXPENSE</b>	<b>363</b>	<b>502</b>	<b>979</b>	<b>1,148</b>	<b>1,345</b>	<b>659</b>	<b>859</b>
<b>NET INCOME</b>	<b>\$ 2,735</b>	<b>\$ 999</b>	<b>\$ 2,361</b>	<b>\$ 3,168</b>	<b>\$ 5,197</b>	<b>\$ 1,482</b>	<b>\$ 1,846</b>
Basic earnings per share	\$ 0.51	\$ 0.54	\$ 0.79	\$ 0.88	\$ 0.98	\$ 0.20	\$ 0.26
Diluted earnings per share	\$ 0.43	\$ 0.47	\$ 0.71	\$ 0.81	\$ 0.93	\$ 0.20	\$ 0.26