FS Bancorp, Inc.
Form 10-Q
November 12, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2015 OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _______ to ________

Commission File Number: 333-177125
FS BANCORP, INC.
(Exact name of registrant as specified in its charter)

Washington	45-4585178
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

6920 220th Street SW, Mountlake Terrace, Washington 98043
(Address of principal executive offices; Zip Code)

(425) 771-5299
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

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

Large accelerated filer [ ]	Accelerated filer [ ]

Non-accelerated filer [ ] (Do not check if a smaller reporting company) Smaller reporting company [X]

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of November 4, 2015, there were 3,241,120 outstanding shares of the registrant's common stock.

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As used in this report, the terms "we," "our," and "us," and "Company" refer to FS Bancorp, Inc. and its consolidated subsidiary, unless the context indicates otherwise. When we refer to "Bank" in this report, we are referring to 1st Security Bank of Washington, the wholly owned subsidiary of FS Bancorp, Inc.

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Item 1. Financial Statements
FS BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except share amounts) (Unaudited)

	September 30, 2015	December 31, 2014
ASSETS		
Cash and due from banks	$1,272	$10,499
Interest-bearing deposits at other financial institutions	4,160	5,056
Total cash and cash equivalents	5,432	15,555
Certificates of deposit at other financial institutions	11,181	4,543
Securities available-for-sale, at fair value	53,679	48,744
Loans held for sale, at fair value	53,335	25,983
Loans receivable, net	482,592	387,174
Accrued interest receivable	2,057	1,558
Premises and equipment, net	13,734	13,584
Federal Home Loan Bank ("FHLB") stock, at cost	2,972	1,650
Bank owned life insurance ("BOLI")	9,701	6,556
Servicing rights, held at the lower of cost or fair value	5,226	3,061
Other assets	2,071	1,346
TOTAL ASSETS	$641,980	$509,754
LIABILITIES		
Deposits		
Noninterest-bearing accounts	$69,724	$56,734
Interest-bearing accounts	430,159	363,710
Total deposits	499,883	420,444
Borrowings	59,269	17,034
Other liabilities	9,590	6,440
Total liabilities	568,742	443,918
COMMITMENTS AND CONTINGENCIES (NOTE 9)		
STOCKHOLDERS' EQUITY		
Preferred stock, $.01 par value; 5,000,000 shares authorized; None issued or outstanding	—	—
Common stock, $.01 par value; 45,000,000 shares authorized; 3,241,120 and 3,235,625 shares issued and outstanding at September 30, 2015, and December 31, 2014, respectively	32	32
Additional paid-in capital	30,289	29,450
Retained earnings	44,373	38,125
Accumulated other comprehensive income, net of tax	234	117
Unearned shares - Employee Stock Ownership Plan ("ESOP")	(1,690)	(1,888)
Total stockholders' equity	73,238	65,836
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$641,980	$509,754

See accompanying notes to these consolidated financial statements.

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FS BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands, except share amounts) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
INTEREST INCOME				
Loans receivable including fees	$7,730	$6,339	$22,042	$17,013
Interest and dividends on investment securities, cash and cash equivalents, and certificates of deposit at other financial institutions	329	264	874	950
Total interest and dividend income	8,059	6,603	22,916	17,963
INTEREST EXPENSE				
Deposits	866	675	2,425	1,818
Borrowings	56	76	195	197
Total interest expense	922	751	2,620	2,015
NET INTEREST INCOME	7,137	5,852	20,296	15,948
PROVISION FOR LOAN LOSSES	600	450	1,800	1,350
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	6,537	5,402	18,496	14,598
NONINTEREST INCOME				
Service charges and fee income	528	458	1,452	1,301
Gain on sale of loans	3,632	1,789	11,565	5,092
(Loss) gain on sale of investment securities	—	(51)	76	(41)
Earnings on cash surrender value of BOLI	51	47	146	139
Other noninterest income	165	141	486	401
Total noninterest income	4,376	2,384	13,725	6,892
NONINTEREST EXPENSE				
Salaries and benefits	4,295	3,557	12,461	9,920
Operations	1,118	932	3,209	2,403
Occupancy	497	420	1,388	1,221
Data processing	380	331	1,132	918
Other real estate owned ("OREO") fair value impairments, net of loss on sales	—	11	—	42
OREO expense	—	10	—	13
Loan costs	379	316	1,129	1,012
Professional and board fees	479	317	1,268	919
FDIC insurance	69	62	229	188
Marketing and advertising	183	138	458	371
Acquisition costs	432	—	432	—
Recovery on servicing rights	—	(18)	—	(19)
Total noninterest expense	7,832	6,076	21,706	16,988
INCOME BEFORE PROVISION FOR INCOME TAXES	3,081	1,710	10,515	4,502
PROVISION FOR INCOME TAXES	1,086	564	3,656	1,495
NET INCOME	$1,995	$1,146	$6,859	$3,007

Basic earnings per share	$0.67	$0.39	$2.31	$1.00
Diluted earnings per share	$0.66	$0.39	$2.28	$1.00

See accompanying notes to these consolidated financial statements.

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FS BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net Income	$ 1,995	$ 1,146	$ 6,859	$ 3,007
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on securities available-for-sale:				
Unrealized holding gain (loss) arising during period	391	(119)	253	1,225
Income tax (provision) benefit related to unrealized holding gain (loss)	(133)	40	(86)	(417)
Reclassification adjustment for realized loss (gain) included in net income	—	51	(76)	41
Income tax (benefit) provision related to reclassification for realized (loss) gain	—	(17)	26	(14)
Other comprehensive income (loss), net of tax	258	(45)	117	835
COMPREHENSIVE INCOME	$ 2,253	$ 1,101	$ 6,976	$ 3,842

See accompanying notes to these consolidated financial statements.

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FS BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Dollars in thousands, except share amounts) (Unaudited)

	Common Stock				Accumulated		
	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Other Comprehensive (Loss) Income	Unearned ESOP Shares	Total Stockholders' Equity
BALANCE, January 1, 2014	3,240,125	$32	$30,097	$35,215	$ (898)	$(2,133)	$ 62,313
Net income	—	—	—	3,007	—	—	3,007
Dividends paid ($0.11 per share)	—	—	—	(523)	—	—	(523)
Share-based compensation	—	—	297	—	—	—	297
Restricted stock awards	125,105	—	(1)	—	—	—	(1)
Common stock repurchased	(129,605)	—	(1,295)	(927)	—	—	(2,222)
Other comprehensive income, net of tax	—	—	—	—	835	—	835
ESOP cash distribution	—	—	(35)	—	—	—	(35)
ESOP shares allocated	—	—	137	—	—	198	335
BALANCE, September 30, 2014	3,235,625	$32	$29,200	$36,772	$ (63)	$(1,935)	$ 64,006
BALANCE, January 1, 2015	3,235,625	$32	$29,450	$38,125	$ 117	$(1,888)	$ 65,836
Net income	—	—	—	6,859	—	—	6,859
Dividends paid ($0.19 per share)	—	—	—	(611)	—	—	(611)
Share-based compensation	—	—	560	—	—	—	560
Common stock repurchased	(4,605)	—	(101)	—	—	—	(101)
Stock options exercised	10,100	—	170	—	—	—	170
Other comprehensive loss, net of tax	—	—	—	—	117	—	117
ESOP shares allocated	—	—	210	—	—	198	408
BALANCE, September 30, 2015	3,241,120	$32	$30,289	$44,373	$ 234	$(1,690)	$ 73,238

See accompanying notes to these consolidated financial statements.

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FS BANCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands) (Unaudited)

	Nine Months Ended September 30,	
CASH FLOWS FROM OPERATING ACTIVITIES	2015	2014
Net income	$6,859	$3,007
Adjustments to reconcile net income to net cash from operating activities		
Provision for loan losses	1,800	1,350
Depreciation, amortization and accretion	1,598	2,555
Compensation expense related to stock options and restricted stock awards	560	297
ESOP compensation expense for allocated shares	408	335
Increase in cash surrender value of BOLI	(146)	(139)
Gain on sale of loans held for sale	(11,565)	(4,528)
Gain on sale of portfolio loans	—	(564)
Origination of loans held for sale	(447,964)	(182,264)
Proceeds from sale of loans held for sale	429,411	176,878
(Gain) loss on sale of investment securities	(76)	41
Recovery on servicing rights	—	(19)
Impairment loss on OREO	—	42
Changes in operating assets and liabilities		
Accrued interest receivable	(499)	(264)
Other assets	(725)	(244)
Other liabilities	3,091	2,237
Net cash used by operating activities	(17,248)	(1,280)
CASH FLOWS FROM INVESTING ACTIVITIES		
Activity in securities available-for-sale:		
Proceeds from sale of investment securities	4,178	20,330
Maturities, prepayments, sales, and calls	4,574	10,063
Purchases	(13,729)	(22,693)
Maturities of interest-bearing time deposits	496	1,490
Purchase of interest-bearing time deposits	(7,136)	(250)
Loan originations and principal collections, net	(80,887)	(98,854)
Purchase of portfolio loans	(16,113)	—
Proceeds from sale of portfolio loans	—	12,849
Proceeds from sale of OREO	—	2,478
Purchase of BOLI	(3,000)	—
Purchase of premises and equipment, net	(1,068)	(692)
FHLB stock purchased	(5,468)	(225)
FHLB stock redeemed	4,146	74
Net cash used by investing activities	(114,007)	(75,430)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in deposits	79,439	43,413
Proceeds from borrowings	305,837	123,358
Repayments of borrowings	(263,602)	(117,470)
Dividends paid	(611)	(523)
Proceeds from stock options exercised	170	—
Common stock repurchased	(101)	(2,222)
Net cash from financing activities	121,132	46,556

NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,123)	(30,154)
CASH AND CASH EQUIVALENTS, beginning of period	15,555	38,459
CASH AND CASH EQUIVALENTS, end of period	$5,432	$8,305
SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	$2,623	$2,007
Income taxes	$3,666	$377
SUPPLEMENTARY DISCLOSURES OF NONCASH OPERATING, INVESTING AND FINANCING ACTIVITIES		
Change in unrealized gain on investment securities	$177	$1,267
Property received in settlement of loans	$—	$445
Transfer of portfolio loans to loans held for sale	$—	$10,231

See accompanying notes to these consolidated financial statements.

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FS BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – FS Bancorp, Inc. (the “Company”) was incorporated in September 2011 as the proposed holding company for 1st Security Bank of Washington (the “Bank”) in connection with the Bank's conversion from the mutual to stock form of ownership which was completed on July 9, 2012. The Bank is a community-based savings bank with seven branches and four loan production offices in suburban communities in the greater Puget Sound area, and one loan production office in the most recently entered market area of the Tri-Cities, Washington. The Bank provides loan and deposit services to customers who are predominantly small and middle-market businesses and individuals.

Financial Statement Presentation – The accompanying unaudited consolidated interim financial statements do not contain all necessary disclosures required by generally accepted accounting principles in the United States of America (“U.S. GAAP”) for complete financial statements and, therefore, should be read in conjunction with the audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 filed with the U.S. Securities and Exchange Commission ("SEC") on March 27, 2015. These unaudited consolidated financial statements include all normal and recurring adjustments that management believes are necessary in order to conform to U.S. GAAP and have been reflected as required by Article 10 of Regulation S-X as promulgated by the SEC. The results for the three and nine months ended September 30, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015, or any other future period. Amounts presented in the financial statements and footnote tables are rounded and presented in thousands of dollars except per share amounts. In the narrative footnote discussion, amounts are rounded and presented in millions of dollars to one decimal point if the amounts are above $1.0 million. Amounts below $1.0 million are rounded and presented in dollars to the nearest thousands. Certain prior year amounts have been reclassified to conform to the 2015 presentation with no change to net income or stockholders' equity previously reported.

Conversion and Change in Corporate Form – On July 9, 2012, in accordance with a Plan of Conversion (the "Plan") adopted by its Board of Directors and as approved by its depositors and borrower members, the Bank (i) converted from a mutual savings bank to a stock savings bank, and (ii) became the wholly-owned subsidiary of FS Bancorp, Inc., a bank holding company registered with the Board of Governors of the Federal Reserve System ("Federal Reserve"). In connection with the conversion, FS Bancorp, Inc. issued an aggregate of 3,240,125 shares of common stock at an offering price of $10.00 per share for gross proceeds of $32.4 million. From the proceeds, the Company made a capital contribution of $15.5 million to the Bank. The Bank is using this additional capital for lending and investment activities and for general and other corporate purposes subject to regulatory limitations. The cost of conversion and the issuance of capital stock was approximately $2.5 million, which was deducted from the proceeds of the offering.

Pursuant to the Plan, the Company's Board of Directors adopted an employee stock ownership plan ("ESOP") which purchased 8% of the common stock in the open market or 259,210 shares. As provided for in the Plan, the Bank also established a liquidation account in the amount of retained earnings at December 31, 2011. The liquidation account will be maintained for the benefit of eligible savings account holders at June 30, 2007, and supplemental eligible account holders as of March 31, 2012, who maintain deposit accounts at the Bank after the conversion. The conversion was accounted for as a change in corporate form with the historic basis of the Company’s assets, liabilities, and equity unchanged as a result.

Use of Estimates – The preparation of financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from these estimates. Material estimates that are particularly susceptible to change in the near term are allowances for loan losses, fair value of measurements, servicing assets, and deferred income taxes.

Principles of Consolidation – The consolidated financial statements include the accounts of FS Bancorp, Inc. and its wholly owned subsidiary, 1st Security Bank of Washington. All material intercompany accounts have been eliminated in consolidation.

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FS BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment Reporting – The Company’s major line of business is community banking. Management has determined that the Company operates as a single operating segment based on U. S. GAAP.

Subsequent Events – On September 1, 2015, 1st Security Bank, the wholly owned subsidiary of FS Bancorp, Inc. entered into a Purchase and Assumption Agreement with Bank of America, National Association to purchase four retail bank branches.

On October 15, 2015, FS Bancorp, Inc. issued an unsecured subordinated term note in the aggregate principal amount of $10.0 million due October 1, 2025 bearing interest at a rate of 6.5% per annum.

For additional information regarding these subsequent events please see Note 16 Recent Developments.

Cash and Cash Equivalents – Cash and cash equivalents include cash and due from banks, and interest-bearing balances due from other banks and the Federal Reserve Bank of San Francisco ("Federal Reserve Bank") and have a maturity of 90 days or less at the time of purchase. At September 30, 2015 the Company had no cash and due from banks and interest-bearing deposits at other financial institutions in excess of Federal Deposit Insurance Corporation ("FDIC") insured limits and at December 31, 2014, the Company had cash and due from banks and interest-bearing deposits at other financial institutions in excess of FDIC insured limits. Because the Company places these deposits with major financial institutions and monitors the financial condition of these institutions, management believes the risk of loss to any deposits in excess of FDIC limits to be minimal.

RECENT ACCOUNTING PRONOUNCEMENTS

In January 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-01, Income Statement - Extraordinary and Unusual Items (Subtopic 225-20). The objective of this ASU is to simplify the income statement presentation requirements in Subtopic 225-20 by eliminating the concept of extraordinary items. Extraordinary items are events and transactions that are distinguished by their unusual nature and by the infrequency of their occurrence. Eliminating the extraordinary classification simplifies income statement presentation by altogether removing the concept of extraordinary items from consideration. This ASU is effective for annual periods and interim periods within those annual periods beginning after December 15, 2015 with early adoption permitted. The Company does not expect this ASU to have a material impact on the Company's consolidated financial statements.

In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis, which is intended to improve targeted areas of consolidation guidance for legal entities such as limited partnerships, limited liability corporations, and securitization structures (collateralized debt obligations, collateralized loan obligations, and mortgage-backed security transactions). The ASU focuses on simplifying the consolidation evaluation for reporting organizations that are required to evaluate whether they should consolidate certain legal entities by reducing the number of consolidation model from four to two, among other changes. The ASU will be effective for periods beginning after December 31, 2015, while early adoption is permitted. The Company does not expect this ASU to have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. The amendments in this ASU require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected. The ASU is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim

NOTE 1 – BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) periods within those fiscal years. ASU No. 2015-03 should be applied on a retrospective basis. The Company is currently evaluating the impacts of this ASU on the Company's consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-05, Customer's Accounting for Fees Paid in a Cloud Computing Arrangement. The amendments in this ASU provide guidance to customers in cloud computing arrangements about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement does include a software license, the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The amendments are effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2015. Early adoption is permitted. This ASU is not expected to have a material effect on the Company's consolidated financial statements.

In June 2015, FASB issued ASU No. 2015-10, Technical Corrections and Improvements. On November 10, 2010 FASB added a standing project that will facilitate the FASB Accounting Standards Codification ("Codification") updates for technical corrections, clarifications, and improvements. These amendments are referred to as Technical Corrections and Improvements. Maintenance updates include non-substantive corrections to the Codification, such as editorial corrections, various link-related changes, and changes to source fragment information. This update contains amendments that will affect a wide variety of Topics in the Codification. The amendments in this ASU will apply to all reporting entities within the scope of the affected accounting guidance and generally fall into one of four categories: amendments related to differences between original guidance and the Codification, guidance clarification and reference corrections, simplification, and minor improvements. In summary, the amendments in this ASU represent changes to clarify the Codification, correct unintended application of guidance, or make minor improvements to the Codification that are not expected to have a significant effect on current accounting practice. Transition guidance varies based on the amendments in this ASU. The amendments in this ASU that require transition guidance are effective for fiscal years and interim reporting periods after December 15, 2015. Early adoption is permitted including adoption in an interim period. All other amendments are effective upon the issuance of this ASU. ASU 2015-10 did not have a material impact on the Company's consolidated financial statements.

In July 2015, the FASB issued ASU 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965): (Part I) Fully Benefit-Responsive Investment Contracts, (Part II) Plan Investment Disclosures, (Part III) Measurement Date Practical Expedient (consensuses of the FASB Emerging Issues Task Force). The amendments of this ASU (i) require fully benefit-responsive investment contracts to be measured, presented and disclosed only at contract value, not fair value; (ii) simplify the investment disclosure requirements; and (iii) provide a measurement date practical expedient for employee benefit plans. This ASU is effective for fiscal years beginning after December 15, 2015, although earlier adoption is permitted. This ASU is not expected to have a material effect on the Company's consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers, deferring the effective date of the new revenue standard by one year. The standard also allows entities to choose to adopt the standard as of the original effective date. The FASB decided, based on its outreach to various stakeholders and the forthcoming amendments to the new revenue standard, that a deferral is necessary to provide adequate time to effectively implement the new revenue standard.

In August 2015, the FASB issued ASU No. 2015-15, Interest-Imputation of Interest (Subtopic 835-30), Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements. The ASU provides guidance not previously included in ASU 2015-03 regarding debt issuance related to line-of-credit arrangements. The amendment allows an entity to present debt issuance costs as an asset and subsequently amortize the deferred debt issuance costs over the term of the line-of-credit arrangement, regardless if there are any outstanding borrowings on the line-of-credit arrangement. The amendment is effective for fiscal years beginning after December 15, 2015. This ASU is not expected to have a material effect on the Company's consolidated financial statements.

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In September 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805). This ASU simplifies the accounting for adjustments made to provisional amounts recognized in a business combination during the measurement period. The amendments in this ASU require that the acquirer recognize the adjustments to provisional amounts in the reporting period in which the adjustment amount is determined. The acquirer must also record in the same period's financial statements, the effect on earnings of changes in depreciation, amortization or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at the acquisition date. This ASU has a potential impact on the Company, and the Company is currently evaluating the impacts of this ASU on the Company's consolidated financial statements.

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FS BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SECURITIES AVAILABLE-FOR-SALE

The following tables present the amortized costs, unrealized gains, unrealized losses, and estimated fair values of securities available-for-sale at September 30, 2015 and December 31, 2014:

	September 30, 2015			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Values
SECURITIES AVAILABLE-FOR-SALE				
Federal agency securities	$7,140	$5	$(59)	$7,086
Municipal bonds	17,045	358	(16)	17,387
Corporate securities	3,495	5	(79)	3,421
U.S. Small Business Administration securities	4,012	64	—	4,076
Mortgage-backed securities	21,633	146	(70)	21,709
Total securities available-for-sale	$53,325	$578	$(224)	$53,679

	December 31, 2014			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Values
SECURITIES AVAILABLE-FOR-SALE				
Federal agency securities	$5,998	$3	$(156)	$5,845
Municipal bonds	15,886	326	(51)	16,161
Corporate securities	4,495	—	(58)	4,437
U.S. Small Business Administration securities	2,019	38	—	2,057
Mortgage-backed securities	20,169	132	(57)	20,244
Total securities available-for-sale	$48,567	$499	$(322)	$48,744

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FS BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SECURITIES AVAILABLE-FOR-SALE (Continued)

Investment securities that were in an unrealized loss position at September 30, 2015 and December 31, 2014 are presented in the following tables, based on the length of time individual securities have been in an unrealized loss position. In the opinion of management, these securities are considered only temporarily impaired due to changes in market interest rates or the widening of market spreads subsequent to the initial purchase of the securities, and not due to concerns regarding the underlying credit of the issuers or the underlying collateral.

	September 30, 2015					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
SECURITIES AVAILABLE-FOR-SALE						
Federal agency securities	$2,062	$(13)	$3,950	$(46)	$6,012	$(59)
Municipal bonds	418	(2)	291	(14)	709	(16)
Corporate securities	994	(6)	1,427	(73)	2,421	(79)
Mortgage-backed securities	4,471	(33)	2,197	(37)	6,668	(70)
Total	$7,945	$(54)	$7,865	$(170)	$15,810	$(224)

	December 31, 2014					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
SECURITIES AVAILABLE-FOR-SALE						
Federal agency securities	$—	$—	$4,840	$(156)	$4,840	$(156)
Municipal bonds	950	(2)	2,266	(49)	3,216	(51)
Corporate securities	2,977	(18)	1,460	(40)	4,437	(58)
Mortgage-backed securities	3,776	(2)	3,648	(55)	7,424	(57)
Total	$7,703	$(22)	$12,214	$(300)	$19,917	$(322)

There were seven investments with unrealized losses of less than one year, and eight investments with unrealized losses of more than one year at September 30, 2015. There were eight investments with unrealized losses of less than one year, and 13 investments with unrealized losses of more than one year at December 31, 2014. The unrealized losses associated with these investments are believed to be caused by changing market conditions that are considered to be temporary and the Company does not intend to sell the securities, and it is not likely to be required to sell these securities. No other-than-temporary impairment was recorded for the three and nine months ended September 30, 2015 and 2014.

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FS BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SECURITIES AVAILABLE-FOR-SALE (Continued)

The contractual maturities of securities available-for-sale at September 30, 2015 and December 31, 2014 are listed below. Expected maturities of mortgage-backed securities may differ from contractual maturities because borrowers may have the right to call or prepay the obligations; therefore, these securities are classified separately with no specific maturity date.

	September 30, 2015		December 31, 2014	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Federal agency securities				
Due in one year or less	$—	$—	$502	$504
Due after one year through five years	—	—	500	501
Due after five years through ten years	7,140	7,086	4,996	4,840
Subtotal	7,140	7,086	5,998	5,845
Municipal bonds				
Due after one year through five years	4,767	4,816	4,847	4,910
Due after five years through ten years	5,505	5,641	4,182	4,250
Due after ten years	6,773	6,930	6,857	7,001
Subtotal	17,045	17,387	15,886	16,161
Corporate securities				
Due in one year or less	—	—	1,001	1,001
Due after one year through five years	1,500	1,477	500	490
Due after five years through ten years	1,995	1,944	2,994	2,946
Subtotal	3,495	3,421	4,495	4,437
U.S. Small Business Administration securities				
Due after five years through ten years	4,012	4,076	2,019	2,057
Mortgage-backed securities				
FNMA	10,911	10,941	14,406	14,452
FHLMC	4,736	4,776	4,438	4,454
GNMA	5,986	5,992	1,325	1,338
Subtotal	21,633	21,709	20,169	20,244
Total	$53,325	$53,679	$48,567	$48,744

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FS BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SECURITIES AVAILABLE-FOR-SALE (Continued)

The proceeds and resulting gains, computed using specific identification, from sales of securities available-for-sale for the three and nine months ended September 30, 2015 and 2014 were as follows:

	Three Months Ended September 30, 2015			Nine Months Ended September 30, 2015		
	Proceeds	Gross Gains	Gross (Losses)	Proceeds	Gross Gains	Gross (Losses)
Securities available-for-sale	$—	$—	$—	$4,178	$76	$—

	Three Months Ended September 30, 2014			Nine Months Ended September 30, 2014		
	Proceeds	Gross Gains	Gross (Losses)	Proceeds	Gross Gains	Gross (Losses)
Securities available-for-sale	$8,610	$14	$(65)	$20,330	$78	$(119)

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FS BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES

The composition of the loan portfolio at September 30, 2015 and December 31, 2014 was as follows:

	September 30, 2015	December 31, 2014
REAL ESTATE LOANS		
Commercial	$42,958	$42,970
Construction and development	77,965	57,813
Home equity	16,727	15,737
One-to-four-family (excludes loans held for sale)	92,023	46,801
Multi-family	22,716	16,201
Total real estate loans	252,389	179,522
CONSUMER LOANS		
Indirect home improvement	103,172	99,304
Solar	25,568	18,162
Marine	23,436	16,713
Automobile	595	674
Recreational	373	441
Home improvement	221	329
Other	1,139	1,184
Total consumer loans	154,504	136,807
COMMERCIAL BUSINESS LOANS	83,816	77,881
Total loans receivable, gross	490,709	394,210
Allowance for loan losses	(7,388)	(6,090)
Deferred costs, fees, and discounts, net	(729)	(946)
Total loans receivable, net	$482,592	$387,174

The Company has defined its loan portfolio into three segments that reflect the structure of the lending function, the Company's strategic plan and the manner in which management monitors performance and credit quality. The three loan portfolio segments are: (a) Real Estate Loans, (b) Consumer Loans and (c) Commercial Business Loans. Each of these segments is disaggregated into classes based on the risk characteristics of the borrower and/or the collateral type securing the loan. The following is a summary of each of the Company's loan portfolio segments and classes:

Real Estate Loans

Commercial Lending. Loans originated by the Company primarily secured by income producing properties, including retail centers, warehouses, and office buildings located in our market areas.

Construction and Development Lending. Loans originated by the Company for the construction of, and secured by, commercial real estate, one-to-four-family, and multi-family residences and tracts of land for development that are not pre-sold.

Home Equity Lending. Loans originated by the Company secured by second mortgages on one-to-four-family residences in our market areas.

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FS BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (Continued)

One-to-Four-Family Real Estate Lending. Loans originated by the Company secured by first mortgages on one-to-four-family residences in our market areas that the Company intends to hold (excludes loans held for sale).

Multi-Family Lending. Apartment term lending (five or more units) to current banking customers and community reinvestment loans for low to moderate income individuals in the Company's footprint.

Consumer Loans

Indirect Home Improvement. Fixture secured loans are originated by the Company for home improvement and are secured by the personal property installed in, on, or at the borrower’s real property, and may be perfected with a UCC-2 financing statement filed in the county of the borrower’s residence. These indirect home improvement loans include replacement windows, siding, roofing, and other home fixture installations.

Solar. Fixture secured loans are originated by the Company for home improvement and are secured by the personal property installed in, on, or at the borrower’s real property, and may be perfected with a UCC-2 financing statement filed in the county of the borrower’s residence.

Marine, Automobile and Recreational. Loans originated by the Company secured by boats, automobiles, and RVs to borrowers primarily located in its market areas.

Other Consumer and Home Improvement. Loans originated by the Company, including direct home improvement loans, loans on deposits, and other consumer loans, primarily consisting of personal lines of credit.

Commercial Business Loans

Commercial Business Lending. Commercial business loans originated by the Company to local small and mid-sized businesses in our Puget Sound market area are secured primarily by accounts receivable, inventory, or personal property, plant and equipment. Commercial business loans are made on the basis of the borrower’s ability to make repayment from the cash flow of the borrower’s business.

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FS BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (Continued)

The following tables detail activity in the allowance for loan losses by loan categories at or for the three and nine months ended September 30, 2015 and 2014:

	At or For the Three Months Ended September 30, 2015				
ALLOWANCE FOR LOAN LOSSES	Real Estate	Consumer	Commercial Business	Unallocated	Total
Beginning balance	$2,378	$1,444	$2,148	$957	$6,927
Provision for loan losses	328	225	(591)	638	600
Charge-offs	—	(350)	—	—	(350)
Recoveries	1	204	6	—	211
Net recoveries (charge-offs)	1	(146)	6	—	(139)
Ending balance	$2,707	$1,523	$1,563	$1,595	$7,388
Period end amount allocated to:					
Loans individually evaluated for impairment	$—	$—	$—	$—	$—
Loans collectively evaluated for impairment	2,707	1,523	1,563	1,595	7,388
Ending balance	$2,707	$1,523	$1,563	$1,595	$7,388
LOANS RECEIVABLE					
Loans individually evaluated for impairment	$736	$—	$—	$—	$736
Loans collectively evaluated for impairment	251,653	154,504	83,816	—	489,973
Ending balance	$252,389	$154,504	$83,816	$—	$490,709

	At or For the Nine Months Ended September 30, 2015				
ALLOWANCE FOR LOAN LOSSES	Real Estate	Consumer	Commercial Business	Unallocated	Total
Beginning balance	$1,872	$1,431	$1,184	$1,603	$6,090
Provision for loan losses	891	515	402	(8)	1,800
Charge-offs	(248)	(1,095)	(34)	—	(1,377)
Recoveries	192	672	11	—	875
Net charge-offs	(56)	(423)	(23)	—	(502)
Ending balance	$2,707	$1,523	$1,563	$1,595	$7,388
Period end amount allocated to:					
Loans individually evaluated for impairment	$—	$—	$—	$—	$—
Loans collectively evaluated for impairment	2,707	1,523	1,563	1,595	7,388
Ending balance	$2,707	$1,523	$1,563	$1,595	$7,388
LOANS RECEIVABLE					
Loans individually evaluated for impairment	$736	$—	$—	$—	$736
Loans collectively evaluated for impairment	251,653	154,504	83,816	—	489,973
Ending balance	$252,389	$154,504	$83,816	$—	$490,709

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FS BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (Continued)

	At or For the Three Months Ended September 30, 2014				
ALLOWANCE FOR LOAN LOSSES	Real Estate	Consumer	Commercial Business	Unallocated	Total
Beginning balance	$1,447	$1,762	$1,698	$641	$5,548
Provision for loan losses	244	167	(604)	643	450
Charge-offs	—	(399)	—	—	(399)
Recoveries	—	213	—	—	213
Net charge-offs	—	(186)	—	—	(186)
Ending balance	$1,691	$1,743	$1,094	$1,284	$5,812
Period end amount allocated to:					
Loans individually evaluated for impairment	$—	$—	$4	$—	$4
Loans collectively evaluated for impairment	1,691	1,743	1,090	1,284	5,808
Ending balance	$1,691	$1,743	$1,094	$1,284	$5,812
LOANS RECEIVABLE					
Loans individually evaluated for impairment	$880	$—	$42	$—	$922
Loans collectively evaluated for impairment	167,773	129,690	63,562	—	361,025
Ending balance	$168,653	$129,690	$63,604	$—	$361,947

	At or For the Nine Months Ended September 30, 2014				
ALLOWANCE FOR LOAN LOSSES	Real Estate	Consumer	Commercial Business	Unallocated	Total
Beginning balance	$1,963	$1,512	$800	$817	$5,092
Provision for loan losses	(204)	718	369	467	1,350
Charge-offs	(148)	(1,036)	(75)	—	(1,259)
Recoveries	80	549	—	—	629
Net charge-offs	(68)	(487)	(75)	—	(630)
Ending balance	$1,691	$1,743	$1,094	$1,284	$5,812
Period end amount allocated to:					
Loans individually evaluated for impairment	$—	$—	$4	$—	$4
Loans collectively evaluated for impairment	1,691	1,743	1,090	1,284	5,808
Ending balance	$1,691	$1,743	$1,094	$1,284	$5,812
LOANS RECEIVABLE					
Loans individually evaluated for impairment	$880	$—	$42	$—	$922
Loans collectively evaluated for impairment	167,773	129,690	63,562	—	361,025
Ending balance	$168,653	$129,690	$63,604	$—	$361,947

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FS BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (Continued)

Information pertaining to the aging analysis of past due loans at September 30, 2015 and December 31, 2014 is summarized as follows:

	September 30, 2015						
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due and Accruing	Non-Accrual	Total Past Due	Current	Total Loans Receivable
REAL ESTATE LOANS							
Commercial	$—	$—	$—	$ —	$—	$42,958	$42,958
Construction and development	—	—	—	—	—	77,965	77,965
Home equity	61	72	—	49	182	16,545	16,727
One-to-four-family	—	—	—	525	525	91,498	92,023
Multi-family	—	—	—	—	—	22,716	22,716
Total real estate loans	61	72	—	574	707	251,682	252,389
CONSUMER LOANS							
Indirect home improvement	460	226	—	257	943	102,229	103,172
Solar	—	43	—	—	43	25,525	25,568
Marine	14	—	—	—	14	23,422	23,436
Automobile	3	2	—	—	5	590	595
Recreational	—	—	—	—	—	373	373
Home improvement	—	—	—	—	—	221	221
Other	—	—	—	10	10	1,129	1,139
Total consumer loans	477	271	—	267	1,015	153,489	154,504
COMMERCIAL BUSINESS LOANS	—	—	—	—	—	83,816	83,816
Total loans	$538	$343	$—	$ 841	$1,722	$488,987	$490,709

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FS BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (Continued)

	December 31, 2014						
	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due and Accruing	Non-Accrual	Total Past Due	Current	Total Loans Receivable
REAL ESTATE LOANS							
Commercial	$—	$—	$—	$ —	$—	$42,970	$42,970
Construction and development	—	—	—	—	—	57,813	57,813
Home equity	159	196	—	61	416	15,321	15,737
One-to-four-family	—	—	—	73	73	46,728	46,801
Multi-family	—	—	—	—	—	16,201	16,201
Total real estate loans	159	196	—	134	489	179,033	179,522
CONSUMER LOANS							
Indirect home improvement	501	277	—	250	1,028	98,276	99,304
Solar	—	—	—	29	29	18,133	18,162
Marine	81	—	—	19	100	16,613	16,713
Automobile	13	—	—	—	13	661	674
Recreational	—	—	—	—	—	441	441
Home improvement	—	6	—	—	6	323	329
Other	15	14	—	1	30	1,154	1,184
Total consumer loans	610	297	—	299	1,206	135,601	136,807
COMMERCIAL BUSINESS LOANS	—	—	—	—	—	77,881	77,881
Total loans	$769	$493	$—	$ 433	$1,695	$392,515	$394,210

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FS BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (Continued)

The following tables provide additional information about our impaired loans that have been segregated to reflect loans for which an allowance for credit losses has been provided and loans for which no allowance has been provided at September 30, 2015 and December 31, 2014:

	September 30, 2015				
	Unpaid Principal Balance	Write-downs	Recorded Investment	Related Allowance	Adjusted Recorded Investment
WITH NO RELATED ALLOWANCE RECORDED					
One-to-four-family	$803	$(67)	$736	$—	$736

	December 31, 2014				
	Unpaid Principal Balance	Write-downs	Recorded Investment	Related Allowance	Adjusted Recorded Investment
WITH NO RELATED ALLOWANCE RECORDED					
One-to-four-family	$885	$(67)	$818	$—	$818
WITH AN ALLOWANCE RECORDED					
Commercial business loans	40	(2)	38	(6)	32
Total	$925	$(69)	$856	$(6)	$850

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FS BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (Continued)

The following tables present the average recorded investment in loans individually evaluated for impairment and the interest income recognized and received for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended			
	September 30, 2015		September 30, 2014	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
WITH NO RELATED ALLOWANCE RECORDED				
Commercial	$363	$38	$—	$—
Home equity	33	2	36	2
One-to-four-family	736	1	845	12
Subtotal real estate loans	1,132	41	881	14
WITH AN ALLOWANCE RECORDED				
Commercial business loans	—	—	43	1
Total	$1,132	$41	$924	$15

	Nine Months Ended			
	September 30, 2015		September 30, 2014	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
WITH NO RELATED ALLOWANCE RECORDED				
Commercial	$734	$76	$—	$—
Home equity	64	7	37	2
One-to-four-family	778	26	852	29
Subtotal real estate loans	1,576	109	889	31
WITH AN ALLOWANCE RECORDED				
Commercial business loans	16	—	47	3
Total	$1,592	$109	$936	$34

Credit Quality Indicators

As part of the Company’s on-going monitoring of credit quality of the loan portfolio, management tracks certain credit quality indicators including trends related to (i) the risk grading of loans, (ii) the level of classified loans, (iii) net charge-offs, (iv) non-performing loans and (v) the general economic conditions in the Company’s markets.

The Company utilizes a risk grading matrix to assign a risk grade to its real estate and commercial business loans. Loans are graded on a scale of 1 to 10, with loans in risk grades 1 to 6 considered “Pass” and loans in risk grades 7 to 10 are reported as classified loans in the Company's allowance for loan loss analysis.

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FS BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (Continued)

A description of the 10 risk grades is as follows:

- Grades 1 and 2 – These grades include loans to very high quality borrowers with excellent or desirable business credit.
- Grade 3 – This grade includes loans to borrowers of good business credit with moderate risk.
- Grades 4 and 5 – These grades include “Pass” grade loans to borrowers of average credit quality and risk.
- Grade 6 – This grade includes loans on management’s “Watch” list and is intended to be utilized on a temporary basis for “Pass” grade borrowers where frequent and thorough monitoring is required due to credit weaknesses and where significant risk-modifying action is anticipated in the near term.
- Grade 7 – This grade is for “Other Assets Especially Mentioned" ("OAEM") in accordance with regulatory guidelines and includes borrowers where performance is poor or significantly less than expected.
- Grade 8 – This grade includes “Substandard” loans in accordance with regulatory guidelines which represent an unacceptable business credit where a loss is possible if loan weakness is not corrected.
- Grade 9 – This grade includes “Doubtful” loans in accordance with regulatory guidelines where a loss is highly probable.
- Grade 10 – This grade includes “Loss” loans in accordance with regulatory guidelines for which total loss is expected and when identified are charged off.

Consumer, Home Equity and One-to-Four-Family Real Estate Loans

Homogeneous loans are risk rated based upon the FDIC's Uniform Retail Credit Classification and Account Management Policy. Loans classified under this policy at the Company are consumer loans which include indirect home improvement, recreational, automobile, direct home improvement and other, and one-to-four-family first and second liens. Under the Uniform Retail Credit Classification Policy, loans that are current or less than 90 days past due are graded “Pass” and risk rated "4" internally. Loans that are past due more than 90 days are classified “Substandard” and risk rated "8" internally. Closed-end loans that are 120 days past due and open-end loans that are 180 days past due are charged off based on the value of the collateral less cost to sell.

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FS BANCORP, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES (Continued)

The following tables summarize risk rated loan balances by category at September 30, 2015 and December 31, 2014:

	September 30, 2015						
	Pass (1 - 5)	Watch (6)	Special Mention (7)	Substandard (8)	Doubtful(9)	Loss (10)	Total
REAL ESTATE LOANS							
Commercial	$42,958	$—	$—	$—	$ —	$—	$42,958
Construction and development	76,382	1,583	—	—	—	—	77,965
Home equity	16,678	—	—	49	—	—	16,727
One-to-four-family	91,498	—	—	525	—	—	92,023
Multi-family	22,716	—	—	—	—	—	22,716
Total real estate loans	250,232	1,583	—	574	—	—	252,389
CONSUMER LOANS							
Indirect home improvement	102,915	—	—	257	—	—	103,172
Solar	25,568	—	—	—	—	—	25,568
Marine	23,436	—	—	—	—	—	23,436
Automobile	595	—	—	—	—	—	595
Recreational	373	—	—	—	—	—	373
Home improvement	221	—	—	—	—	—	221
Other	1,129	—	—	10	—	—	1,139
Total consumer loans	154,237	—	—	267	—	—	154,504
COMMERCIAL BUSINESS LOANS	77,146	2,706	2,004	1,960	—	—	83,816
Total loans	$481,615						