

# FEDERAL DEPOSIT INSURANCE CORPORATION

Washington, D.C. 20429

## FORM 8-K

### CURRENT REPORT

#### Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

**January 30, 2018**

Date of Report (Date of earliest event reported)

### MERIDIAN BANK

(Exact name of registrant as specified in its charter)

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

**57777**  
(FDIC Certificate  
Number)

**32-0116054**  
(IRS Employer  
Ident. No.)

**9 Old Lincoln Highway**  
**Malvern, Pennsylvania**  
(Address of principal executive offices)

**19335**  
(Zip Code)

**(484) 568-5000**  
Registrant's telephone number, including area code

**N/A**  
(Former name or former address, if changed since last report.)

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:

- 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

#### **Item 2.02. Results of Operations and Financial Condition.**

On January 30, 2018 Meridian Bank issued a press release, discussing the company's Fourth Quarter 2017 Results. A copy is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

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

(d) Exhibits:

99.1 Press Release issued January 30, 2018.

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.

MERIDIAN BANK

Dated: January 30, 2018

By: /s/ Denise Lindsay  
*Name: Denise Lindsay*  
*Title: Executive Vice President and Chief Financial Officer*

**EXHIBIT INDEX**

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release issued January 30, 2018



## Meridian Bank Reports Fourth Quarter and Full Year 2017 Results

MALVERN, Pa., January 30, 2018 -- Meridian Bank (Nasdaq: MRBK) ("Meridian") today reported a net loss of \$11 thousand available to common shareholders for the quarter ending December 31, 2017, compared with net income of \$370 thousand for the same quarter last year. For the year ending December 31, 2017, net income available to common shareholders was \$1.9 million, or \$0.49 per share, compared with \$3.8 million, or \$1.12 per share, for the same period, last year. Fourth quarter and full year 2017 results were impacted by a \$746 thousand charge to income tax expense, or \$0.16 per diluted share, to re-measure deferred tax assets due to the enactment of the Tax Cuts and Jobs Act.

	<b>Condensed Statements of Income (Unaudited)</b>			
	<b>Three Months Ended</b>		<b>Years Ended</b>	
	<b>December 31, 2017</b>	<b>December 31, 2016</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>(Dollars in thousands, except per share data)</b>				
Interest income	\$9,807	\$8,118	\$35,718	\$30,980
Interest expense	1,974	1,346	6,781	5,192
Net interest income	7,833	6,772	28,937	25,788
Provision for credit losses	716	340	2,161	1,198
Non-interest income	9,177	10,866	36,091	42,844
Non-interest expense	14,633	16,342	57,081	59,913
Income before income tax expense	1,661	956	5,786	7,521
Income tax expense	1,372	297	2,753	2,599
Net Income	\$289	\$659	\$3,033	\$4,922
Preferred stock dividends and accretion	300	289	1,168	1,156
Net income available to common shareholders	(\$11)	\$370	\$1,865	\$3,766
Weighted average common shares outstanding	4,575	3,685	3,743	3,362
Net income per common share	(\$0.00)	\$0.10	\$0.49	\$1.12
Fully diluted common shares outstanding	4,575	3,694	3,770	3,389
Fully diluted net income per common share	(\$0.00)	\$0.10	\$0.49	\$1.11

### Reconciliation of Non-GAAP Financial Measures

Meridian believes that non-GAAP measures are meaningful because they reflect adjustments commonly made by management, investors, regulators and analysts to evaluate the adequacy of common equity and performance trends. This non-GAAP disclosure has limitations as an analytical tool, should not be viewed as a substitute for performance and financial condition measures determined in accordance with GAAP, and should not be considered in isolation or as a substitute for analysis of Meridian's results as reported under GAAP, nor is it necessarily comparable to non-GAAP performance measures that may be presented by other companies.

Meridian believes adjusted net income, earnings per share, ROAA and ROAE provide a greater understanding of ongoing operations and enhances comparability of results with prior periods. Because management believes that these adjustments are not incurred as a result of ongoing operations, they are not as helpful a measure of the performance of our underlying business, particularly in light of their unpredictable nature and are difficult to



forecast. This supplemental presentation should not be construed as an inference that Meridian's future results will be unaffected by similar adjustments to these measures determined in accordance with GAAP.

	<b>Adjusted Earnings per Share, Net Income and Return Ratios (Unaudited)</b>			
	<b>Three Months Ended</b>		<b>Years Ended</b>	
	<b>December 31, 2017</b>	<b>December 31, 2016</b>	<b>December 31, 2017</b>	<b>December 31, 2016</b>
<b>(Dollars in thousands, except per share data)</b>				
Net Income	\$289	\$659	\$3,033	\$4,922
Deferred tax asset adjustment	746	-	746	-
Adjusted net income <sup>1</sup>	\$1,035	\$659	\$3,779	\$4,922
Net income available to common shareholders	\$735	\$370	\$1,865	\$3,766
Net income per common share	(\$0.00)	\$0.10	\$0.49	\$1.11
Deferred tax asset adjustment	0.16	-	0.20	-
Adjusted earnings per share <sup>1</sup>	\$0.16	\$0.10	\$0.69	\$1.11
Return on average assets	0.14%	0.36%	0.39%	0.71%
Adjusted return on average assets <sup>1</sup>	0.50%	0.36%	0.49%	0.71%
Return on average equity	1.19%	3.84%	3.95%	7.69%
Adjusted return on average equity <sup>1</sup>	4.27%	3.84%	4.93%	7.69%

<sup>1</sup>Adjusted net income, earnings per share, ROAA and ROAE remove the after tax effect of the charge to adjust deferred tax assets resulting from the Tax Cuts and Jobs Act.

#### Fourth Quarter Highlights

- Completed initial public offering and listed on Nasdaq under the symbol MRBK.
- Raised \$43.0 million in capital, net of offering costs.
- Repurchased all of the outstanding shares of preferred stock, \$12.8 million, which will eliminate \$1.2 million in dividends annually going forward.
- Loans, net of fees and costs increased over \$20 million for the quarter.
- Net-interest income rose 6.7% with net interest margin at 3.98%.
- Mortgage division originated \$169.6 million in loans during the quarter, earning an operating profit of \$217 thousand.
- Wealth division contributed \$304 thousand in operating profit for the quarter.

#### Income Statement Summary

Results for the fourth quarter and year ending December 31, 2017, included an adjustment to income tax expense by \$746 thousand, or \$0.16 per share, related to a reduction in the carrying value of our net deferred tax asset. This fourth quarter adjustment was recognized due to the enactment of The Tax Cuts and Jobs Act on December 22, 2017, which lowered our corporate income tax rate to 21% from 35%. Meridian's earnings, beginning in 2018, are expected to benefit from the lower corporate income tax rates. However, as of December 31, 2017, we were required to re-measure our deferred tax positions at the lower federal income tax rates.

Reported net income of \$289 thousand for the fourth quarter of 2017 generated a return on average assets ("ROAA") and return on average equity ("ROAE") of 0.14% and 1.19%, respectively. Adjusted net income, a non-GAAP financial measure, as shown in the tables above, was \$1.0 million. The adjusted ROAA and ROAE, each a non-GAAP financial measure, were 0.50% and 4.27%, respectively.



Net income was \$289 thousand for the fourth quarter of 2017 compared to \$659 thousand for the same period in 2016. The \$370 thousand decrease in net income was attributable to an increase of \$1.1 million in income tax expense, an increase in the provision for loan losses of \$376 thousand, and an increase of \$20 thousand in net noninterest expense (noninterest expense less noninterest income) partially offset by a \$1.1 million increase in net interest income.

Interest income increased \$1.7 million, or 20.8%, to \$9.8 million for the three months ended December 31, 2017 compared to \$8.1 million for the three months ended December 31, 2016. This increase was largely due to the growth in the average balances of loans between periods of \$72.7 million as well as the average yield on loans increasing 39 basis points to 5.25% in the three months ended December 31, 2017 from 4.86% in the three months ended December 31, 2016. Interest-earning cash and investments grew between periods \$6.7 million with a corresponding increase on yield of 29 basis points to 1.96% in the three months ended December 31, 2017 from 1.67% in the three months ended December 31, 2016

Interest expense increased \$628 thousand, or 46.7%, to \$2.0 million for the three months ended December 31, 2017 compared to \$1.3 million for the three months ended December 31, 2016. This increase was due to additional interest expense on deposits. The increase in deposit interest of \$659 thousand was predominantly due to higher rates paid on all interest-bearing deposit types, driving cost of deposits up 33 basis points to 1.11% for the quarter, compared to 78 basis points for the same period in 2016. In addition to the rate increase, the average balance of interest-bearing deposits rose \$104.9 million period over period. This increase in deposits was used to fund asset growth and reduce higher cost borrowings. Total borrowing expense decreased \$31 thousand to \$426 thousand as average borrowing levels dropped \$48.2 million period over period.

Net interest income increased \$1.1 million, or 15.7%, to \$7.8 million for the three months ended December 31, 2017, compared to \$6.8 million for the three months ended December 31, 2016. This improvement resulted from the growth in average interest-earning assets of \$79.4 million, in addition to a rise in the net interest margin of 15 basis points to 3.98% in the 2017 period from 3.83% in the 2016 period.

We recorded a provision for loan losses of \$716 thousand for the three months ended December 31, 2017, up \$376 thousand from \$340 thousand for the same three-month period in 2016. The increased provision for the period relates in part to the loss incurred for a single commercial loan as well as the general component of the allowance for loan losses relative to the growth in our commercial and commercial real estate loan portfolios.

Other non-interest income decreased \$1.7, or 15.5%, to \$9.2 million for the three months ended December 31, 2017 compared to \$10.9 million during the same quarter of the prior year. The decrease was mostly attributable to a \$4.4 million decrease in mortgage banking revenue caused by lower levels of mortgage originations and sales period over period. This decline in revenue was partially offset by an increase of \$1.8 million in the fair value of loans held for sale, \$841 thousand increase in wealth management revenue, increased earnings on investments in life insurance as well as gains on sales of loans and investments.

Non-interest expenses decreased \$1.6 million, or 10.0%, to \$14.7 million for the three months ended December 31, 2017 from \$16.3 million in the fourth quarter of 2016. This decrease was principally due to lower levels of salaries and employee benefits, and loan fees related to the mortgage division, which decreased a combined \$2.1 million period over period, partially offset by higher costs relative to professional fees, occupancy, business development and other expenses related to growth.

## Balance Sheet Summary

Total assets increased \$52.1 million, or 6.5% during the fourth quarter and \$122.3 million, or 16.7%, to \$856.0 million at December 31, 2017 from \$733.7 million at December 31, 2016. This growth was concentrated in our loan portfolio which increased by \$85.8 million, or 13.3% year over year and \$21.0 million or 3.0% during the quarter. Investment securities and cash increased \$28.2 million or 46.8%, combined, during the period and \$21.9 million or 33.0% year over year. Our overall asset growth was funded by an increase in deposits of \$100.0 million, or 19.0%, to \$627.1 million at December 31, 2017 from \$527.1 million at December 31, 2016.

Loans held for investment increased \$18.3 million, or 2.7% million during the quarter and \$91.0 million, or 15.1%, for the year ended December 31, 2017. Commercial loans, commercial construction loans and commercial real estate loans increased a combined \$28.1 million or 5.6% and \$95.9 million or 22.0% for the three and twelve months ended December 31, 2017, respectively. The growth in the commercial portfolios continue to reflect work of our strategically expanded lending team as well as strong local market conditions.

Residential loans held for investment, decreased \$1.0 million, or 3.1%, and increased \$2.3 million, or 7.4%, for the three and twelve months, respectively. At December 31, 2017, loans held for sale, which consists of closed residential first mortgage loans which the Bank has committed to sell to investors, totaled \$35.0 million compared to \$39.6 million at December 31, 2016. Home equity loans decreased \$148 thousand or 0.2% and \$1.3 million or 1.2% for the three and twelve months, respectively.

Deposits increased \$9.5 million, or 1.5%, during the fourth quarter and \$100.0 million, or 19.0%, to \$627.1 million at December 31, 2017 from \$527.1 million at December 31, 2016. This growth year over year was across all deposit categories. Non-maturity deposits, consisting of demand deposits, NOW accounts, money market accounts and regular savings accounts increased \$68.0 million, or 19.9%. Certificates of deposit increased \$32.0 million, or 17.2%. Core funding continues to be a strategic initiative and the deposit growth for the quarter resulted from our expanded business development team as well as the efforts from all sales personnel in our new branch markets.

Total equity increased \$31.4 million, or 44.8%, to \$101.3 million at December 31, 2017 from \$70.0 million at December 31, 2016. This increase was attributable to the net proceeds of \$43.0 million from our initial public offering of common stock in November, partially offset by the \$12.8 million in repurchase of preferred stock, \$2.0 million decrease in net income year over year and dividends to preferred shareholders of \$1.2 million.

## Asset Quality Summary

Asset quality remains strong. Net charge-offs were 0.09% of total average loans for the quarter ending December 31, 2017, compared with net charge-offs of 0.12% for the quarter ending December 31, 2016. Total non-performing assets, including loans and other real estate property, were \$3.6 million as of December 31, 2017, and \$5.3 million at December 31, 2016. The decrease of \$2.7 million during the fourth quarter was due largely to the full payoff of a \$2.2 million impaired commercial credit. The ratio of non-performing assets to total assets for quarter end was 0.42% compared to 0.73% as of December 31, 2016. As of December 31, 2017, the ratio of allowance for loan losses to non-performing assets and total loans, excluding mortgages available for sale, increased to 211% and 0.96%, respectively.

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## About Meridian Bank



Meridian Bank is a full-service commercial bank headquartered in Malvern, Pennsylvania with 20 offices in the greater Philadelphia Metro market. The Bank offers a full range of commercial and retail loan and deposit products, along with wealth management and electronic payment services. Meridian Mortgage, a division of the Bank, is a top tier provider of residential mortgage loans. For additional information, visit our website at [www.meridianbanker.com](http://www.meridianbanker.com). Member FDIC.

### **Forward-Looking Statements**

Meridian Bank may from time to time make written or oral "forward-looking statements," including statements contained in Meridian's filings with the FDIC, in its reports to shareholders and in other communications by Meridian (including this press release), which are made in good faith by Meridian pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended.

These forward-looking statements involve risks and uncertainties, such as statements of Meridian's plans, objectives, expectations, estimates and intentions that are subject to change based on various important factors (some of which are beyond Meridian's control). The following factors, among others, could cause Meridian's financial performance to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements: the strength of the United States economy in general and the strength of the local economies in which Meridian conducts operations; the effects of, and changes in, trade, monetary and fiscal policies and laws, including interest rate policies of the Board of Governors of the Federal Reserve System; inflation, interest rate, market and monetary fluctuations; market volatility; the value of Meridian's products and services as perceived by actual and prospective customers, including the features, pricing and quality compared to competitors' products and services; the willingness of customers to substitute competitors' products and services for Meridian's products and services; credit risk associated with Meridian's lending activities; risks relating to the real estate market and Meridian's real estate collateral; the impact of changes in applicable laws and regulations and requirements arising out of our supervision by banking regulators; other regulatory requirements applicable to Meridian; technological changes; acquisitions; changes in consumer spending and saving habits; and the success of Meridian at managing the risks involved in the foregoing.

Meridian cautions that the foregoing list of important factors is not exclusive. Meridian does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of Meridian, except as required by applicable law or regulation.

**FINANCIAL TABLES FOLLOW**



(Dollars in Thousands, except per share data)

	Quarterly				
	2017	2017	2017	2017	2016
	4th QTR	3rd QTR	2nd QTR	1st QTR	4th QTR
<b>Earnings and Per Share Data</b>					
Net income	\$289	\$1,398	\$1,243	\$102	\$659
Net income available to common stockholders	(\$11)	\$1,109	\$954	(\$187)	\$370
Basic earnings per common share	(\$0.00)	\$0.30	\$0.26	(\$0.05)	\$0.10
Book value per common share	\$15.86	\$16.12	\$15.81	\$15.49	\$15.50
Common shares outstanding	6,392	3,685	3,685	3,685	3,685
Average common shares outstanding	4,575	3,685	3,686	3,686	3,685
<b>Performance Ratios</b>					
Return on average assets	0.14%	0.70%	0.66%	0.06%	0.36%
Return on average equity	1.19%	7.77%	7.20%	0.60%	3.84%
Net interest margin (TEY)	3.98%	3.88%	3.91%	3.94%	3.84%
Efficiency ratio	86%	84%	85%	98%	93%
<b>Asset Quality Ratios</b>					
Net charge-offs to average loans	0.09%	0.07%	0.02%	(0.02%)	0.12%
Non-performing loans/Total loans	0.43%	0.87%	0.61%	0.67%	0.83%
Non-performing assets/Total assets	0.42%	0.78%	0.53%	0.59%	0.73%
Allowance for credit loss/Total loans	0.91%	0.90%	0.91%	0.87%	0.84%
Allowance for credit loss/Total loans held for investment	0.96%	0.94%	0.96%	0.91%	0.90%
Allowance for credit loss/Non-performing loans	210.71%	102.83%	149.30%	129.85%	101.90%
<b>Capital Ratios</b>					
Total equity/Total assets	12.85%	8.99%	9.11%	9.34%	9.54%
Tangible common equity/Tangible assets	11.84%	7.39%	7.47%	7.63%	7.79%
Tier 1 leverage ratio	12.37%	8.62%	8.79%	9.77%	9.67%
Common tier 1 risk-based capital ratio	12.85%	7.46%	7.55%	8.37%	8.68%
Tier 1 risk-based capital ratio	12.85%	9.20%	9.36%	10.25%	10.62%
Total risk-based capital ratio	15.52%	11.93%	12.18%	13.09%	13.51%





MeridianBank<sup>SM</sup>

(Dollars in Thousands)	Statement of Condition (Unaudited)				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
<b>Assets</b>					
Cash & cash equivalents	\$35,506	\$9,527	\$10,349	\$17,140	\$18,872
Investment securities	52,868	50,662	51,026	48,237	47,552
Mortgage loans held for sale	35,024	32,350	36,411	27,908	39,573
Loans, net of fees and costs	694,637	676,334	648,398	627,827	604,291
Allowance for credit losses	(6,709)	(6,359)	(6,214)	(5,709)	(5,425)
Bank premises and equipment, net	9,741	9,321	8,915	8,719	8,716
Bank owned life insurance	11,269	11,187	11,105	11,023	4,994
Other real estate owned	437	59	-	-	-
Other assets	23,263	20,825	20,671	13,540	15,120
<b>Total Assets</b>	<b>\$856,036</b>	<b>\$803,906</b>	<b>\$780,661</b>	<b>\$748,685</b>	<b>\$733,693</b>
<b>Liabilities &amp; Stockholders' Equity</b>					
<b>Liabilities</b>					
Non-interest bearing deposits	\$100,454	\$101,061	\$98,388	\$93,205	\$96,102
Interest bearing deposits					
Interest checking	81,872	80,420	79,525	77,591	70,582
Money market / savings accounts	226,374	210,930	209,826	225,482	174,050
Certificates of deposit	218,409	225,271	171,780	169,527	186,402
Total interest bearing deposits	526,655	516,621	461,131	472,600	431,034
Total deposits	627,109	617,682	559,519	565,805	527,136
Borrowings	108,613	92,264	129,817	93,690	118,353
Subordinated debt	13,307	13,376	13,376	13,376	13,376
Other liabilities	5,645	8,350	6,811	5,871	4,865
<b>Total Liabilities</b>	<b>754,674</b>	<b>731,672</b>	<b>709,523</b>	<b>678,742</b>	<b>663,730</b>
<b>Stockholder's Equity</b>	<b>101,362</b>	<b>72,234</b>	<b>71,138</b>	<b>69,943</b>	<b>69,963</b>
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>\$856,036</b>	<b>\$803,906</b>	<b>\$780,661</b>	<b>\$748,685</b>	<b>\$733,693</b>



MeridianBank™

Condensed Statements of Income (Unaudited)

(Dollars in Thousands)	Three Months Ended				
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017	December 31, 2016
Interest income	\$9,807	\$9,191	\$8,616	\$8,104	\$8,118
Interest expense	1,974	1,850	1,581	1,376	1,346
Net interest income	7,833	7,341	7,035	6,728	6,772
Provision for credit losses	716	665	621	159	340
Non-interest income	9,155	10,452	10,126	6,318	10,869
(Loss) gain on sale of loans/OREO	22	(2)	11	75	(2)
Non-interest expense	14,633	15,012	14,651	12,851	16,342
Income before income tax expense	1,661	2,114	1,900	111	956
Income tax expense	1,372	716	657	8	297
Net Income	\$289	\$1,398	\$1,243	\$102	\$659
Preferred stock dividends and accretion	300	289	289	289	289
Net income available to common shareholders	(\$11)	\$1,109	\$954	(\$187)	\$370
Weighted average common shares outstanding	4,575	3,685	3,685	3,685	3,685
Net income per common share	(\$0.00)	\$0.30	\$0.26	(\$0.05)	\$0.10
Fully diluted common shares outstanding	4,575	3,713	3,715	3,711	3,686
Fully diluted net income per common share	(\$0.00)	\$0.30	\$0.26	-\$0.05	\$0.10



MeridianBank

Statements of Income (Unaudited)

(Dollars in Thousands)	Quarter Ended		Twelve Months Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
<b>Interest Income</b>				
Interest and fees on loans	9,519	7,907	\$34,666	\$30,117
Investments	288	211	1,052	863
<b>Total interest income</b>	<b>9,807</b>	<b>8,118</b>	<b>35,718</b>	<b>30,980</b>
<b>Interest Expense</b>				
Deposits	1,548	889	4,627	3,470
Borrowings	426	457	2,154	1,722
<b>Total interest expense</b>	<b>1,974</b>	<b>1,346</b>	<b>6,781</b>	<b>5,192</b>
<b>Net interest income</b>	<b>7,833</b>	<b>6,772</b>	<b>28,937</b>	<b>25,788</b>
<b>Provision for loan losses</b>	<b>716</b>	<b>340</b>	<b>2,161</b>	<b>1,198</b>
<b>Net interest income after provision</b>	<b>7,117</b>	<b>6,432</b>	<b>26,776</b>	<b>24,590</b>
<b>Non-Interest Income</b>				
Mortgage banking revenue	7,762	12,198	32,044	41,431
Net change in fair value of loans held for sale	(306)	(2,100)	(253)	(833)
Wealth management fees	967	126	2,872	425
Earnings on investment in life insurance	82	31	276	125
Service charges	25	20	87	66
Gain (loss) on sale of securities	22	-	26	3
Gain (loss) on sale of loans/OREO	42	(2)	125	135
Other	583	593	914	1,492
<b>Total non-interest income</b>	<b>9,177</b>	<b>10,866</b>	<b>36,091</b>	<b>42,844</b>
<b>Non-Interest Expense</b>				
Salaries and employee benefits	9,372	10,998	38,516	40,852
Loan expenses	1,017	1,613	4,025	6,686
Occupancy & equipment	981	804	3,799	2,946
Professional fees	741	587	2,125	1,762
Advertising & business development	712	665	2,248	1,727
Data processing	291	282	1,162	1,146
Other non-interest expense	1,519	1,393	5,206	4,794
<b>Total non-interest expense</b>	<b>14,633</b>	<b>16,342</b>	<b>57,081</b>	<b>59,913</b>
<b>Net income before income tax expense</b>	<b>1,661</b>	<b>956</b>	<b>5,786</b>	<b>7,521</b>
<b>Income tax expense</b>	<b>1,372</b>	<b>297</b>	<b>2,753</b>	<b>2,599</b>
<b>Net Income</b>	<b>289</b>	<b>659</b>	<b>3,033</b>	<b>4,922</b>
Dividends on preferred stock	300	289	1,168	1,156
<b>Net Income available to common stockholders</b>	<b>(\$11)</b>	<b>\$370</b>	<b>\$1,865</b>	<b>\$3,766</b>
Weighted average common shares outstanding	4,575	3,685	3,743	3,362
Net income per common share	(\$0.00)	\$0.10	\$0.50	\$1.12
Fully diluted common shares outstanding	4,575	3,694	3,770	3,389
Fully diluted net income per common share	(\$0.00)	\$0.10	\$0.49	\$1.11