

CONSUMERS BANCORP INC /OH/
Form 10-Q
February 14, 2014

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

FORM 10-Q

x Quarterly Report Pursuant to Section 13 or 15 (d) or the Securities Exchange Act of 1934

For the quarterly period ended December 31, 2013

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 No. 033-79130

CONSUMERS BANCORP, INC.

(Exact name of registrant as specified in its charter)

OHIO

(State or other jurisdiction
of incorporation or organization)

34-1771400

(I.R.S. Employer Identification No.)

614 East Lincoln Way, P.O. Box 256, Minerva, Ohio
(Address of principal executive offices)

44657
(Zip Code)

(330) 868-7701

(Registrant's telephone number)

Not applicable

(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.

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, no par value	Outstanding at February 14, 2014 2,724,278 Common Shares
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CONSUMERS BANCORP, INC.
FORM 10-Q
QUARTER ENDED December 31, 2013

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PART I FINANCIAL INFORMATION

Item 1 Financial Statements

CONSUMERS BANCORP, INC.
CONSOLIDATED BALANCE SHEETS (Unaudited)

(Dollars in thousands, except per share data)	December 31, 2013	June 30, 2013
ASSETS		
Cash on hand and noninterest-bearing deposits in financial institutions	\$ 6,855	\$ 6,922
Federal funds sold and interest-bearing deposits in financial institutions	2,252	2,434
Total cash and cash equivalents	9,107	9,356
Certificates of deposit in other financial institutions	1,728	4,175
Securities, available-for-sale	116,534	97,229
Securities, held-to-maturity (fair value of \$2,924 at December 31, 2013 and \$2,926 at June 30, 2013)	3,000	3,000
Federal bank and other restricted stocks, at cost	1,186	1,186
Loans held for sale		93
Total loans	219,814	217,040
Less allowance for loan losses	(2,487)	(2,496)
Net loans	217,327	214,544
Cash surrender value of life insurance	5,880	5,789
Premises and equipment, net	6,304	5,708
Other real estate owned	709	
Accrued interest receivable and other assets	2,404	2,409
Total assets	\$ 364,179	\$ 343,489
LIABILITIES		
Deposits		
Non-interest bearing demand	\$ 72,925	\$ 71,148
Interest bearing demand	38,671	37,529
Savings	114,958	106,221
Time	73,038	79,209
Total deposits	299,592	294,107
Short-term borrowings	15,457	12,490
Federal Home Loan Bank advances	8,830	6,366
Accrued interest and other liabilities	2,414	2,383
Total liabilities	326,293	315,346
Commitments and contingent liabilities		
SHAREHOLDERS' EQUITY		
Preferred stock (no par value, 350,000 shares authorized, none outstanding)		
Common stock (no par value, 3,500,000 shares authorized; 2,854,133 and 2,198,465 shares issued as of December 31, 2013 and June 30, 2013, respectively)	14,630	5,393
Retained earnings	25,136	24,416
Treasury stock, at cost (129,855 common shares as of December 31, 2013 and June 30, 2013, respectively)	(1,650)	(1,650)

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Accumulated other comprehensive loss	(230)	(16)
Total shareholders' equity	37,886	28,143
Total liabilities and shareholders' equity	\$ 364,179	\$ 343,489

See accompanying notes to consolidated financial statements

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CONSUMERS BANCORP, INC.
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

(Dollars in thousands, except per share amounts)	Three Months ended December 31,		Six Months ended December 31,	
	2013	2012	2013	2012
Interest income				
Loans, including fees	\$ 2,645	\$ 2,705	\$ 5,312	\$ 5,310
Securities, taxable	413	334	694	717
Securities, tax-exempt	344	315	672	619
Federal funds sold and other interest bearing deposits	9	16	21	31
Total interest income	3,411	3,370	6,699	6,677
Interest expense				
Deposits	199	262	398	532
Short-term borrowings	6	5	12	11
Federal Home Loan Bank advances	41	50	91	100
Total interest expense	246	317	501	643
Net interest income	3,165	3,053	6,198	6,034
Provision for loan losses	35	56	168	81
Net interest income after provision for loan losses	3,130	2,997	6,030	5,953
Non-interest income				
Service charges on deposit accounts	336	336	699	678
Debit card interchange income	225	206	439	399
Bank owned life insurance income	45	49	91	96
Securities gains, net	32	2	32	23
Other	99	85	171	146
Total non-interest income	737	678	1,432	1,342
Non-interest expenses				
Salaries and employee benefits	1,569	1,478	3,129	3,043
Occupancy and equipment	328	330	644	644
Data processing expenses	139	137	277	222
Professional and director fees	130	83	241	175
FDIC assessments	55	50	106	99
Franchise taxes	76	69	151	139
Marketing and advertising	67	45	132	162
Telephone and network communications	69	80	142	145
Debit card processing expenses	103	98	214	201
Other	388	358	737	765
Total non-interest expenses	2,924	2,728	5,773	5,595
Income before income taxes	943	947	1,689	1,700
Income tax expense	188	200	313	338
Net Income	\$ 755	\$ 747	\$ 1,376	\$ 1,362

Basic and diluted earnings per share	\$ 0.28	\$ 0.36	\$ 0.51	\$ 0.66
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See accompanying notes to consolidated financial statements

CONSUMERS BANCORP, INC.
Consolidated statements of comprehensive income

(Unaudited)

(Dollars in thousands)

	Three Months ended December 31,		Six Months ended December 31,	
	2013	2012	2013	2012
Net income	\$ 755	\$ 747	\$ 1,376	\$ 1,362
Other comprehensive income (loss), net of tax:				
Net change in unrealized gains (losses):				
Unrealized gains (losses) arising during the period	(595)	(314)	(293)	375
Reclassification adjustment for gains included in income	(32)	(2)	(32)	(23)
Net unrealized gain (losses)	(627)	(316)	(325)	352
Income tax effect	(214)	(107)	(111)	121
Other comprehensive income (loss)	(413)	(209)	(214)	231
Total comprehensive income	\$ 342	\$ 538	\$ 1,162	\$ 1,593

See accompanying notes to consolidated financial statements.

CONSUMERS BANCORP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(Dollars in thousands, except per share data)

	Three Months ended December 31,		Six Months ended December 31,	
	2013	2012	2013	2012
Balance at beginning of period	\$ 37,872	\$ 28,760	\$ 28,143	\$ 27,890
Net income	755	747	1,376	1,362
Other comprehensive income	(413)	(209)	(214)	231
Issuance of 655,668 shares for rights and public offering, net of offering costs of \$762			9,237	
Issuance of 697 shares for vested restricted stock awards				9
Common stock issued for dividend reinvestment and stock purchase plan (2,795 shares and 6,492 shares for three and six months in 2012, respectively)		46		99
Common cash dividends	(328)	(248)	(656)	(495)
Balance at the end of the period	\$ 37,886	\$ 29,096	\$ 37,886	\$ 29,096
Common cash dividends per share	\$ 0.12	\$ 0.12	\$ 0.24	\$ 0.24

See accompanying notes to consolidated financial statements.

CONSUMERS BANCORP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Dollars in thousands)	Six Months Ended December 31,	
	2013	2012
Cash flows from operating activities		
Net cash from operating activities	\$ 2,495	\$ 2,350
Cash flow from investing activities		
Securities available-for-sale		
Purchases	(31,918)	(16,182)
Maturities, calls and principal pay downs	8,993	11,038
Proceeds from sales of available-for-sale securities	2,765	679
Net (increase) decrease in certificates of deposits in other financial institutions	2,447	(980)
Net increase in loans	(3,660)	(8,305)
Acquisition of premises and equipment	(869)	(320)
Disposal of premises and equipment	1	
Net cash from investing activities	(22,241)	(14,070)
Cash flow from financing activities		
Net increase in deposit accounts	5,485	7,760
Net change in short-term borrowings	2,967	963
Net proceeds from rights and public offering	9,237	
Proceeds from Federal Home Loan Bank advances	2,500	
Repayments of Federal Home Loan Bank advances	(36)	(38)
Proceeds from dividend reinvestment and stock purchase plan		99
Dividends paid	(656)	(495)
Net cash from financing activities	19,497	8,289
Decrease in cash or cash equivalents	(249)	(3,431)
Cash and cash equivalents, beginning of period	9,356	13,745
Cash and cash equivalents, end of period	\$ 9,107	\$ 10,314
Supplemental disclosure of cash flow information:		
Cash paid during the period:		
Interest	\$ 499	\$ 638
Federal income taxes	510	420
Non-cash items:		
Transfer from loans to repossessed assets	709	
Issuance of treasury stock for vested restricted stock awards		9

See accompanying notes to consolidated financial statements.

CONSUMERS BANCORP, INC.
Notes to the Consolidated Financial Statements
(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

Note 1 Summary of Significant Accounting Policies:

Nature of Operations: Consumers Bancorp, Inc. (the Corporation) is a bank holding company headquartered in Minerva, Ohio that provides, through its banking subsidiary, Consumers National Bank (the Bank), a broad array of products and services throughout its primary market area of Stark, Columbiana, Carroll and contiguous counties in Ohio. The Bank's business involves attracting deposits from businesses and individual customers and using such deposits to originate commercial, mortgage and consumer loans in its primary market area.

Basis of Presentation: The consolidated financial statements for interim periods are unaudited and reflect all adjustments (consisting of only normal recurring adjustments), which, in the opinion of management, are necessary to present fairly the financial position and results of operations and cash flows for the periods presented. The unaudited financial statements are presented in accordance with the requirements of Form 10-Q and do not include all disclosures normally required by accounting principles generally accepted in the United States of America. The financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Corporation's Form 10-K for the year ended June 30, 2013. The results of operations for the interim period disclosed herein are not necessarily indicative of the results that may be expected for a full year.

The consolidated financial statements include the accounts of the Corporation and the Bank. All significant inter-company transactions and accounts have been eliminated in consolidation.

Segment Information: The Corporation is a bank holding company engaged in the business of commercial and retail banking, which accounts for substantially all of the revenues, operating income, and assets. Accordingly, all of its operations are recorded in one segment, banking.

Reclassifications: Certain items in prior financial statements have been reclassified to conform to the current presentation. Any reclassifications had no impact on prior year net income or shareholders' equity.

CONSUMERS BANCORP, INC.
Notes to the Consolidated Financial Statements
(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

Note 2 Securities

Available for-Sale December 31, 2013	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Obligations of U.S. government-sponsored entities and agencies	\$ 12,347	\$ 10	\$ (164)	\$ 12,193
Obligations of state and political subdivisions	41,917	638	(967)	41,588
Mortgage-backed securities residential	59,487	538	(519)	59,506
Collateralized mortgage obligations	2,930	47		2,977
Trust preferred security	202	68		270
Total securities	\$ 116,883	\$ 1,301	\$ (1,650)	\$ 116,534

Held-to-Maturity December 31, 2013	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
Obligations of state and political subdivisions	\$ 3,000	\$	\$ (76)	\$ 2,924

Available for-Sale June 30, 2013	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Obligations of U.S. government-sponsored entities and agencies	\$ 4,700	\$ 6	\$ (48)	\$ 4,658
Obligations of state and political subdivisions	39,777	805	(770)	39,812
Mortgage-backed securities - residential	46,834	552	(497)	46,889
Collateralized mortgage obligations	5,740	11	(43)	5,708
Trust preferred security	202		(40)	162
Total securities	\$ 97,253	\$ 1,374	\$ (1,398)	\$ 97,229

Held-to-Maturity June 30, 2013	Amortized Cost	Gross Unrecognized Gains	Gross Unrecognized Losses	Fair Value
Obligations of state and political subdivisions	\$ 3,000	\$	\$ (74)	\$ 2,926

Proceeds from the sale of available-for-sale securities were as follows:

Three Months Ended December 31,		Six Months Ended December 31,	
2013	2012	2013	2012
\$ 2,765	\$ 149	\$ 2,765	\$ 679

Proceeds from
sales
Gross realized
gains
Gross realized
losses

33

2

33

23

1

1

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CONSUMERS BANCORP, INC.
Notes to the Consolidated Financial Statements
(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The amortized cost and fair values of debt securities at December 31, 2013, by expected maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Securities not due at a single maturity date, primarily mortgage-backed securities, collateralized mortgage obligations and the trust preferred security are shown separately.

	Amortized Cost	Estimated Fair Value
Available-for-Sale		
Due in one year or less	\$ 1,500	\$ 1,502
Due after one year through five years	7,359	7,500
Due after five years through ten years	22,612	22,371
Due after ten years	22,793	22,408
Total	54,264	53,781
Mortgage-backed securities – residential		
Collateralized mortgage obligations	59,487	59,506
Trust preferred security	2,930	2,977
Total available-for-sale securities	\$ 116,883	\$ 116,534
Held-to-Maturity		
Due after ten years	3,000	2,924
Total held-to-maturity securities	\$ 3,000	\$ 2,924

The following table summarizes the securities with unrealized and unrecognized losses at December 31, 2013 and June 30, 2013, aggregated by investment category and length of time that individual securities have been in a continuous unrealized or unrecognized loss position:

	Less than 12 Months		12 Months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Available-for-sale						
December 31, 2013						
Obligations of U.S. government- sponsored entities and agencies						
	\$ 8,546	\$ (164)	\$	\$	\$ 8,546	\$ (164)
Obligations of states and political subdivisions						
	17,699	(776)	2,495	(191)	20,194	(967)
Mortgage-backed securities - residential						
	25,271	(393)	4,658	(126)	29,929	(519)
Total temporarily impaired	\$ 51,516	\$ (1,333)	\$ 7,153	\$ (317)	\$ 58,669	\$ (1,650)
Held-to-maturity						
	Less than 12 Months Fair Value	Unrecognized Loss	12 Months or more Fair Value	Unrecognized Loss	Total Fair Value	Unrecognized Loss

December 31, 2013

Obligations of states and political subdivisions	\$ 3,000	\$ (76)	\$	\$	\$ 2,924	\$ (76)
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CONSUMERS BANCORP, INC.
Notes to the Consolidated Financial Statements
(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

	Less than 12 Months		12 Months or more		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Available-for-sale June 30, 2013						
Obligation of U.S. government- sponsored entities and agencies	\$ 4,418	\$ (48)	\$	\$	\$ 4,418	\$ (48)
Obligations of states and political subdivisions	17,826	(766)	107	(4)	17,933	(770)
Mortgage-backed securities - residential	28,836	(497)			28,836	(497)
Collateralized mortgage obligations	4,696	(43)			4,696	(43)
Trust preferred security			162	(40)	162	(40)
Total temporarily impaired	\$ 55,776	\$ (1,354)	\$ 269	\$ (44)	\$ 56,045	\$ (1,398)
	Less than 12 Months		12 Months or more		Total	
	Fair Value	Unrecognized Loss	Fair Value	Unrecognized Loss	Fair Value	Unrecognized Loss
Held-to-maturity June 30, 2013						
Obligations of states and political subdivisions	\$ 2,926	\$ (74)	\$	\$	\$ 2,926	\$ (74)

Management evaluates securities for other-than-temporary impairment (OTTI) on a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. The securities portfolio is evaluated for OTTI by segregating the portfolio into two general segments and applying the appropriate OTTI model. Investment securities are generally evaluated for OTTI under FASB ASC Topic 320, *Accounting for Certain Investments in Debt and Equity Securities*. However, the trust preferred security is evaluated using the model outlined in FASB ASC Topic 325, *Recognition of Interest Income and Impairment on Purchased Beneficial Interests and Beneficial Interests that Continue to be Held by a Transfer in Securitized Financial Assets*.

In determining OTTI under the ASC Topic 320 model, management considers many factors, including: (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, (3) whether the market decline was affected by macroeconomic conditions, and (4) whether the entity has the intent to sell the debt security or more likely than not will be required to sell the debt security before its anticipated recovery. The assessment of whether an other-than-temporary decline exists involves a high degree of subjectivity and judgment and is based on the information available to management at a point in time.

The unrealized and unrecognized losses within the securities portfolio as of December 31, 2013 have not been recognized into income because the decline in fair value is not attributed to credit quality, management does not intend to sell and it is likely that management will not be required to sell the securities prior to their anticipated recovery. The decline in fair value of the residential mortgage-backed securities, obligations of state and political subdivisions and obligations of U.S. government-sponsored agencies is largely due to changes in interest rates. The fair value is expected to recover as the securities approach maturity.

CONSUMERS BANCORP, INC.
Notes to the Consolidated Financial Statements
(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

Under the ASC Topic 325 model, the present value of the remaining cash flows as estimated at the preceding evaluation date are compared to the current expected remaining cash flows. An OTTI is deemed to have occurred if there has been an adverse change in the remaining expected future cash flows. The analysis of the trust preferred security falls within the scope of ASC Topic 325.

The Corporation owns a trust preferred security, which represents collateralized debt obligations (CDOs) issued by other banks, bank holding companies and insurance companies. It was unclear whether the Corporation would be able to continue to hold this trust preferred security under the Volcker Rule that was issued on December 10, 2013. On January 14, 2014, an interim rule amending the treatment of certain CDOs under the Volcker Rule, allows the Corporation to continue to hold this trust preferred security since it is primarily invested in qualifying collateral. Management has the intent to hold this security for the foreseeable future. The security is part of a pool of issuers that support a more senior tranche of securities. The cash interest payments for the trust preferred security are being deferred as a result of an increase in principal and/or interest deferrals by the issuers of the underlying securities during the period of 2008 through 2011. The accumulated other-than-temporary impairment loss recognized in earnings in periods prior to 2012 was \$780. According to the December 31, 2013 cash flow analysis, the expected cash flows were above the recorded amortized cost of the trust preferred security and the Corporation has received pricing indications that are above the securities adjusted amortized cost of \$202. Therefore, management does not believe there is any additional other-than-temporary impairment related to this security at December 31, 2013.

Note 3 Loans

Major classifications of loans were as follows:

	December 31, 2013	June 30, 2013
Commercial	\$ 28,568	\$ 26,678
Commercial real estate:		
Construction	3,238	2,096
Other	126,867	125,630
1-4 Family residential real estate:		
Owner occupied	32,207	32,755
Non-owner occupied	18,042	17,941
Construction	642	377
Consumer	10,597	11,866
Subtotal	220,161	217,343
Less: Net deferred loan fees	(347)	(303)
Allowance for loan losses	(2,487)	(2,496)
Net Loans	\$ 217,327	\$ 214,544

CONSUMERS BANCORP, INC.
Notes to the Consolidated Financial Statements
(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents the activity in the allowance for loan losses by portfolio segment for the three months ending December 31, 2013:

	Commercial	Commercial Real Estate	1-4 Family Residential Real Estate	Consumer	Total
Allowance for loan losses:					
Beginning balance	\$ 150	\$ 1,499	\$ 500	\$ 337	\$ 2,486
Provision for loan losses	26	3	(49)	55	35
Loans charged-off	(17)	(1)		(54)	(72)
Recoveries				38	38
Total ending allowance balance	\$ 159	\$ 1,501	\$ 451	\$ 376	\$ 2,487

The following table presents the activity in the allowance for loan losses by portfolio segment for the six months ending December 31, 2013:

	Commercial	Commercial Real Estate	1-4 Family Residential Real Estate	Consumer	Total
Allowance for loan losses:					
Beginning balance	\$ 161	\$ 1,471	\$ 614	\$ 250	\$ 2,496
Provision for loan losses	15	31	(109)	231	168
Loans charged-off	(17)	(1)	(61)	(153)	(232)
Recoveries			7	48	55
Total ending allowance balance	\$ 159	\$ 1,501	\$ 451	\$ 376	\$ 2,487

CONSUMERS BANCORP, INC.
Notes to the Consolidated Financial Statements
(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents the activity in the allowance for loan losses by portfolio segment for the three months ending December 31, 2012:

	Commercial	Commercial Real Estate	1-4 Family Residential Real Estate	Consumer	Total
Allowance for loan losses:					
Beginning balance	\$ 145	\$ 1,275	\$ 677	\$ 241	\$ 2,338
Provision for loan losses		37	(33)	52	56
Loans charged-off		(24)		(21)	(45)
Recoveries				18	18
Total ending allowance balance	\$ 145	\$ 1,288	\$ 644	\$ 290	\$ 2,367

The following table presents the activity in the allowance for loan losses by portfolio segment for the six months ended December 31, 2012:

	Commercial	Commercial Real Estate	1-4 Family Residential Real Estate	Consumer	Total
Allowance for loan losses:					
Beginning balance	\$ 143	\$ 1,283	\$ 712	\$ 197	\$ 2,335
Provision for loan losses	6	29	(53)	99	81
Loans charged-off	(4)	(24)	(15)	(40)	(83)
Recoveries				34	34
Total ending allowance balance	\$ 145	\$ 1,288	\$ 644	\$ 290	\$ 2,367

CONSUMERS BANCORP, INC.
Notes to the Consolidated Financial Statements
(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of December 31, 2013. Included in the recorded investment in loans is \$511 of accrued interest receivable net of deferred loan fees of \$347.

	Commercial	Commercial Real Estate	1-4 Family Residential Real Estate	Consumer	Total
Allowance for loan losses:					
Ending allowance balance attributable to loans:					
Individually evaluated for impairment	\$	\$ 115	\$ 162	\$	\$ 277
Collectively evaluated for impairment	159	1,386	289	376	2,210
Total ending allowance balance	\$ 159	\$ 1,501	\$ 451	\$ 376	\$ 2,487
Recorded investment in loans:					
Loans individually evaluated for impairment	\$ 2	\$ 2,263	\$ 1,026	\$	\$ 3,291
Loans collectively evaluated for impairment	28,645	127,792	49,961	10,636	217,034
Total ending loans balance	\$ 28,647	\$ 130,055	\$ 50,987	\$ 10,636	\$ 220,325

CONSUMERS BANCORP, INC.
Notes to the Consolidated Financial Statements
(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment and based on impairment method as of June 30, 2013. Included in the recorded investment in loans is \$546 of accrued interest receivable net of deferred loan fees of \$303.

	Commercial	Commercial Real Estate	1-4 Family Residential Real Estate	Consumer	Total
Allowance for loan losses:					
Ending allowance balance attributable to loans:					
Individually evaluated for impairment	\$ 3	\$ 89	\$ 243	\$	\$ 335
Collectively evaluated for impairment	158	1,382	371	250	2,161
Total ending allowance balance	\$ 161	\$ 1,471	\$ 614	\$ 250	\$ 2,496
Recorded investment in loans:					
Loans individually evaluated for impairment	\$ 51	\$ 865	\$ 1,396	\$	\$ 2,312
Loans collectively evaluated for impairment	26,683	126,881	49,780	11,930	215,274
Total ending loans balance	\$ 26,734	\$ 127,746	\$ 51,176	\$ 11,930	\$ 217,586

CONSUMERS BANCORP, INC.
Notes to the Consolidated Financial Statements
(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents information related to loans individually evaluated for impairment by class of loans as of and for the six months ended December 31, 2013:

	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
With no related allowance recorded:						
Commercial	\$ 2	\$ 2	\$	\$ 3	\$	\$
Commercial real estate:						
Other	1,486	1,479		1,009		
1-4 Family residential real estate:						
Owner occupied	123	123		124		
Non-owner occupied	86	86		132	2	2
With an allowance recorded:						
Commercial				15	3	3
Commercial real estate:						
Other	782	784	115	787	10	10
1-4 Family residential real estate:						
Owner occupied	281	279	68	280		
Non-owner occupied	539	538	94	690	9	9
Total	\$ 3,299	\$ 3,291	\$ 277	\$ 3,040	\$ 24	\$ 24

CONSUMERS BANCORP, INC.
Notes to the Consolidated Financial Statements
(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents information related to average recorded investment and interest income associated with loans individually evaluated for impairment by class of loans for the three months ended December 31, 2013:

	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
With no related allowance recorded:			
Commercial	\$ 3	\$	\$
Commercial real estate:			
Other	1,480		
1-4 Family residential real estate:			
Owner occupied	123		
Non-owner occupied	121	1	1
With an allowance recorded:			
Commercial			
Commercial real estate:			
Other	784	5	5
1-4 Family residential real estate:			
Owner occupied	279		
Non-owner occupied	541	3	3
Total	\$ 3,331	\$ 9	\$ 9

CONSUMERS BANCORP, INC.
Notes to the Consolidated Financial Statements
(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents information related to loans individually evaluated for impairment by class of loans as of June 30, 2013 and for the six months ended December 31, 2012:

	As of June 30, 2013		Six Months ended December 31, 2012			
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Losses Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
With no related allowance recorded:						
Commercial	\$	\$	\$	\$ 5	\$	\$
Commercial real estate:						
Other	65	65		60		
1-4 Family residential real estate:						
Owner occupied	125	125		81		
Non-owner occupied	56	56		57	2	2
With an allowance recorded:						
Commercial	51	51	3	107	8	8
Commercial real estate:						
Other	793	800	89	806	63	63
1-4 Family residential real estate:						
Owner occupied	283	281	56	315		
Non-owner occupied	933	934	187	942	12	12
Total	\$ 2,306	\$ 2,312	\$ 335	\$ 2,373	\$ 85	\$ 85

CONSUMERS BANCORP, INC.
Notes to the Consolidated Financial Statements
(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents information related to average recorded investment and interest income associated with loans individually evaluated for impairment by class of loans for the three months ended December 31, 2012:

	Average Recorded Investment	Interest Income Recognized	Cash Basis Interest Recognized
With no related allowance recorded:			
Commercial real estate:			
Other	\$ 18	\$	\$
1-4 Family residential real estate:			
Owner occupied	81		
Non-owner occupied	57	1	1
With an allowance recorded:			
Commercial	92	8	8
Commercial real estate:			
Other	750	61	61
1-4 Family residential real estate:			
Owner occupied	316		
Non-owner occupied	937	6	6
Total	\$ 2,251	\$ 76	\$ 76

CONSUMERS BANCORP, INC.
Notes to the Consolidated Financial Statements
(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents the recorded investment in non-accrual and loans past due over 90 days still on accrual by class of loans as of December 31, 2013 and June 30, 2013:

	December 31, 2013		June 30, 2013	
	Non-accrual	Loans Past Due Over 90 Days Still Accruing	Non-accrual	Loans Past Due Over 90 Days Still Accruing
Commercial	\$	\$	\$ 46	\$
Commercial real estate:				
Other	1,550		86	
1 - 4 Family residential:				
Owner occupied	313		295	
Non-owner occupied	538		663	
Consumer			7	
Total	\$ 2,401	\$	\$ 1,097	\$

Non-accrual loans and loans past due 90 days still on accrual include both smaller balance homogeneous loans that are collectively evaluated for impairment and individually classified impaired loans.

CONSUMERS BANCORP, INC.
Notes to the Consolidated Financial Statements
(Unaudited) (continued)

(Dollars in thousands, except per share amounts)

The following table presents the aging of the recorded investment in past due loans as of December 31, 2013 by class of loans:

	Days Past Due			Total Past Due	Loans Not Past Due	Total
	30 - 59 Days	60 - 89 Days	90 Days or Greater			
Commercial	\$ 6	\$	\$	\$ 6	\$ 28,641	\$ 28,647
Commercial real estate:						
Construction					3,222	3,222
Other	70	59	1,469	1,598	125,235	126,833
1-4 Family residential:						
Owner occupied	123	118	271	512	31,786	32,298
Non-owner occupied	40		64	104	17,943	18,047
Construction					642	642
Consumer	16			16	10,620	10,636
Total	\$ 255	\$ 177	\$ 1,804	\$ 2,236	\$ 218,089	\$ 220,325

The above table of past due loans includes the recorded investment in non-accrual loans of \$1,804 in the 90 days or greater category and \$597 in the loans not past due category.

The following table presents the aging of the recorded investment in past due loans as of June 30, 2013 by class of loans:

	Days Past Due			Total Past Due	Loans Not Past Due	Total
	30 - 59 Days	60 - 89 Days	90 Days or Greater			
Commercial	\$	\$	\$ 46	\$ 46	\$ 26,688	\$ 26,674
Commercial real estate:						
Construction					2,088	2,088
Other	1,158			1,158	124,500	125,658
1-4 Family residential:						
Owner occupied	245		252	497	32,365	32,862
Non-owner occupied			84	84	17,854	17,938
Construction					376	