

UNITED BANCSHARES INC/OH
Form 10-Q
July 28, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the quarterly period ended June 30, 2008

Commission file number 000-29283

UNITED BANCSHARES, INC.

(Exact name of Registrant as specified in its charter)

Ohio

(State or other jurisdiction of incorporation or organization)

100 S. High Street, Columbus Grove, Ohio

(Address of principal executive offices)

34-1516518

(I.R.S. Employer Identification Number)

45830

(Zip Code)

(419) 659-2141

(Registrant's telephone number, including area code)

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 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. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer 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 July 18, 2008:
3,441,663

This document contains 29 pages. The Exhibit Index is on page 23 immediately preceding the filed exhibits.

UNITED BANCSHARES, INC.

Table of Contents

	<u>Page</u>
Part I Financial Information	
<i>Item 1</i> Financial Statements	3
<i>Item 2</i> Management's Discussion and Analysis of Financial Condition and Results of Operations	12
<i>Item 3</i> Quantitative and Qualitative Disclosures about Market Risk	20
<i>Item 4T</i> Controls and Procedures	20
Part II Other Information	
Item 1 Legal Proceedings	21
Item 1A Risk Factors	21
Item 2 Unregistered Sales of Equity Securities and Use of Proceeds	21
Item 3 Defaults upon Senior Securities	21
Item 4 Submission of Matters to a Vote of Security Holders	22
Item 5 Other Information	22
Item 6 Exhibits	22

PART 1 - FINANCIAL INFORMATION**ITEM 1 - FINANCIAL STATEMENTS****United Bancshares, Inc. and Subsidiary**

Consolidated Balance Sheets (Unaudited)

	June 30, 2008	December 31, 2007
ASSETS		
CASH AND CASH EQUIVALENTS		
Cash and due from banks	\$ 9,343,300	\$ 11,627,842
Interest-bearing deposits in other banks	23,511,200	3,290,372
Federal funds sold	10,150,000	161,000
Total cash and cash equivalents	43,004,500	15,079,214
SECURITIES , available-for-sale	124,257,888	137,904,385
FEDERAL HOME LOAN BANK STOCK , at cost	4,828,700	4,703,100
LOANS HELD FOR SALE	343,751	350,353
LOANS	417,338,044	359,209,925
Less allowance for loan losses	(2,512,983)	(2,232,708)
Net loans	414,825,061	356,977,217
PREMISES AND EQUIPMENT , net	7,749,116	7,902,911
GOODWILL	7,282,013	7,282,013
CASH SURRENDER VALUE OF LIFE INSURANCE	11,628,840	11,396,781
OTHER ASSETS , including accrued interest receivable and other intangible assets	7,425,154	6,378,816
TOTAL ASSETS	\$ 621,345,023	\$ 547,974,790
LIABILITIES AND SHAREHOLDERS' EQUITY		

LIABILITIES

Deposits

Non-interest bearing	\$ 39,259,124	\$ 41,333,497
Interest bearing	419,391,144	351,869,746

Total deposits	458,650,268	393,203,243
----------------	-------------	-------------

Other borrowings	98,586,906	91,887,907
------------------	------------	------------

Junior subordinated deferrable interest debentures	10,300,000	10,300,000
--	------------	------------

Accrued expenses and other liabilities	4,209,829	3,765,056
--	-----------	-----------

Total liabilities	571,747,003	499,156,206
-------------------	-------------	-------------

SHAREHOLDERS' EQUITY

Common stock, \$1 stated value, authorized 10,000,000 shares; issued 3,760,557 shares	3,760,557	3,760,557
Surplus	14,659,661	14,659,661
Retained earnings	36,840,604	35,187,304
Accumulated other comprehensive loss	(732,523)	(576,065)
Treasury stock, 322,429 shares at June 30, 2008 and 271,152 shares at December 31, 2007, at cost	(4,930,279)	(4,212,873)
Total shareholders' equity	49,598,020	48,818,584
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 621,345,023	\$ 547,974,790

See notes to consolidated financial statements

United Bancshares, Inc. and Subsidiary
Condensed Consolidated Statements of Income (Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
INTEREST INCOME				
Loans, including fees	\$ 7,316,381	\$ 6,802,114	\$ 14,384,510	\$ 13,276,257
Securities:				
Taxable	977,191	1,437,508	2,072,210	2,931,821
Tax-exempt	481,944	462,971	936,477	929,890
Other	<u>116,870</u>	<u>96,984</u>	<u>164,473</u>	<u>126,998</u>
Total interest income	<u>8,892,386</u>	<u>8,799,577</u>	<u>17,557,670</u>	<u>17,264,966</u>
INTEREST EXPENSE				
Deposits	2,795,316	3,013,055	7,722,834	5,827,055
Other borrowings	<u>1,150,231</u>	<u>1,392,267</u>	<u>2,388,655</u>	<u>2,916,093</u>
Total interest expense	<u>3,945,547</u>	<u>4,405,322</u>	<u>10,111,489</u>	<u>8,743,148</u>
NET INTEREST INCOME	4,946,839	4,394,255	7,446,181	8,521,818
PROVISION FOR LOAN LOSSES	<u>370,000</u>	<u>75,000</u>	<u>645,000</u>	<u>225,000</u>
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	4,576,839	4,319,258	6,801,181	8,296,818
NON-INTEREST INCOME				
Gain on sales of loans	152,216	83,244	245,696	160,791
Gain from sale of credit card portfolio	-	-	-	355,366
Gain (loss) on sales or writedown of securities	22,861	16,019	44,347	(223,945)
Change in fair value of mortgage servicing rights	373,503	217,220	122,241	150,075
Other	<u>757,726</u>	<u>689,068</u>	<u>1,451,300</u>	<u>1,337,973</u>
Total non-interest income	<u>1,306,306</u>	<u>1,005,546</u>	<u>2,863,584</u>	<u>1,780,260</u>
NON-INTEREST EXPENSES	<u>3,549,380</u>	<u>3,408,277</u>	<u>7,182,688</u>	<u>6,969,259</u>

Income before income taxes	2,333,765	1,916,513	1,482,077	3,107,819
PROVISION FOR INCOME TAXES	<u>585,000</u>	<u>462,000</u>	<u>788,000</u>	<u>676,000</u>
NET INCOME	\$ 1,748,765	\$ 1,454,513	\$ 694,077	\$ 2,431,819
	=====	=====		=====

NET INCOME PER SHARE

			\$	
Basic	\$ 0.51	\$ 0.41	0.78	\$ 0.69
Weighted average common shares outstanding	3,439,996	3,528,763	3,453,609	3,541,782
			\$	
Diluted	\$ 0.51	\$ 0.41	0.78	\$ 0.69
Weighted average common shares outstanding	3,441,382	3,530,740	3,455,070	3,543,961

See notes to consolidated financial statements

United Bancshares, Inc. and Subsidiary
Consolidated Statements of Shareholders' Equity (Unaudited)
Six months ended June 30, 2008 and 2007

	Common		Retained	Accumulated Other
	Stock	Surplus	Earnings	Comprehensive Loss
BALANCE AT DECEMBER 31, 2007	\$ 3,760,557	14,659,661	35,187,304	(576,065)
Net income			2,694,077	
Change in unrealized loss on available-for-sale securities, net of income taxes				(156,458)
Total comprehensive income				
Dividends declared (\$0.30 per share)			(1,032,188)	
3,723 shares issued from treasury in connection with the Corporation's Employee Stock Purchase Plan			(8,589)	
Purchase of 55,000 common shares				
BALANCE AT JUNE 30, 2008	\$ 3,760,557	14,659,661	36,840,604	(732,523)
BALANCE AT DECEMBER 31, 2006	\$ 3,760,557	14,659,661	32,072,536	(1,352,031)
Cumulative effect of change in accounting principle			519,152	
Net income			2,431,819	
Change in unrealized loss on available-for-sale securities, net of income taxes				(779,578)

Total comprehensive income					
Dividends declared (\$0.28 per share)				(987,823)	
3,891 shares issued from treasury in connection with the					
Corporation's Employee Stock Purchase Plan				(5,769)	
Purchase of 49,000 common shares					
BALANCE AT JUNE 30, 2007	\$	3,760,557	14,659,661	34,029,915	(2,131,609)
See notes to consolidated financial statements					

United Bancshares, Inc. and Subsidiary
Condensed Consolidated Statement of Cash Flows (Unaudited)

	Six months ended June 30,	
	2008	2007
Cash flows from operating activities	\$ 2,814,273	\$ 2,166,216
Cash flows from investing activities:		
Proceeds from calls or maturities of available-for-sale securities, net of purchases	13,444,981	23,754,507
Proceeds from sale of premises and equipment		49,545
Net increase in loans	(58,604,786)	(4,705,949)
Expenditures for premises and equipment	(117,023)	(531,788)
Net cash from investing activities	(45,276,828)	18,566,315
Cash flows from financing activities:		
Net change in deposits	65,447,025	2,611,193
Long-term borrowings, net of repayments	6,698,999	(23,039,173)
Purchase of treasury shares	(775,250)	(794,550)
Proceeds from issuance of common stock	49,255	54,629
Cash dividends paid	(1,032,188)	(987,823)
Net cash from financing activities	70,387,841	(22,155,724)
Net change in cash and cash equivalents	27,925,286	(1,423,193)
Cash and cash equivalents:		
At beginning of period	15,079,214	12,310,619
At end of period	\$ 43,004,500	\$ 10,887,426
Cash paid for:		

Edgar Filing: UNITED BANCSHARES INC/OH - Form 10-Q

Interest	\$	7,973,451	\$	8,883,367
Income taxes	\$	845,000	\$	345,000

See notes to consolidated financial statements

United Bancshares, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Unaudited)

June 30, 2008

Note 1 Consolidated Financial Statements

The consolidated financial statements of United Bancshares, Inc. and subsidiary (the Corporation) have been prepared without audit and in the opinion of management reflect all adjustments (which include normal recurring adjustments) necessary to present fairly such information for the periods and dates indicated. Since the unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q, they do not contain all information and footnotes typically included in financial statements prepared in conformity with generally accepted accounting principles. Operating results for the six months ended June 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. Complete audited consolidated financial statements with footnotes thereto are included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2007.

The consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiary, The Union Bank Company (Union). Effective February 1, 2007, Union formed a wholly-owned subsidiary, UBC Investments, Inc. (UBC) to hold and manage its securities portfolio. The operations of UBC are located in Wilmington, Delaware. Significant intercompany accounts and transactions have been eliminated in consolidation. The accounting and reporting policies of the Corporation conform to generally accepted practices within the banking industry. The Corporation considers all of its principal activities to be banking related.

Note 2 - New Accounting Pronouncements

On February 15, 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 159, The Fair Value Opinion for Financial Assets and Financial Liabilities (FAS 159). FAS 159 permits, but does not require, entities to measure selected financial assets and liabilities at fair value. Changes in fair value are recorded through the income statement in subsequent periods. The statement provides for a one time opportunity to transfer existing assets and liabilities to fair value at the point of adoption with a cumulative effect adjustment recorded against equity. After adoption, the election to report assets and liabilities at fair value must be made at the point of their inception. There was no impact on the consolidated financial statements of the Corporation as a result of the adoption of FAS 159 since the Corporation has not elected the fair value option for any eligible items, as defined in FAS 159.

In September 2006, the FASB issued Statement No. 157, Fair Value Measurements (FAS 157) which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. FAS

157 also establishes a fair value hierarchy which requires the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1

Quoted prices in active markets for identical assets or liabilities.

Level 2

Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3

Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

On February 12, 2008, the FASB issued Staff Position 157-2 which defers the effective date of FAS 157 for certain non-financial assets and liabilities to fiscal years beginning after November 15, 2008. All other provisions of FAS 157 are effective for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years.

The Corporation adopted the provisions of FAS 157 for the quarter ended March 31, 2008 except for those non-financial assets and liabilities subject to deferral as a result of Staff Position 157-2. There was no impact on the consolidated financial statements of the Corporation as a result of the adoption of FAS 157.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheet, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Securities available for sale

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid government bonds and mortgage products. If quoted market prices are not available, then fair values are estimated by using pricing models, quotes prices of securities with similar characteristics or discounted cash flows. Level 2 securities include mortgage-backed agency securities and obligations of states and political subdivisions. In certain cases where Level 1 and Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Currently, all of the Corporation's securities are considered to be Level 2 securities and fair values are provided by a third party pricing provider.

Following is a description of the valuation methodologies used for instruments measured at fair value on a non-recurring basis and recognized in the accompany consolidated balance sheet, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Impaired Loans

Loan impairment is reported when full payment under the loan terms is not expected. Impaired loans are carried at present value of estimated future cash flows using the loan's existing rate, or the fair value of collateral if the loan is collateral dependent. A portion of the allowance for loan losses is allocated to impaired loans if the value of such loans is deemed to be less than the unpaid balance. This valuation is considered Level 3 when consisting of appraisals of underlying collateral. Substantially all impaired loans are valued considering appraisals of underlying collateral.

During 2007, the FASB issued EITF 06-4, Accounting for Deferred Compensation and Postretirement Benefit Aspects of Endorsed Split-Dollar Life Insurance Arrangements (EITF 06-4), which concludes an employer should recognize a liability for postemployment benefits promised an employee based on the substantive arrangement between the employer and the employee. Effective January 1, 2008, the Corporation adopted EITF 06-4. Adoption of EITF 06-4 did not have a significant effect on the Corporation's consolidated financial statements.

During 2007, the FASB issued EITF 06-10, Accounting for Collateral Assignment Split-Dollar Life Insurance (EITF 06-10), which stipulates an employer should recognize a liability for the postretirement benefit related to a collateral assignment split-dollar life insurance arrangement if, based on the substantive arrangement with the employee, the

employer has agreed to maintain life insurance during the employee's retirement or provide the employee with a death benefit. Under EITF 06-10, the employer should also recognize an asset based on the substance of the arrangement it has with the employee. Effective January 1, 2008, the Corporation adopted EITF 06-10. Adoption of EITF 06-10 did not have a significant effect on the Corporation's consolidated financial statements.

In March 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 156, Accounting for Servicing of Financial Assets, an Amendment of FASB Statement 140 (Statement 156). Statement 156 amends Statement 140 with respect to separately recognized servicing assets and liabilities. Statement 156 requires an entity to recognize a servicing asset or liability each time it undertakes an obligation to service a financial asset by entering into a servicing contract and requires all servicing assets and liabilities to be initially measured at fair value, if practicable. Statement 156 also permits entities to subsequently measure servicing assets and liabilities using an amortization method or fair value measurement method. Under the amortization method, servicing assets and liabilities are amortized in proportion to and over the estimated period of servicing. Under the fair value measurement method, servicing assets are measured at fair value at each reporting date and changes in fair value are reported in net income for the period the change occurs.

Effective January 1, 2007, the Bank adopted Statement 156 and elected to record its mortgage servicing rights using the fair value measurement method. As a result, the Corporation recorded effective January 1, 2007, a cumulative

effect adjustment (increase) to retained earnings of \$519,152, representing the difference between fair value and carrying value of the mortgage servicing rights at January 1, 2007 (\$786,594), net of deferred income taxes (\$267,442).

Note 3 Sale of Credit Card Portfolio

Effective March 31, 2007, Union entered into an agreement to sell its credit card portfolio. Under the terms of the agreement, the buyer will service the credit card portfolio and provide Union's former credit card customers with credit cards branded with the Union name. Based on the purchase price, as defined in the agreement, Union recognized a gain on sale of the credit card portfolio for the quarter ended March 31, 2007 of \$355,366 (approximately \$235,000 net of tax, or \$.07 basic earnings per share). Proceeds from the sale, approximating \$1.7 million, were included in other assets in the March 31, 2007 consolidated balance sheet and were received on April 12, 2007.

Note 4 - Securities

The amortized cost and fair value of available-for-sale securities as of June 30, 2008 and December 31, 2007 are as follows (dollars in thousands):

	June 30, 2008		December 31, 2007	
	Amortized	Fair	Amortized	Fair
	<u>cost</u>	<u>value</u>	<u>cost</u>	<u>value</u>
U.S. Treasury and				
Agencies	\$ -	\$ -	\$ 13,211	\$ 13,235
Obligations of states and political subdivisions	47,084	46,826	44,286	44,362
Mortgage-backed	78,282	77,430	81,278	80,305
Other	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Total	\$ 125,368	\$ 124,258	\$ 138,777	\$ 137,904
	=====	=====	=====	=====

A summary of gross unrealized gains and losses on available-for-sale securities at June 30, 2008 and December 31, 2007 follows (dollars in thousands):

	June 30, 2008		December 31, 2007	
	Gross	Gross	Gross	Gross
	unrealized	unrealized	unrealized	unrealized
	<u>gains</u>	<u>losses</u>	<u>gains</u>	<u>losses</u>
U.S. Treasury and				
Agencies	\$ -	\$ -	\$ 28	\$ 4
Obligations of states and				
political subdivisions	394	652	322	246
Mortgage-backed	<u>295</u>	<u>1,147</u>	<u>102</u>	<u>1,075</u>
Total	\$ 689	\$ 1,799	\$ 452	\$ 1,325
	=====	=====	=====	=====

On April 17, 2007, Union's Board of Directors approved management's plan to restructure its balance sheet including selling approximately \$15.5 million of available-for-sale securities, comprising approximately 9.0% of Union's total securities portfolio. The anticipated sale was expected to result in a loss of approximately \$240,000. Consequently, management determined such securities to be other than temporarily impaired at March 31, 2007 and recognized an impairment loss for the quarter ended March 31, 2007 of \$240,000 (\$160,000 net of tax, or \$.05 basic earnings per share). The securities were subsequently sold on June 21, 2007 at a loss of \$223,981, resulting in a gain of \$16,019 for the quarter ended June 30, 2007. Proceeds from the sale were used to repay Federal Home Loan Bank borrowings and fund loan growth.

Note 5 - Other Comprehensive Income

The components of other comprehensive income and related tax effects are as follows for the six-month periods ended June 30, 2008 and 2007 (dollars in thousands):

	<u>2008</u>	<u>2007</u>
Unrealized holding gains on		
available-for-sale securities	\$ (193)	\$ (1,406)
Reclassification adjustments for securities		
losses (gains) realized in income	<u>(44)</u>	<u>224</u>
Net unrealized gains	(237)	(1,182)
Tax effect	<u>(81)</u>	<u>(402)</u>
Net-of-tax amount	\$ (156)	\$ (780)
	=====	=====

Note 6 Junior Subordinated Deferrable Interest Debentures

The Corporation has formed and invested \$300,000 in a business trust, United (OH) Statutory Trust (United Trust) which is not consolidated by the Corporation. United Trust issued \$10,000,000 of trust preferred securities, which are guaranteed by the Corporation, and are subject to mandatory redemption upon payment of the debentures. United Trust used the proceeds from the issuance of the trust preferred securities, as well as the Corporation's capital investment, to purchase \$10,300,000 of junior subordinated deferrable interest debentures issued by the Corporation. The debentures have a stated maturity date of March 26, 2033. As of March 26, 2008, and quarterly thereafter, the debentures may be shortened at the Corporation's option. The interest rate of the debentures was fixed at 6.40% for a five-year period through March 26, 2008. Effective March 27, 2008, interest is at a floating rate adjustable quarterly and equal to 315 basis points over the 3-month LIBOR amounting to 5.96% at June 30, 2008. Interest is payable quarterly. The Corporation has the right, subject to events in default, to defer payments of interest on the debentures by extending the interest payment period for a period not exceeding 20 consecutive quarterly periods. Interest expense on the debentures amounted to \$307,000 and \$320,000 for the six-month periods ended June 30, 2008 and 2007, respectively, and is included in interest expense-borrowings in the accompanying consolidated statements of income.

Each issue of the trust preferred securities carries an interest rate identical to that of the related debenture. The securities have been structured to qualify as Tier I capital for regulatory purposes and the dividends paid on such are tax deductible. However, under Federal Reserve Board guidelines, the securities cannot be used to constitute more than 25% of the Corporation's core tax Tier I capital inclusive of these securities.

Note 7 Commitments

Union has entered into a contract to purchase a facility in Shawnee Township, in Ohio, to be used for a new branch office. Union is also in the process of constructing a new branch office in Ottawa, Ohio to replace the former branch damaged by a flood in August 2007. The total cost of these projects, including renovation costs at the Shawnee Township facility, furnishings, and equipment is expected to be \$2.1 million of which \$354,000 has been expended as of June 30, 2008.

ITEM 2**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS****SELECTED FINANCIAL DATA**

The following data should be read in conjunction with the unaudited consolidated financial statements and management's discussion and analysis that follow:

	As of or for the Three		As of or for the Six	
	Months Ended		Months Ended	
	June 30,		June 30,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
SIGNIFICANT RATIOS				
(Unaudited)				
Net income to:				
Average assets (a)	1.12%	1.05%	0.93%	0.87%
Average shareholders' equity (a)	14.06%	12.41%	10.87%	10.39%
Net interest margin (a)	3.71%	3.63%	3.66%	3.52%
Efficiency ratio (b)	54.59%	60.45%	60.91%	64.64%
Average shareholders' equity to average assets	7.98%	8.49%	8.53%	8.41%
Loans to deposits (end of period) (c)	91.07%	89.38%	91.07%	89.38%
Allowance for loan losses to loans (end of period) (d)	0.60%	0.67%	0.60%	0.67%
Cash dividends to net income	29.49%	33.91%	38.31%	40.62%
Book value per share	\$ 14.43	\$ 13.23	\$ 14.43	\$ 13.23

(a) Net income to average assets, net income to average shareholders' equity and net interest margin are presented on an annualized basis. Net interest margin is calculated using fully-tax equivalent net interest income as a percentage of average interest earning assets.

(b) Efficiency ratio is a ratio of non-interest expense as a percentage of fully tax equivalent net interest income plus non-interest income.

(c) Includes loans held for sale.

(d) Excludes loans held for sale.

Introduction