

F&M BANK CORP  
Form 10-Q  
May 15, 2017

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C. 20549

FORM 10-Q

Quarterly report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2017.

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

Commission File Number: 000-13273

F & M BANK CORP.

Virginia 54-1280811  
(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

P. O. Box 1111  
Timberville, Virginia 22853  
(Address of Principal Executive Offices) (Zip Code)

(540) 896-8941  
(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 has submitted electronically and posted on its website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", "smaller reporting company" and "an emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one)

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

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If and 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.

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

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

Class	Outstanding at May 8, 2017
Common Stock, par value - \$5	3,272,661 shares



F & M BANK CORP.

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Part I Financial Information  
Item 1 Financial Statements

F & M BANK CORP.  
Consolidated Balance Sheets  
(dollars in thousands, except share and per share data)

	March 31,	December 31,
	2017	2016*
	(Unaudited)	
<b>Assets</b>		
Cash and due from banks	\$8,003	\$7,755
Money market funds	1,091	674
Federal funds sold	3,019	7,926
Cash and cash equivalents	12,113	16,355
Securities:		
Held to maturity – fair value of \$125 in 2017 and 2016	125	125
Available for sale	24,739	24,783
Other investments	13,089	14,567
Loans held for sale	37,698	62,735
Loans held for investment	591,006	591,636
Less: allowance for loan losses	(7,317)	(7,543)
Net loans held for investment	583,689	584,093
Other real estate owned	2,076	2,076
Bank premises and equipment, net	11,352	10,340
Interest receivable	1,818	1,785
Goodwill	2,974	2,670
Bank owned life insurance	13,622	13,513
Other assets	11,591	11,847
Total assets	\$714,886	\$744,889
<b>Liabilities</b>		
Deposits:		
Noninterest bearing	\$147,154	\$146,617
Interest bearing	389,406	390,468
Total deposits	536,560	537,085
Short-term debt	20,000	40,000
Accrued liabilities	17,191	16,885
Long-term debt	53,045	64,237
Total liabilities	626,796	658,207

Stockholders' Equity

Preferred Stock \$5 par value, 400,000 shares authorized, 327,350 issued and outstanding

for March 31, 2017 and December 31, 2016, respectively

7,609 7,609

Common stock, \$5 par value, 6,000,000 shares authorized, 3,272,481 and 3,270,315 shares issued and outstanding

for March 31, 2017 and December 31, 2016, respectively

16,362 16,352

Additional paid in capital – common stock

10,734 10,684

Retained earnings

56,035 54,509

Noncontrolling interest in consolidated subsidiaries

516 693

Accumulated other comprehensive loss

(3,166) (3,165)

Total stockholders' equity

88,090 86,682

Total liabilities and stockholders' equity

\$714,886 \$744,889

\*2016 Derived from audited consolidated financial statements.

See notes to unaudited consolidated financial statements





F & M BANK CORP.  
 Consolidated Statements of Income  
 (dollars in thousands)  
 (Unaudited)

	Three Months Ended	
	March 31,	
	2017	2016
Interest and Dividend income		
Interest and fees on loans held for investment	\$7,703	7,185
Interest and fees on loans held for sale	174	372
Interest from money market funds and federal funds sold	57	8
Interest on debt securities – taxable	76	69
Total interest and dividend income	8,010	7,634
Interest expense		
Total interest on deposits	616	558
Interest from short-term debt	9	18
Interest from long-term debt	281	238
Total interest expense	906	814
Net interest income	7,104	6,820
Provision for Loan Losses	-	-
Net Interest Income After Provision for Loan Losses	7,104	6,820
Noninterest income		
Service charges on deposit accounts	315	234
Investment services and insurance income	174	94
Mortgage banking income, net	500	451
Title insurance income	199	-
Income on bank owned life insurance	112	119
Low income housing partnership losses	(185)	(183)
ATM and check card fees	330	374
Gain on prepayment of long-term debt	504	-
Loss on sale of investments	(42)	-
Other operating income	138	121
Total noninterest income	2,045	1,210
Noninterest expense		
Salaries	2,642	2,410
Employee benefits	953	753
Occupancy expense	249	218
Equipment expense	186	192

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FDIC insurance assessment	90	113
Other real estate owned, net	14	18
Marketing expense	135	137
Legal and professional fees	96	89
ATM and check card fees	168	161
Telecommunication and data processing expense	323	263
Directors fees	127	108
Bank franchise tax	160	148
Other operating expenses	811	633
Total noninterest expense	5,954	5,243
Income before income taxes	3,195	2,787
Income tax expense	877	693
Net Income	2,318	2,094
Net (income) loss attributable to noncontrolling interest	(27)	4
Net Income attributable to F & M Bank Corp.	\$2,345	\$2,090
Dividends paid/accumulated on preferred stock	104	128
Net income available to common stockholders	\$2,241	\$1,962

Per Common Share Data

Net income – basic	\$.68	\$.60
Net income – diluted	.65	.56
Cash dividends on common stock	\$.22	\$.19
Weighted average common shares outstanding – basic	3,271,272	3,285,373
Weighted average common shares outstanding – diluted	3,634,958	3,729,674

See notes to unaudited consolidated financial statements



F & M BANK CORP.  
 Consolidated Statements of Comprehensive Income  
 (dollars in thousands)  
 (Unaudited)

	Three Months Ended	
	March 31,	
	2017	2016
Net Income:		
Net Income – F & M Bank Corp	\$2,345	\$2,090
Net income (loss) attributable to noncontrolling interest	(27)	4
Total Net Income:	2,318	2,094
Unrealized holding gains (losses) on available-for-sale securities	(2)	30
Tax Effect	1	( 10)
Unrealized holding gain (loss), net of tax	(1)	20
Total other comprehensive income	(1)	20
Comprehensive income	\$2,317	\$2,114

F & M BANK CORP.  
 Condensed Consolidated Statements of Changes in Stockholders' Equity  
 (dollars in thousands)  
 (Unaudited)

	Three Months Ended	
	March 31,	
	2017	2016
Balance, beginning of period	\$86,682	\$82,950

Comprehensive income		
Net income – F & M Bank Corp	2,345	2,090
Net income (loss) attributable to noncontrolling interest	(27)	4
Other comprehensive income (loss)	(1)	20
Total comprehensive income	2,317	2,114
Minority interest capital distributions		
Issuance of common stock	61	33
Repurchase of common stock	-	(32)
Dividends paid	(820)	(754)
Balance, end of period	\$88,090	\$84,234

See notes to unaudited consolidated financial statements



F & M BANK CORP.  
Consolidated Statements of Cash Flows  
(dollars in thousands)  
(Unaudited)

	Three Months Ended March 31,	
	2017	2016
Cash flows from operating activities		
Net income	\$2,345	\$2,090
Reconcile net income to net cash provided by operating activities:		
Depreciation	202	204
Amortization of securities	2	38
Proceeds from loans held for sale originated	17,183	15,831
Loans held for sale originated	(17,908)	(14,697)
Gain on prepayment of long-term debt	(504)	-
Increase in interest receivable	(33)	(6)
Decrease (increase) in other assets	708	551
Increase in accrued liabilities	(317)	(614)
Amortization of limited partnership investments	185	183
Income from life insurance investment	(112)	(119)
Loss on sale of investments	42	-
Loss on sale and valuation adjustments for other real estate owned	-	1
Net cash provided by operating activities	1,793	3,462
Cash flows from investing activities		
Purchase of investments available for sale and other investments	(20,053)	(2,790)
Purchase of title insurance company	(304)	-
Proceeds from maturity of investments available for sale	21,288	2,040
Proceeds from the sale of investments	55	
Net decrease (increase) in loans held for investment	404	(9,797)
Net decrease (increase) in loans held for sale participations	25,761	(13,329)
Proceeds from the sale of other real estate owned	-	124
Net purchase of property and equipment	(1,214)	(896)
Net cash provided by (used in) investing activities	25,937	(24,648)
Cash flows from financing activities		
Net change in deposits	(525)	1,033
Net change in short-term debt	(20,000)	21,256
Dividends paid in cash	(820)	(754)
Proceeds from issuance of common stock	61	33
Repurchase of common stock	-	(31)
Repayments of long-term debt	(10,688)	(982)

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Net cash (used in) provided by financing activities	(31,972)	20,555
Net decrease in Cash and Cash Equivalents	(4,242)	(631)
Cash and cash equivalents, beginning of period	16,355	8,519
Cash and cash equivalents, end of period	\$12,113	\$7,888
Supplemental Cash Flow information:		
Cash paid for:		
Interest	\$905	\$800
Taxes	1,980	-
Supplemental non-cash disclosures:		
Transfer from loans to other real estate owned	-	442
Loans originated for the sale of other real estate owned	-	-
Change in unrealized gain (loss) on securities available for sale	(1)	20

See notes to unaudited consolidated financial statements





Note 1.

Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Farmers & Merchants Bank, TEB Life Insurance Company, Farmers & Merchants Financial Services, Inc., VBS Mortgage, LLC, (net of noncontrolling interest) and VSTitle, LLC (net of noncontrolling interest). Significant inter-company accounts and transactions have been eliminated.

Nature of Operations

F & M Bank Corp. (the “Company”), through its subsidiary Farmers & Merchants Bank (the “Bank”), operates under a charter issued by the Commonwealth of Virginia and provides commercial banking services. As a state chartered bank, the Bank is subject to regulation by the Virginia Bureau of Financial Institutions and the Federal Reserve Bank. The Bank provides services to customers primarily located in Rockingham, Shenandoah, Page and Augusta Counties in Virginia. Services are provided at thirteen branch offices and a Dealer Finance Division. The Company offers insurance, mortgage lending, title insurance and financial services through its subsidiaries, TEB Life Insurance, Inc., Farmers & Merchants Financial Services, Inc (FMFS), VBS Mortgage, LLC (VBS), and VSTitle, LLC (VST). The Company purchased VSTitle, a title company headquartered in Harrisonburg, VA with offices in Harrisonburg, Fishersville and Charlottesville, VA on January 1, 2017.

Basis of Presentation

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses and goodwill impairment. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, which are necessary for fair presentation of the results of operations in these financial statements, have been made.

Reclassification

Certain reclassifications have been made to prior period amounts to conform to current period presentation. None of these reclassifications are considered material and have no impact on net income.



## Note 1.

## Summary of Significant Accounting Policies, continued

## Earnings per Share

Accounting guidance specifies the computation, presentation and disclosure requirements for earnings per share (“EPS”) for entities with publicly held common stock or potential common stock such as options, warrants, convertible securities or contingent stock agreements if those securities trade in a public market. Basic EPS is computed by dividing net income by the weighted average number of common shares outstanding. Diluted EPS is similar to the computation of basic EPS except that the denominator is increased to include the number of additional common shares that would have been outstanding if the dilutive common shares had been issued. The dilutive effect of conversion of preferred stock is reflected in the diluted earnings per share calculation.

Net income available to common stockholders represents consolidated net income adjusted for preferred dividends declared.

The following table provides a reconciliation of net income to net income available to common stockholders for the periods presented:

For the quarter ended

March 31, 2017    March 31, 2016

## Earnings available to common stockholders:

Net income	\$2,318,009	\$2,093,314
Noncontrolling interest income (loss)	(26,928)	3,763
Preferred stock dividends	104,343	127,500
Net income available to common stockholders	\$2,240,594	\$1,962,051

The following table shows the effect of dilutive preferred stock conversion on the Company's earnings per share for the periods indicated:

Three months ended

March 31, 2017

March 31, 2016

	Income	Shares	Per Share Amounts	Income	Shares	Per Share Amounts
Basic EPS	\$2,240,594	3,271,272	\$0.68	\$1,962,051	3,285,274	\$0.60
Effect of Dilutive Securities:						

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Convertible Preferred Stock	104,343	(363,686)	(0.03)	127,500	(444,400)	(0.04)
Diluted EPS	\$2,344,937	3,634,958	\$0.65	\$2,089,551	3,729,674	\$0.56

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## Note 2.

## Investment Securities

Investment securities available for sale are carried in the consolidated balance sheets at their approximate market value. Investment securities held to maturity are carried in the consolidated balance sheets at their amortized cost at March 31, 2017 and December 31, 2016 are as follows:

	Gross	Gross		
	Amortized	Unrealized	Unrealized	Fair
	Cost	Gains	Losses	Value
March 31, 2017				
U. S. Treasuries	\$125	\$-	\$-	\$125
December 31, 2016				
U. S. Treasuries	\$125	\$-	\$-	\$125

The amortized cost and fair value of securities available for sale are as follows:

	Amortized	Gross	Gross	Fair
	Cost	Unrealized	Unrealized	Value
		Gains	Losses	
March 31, 2017				
U. S. Treasuries	\$4,003,871	\$4,009	\$-	\$4,007,880
U. S. Government sponsored enterprises	19,998,289	-	-	19,998,289
Mortgage-backed obligations of federal agencies	594,812	2,549	-	597,361
Equity securities	135,000	-	-	135,000
Total Securities Available for Sale	\$24,731,972	\$6,558	\$-	\$24,738,530
December 31, 2016				
U. S. Treasuries	\$24,004,705	\$8,668	\$-	\$24,013,373
Mortgage-backed obligations of federal agencies	634,009	123	-	634,132
Equity securities	135,000	-	-	135,000
Total Securities Available for Sale	\$24,773,714	\$8,791	\$-	\$24,782,505





## Note 2.

## Investment Securities, continued

The amortized cost and fair value of securities at March 31, 2017, by contractual 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 Held to Maturity		Securities Available for Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
(dollars in thousands)	Cost	Value	Cost	Value
Due in one year or less	\$-	\$-	\$24,002	\$24,006
Due after one year through five years	125	125	-	-
Due after five years	-	-	595	598
Due after ten years	-	-	135	135
Total	\$125	\$125	\$24,732	\$24,739

There were no gains and losses on sales of available for sale securities in the first quarter of 2017 or 2016. There were also no securities with other than temporary impairment.

As of March 31, 2017 and December 31, 2016, there were no securities in an unrealized loss position.

Other investments, which consist of investments in eighteen low-income housing and historic equity partnerships (carrying basis of \$7,851,527), stock in the Federal Home Loan Bank (carrying basis \$3,767,800) and various other investments (carrying basis \$1,469,572). The interests in low-income housing and historic equity partnerships have limited transferability and the interests in the other stocks are restricted as to sales. The market values of these securities are estimated to approximate their carrying value as of March 31, 2017. At March 31, 2017, the Company was committed to invest an additional \$4,795,251 in eight low-income housing limited partnerships. These funds will be paid as requested by the general partner to complete the projects. This additional investment has been reflected in the above carrying basis and in accrued liabilities on the balance sheet. During the first quarter of 2017, both Farmers & Merchants Financial Services and VBS Mortgage ended their relationship with Bankers Title Virginia resulting in a consolidated loss of \$41,914.

## Note 3.

## Loans

Loans held for investment outstanding at March 31, 2017 and December 31, 2016 are summarized as follows:

(dollars in thousands)	2017	2016
Construction/Land Development	\$73,874	\$76,172
Farmland	15,034	12,901
Real Estate	169,664	172,758

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Multi-Family	6,714	7,605
Commercial Real Estate	148,724	150,061
Home Equity – closed end	11,172	11,453
Home Equity – open end	54,607	54,420
Commercial & Industrial – Non-Real Estate	32,847	31,306
Consumer	7,530	6,643
Dealer Finance	68,135	65,495
Credit Cards	2,705	2,822
Total	\$591,006	\$591,636

The Company has pledged loans held for investment as collateral for borrowings with the Federal Home Loan Bank of Atlanta totaling \$200,241,000 and \$199,401,000 as of March 31, 2017 and December 31, 2016, respectively. The Company maintains a blanket lien on its entire residential real estate portfolio and certain commercial and home equity loans.



## Note 3.

## Loans, continued

The following is a summary of information pertaining to impaired loans (in thousands):

		Unpaid		Average	Interest
March 31, 2017	Recorded	Principal	Related	Recorded	Income
	Investment	Balance	Allowance	Investment	Recognized
Impaired loans without a valuation allowance:					
Construction/Land Development	\$3,425	\$3,781	\$-	\$3,094	\$3
Farmland	1,858	1,858	-	464	-
Real Estate	752	752	-	769	3
Multi-Family	-	-	-	-	-
Commercial Real Estate	100	100	-	1,011	1
Home Equity – closed end	-	-	-	-	-
Home Equity – open end	-	347	-	569	-
Commercial & Industrial – Non-Real Estate	167	167	-	171	-
Consumer	12	12	-	10	-
Credit cards	-	-	-	-	-
Dealer Finance	19	19	-	17	-
	6,333	7,036		6,105	7
Impaired loans with a valuation allowance					
Construction/Land Development	7,363	7,363	1,951	7,703	43
Farmland	-	-	-	-	-
Real Estate	1,201	1,201	216	1,209	-
Multi-Family	-	-	-	-	-
Commercial Real Estate	-	-	-	717	-
Home Equity – closed end	-	-	-	-	-
Home Equity – open end	-	-	-	617	-
Commercial & Industrial – Non-Real Estate	-	-	-	7	-
Consumer	-	-	-	-	-
Credit cards	-	-	-	-	-
Dealer Finance	59	59	15	72	1
	8,623	8,623	2,182	10,325	44
Total impaired loans	\$14,956	\$15,659	\$2,182	\$16,430	\$51

The Recorded Investment is defined as the principal balance less principal payments and charge-offs.



## Note 3.

## Loans, continued

December 31, 2016	Recorded	Unpaid		Average	Interest
		Investment	Principal Balance	Related Allowance	Recorded Investment
Impaired loans without a valuation allowance:					
Construction/Land Development	\$3,296	\$3,652	\$-	\$2,547	\$10
Farmland	-	-	-	-	-
Real Estate	768	768	-	778	10
Multi-Family	-	-	-	-	-
Commercial Real Estate	1,958	1,958	-	1,087	114
Home Equity – closed end	-	-	-	-	-
Home Equity – open end	-	347	-	964	2
Commercial & Industrial – Non-Real Estate	170	170	-	174	2
Consumer	13	13	-	11	-
Credit cards	-	-	-	-	-
Dealer Finance	-	-	-	14	1
	6,205	6,908		5,575	139
Impaired loans with a valuation allowance					
Construction/Land Development	6,592	6,592	1,853	8,525	291
Farmland	-	-	-	-	-
Real Estate	1,206	1,206	221	1,215	10
Multi-Family	-	-	-	-	-
Commercial Real Estate	952	952	60	959	57
Home Equity – closed end	-	-	-	-	-
Home Equity – open end	-	-	-	969	-
Commercial & Industrial – Non-Real Estate	-	-	-	14	-
Consumer	-	-	-	-	-
Credit cards	-	-	-	-	-
Dealer Finance	87	87	20	77	1
	8,837	8,837	2,154	11,759	359
Total impaired loans	\$15,042	\$15,745	\$2,154	\$17,334	\$498

Loans held for sale consists of loans originated by VBS Mortgage for sale in the secondary market, and the Bank's commitment to purchase residential mortgage loan Participations from Northpointe Bank. The volume of loans purchased from Northpointe fluctuates due to a number of factors including changes in secondary market rates, which affects demand for mortgage loans; the number of participating banks involved in the program; the number of mortgage loan originators selling loans to the lead bank and the funding capabilities of the lead bank. Loans held for sale as of March 31, 2017 and December 31, 2016 were \$37,698,696 and \$62,734,803, respectively.







## Note 3.

## Loans, continued

The following table presents the aging of the recorded investment of past due loans (in thousands) as of March 31, 2017 and December 31, 2016:

	30-59 Days Past due	60-89 Days Past Due	Greater than 90 Days (excluding non-accrual)	Non-Accrual Loans	Total Past Due	Current	Total Loan Receivable
March 31, 2017							
Construction/Land Development	\$463	\$-	\$-	\$2,761	\$3,224	\$70,650	\$73,874
Farmland	-	-	-	-	-	15,034	15,034
Real Estate	1,937	242	64	1,826	4,069	165,595	169,664
Multi-Family	-	-	-	-	-	6,714	6,714
Commercial Real Estate	852	-	-	-	852	147,872	148,724
Home Equity – closed end	-	-	6	31	37	11,135	11,172
Home Equity – open end	104	100	-	222	426	54,181	54,607
Commercial & Industrial – Non- Real Estate	209	29	-	-	238	32,609	32,847
Consumer	235	153	-	3	391	7,139	7,530
Dealer Finance	404	86	-	178	668	67,467	68,135
Credit Cards	15	13	-	-	28	2,677	2,705
Total	\$4,219	\$623	\$70	\$5,021	\$9,933	\$581,073	\$591,006

	30-59 Days Past due	60-89 Days Past Due	Greater than 90 Days (excluding non-accrual)	Non-Accrual Loans	Total Past Due	Current	Total Loan Receivable
--	------------------------	---------------------------	--	----------------------	-------------------	---------	--------------------------

## December 31, 2016

Construction/Land Development	\$73	\$101	\$-	\$2,805	\$2,979	\$73,193	\$76,172
Farmland	-	-	-	-	-	12,901	12,901
Real Estate	2,114	340	81	1,399	3,934	168,824	172,758
Multi-Family	-	-	-	-	-	7,605	7,605
Commercial Real Estate	139	-	-	-	139	149,922	150,061
Home Equity – closed end	101	-	-	32	133	11,320	11,453

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Home Equity – open end	309	-	-	279	588	53,832	54,420
Commercial & Industrial – Non- Real Estate	313	5	-	70	388	30,918	31,306
Consumer	35	4	-	-	39	6,604	6,643
Dealer Finance	790	187	26	178	1,181	64,314	65,495
Credit Cards	18	4	-	-	22	2,800	2,822
Total	\$3,892	\$641	\$107	\$4,763	\$9,403	\$582,233	\$591,636

At March 31, 2017 and December 31, 2016, other real estate owned included \$565,000 of foreclosed residential real estate. The Company has \$256,000 of consumer mortgages for which foreclosure is in process at March 31, 2017.

Nonaccrual loans at March 31, 2017 would have earned approximately \$24,000 in interest income had they been accruing loans.



## Note 4.

## Allowance for Loan Losses

A summary of changes in the allowance for loan losses (in thousands) for March 31, 2017 and December 31, 2016 is as follows:

March 31, 2017	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance	Individually Evaluated for Impairment	Collectively Evaluated for Impairment
Allowance for loan losses:							
Construction/Land Development	\$3,381	\$-	\$-	\$(70)	\$3,311	\$1,951	\$1,360
Farmland	34	-	-	(6)	28	-	28
Real Estate	843	-	2	(67)	778	216	562
Multi-Family	23	-	-	(5)	18	-	18
Commercial Real Estate	705	-	5	(54)	656	-	656
Home Equity – closed end	75	5	-	3	73	-	73
Home Equity – open end	470	1	-	(77)	392	-	392
Commercial & Industrial – Non-Real Estate	586	29	26	(109)	474	-	474
Consumer	78	1	1	7	85	-	85
Dealer Finance	1,289	405	184	378	1,446	15	1,431
Credit Cards	59	12	9	-	56	-	56
Total	\$7,543	\$453	\$227	\$-	\$7,317	\$2,182	\$5,135
December 31, 2016	Beginning Balance	Charge-offs	Recoveries	Provision	Ending Balance	Individually Evaluated for Impairment	Collectively Evaluated for Impairment
Allowance for loan losses:							
Construction/Land Development	\$4,442	\$356	\$7	\$(712)	\$3,381	\$1,853	\$1,528
Farmland	95	-	-	(61)	34	-	34
Real Estate	806	23	4	56	843	221	622
Multi-Family	71	-	-	(48)	23	-	23
Commercial Real Estate	445	19	135	144	705	-	705
Home Equity – closed end	174	8	-	(91)	75	-	75

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Home Equity – open end 634		370	120	86	470	60	410
Commercial & Industrial – Non-Real Estate	1,055	293	267	(443)	586	-	586
Consumer	108	37	19	(12)	78	-	78
Dealer Finance	836	1,081	417	1,117	1,289	20	1,269
Credit Cards	115	74	54	(36)	59	-	59
Total	\$8,781	\$2,261	\$1,023	\$-	\$7,543	\$2,154	\$5,389