PARKER MARK G
Form 4
March 26, 2008

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
PARKER MARK G

(Last) (First) (Middle)

ONE BOWERMAN DRIVE

(Street)

BEAVERTON, OR 97005

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
NIKE INC [NKE]

3. Date of Earliest Transaction (Month/Day/Year)
03/25/2008

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President and CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Class B Common Stock	03/25/2008 (1)		X		40,000	A	$ 21.18	195,838	D	
Class B Common Stock	03/25/2008		S		40,000	D	$ 69	155,838	D	
Class B Common Stock	03/25/2008		X		13,050	A	$ 21.18	168,888	D	
Class B Common	03/25/2008		S		13,050	D	$ 69.2	155,838	D	

Stock			
Class B Common Stock	7,241	I	by Retirement Plan (2)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amou Underlying Securit (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amo or Num of Sh
Non-Qualified Stock Option (right to buy)	$ 21.18	03/25/2008		X			40,000	(3)	07/12/2011	Class B Common Stock	40,(
Non-Qualified Stock Option (right to buy)	$ 21.18	03/25/2008		X			13,050	(3)	07/12/2011	Class B Common Stock	13,(

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PARKER MARK G ONE BOWERMAN DRIVE BEAVERTON, OR 97005	X		President and CEO	

Signatures

By: James C. Carter For: Mark G. Parker	03/26/2008
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Pursuant to Company policy, market sales of Company stock by officers and directors are permitted only after the second full trading day after the release of quarterly earnings and ending on the last day of the second month of the following fiscal quarter, except pursuant to approved 10b5-1 trading plans.

(2) Shares held in account under the NIKE, Inc. 401(K) and Profit Sharing Plan.

(3) Option granted on 7/12/2001 and becomes exercisable with respect to 25% of the shares on each of the first four anniversaries of the date of the grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. align="bottom">
99,090

Accumulated other comprehensive income, net

4,720

2,520

Total shareholders' equity

173,165

167,551

Total liabilities and shareholders' equity

$
1,319,157

$
1,307,512

The accompanying notes are an integral part of the consolidated financial statements.

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American National Bankshares Inc. and Subsidiaries
Consolidated Statements of Income
(Dollars in thousands, except share and per share data) (Unaudited)

	Three Months Ended September 30, 2014	2013
Interest and Dividend Income:		
Interest and fees on loans	$9,864	$11,100
Interest and dividends on securities:		
Taxable	918	845
Tax-exempt	966	1,056
Dividends	72	67
Other interest income	32	38
Total interest and dividend income	11,852	13,106
Interest Expense:		
Interest on deposits	1,120	1,338
Interest on short-term borrowings	4	3
Interest on long-term borrowings	82	82
Interest on trust preferred capital notes	186	190
Total interest expense	1,392	1,613
Net Interest Income	10,460	11,493
Provision for Loan Losses	-	-
Net Interest Income After Provision for Loan Losses	10,460	11,493
Noninterest Income:		
Trust fees	992	1,077
Service charges on deposit accounts	441	452
Other fees and commissions	479	471
Mortgage banking income	342	464
Securities gains, net	315	4
Other	412	299
Total noninterest income	2,981	2,767
Noninterest Expense:		
Salaries	3,714	3,610
Employee benefits	799	856
Occupancy and equipment	933	933
FDIC assessment	157	163
Bank franchise tax	216	187
Core deposit intangible amortization	227	330
Data processing	361	305
Software	248	198
Foreclosed real estate, net	141	245
Merger related expense	268	-
Other	1,763	1,628

Total noninterest expense	8,827	8,455
Income Before Income Taxes	4,614	5,805
Income Taxes	1,446	1,562
Net Income	$3,168	$4,243
Net Income Per Common Share:		
Basic	$0.40	$0.54
Diluted	$0.40	$0.54
Average Common Shares Outstanding:		
Basic	7,841,078	7,877,901
Diluted	7,851,735	7,892,015

The accompanying notes are an integral part of the consolidated financial statements.

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American National Bankshares Inc. and Subsidiaries
Consolidated Statements of Income
(Dollars in thousands, except share and per share data) (Unaudited)

	Nine Months Ended September 30	
	2014	2013
Interest and Dividend Income:		
Interest and fees on loans	$29,398	$33,853
Interest and dividends on securities:		
Taxable	2,850	2,574
Tax-exempt	3,017	3,153
Dividends	221	176
Other interest income	100	106
Total interest and dividend income	35,586	39,862
Interest Expense:		
Interest on deposits	3,510	4,143
Interest on short-term borrowings	8	38
Interest on long-term borrowings	243	246
Interest on trust preferred capital notes	555	567
Total interest expense	4,316	4,994
Net Interest Income	31,270	34,868
Provision for Loan Losses	150	294
Net Interest Income After Provision for Loan Losses	31,120	34,574
Noninterest Income:		
Trust fees	3,131	2,609
Service charges on deposit accounts	1,285	1,290
Other fees and commissions	1,416	1,393
Mortgage banking income	880	1,713
Securities gains, net	504	203
Other	1,168	1,015
Total noninterest income	8,384	8,223
Noninterest Expense:		
Salaries	10,890	10,552
Employee benefits	2,621	2,622
Occupancy and equipment	2,779	2,721
FDIC assessment	486	485
Bank franchise tax	669	559
Core deposit intangible amortization	888	1,171
Data processing	1,054	892
Software	745	659
Foreclosed real estate, net	148	681
Merger related expense	268	-
Other	5,067	4,859
Total noninterest expense	25,615	25,201

Income Before Income Taxes	13,889	17,596
Income Taxes	4,038	4,992
Net Income	$9,851	$12,604
Net Income Per Common Share:		
Basic	$1.25	$1.60
Diluted	$1.25	$1.60
Average Common Shares Outstanding:		
Basic	7,871,016	7,867,835
Diluted	7,881,441	7,878,961

The accompanying notes are an integral part of the consolidated financial statements.

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American National Bankshares Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
(Dollars in thousands) (Unaudited)

	Three Months Ended September 30, 2014	2013
Net income	$3,168	$4,243
Other comprehensive income (loss):		
Unrealized gains (losses) on securities available for sale	(343)	193
Income tax (expense) benefit	121	(67)
Reclassification adjustment for gains on securities	(315)	(4)
Income tax expense	110	1
Other comprehensive income (loss)	(427)	123
Comprehensive income	$2,741	$4,366

	Nine Months Ended September 30, 2014	2013
Net income	$9,851	$12,604
Other comprehensive income (loss):		
Unrealized gains (losses) on securities available for sale	3,888	(7,988)
Income tax (expense) benefit	(1,360)	2,796
Reclassification adjustment for gains on securities	(504)	(203)
Income tax expense	176	71
Other comprehensive income (loss)	2,200	(5,324)
Comprehensive income	$12,051	$7,280

The accompanying notes are an integral part of the consolidated financial statements.

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Explanation of Responses:

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American National Bankshares Inc. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
Nine Months Ended September 30, 2014 and 2013
(Dollars in thousands except per share data) (Unaudited)

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
Balance, December 31, 2012	$ 7,847	$ 57,211	$ 90,591	$ 7,597	$ 163,246
Net income	-	-	12,604	-	12,604
Other comprehensive loss	-	-	-	(5,324)	(5,324)
Stock options exercised	17	292	-	-	309
Equity based compensation	22	402	-	-	424
Cash dividends declared, $0.69 per share	-	-	(5,433)	-	(5,433)
Balance, September 30, 2013	$ 7,886	$ 57,905	$ 97,762	$ 2,273	$ 165,826
Balance, December 31, 2013	$ 7,891	$ 58,050	$ 99,090	$ 2,520	$ 167,551
Net income	-	-	9,851	-	9,851
Other comprehensive income	-	-	-	2,200	2,200
Stock repurchased and retired	(70)	(1,438)	-	-	(1,508)
Equity based compensation	22	475	-	-	497
Cash dividends declared, $0.69 per share	-	-	(5,426)	-	(5,426)
Balance, September 30, 2014	$ 7,843	$ 57,087	$ 103,515	$ 4,720	$ 173,165

The accompanying notes are an integral part of the consolidated financial statements.

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American National Bankshares Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2014 and 2013
(Dollars in thousands) (Unaudited)

	2014	2013
Cash Flows from Operating Activities:		
Net income	$9,851	$12,604
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	150	294
Depreciation	1,274	1,284
Net accretion of acquisition accounting adjustments	(2,064)	(5,809)
Core deposit intangible amortization	888	1,171
Net amortization of securities	1,916	2,430
Net gain on sale or call of securities	(504)	(203)
Gain on sale of loans held for sale	(686)	(1,466)
Proceeds from sales of loans held for sale	40,813	78,936
Originations of loans held for sale	(38,178)	(67,537)
Net gain on foreclosed real estate	(100)	(86)
Valuation allowance on foreclosed real estate	46	327
Equity based compensation expense	497	424
Deferred income tax expense (benefit)	396	(1,388)
Net change in interest receivable	(916)	107
Net change in other assets	450	2,529
Net change in interest payable	(29)	(100)
Net change in other liabilities	153	537
Net cash provided by operating activities	13,957	24,054
Cash Flows from Investing Activities:		
Proceeds from sales of securities available for sale	13,667	2,627
Proceeds from maturities, calls and paydowns of securities available for sale	52,901	41,961
Purchases of securities available for sale	(47,006)	(67,378)
Net change in restricted stock	360	402
Net increase in loans	(20,276)	(5,943)
Purchases of premises and equipment	(685)	(723)
Proceeds from sales of foreclosed real estate	1,498	3,286
Net cash provided by (used in) investing activities	459	(25,768)
Cash Flows from Financing Activities:		
Net change in demand, money market, and savings deposits	23,792	50,700
Net change in time deposits	(30,407)	(7,006)
Net change in customer repurchase agreements	12,467	(5,916)
Net change in long-term borrowings	(38)	(113)
Common stock dividends paid	(5,426)	(5,433)
Repurchase of stock	(1,508)	-
Proceeds from exercise of stock options	-	309
Net cash (used in) provided by financing activities	(1,120)	32,541

Net Increase in Cash and Cash Equivalents	13,296	30,827
Cash and Cash Equivalents at Beginning of Period	67,681	47,442
Cash and Cash Equivalents at End of Period	$80,977	$78,269

The accompanying notes are an integral part of the consolidated financial statements.

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AMERICAN NATIONAL BANKSHARES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Basis of Presentation

The consolidated financial statements include the accounts of American National Bankshares Inc. (the "Company") and its wholly owned subsidiary, American National Bank and Trust Company (the "Bank"). The Bank offers a wide variety of retail, commercial, secondary market mortgage lending, and trust and investment services which also include non-deposit products such as mutual funds and insurance policies.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect 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, the valuation of foreclosed real estate, goodwill and intangible assets, the valuation of deferred tax assets, other-than-temporary impairments of securities, and acquired loans with specific credit-related deterioration.

All significant inter-company transactions and accounts are eliminated in consolidation, with the exception of the AMNB Trust and the MidCarolina Trusts, as detailed in Note 9.

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the results of the interim periods. The results of operations for the interim periods are not necessarily indicative of the results that may occur for the year ending December 31, 2014. Certain reclassifications have been made to prior period balances to conform to the current period presentation. These reclassifications did not have an impact on net income and were considered immaterial. These statements should be read in conjunction with the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

Note 2 – Recent Accounting Pronouncements

In January 2014, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2014-01, "Investments—Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects (a consensus of the FASB Emerging Issues Task Force)." The amendments in this ASU permit reporting entities to make an accounting policy election to account for their investments in qualified affordable housing projects using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the tax credits and other tax benefits received and recognizes the net investment performance in the income statement as a component of income tax expense (benefit). The amendments in this ASU should be applied retrospectively to all periods presented. A reporting entity that uses the effective yield method to account for its investments in qualified affordable housing projects before the date of adoption may continue to apply the effective yield method for those preexisting investments. The amendments in this ASU are effective for public business entities for annual periods and interim reporting periods within those annual periods, beginning after December 15, 2014. Early adoption is permitted. The Company is currently assessing the impact that ASU 2014-01 will have on its consolidated financial statements.
In January 2014, the FASB issued ASU 2014-04, "Receivables—Troubled Debt Restructurings by Creditors (Subtopic 310-40): Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure (a

consensus of the FASB Emerging Issues Task Force)." The amendments in this ASU clarify that an in substance repossession or foreclosure occurs, and a creditor is considered to have received physical possession of residential real estate property collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential real estate property upon completion of a foreclosure or (2) the borrower conveying all interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, the amendments require interim and annual disclosure of both (1) the amount of foreclosed residential real estate property held by the creditor and (2) the recorded investment in consumer mortgage loans collateralized by residential real estate property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. The amendments in this ASU are effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. The Company is currently assessing the impact that ASU 2014-04 will have on its consolidated financial statements.

In April 2014, the FASB issued ASU 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." The amendments in this ASU change the criteria for reporting discontinued operations while enhancing disclosures in this area. Under the new guidance, only disposals representing a strategic shift in operations should be presented as discontinued operations. Those strategic shifts should have a major effect on the organization's operations and financial results and include disposals of a major geographic area, a major line of business, or a major equity method investment. The new guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. Additionally, the new guidance requires disclosure of the pre-tax income attributable to a disposal of a significant part of an organization that does not qualify for discontinued operations reporting. The amendments in the ASU are effective for public business entities for annual periods, and interim periods within those annual periods, beginning after December 15, 2014. Early adoption is permitted. The Company does not expect the adoption of ASU 2014-08 to have a material impact on its consolidated financial statements.

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In June 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers: Topic 606". This ASU applies to any entity using U.S. GAAP that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The guidance supersedes the revenue recognition requirements in Topic 605, "Revenue Recognition", most industry-specific guidance, and some cost guidance included in Subtopic 605-35, "Revenue Recognition—Construction-Type and Production-Type Contracts". The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To be in alignment with the core principle, an entity must apply a five step process including: identification of the contract(s) with a customer, identification of performance obligations in the contract(s), determination of the transaction price, allocation of the transaction price to the performance obligations, and recognition of revenue when (or as) the entity satisfies a performance obligation. Additionally, the existing requirements for the recognition of a gain or loss on the transfer of nonfinancial assets that are not in a contract with a customer have also been amended to be consistent with the guidance on recognition and measurement. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early adoption is not permitted. The Company is currently assessing the impact that ASU 2014-09 will have on its consolidated financial statements.

In June 2014, the FASB issued ASU 2014-10, "Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation". The amendments in this ASU remove all incremental financial reporting requirements from U.S. GAAP for development stage entities, including the removal of Topic 915, "Development Stage Entities", from the FASB Accounting Standards Codification. In addition, this ASU adds an example disclosure and removes an exception provided to development stage entities in Topic 810, "Consolidation", for determining whether an entity is a variable interest entity. The presentation and disclosure requirements in Topic 915 will no longer be required for the first annual period beginning after December 15, 2014. The revised consolidation standards are effective for annual periods beginning after December 15, 2015. Early adoption is permitted. The Company does not expect the adoption of ASU 2014-10 to have a material impact on its consolidated financial statements.

In June 2014, the FASB issued ASU No. 2014-11, "Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures". This ASU aligns the accounting for repurchase-to-maturity transactions and repurchase agreements executed as a repurchase financing with the accounting for other typical repurchase agreements. The new guidance eliminates sale accounting for repurchase-to-maturity transactions and supersedes the guidance under which a transfer of a financial asset and a contemporaneous repurchase financing could be accounted for on a combined basis as a forward agreement. The amendments in the ASU also require a new disclosure for transactions economically similar to repurchase agreements in which the transferor retains substantially all of the exposure to the economic return on the transferred financial assets throughout the term of the transaction. Additional disclosures will be required for the nature of collateral pledged in repurchase agreements and similar transactions accounted for as secured borrowings. The amendments in this ASU are effective for the first interim or annual period beginning after December 15, 2014; however, the disclosure for transactions accounted for as secured borrowings is required to be presented for annual periods beginning after December 15, 2014, and interim periods beginning after March 15, 2015. Early adoption is not permitted. The Company is currently assessing the impact that ASU 2014-11 will have on its consolidated financial statements.

In June 2014, the FASB issued ASU No. 2014-12, "Compensation – Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period". The new guidance applies to reporting entities that grant employees share-based payments in which the terms of the award allow a performance target to be achieved after the requisite service period. The amendments in the ASU require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. Existing guidance in "Compensation – Stock Compensation (Topic 718)", should be applied to account for these types of awards. The amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2015. Early adoption is permitted and reporting entities may choose to apply the amendments in the ASU either on a prospective or retrospective basis. The Company is currently assessing the impact that ASU 2014-12 will have on its consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-14, "Receivables – Troubled Debt Restructurings by Creditors (Subtopic 310-40): Classification of Certain Government-Guaranteed Mortgage Loans upon Foreclosure". The amendments in this ASU apply to creditors that hold government-guaranteed mortgage loans and is intended to eliminate the diversity in practice related to the classification of these guaranteed loans upon foreclosure. The new guidance stipulates that a mortgage loan be derecognized and a separate other receivable be recognized upon foreclosure if (1) the loan has a government guarantee that is not separable from the loan prior to foreclosure, (2) at the time of foreclosure, the creditor has the intent to convey the real estate property to the guarantor and make a claim on the guarantee, and the creditor has the ability to recover under that claim, and (3) at the time of foreclosure, any amount of the claim that is determined on the basis of the fair value of the real estate is fixed. Upon foreclosure, the other receivable should be measured on the amount of the loan balance (principal and interest) expected to be recovered from the guarantor. The amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2014. Entities may adopt the amendments on a prospective basis or modified retrospective basis as of the beginning of the annual period of adoption; however, the entity must apply the same method of transition as elected under ASU 2014-04. Early adoption is permitted provided the entity has already adopted ASU 2014-04. The Company is currently assessing the impact that ASU 2014-14 will have on its consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, "Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern". This update is intended to provide guidance about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. Management is required under the new guidance to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date the financial statements are issued when preparing financial statements for each interim and annual reporting period. If conditions or events are identified, the ASU specifies the process that must be followed by management and also clarifies the timing and content of going concern footnote disclosures in order to reduce diversity in practice. The amendments in this ASU are effective for annual periods and interim periods within those annual periods beginning after December 15, 2016. Early adoption is permitted. The Company does not expect the adoption of ASU 2014-15 to have a material impact on its consolidated financial statements.

Note 3 – Securities

The amortized cost and estimated fair value of investments in debt and equity securities at September 30, 2014 and December 31, 2013 were as follows:

	September 30, 2014			
(in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Securities available for sale:				
Federal agencies and GSEs	$69,911	$ 177	$ 145	$69,943
Mortgage-backed and CMOs	59,916	1,197	241	60,872
State and municipal	180,340	7,985	128	188,197
Corporate	8,478	13	82	8,409
Equity securities	1,000	113	-	1,113
Total securities available for sale	$319,645	$ 9,485	$ 596	$328,534

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(in thousands)	December 31, 2013 Amortized Cost	Unrealized Gains	Unrealized Losses	Estimated Fair Value
Securities available for sale:				
Federal agencies and GSEs	$66,241	$ 126	$ 486	$65,881
Mortgage-backed and CMOs	69,168	1,085	645	69,608
State and municipal	193,251	5,999	517	198,733
Corporate	10,959	4	164	10,799
Equity securities	1,000	103	-	1,103
Total securities available for sale	$340,619	$ 7,317	$ 1,812	$346,124

Restricted Stock

Due to restrictions placed upon the Bank's common stock investment in the Federal Reserve Bank of Richmond ("FRB") and Federal Home Loan Bank of Atlanta ("FHLB"), these securities have been classified as restricted equity securities and carried at cost. The restricted securities are not subject to the investment security classification and are included as a separate line item on the Company's balance sheet. The FRB requires the Bank to maintain stock with a par value equal to 6.0% of its common stock and paid-in surplus. One-half of this amount is paid to the Federal Reserve Bank and the remaining half is subject to call when deemed necessary by the Board of Governors of the Federal Reserve System. The FHLB requires the Bank to maintain stock in an amount equal to a specific percentage of the Bank's total assets and 4.5% of outstanding borrowings. The Bank also owns common stock in CBB Financial Corporation, a Community Bankers Bank located in Richmond, Virginia which provides services to community banks that was inherited from the merger with Community First Financial Corporation in 2006 and common stock in Danville Community Development Corporation, a corporation formed by local banks in the Danville, Virginia area that restores dilapidated properties for resale. The cost of restricted stock at September 30, 2014 and December 31, 2013 were as follows:

(in thousands)	September 30, 2014	December 31, 2013
FRB stock	$ 1,625	$ 2,722
FHLB stock	2,737	2,000
CBB Financial Corporation stock	101	101
Danville Community Development Corporation stock	66	66
Total restricted stock	$ 4,529	$ 4,889

Temporarily Impaired Securities

The following table shows estimated fair value and gross unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at September 30, 2014. The reference point for determining when securities are in an unrealized loss position is month-end. Therefore, it is possible that a security's market value exceeded its amortized cost on other days during the past twelve-month period.

	Total		Less than 12 Months		12 Months or More	
(in thousands)	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss	Estimated Fair Value	Unrealized Loss
Federal agencies and GSEs	$30,126	$ 145	$10,613	$ 30	$19,513	$ 115

Mortgage-backed and CMOs	14,362	241	8,315	28	6,047	213
State and municipal	14,539	128	8,217	66	6,322	62
Corporate	5,039	82	2,285	11	2,754	71
Total	$64,066	$ 596	$29,430	$ 135	$34,636	$ 461

GSE debt securities: The unrealized losses on the Company's investment in 14 government sponsored entities ("GSE") were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost basis of the investments. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at September 30, 2014.

Mortgage-backed securities and CMOs: The unrealized losses on the Company's investment in 14 GSE mortgage-backed securities and collateralized mortgage obligations ("CMOs") were caused by interest rate increases. The contractual cash flows of those investments are guaranteed by an agency of the U.S. Government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost basis of the Company's investments. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at September 30, 2014.

State and municipal securities: The unrealized losses on 15 state and municipal securities were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost basis of the investments. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at September 30, 2014.

Corporate securities: The unrealized losses on five investments in corporate securities were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost basis of the investments. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at September 30, 2014.

Restricted stock: When evaluating restricted stock for impairment, its value is based on the ultimate recoverablity of the par value rather than by recognizing temporary declines in value. The company does not consider restricted stock to be other-than-temorarily impaired at September 30, 2014, and no impairment has been recognized.

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The table below shows gross unrealized losses and fair value, aggregated by investment category and length of time that individual securities had been in a continuous unrealized loss position, at December 31, 2013.

	Total		Less than 12 Months		12 Months or More	
	Estimated		Estimated		Estimated	
	Fair	Unrealized	Fair	Unrealized	Fair	Unrealized
(in thousands)	Value	Loss	Value	Loss	Value	Loss
Federal agencies and GSEs	$41,586	$ 486	$41,586	$ 486	$-	$ -
Mortgage-backed and CMOs	23,916	645	19,042	577	4,874	68
State and municipal	33,192	517	29,732	462	3,460	55
Corporate	7,347	164	7,347	164	-	-
Total	$106,041	$ 1,812	$97,707	$ 1,689	$8,334	$ 123

Other-Than-Temporary-Impaired Securities

As of September 30, 2014 and December 31, 2013, there were no securities classified as having other-than-temporary impairment.

Note 4 - Loans

Segments

Loans, excluding loans held for sale, were comprised of the following:

(in thousands)	September 30, 2014	December 31, 2013
Commercial	$126,437	$122,553
Commercial real estate:		
Construction and land development	47,060	41,822
Commercial real estate	371,743	364,616
Residential real estate:		
Residential	175,091	171,917
Home equity	90,952	87,797
Consumer	5,305	5,966
Total loans	$816,588	$794,671

Acquired Loans

Interest income, including accretion, on loans acquired from MidCarolina Financial Corporation ("MidCarolina") in connection with the Company's acquisition of MidCarolina for the nine months ended September 30, 2014 was approximately $8.5 million. This included $2.2 million in accretion income of which $88,000 was related to loan payoffs and renewals and $290,000 related to recoveries of loans charged off prior to the merger. The outstanding principal balance and the carrying amount of these loans included in the consolidated balance sheets at September 30, 2014 and December 31, 2013 are as follows:

(in thousands)	September 30, 2014	December 31, 2013
Outstanding principal balance	$ 92,092	$134,099

Carrying amount	84,711	124,828

The outstanding principal balance and related carrying amount of acquired impaired loans, for which the Company applies Accounting Standards Codification ("ASC") 310-30, to account for interest earned, at September 30, 2014 and December 31, 2013 are as follows:

(in thousands)	September 30, 2014	December 31, 2013
Outstanding principal balance	$ 18,780	$ 21,014
Carrying amount	14,847	16,644

The following table presents changes in the accretable discount on acquired impaired loans, for which the Company applies ASC 310-30, for the nine months ended September 30, 2014. The accretion reflected below includes $88,000 related to loan payoffs.

(in thousands)	Accretable Discount
Balance at December 31, 2013	$ 2,046
Accretion	(862)
Reclassification from nonaccretable difference	443
Balance at September 30, 2014	$ 1,627

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Past Due Loans

The following table shows an analysis by portfolio segment of the Company's past due loans at September 30, 2014.

(in thousands)	30-59 Days Past Due	60-89 Days Past Due	90 Days + Past Due and Still Accruing	Non-Accrual Loans	Total Past Due	Current	Total Loans
Commercial	$ -	$ -	$ -	$ 2	$ 2	$ 126,435	$ 126,437
Commercial real estate:							
Construction and land development	-	-	-	290	290	46,770	47,060
Commercial real estate	-	-	-	3,399	3,399	368,344	371,743
Residential:							
Residential	389	6	-	590	985	174,106	175,091
Home equity	205	-	-	211	416	90,536	90,952
Consumer	2	-	-	2	4	5,301	5,305
Total	$ 596	$ 6	$ -	$ 4,494	$ 5,096	$ 811,492	$ 816,588

The following table shows an analysis by portfolio segment of the Company's past due loans at December 31, 2013.

(in thousands)	30- 59 Days Past Due	60-89 Days Past Due	90 Days + Past Due and Still Accruing	Non-Accrual Loans	Total Past Due	Current	Total Loans
Commercial	$ 27	$ -	$ -	$ 11	$ 38	$ 122,515	$ 122,553
Commercial real estate:							
Construction and land development	-	51	-	877	928	40,894	41,822
Commercial real estate	667	-	-	2,879	3,546	361,070	364,616
Residential:							
Residential	642	202	-	880	1,724	170,193	171,917
Home equity	109	18	-	424	551	87,246	87,797
Consumer	21	1	-	-	22	5,944	5,966
Total	$ 1,466	$ 272	$ -	$ 5,071	$ 6,809	$ 787,862	$ 794,671

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Impaired Loans

The following table presents the Company's impaired loan balances by portfolio segment, excluding loans acquired with deteriorated credit quality, at September 30, 2014.

(in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial	$ 9	$ 9	$ -	$ 14	$ 1
Commercial real estate:					
Construction and land development	291	333	-	504	-
Commercial real estate	984	990	-	919	-
Residential:					
Residential	511	523	-	768	-
Home equity	205	205	-	350	-
Consumer	2	2	-	3	-
	$ 2,002	$ 2,062	$ -	$ 2,558	$ 1
With a related allowance recorded:					
Commercial	-	-	-	-	-
Commercial real estate:					
Construction and land development	582	582	11	597	25
Commercial real estate	2,202	2,229	631	2,219	13
Residential					
Residential	4	4	1	4	-
Home equity	-	-	-	-	-
Consumer	16	16	3	17	1
	$ 2,804	$ 2,831	$ 646	$ 2,837	$ 39
Total:					
Commercial	$ 9	$ 9	$ -	$ 14	$ 1
Commercial real estate:					
Construction and land development	873	915	11	1,101	25
Commercial real estate	3,186	3,219	631	3,138	13
Residential:					
Residential	515	527	1	772	-
Home equity	205	205	-	350	-
Consumer	18	18	3	20	1
	$ 4,806	$ 4,893	$ 646	$ 5,395	$ 40

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The following table presents the Company's impaired loan balances by portfolio segment, excluding loans acquired with deteriorated credit quality, at December 31, 2013.

(in thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
With no related allowance recorded:					
Commercial	$ 19	$ 19	$ -	$ 20	$ 1
Commercial real estate:					
Construction and land development	18	18	-	261	4
Commercial real estate	936	936	-	950	13
Residential:					
Residential	880	888	-	1,200	11
Home equity	424	424	-	433	-
Consumer	-	-	-	-	-
	$ 2,277	$ 2,285	$ -	$ 2,864	$ 29
With a related allowance recorded:					
Commercial	$ -	$ -	$ -	$ -	$ -
Commercial real estate:					
Construction and land development	1,468	1,507	68	1,551	33
Commercial real estate	2,266	2,264	488	1,198	7
Residential:					
Residential	1,198	-	-	-	-
Home equity	-	-	-	-	-
Consumer	18	18	3	19	1
	$ 3,752	$ 3,789	$ 559	$ 2,768	$ 41
Total:					
Commercial	$ 19	$ 19	$ -		