

CENTRUE FINANCIAL CORP
Form 10-Q
May 13, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 March 31, 2011
Commission File Number: 0-28846

Centrue Financial Corporation
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-3145350
(I.R.S. Employer Identification
Number)

7700 Bonhomme Avenue, St. Louis, Missouri 63105
(Address of principal executive offices including zip code)

(314) 505-5500
(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 corporate Web site, 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, 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.

Large accelerated filer
Non-accelerated filer

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 the latest practicable

date.

Class
Common Stock, Par Value \$1.00

Shares outstanding at May 13, 2011
6,048,405

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Centrue Financial Corporation

Part I Financial Information

Item 1. Financial Statements

Unaudited Consolidated Balance Sheets

March 31, 2011 and December 31, 2010 (In Thousands, Except Share and Per Share Data)

	March 31, 2011	December 31, 2010
ASSETS		
Cash and cash equivalents	\$ 44,445	\$ 82,945
Securities available-for-sale	234,775	219,475
Restricted securities	10,148	10,470
Loans	710,529	721,871
Allowance for loan losses	(29,089)	(31,511)
Net loans	681,440	690,360
Bank-owned life insurance	30,652	30,403
Mortgage servicing rights	2,383	2,425
Premises and equipment, net	25,267	25,687
Other real estate owned	28,581	25,564
Other assets	16,145	17,833
Total assets	\$ 1,073,836	\$ 1,105,162
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Non-interest-bearing	\$ 119,779	\$ 118,667
Interest-bearing	802,704	812,438
Total deposits	922,483	931,105
Federal funds purchased and securities sold under agreements to repurchase	15,931	16,188
Federal Home Loan Bank advances	51,059	71,059
Notes payable	10,623	10,623
Series B mandatory redeemable preferred stock	268	268
Subordinated debentures	20,620	20,620
Other liabilities	13,086	12,378
Total liabilities	1,034,070	1,062,241
Commitments and contingent liabilities	—	—
Stockholders' equity		
Series A convertible preferred stock (aggregate liquidation preference of \$2,762)	500	500
Series C fixed rate, Cumulative Perpetual Preferred Stock (aggregate liquidation preference of \$32,668)	30,965	30,810
Common stock, \$1 par value, 15,000,000 shares authorized; 7,453,555 shares issued at March 31, 2011 and December 31, 2010	7,454	7,454
Surplus	74,751	74,721

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Retained earnings (accumulated deficit)	(50,969)	(46,861)
Accumulated other comprehensive income (loss)	(821)	(1,589)
	61,880	65,035
Treasury stock, at cost 1,405,150 shares at March 31, 2011 and December 31, 2010	(22,114)	(22,114)
Total stockholders' equity	39,766	42,921
Total liabilities and stockholders' equity	\$ 1,073,836	\$ 1,105,162

See Accompanying Notes to Unaudited Financial Statements

1.

Centrue Financial Corporation
 Unaudited Consolidated Statements Of Income (Loss)
 And Comprehensive Income (Loss)
 Three Months Ended March 31, 2011 and 2010
 (In Thousands, Except Per Share Data)

	Three Months Ended March 31,	
	2011	2010
Interest income		
Loans	\$9,281	\$11,248
Securities		
Taxable	997	1,733
Exempt from federal income taxes	215	278
Federal funds sold and other	31	27
Total interest income	10,524	13,286
Interest expense		
Deposits	2,487	4,371
Federal funds purchased and securities sold under agreements to repurchase	11	18
Federal Home Loan Bank advances	412	581
Series B mandatory redeemable preferred stock	4	4
Subordinated debentures	270	254
Notes payable	90	88
Total interest expense	3,274	5,316
Net interest income	7,250	7,970
Provision for loan losses	4,250	9,350
Net interest income (loss) after provision for loan losses	3,000	(1,380)
Noninterest income		
Service charges	1,062	1,420
Mortgage banking income	407	319
Bank-owned life insurance	249	255
Electronic banking services	527	484
Securities gains	—	2
Total other-than-temporary impairment losses	(393)	(4,516)
Portion of loss recognized in other comprehensive income (before taxes)	1	2,909
Net impairment on securities	(392)	(1,607)
Gain on sale of OREO	44	9
Gain on sale of other assets	63	202
Other income	164	238
	2,124	1,322

See Accompanying Notes to Unaudited Financial Statements

Centrue Financial Corporation
 Unaudited Consolidated Statements Of Income (Loss)
 And Comprehensive Income (Loss)
 Three Months Ended March 31, 2011 and 2010
 (In Thousands, Except Per Share Data)

	Three Months Ended March 31,	
	2011	2010
Noninterest expenses		
Salaries and employee benefits	3,633	3,771
Occupancy, net	720	788
Furniture and equipment	439	524
Marketing	60	107
Supplies and printing	64	98
Telephone	204	179
Data processing	364	382
FDIC insurance	850	854
Loan processing and collection costs	591	512
OREO valuation adjustment	200	1,657
Amortization of intangible assets	276	339
Other expenses	1,399	1,275
	8,800	10,486
Income (loss) before income taxes	\$(3,676)	\$(10,544)
Income tax expense (benefit)	(218)	(4,284)
Net income (loss)	\$(3,458)	\$(6,260)
Preferred stock dividends	494	473
Net income (loss) for common stockholders	\$(3,952)	\$(6,733)
Basic earnings (loss) per common share	\$(0.65)	\$(1.11)
Diluted earnings (loss) per common share	\$(0.65)	\$(1.11)
Total comprehensive income (loss):		
Net income (loss)	\$(3,458)	\$(6,260)
Change in unrealized gains (losses) on available for sale securities for which a portion of an other-than-temporary impairment has been recognized in earnings, net of reclassifications and tax effect	(123)	(1,784)
Change in unrealized gains (losses) on other securities available for sale, net of reclassifications and tax effect	984	478
Reclassification adjustment:		
Net impairment loss recognized in earnings	392	1,607
(Gains) recognized in earnings	—	(2)
Net unrealized gains (loss)	1,253	299
Tax expense (benefit)	485	116
Other comprehensive income (loss)	768	183
Total comprehensive income (loss)	\$(2,690)	\$(6,077)

See Accompanying Notes to Unaudited Financial Statements

3.

Centrue Financial Corporation
 Unaudited Consolidated Statements Of Cash Flows
 Three Months Ended March 31, 2011 and 2010 (In Thousands)

	Three Months Ended March 31,	
	2011	2010
Cash flows from operating activities		
Net Income (Loss)	\$ (3,458)	\$ (6,260)
Adjustments to reconcile net income (loss) to net cash provided by operating activities		
Depreciation	479	575
Amortization of intangible assets	276	339
Amortization of mortgage servicing rights, net	107	106
Amortization of bond premiums, net	642	554
Income tax valuation adjustment	1,141	—
Share based compensation	29	24
Provision for loan losses	4,250	9,350
Provision for deferred income taxes	(1,141)	(189)
Earnings on bank-owned life insurance	(249)	(255)
Other than temporary impairment, securities	392	1,607
OREO valuation allowance	200	1,657
Securities sale losses (gains), net	—	(2)
(Gain) on sale of other assets, net	(63)	(202)
(Gain) on sale of OREO	(44)	(9)
(Gain) loss on sale of loans	(266)	(190)
Proceeds from sales of loans held for sale	12,172	10,886
Origination of loans held for sale	(11,931)	(9,699)
Change in assets and liabilities		
(Increase) decrease in other assets	1,395	(3,899)
Increase (decrease) in other liabilities	(294)	(37)
Net cash provided by operating activities	3,637	4,356
Cash flows from investing activities		
Proceeds paydowns of securities available for sale	12,538	15,943
Proceeds from calls and maturities of securities available for sale	4,660	2,310
Proceeds from sales of securities available for sale	322	51
Purchases of securities available for sale	(32,240)	(30,012)
Net decrease (increase) in loans	209	36,203
(Purchase) disposal of premises and equipment	(59)	265
Proceeds from sale of OREO	1,312	127
Net cash provided by (used in) investing activities	(13,258)	24,887
Cash flows from financing activities		
Net increase (decrease) in deposits	(8,622)	(8,456)
Net increase (decrease) in federal funds purchased and securities sold under agreements to repurchase	(257)	(1,554)
Repayment of advances from the Federal Home Loan Bank	(20,000)	(25,201)
Proceeds from advances from the Federal Home Loan Bank	—	15,000
Dividends on preferred stock	—	—

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Net cash provided by (used in) financing activities	(28,879)	(20,211)
Net increase (decrease) in cash and cash equivalents	(38,500)	9,032
Cash and cash equivalents		
Beginning of period	82,945	56,452
End of period	\$ 44,445	\$ 65,484
Supplemental disclosures of cash flow information		
Cash payments for		
Interest	\$ 3,254	\$ 4,885
Income taxes	—	—
Transfers from loans to other real estate owned	4,486	781

See Accompanying Notes to Unaudited Financial Statements

4.

Centrue Financial Corporation
Note to Unaudited Consolidated Financial Statements
(Table Amounts In Thousands, Except Share Data)

Note 1. Summary of Significant Accounting Policies

Centrue Financial Corporation is a bank holding company organized under the laws of the State of Delaware. When we use the terms “Centrue,” the “Company,” “we,” “us,” and “our,” we mean Centrue Financial Corporation, a Delaware Corporation, and its consolidated subsidiaries. When we use the term the “Bank,” we are referring to our wholly owned banking subsidiary, Centrue Bank. The Company and the Bank provide a full range of banking services to individual and corporate customers located in markets extending from the far western and southern suburbs of the Chicago metropolitan area across Central Illinois down to the metropolitan St. Louis area. These services include demand, time, and savings deposits; business and consumer lending; and mortgage banking. Additionally, brokerage, asset management, and trust services are provided to our customers on a referral basis to third party providers. The Company is subject to competition from other financial institutions and nonfinancial institutions providing financial services. Additionally, the Company and the Bank are subject to regulations of certain regulatory agencies and undergo periodic examinations by those regulatory agencies.

Basis of presentation

The accounting and reporting policies of the Company and its subsidiaries conform to U.S. generally accepted accounting principles (“GAAP”) and general practice within the banking industry. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Material estimates which are particularly susceptible to significant change in the near term relate to the fair value of investment securities and other-than-temporary impairment of securities, the determination of the allowance for loan losses and valuation of other real estate owned.

For further information with respect to significant accounting policies followed by the Company in the preparation of its consolidated financial statements, refer to the Company’s Annual Report on Form 10-K for the year ended December 31, 2010. The consolidated financial statements include the accounts of the Company and Centrue Bank. Intercompany balances and transactions have been eliminated in consolidation and certain 2010 amounts have been reclassified to conform to the 2011 presentation. The annualized results of operations during the three months ended March 31, 2011 are not necessarily indicative of the results expected for the year ending December 31, 2011. All financial information in the following tables is in thousands (000s), except shares and per share data. In the opinion of management, all normal and recurring adjustments which are necessary to fairly present the results for the interim periods presented have been included.

Note 2. Earnings Per Share

Basic earnings per share for the three months ended March 31, 2011 and 2010 were computed by dividing net income by the weighted average number of shares outstanding. Diluted earnings per share for the same periods were computed by dividing net income by the weighted average number of shares outstanding, adjusted for the dilutive effect of the stock options and warrants. Computations for basic and diluted earnings per share are provided as follows:

Centrue Financial Corporation
 Note to Unaudited Consolidated Financial Statements
 (Table Amounts In Thousands, Except Share Data)

Note 2. Earnings Per Share (Continued)

	Three Months Ended March 31,	
	2011	2010
Basic Earnings (Loss) Per Common Share		
Net income (loss) for common shareholders	\$(3,952)	\$(6,733)
Weighted average common shares outstanding	6,048	6,043
Basic earnings (loss) per common share	\$(0.65)	\$(1.11)
Diluted Earnings (Loss) Per Common Share		
Weighted average common shares outstanding	6,048	6,043
Add: dilutive effect of assumed exercised stock options	—	—
Add: dilutive effect of assumed exercised common stock warrants	—	—
Weighted average common and dilutive potential shares outstanding	6,048	6,043
Diluted earnings (loss) per common share	\$(0.65)	\$(1.11)

There were 496,738 options and 508,320 warrants outstanding for the three months ended March 31, 2011 and 670,769 options and 508,320 warrants outstanding for the three months ended March 31, 2010 that were not included in the computation of diluted earnings per share because the exercise price was greater than the average market price and therefore, were anti-dilutive. In addition, the Company's convertible preferred stock was not included in the computation of diluted earnings per share as it was anti-dilutive.

Note 3. Securities

The primary strategic objective related to the Company's \$244.9 million investment securities portfolio is to assist with liquidity and interest rate risk management. Securities classified as available-for-sale, carried at fair value, were \$234.8 million at March 31, 2011 compared to \$219.5 million at December 31, 2010. The Company also holds \$10.1 million and \$10.5 million as of March 31, 2011 and December 31, 2010, respectively, Federal Reserve and Federal Home Loan Bank stock which are classified as restricted securities. The Company does not have any securities classified as trading or held-to-maturity.

The following tables represent the fair value of available-for-sale securities and the related, gross unrealized gains and losses recognized in accumulated other comprehensive income(loss) at March 31, 2011 and December 31, 2010:

	Fair Value	March 31, 2011		Amortized Cost
		Gross Unrealized Gains	Gross Unrealized Losses	
U.S. government agencies	\$ 10,669	\$ 96	\$ (10)	\$ 10,583
States and political subdivisions	26,694	513	(1)	26,182
U.S. government agency residential mortgage-backed	163,144	2,586	(200)	160,758

securities

Collateralized residential
mortgage obligations:

Agency	19,299	140	—	19,159
Private label	3,878	35	(12)	3,855
Equity securities	2,305	75	—	2,230

Collateralized debt obligations:

Single issue	3,872	26	—	3,846
Pooled	4,914	60	(3,367)	8,221

	\$ 234,775	\$ 3,531	\$ (3,590)	\$ 234,834
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6.

Centrue Financial Corporation
 Note to Unaudited Consolidated Financial Statements
 (Table Amounts In Thousands, Except Share Data)

Note 3. Securities (Continued)

	December 31, 2010			
	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Amortized Cost
U.S. government agencies	\$ 7,085	\$ 168	\$ —	\$ 6,917
States and political subdivisions	28,348	531	(8)	27,825
U.S. government agency residential mortgage-backed securities	147,846	2,070	(131)	145,907
Collateralized residential mortgage obligations:				
Agency	20,735	192	—	20,543
Private label	4,936	70	(77)	4,943
Equity securities	2,254	41	—	2,213
Collateralized debt obligations:				
Single issue	3,849	3	—	3,846
Pooled	4,422	42	(4,213)	8,593
	\$ 219,475	\$ 3,117	\$ (4,429)	\$ 220,787

The amounts below include the activity for available-for-sale securities related to sales, maturities and calls:

	Three Months Ended March 31,	
	2011	2010
Proceeds from calls and maturities	\$ 4,660	\$ 2,310
Proceeds from sales	322	51
Realized gains	—	2
Realized losses	—	—
Net impairment loss recognized in earnings	(392)	(1,607)
Tax benefit (provision) related to net realized gains and losses	151	620

The following table represents securities with unrealized losses not recognized in income presented by the length of time individual securities have been in a continuous unrealized loss position:

	March 31, 2011					
	Less than 12 Months		12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
U.S. government agencies	\$ 1,990	\$ (10)	\$ —	\$ —	\$ 1,990	\$ (10)
	492	(1)	—	—	492	(1)

State and political subdivisions						
U.S. government agency residential mortgage-backed securities	23,451	(200)	—	—	23,451	(200)
Collateralized residential mortgage obligations: private label	950	(1)	1,770	(11)	2,720	(12)
Collateralized debt obligations: pooled	—	—	4,804	(3,367)	4,804	(3,367)
Total temporarily impaired	\$ 26,883	\$ (212)	\$ 6,574	\$ (3,378)	\$ 33,457	\$ (3,590)

7.

Centrue Financial Corporation
 Note to Unaudited Consolidated Financial Statements
 (Table Amounts In Thousands, Except Share Data)

Note 3. Securities (Continued)

	Less than 12 Months		December 31, 2010 12 Months or More		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
State and political subdivisions	\$ 664	\$ (3)	\$ 350	\$ (5)	\$ 1,014	\$ (8)
U.S. government agency residential mortgage-backed securities	17,216	(131)	—	—	17,216	(131)
Collateralized residential mortgage obligations: private label	—	—	2,559	(77)	2,559	(77)
Collateralized debt obligations: pooled	—	—	4,330	(4,213)	4,330	(4,213)
Total temporarily impaired	\$ 17,880	\$ (134)	\$ 7,239	\$ (4,295)	\$ 25,119	\$ (4,429)

The fair values of securities classified as available-for-sale at March 31, 2011, by contractual maturity, are shown as follows. Securities not due at a single maturity date, including mortgage-backed securities, collateralized mortgage obligations, and equity securities are shown separately.

	Amortized Cost	Fair Value
Due in one year or less	\$ 9,730	\$ 9,830
Due after one year through five years	16,054	16,303
Due after five years through ten years	7,697	7,835
Due after ten years	15,351	12,181
U.S. government agency residential mortgage-backed securities	160,758	163,144
Collateralized residential mortgage obligations	23,014	23,177
Equity	2,230	2,305
	\$ 234,834	\$ 234,775

The following table presents a rollforward of the credit losses recognized in earnings for the three month period ended March 31, 2011 and 2010:

	2011	2010
Beginning balance, January 1,	\$ 20,362	\$ 15,341

Amounts related to credit loss for which an other-than-temporary impairment was not previously recognized	—	—
Additions/Subtractions		
Amounts realized for securities sold during the period	—	—
Amounts related to securities for which the company intends to sell or that it will be more likely than not that the company will be required to sell prior to recovery of amortized cost basis	—	—
Reduction for increase in cash flows expected to be collected that are recognized over the remaining life of the security	—	—
Increases to the amount related to the credit loss for which other-than-temporary was previously recognized	392	1,607
Ending balance, March 31,	\$ 20,754	\$ 16,948

See Note 9 on Fair Value for additional information about our analysis on the security portfolio related to the fair value and other-than-temporary impairment disclosures of these instruments.

8.

Centrue Financial Corporation
 Note to Unaudited Consolidated Financial Statements
 (Table Amounts In Thousands, Except Share Data)

Note 4. Loans

The major classifications of loans follow:

	Aggregate Principal Amount	
	March 31, 2011	December 31, 2010
Commercial	\$ 86,914	\$ 87,226
Agricultural & AGRE	45,931	44,289
Construction, land & development	63,645	72,078
Commercial RE	343,472	342,208
1-4 family mortgages	167,612	172,666
Consumer	2,955	3,404
Total loans	\$ 710,529	\$ 721,871
Allowance for loan losses	(29,089)	(31,511)
Loans, net	\$ 681,440	\$ 690,360

There were \$1.7 million of loans held for sale at both March 31, 2011 and December 31, 2010.

The credit quality indicator utilized by the Company to internally analyze the loan portfolio is the internal risk rating. Internal risk ratings of 0 to 5 are considered pass credits, a risk rating of a 6 is special mention, a risk rating of a 7 is substandard, and a risk rating of an 8 is doubtful. Loans classified as pass credits have no identified material weaknesses and are performing as agreed. Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date. Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the institution will sustain some loss if the deficiencies are not corrected. Loans classified as doubtful have all the weaknesses inherent in those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

The following table presents the commercial loan portfolio by internal risk rating:

Mar. 31, 2011 Internal Risk Rating	Commercial		Construction		Commercial Real Estate		Total
	Closed end	Lines of Credit	Agriculture & AG RE	Land & Development	Owner-Occupied	Non-Owner Occupied	
1-2	\$ 2,129	\$ 362	\$ 7,688	\$ 4,319	\$ 7,197	\$ 1,051	\$ 22,746
3	3,903	4,317	14,228	1,195	13,664	21,396	58,703
4	20,026	27,804	14,858	1,477	88,370	49,025	201,560
5	10,564	4,402	4,654	8,226	24,786	53,376	106,008
6	1,337	5,554	—	7,615	7,126	21,152	42,784

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7	1,895	4,222	4,503	40,813	22,773	32,954	107,160
8	91	308	—	—	602	—	1,001
Total \$	39,945	\$ 46,969	\$ 45,931	\$ 63,645	\$ 164,518	\$ 178,954	\$ 539,962

Dec. 31, 2010 Internal Risk Rating	Commercial		Construction		Commercial Real Estate		Total
	Closed end	Lines of Credit	Agriculture & AG RE	Land & Development	Owner-Occupied	Non-Owner Occupied	
1-2	\$ 2,294	\$ 331	\$ 8,527	\$ 4,700	\$ 8,559	\$ 1,479	\$ 25,890
3	3,935	7,333	10,873	1,237	17,673	23,045	64,096
4	21,225	24,042	16,742	1,500	76,491	61,468	201,468
5	10,483	4,768	3,588	8,720	21,389	42,495	91,443
6	1,217	4,506	42	7,232	3,206	20,821	37,024
7	2,149	4,898	4,517	48,689	25,075	40,507	125,835
8	—	45	—	—	—	—	45
Total \$	41,303	\$ 45,923	\$ 44,289	\$ 72,078	\$ 152,393	\$ 189,815	\$ 545,801

9.

Centrue Financial Corporation
 Note to Unaudited Consolidated Financial Statements
 (Table Amounts In Thousands, Except Share Data)

Note 4. Loans (Continued)

The retail residential loan portfolio is generally unrated. Delinquency is a typical factor in adversely risk rating a credit to a special mention or substandard. The following table presents the retail residential loan portfolio by internal risk rating:

	Residential – 1-4 family JR Lien & Lines of		Total
	Senior Lien	Credit	
Mar. 31, 2011			
Unrated	\$96,892	\$53,046	\$149,938
Special mention	1,312	1,897	3,209
Substandard	13,421	1,044	14,465
Total	\$111,625	\$55,987	\$167,612

	Residential – 1-4 family JR Lien & Lines of		Total
	Senior Lien	Credit	
Dec. 31, 2010			
Unrated	\$99,852	\$55,147	\$154,999
Special mention	1,034	1,769	2,803
Substandard	13,707	1,157	14,864
Total	\$114,593	\$58,073	\$172,666

An analysis of the March 31, 2011 and March 31, 2010 activity in the allowance for loan losses follows:

	Commercial	Agriculture & AGRE	Construction, Land & Development	Commercial RE	1-4 Family Residential	Consumer	Total
March 31, 2011							
Beginning							
Balance	\$ 1,634	\$ 337	\$ 12,500	\$ 13,721	\$ 3,273	\$ 46	\$ 31,511
Charge-offs	(65)	—	(4,501)	(1,718)	(626)	(20)	(6,930)
Recoveries	6	1	1	217	28	5	258
Provision	184	(23)	655	3,049	380	5	4,250
Ending Balance	\$ 1,759	\$ 315	\$ 8,655	\$ 15,269	\$ 3,055	\$ 36	\$ 29,089
March 31, 2010							
Beginning Balance							\$ 40,909
Charge-offs							(8,356)
Recoveries							122
Provision							9,350
Ending Balance							\$ 41,845

10.

Centrue Financial Corporation
 Note to Unaudited Consolidated Financial Statements
 (Table Amounts In Thousands, Except Share Data)

Note 4. Loans (Continued)

The following is an analysis on the balance and allowance for loan loss for impaired loans as of March 31, 2011 and December 31, 2010:

	Commercial	Agriculture & AG RE	Construction, Land & Development	Commercial RE	1-4 Family Residential	Consumer	Total
Mar. 31, 2011							
Allowance for loan losses:							
Loans individually evaluated for impairment	\$ 1,326	\$ 311	\$ 4,404	\$ 8,738	\$ 1,242	\$ 1	\$ 16,022
Loans collectively evaluated for impairment	433	4	4,251	6,531	1,813	35	13,067
Total ending allowance balance	\$ 1,759	\$ 315	\$ 8,655	\$ 15,269	\$ 3,055	\$ 36	\$ 29,089
Loan balances:							
Loans individually evaluated for impairment	\$ 6,293	\$ 4,503	\$ 40,634	\$ 52,474	\$ 14,054	\$ 1	\$ 117,959
Loans collectively evaluated for impairment	80,621	41,428	23,011	290,998	153,558	2,954	592,570
Loans with an allowance recorded:	\$ 86,914	\$ 45,931	\$ 63,645	\$ 343,472	\$ 167,612	\$ 2,955	\$ 710,529
Dec. 31, 2010							
Allowance for loan losses:							
Loans individually evaluated for impairment	\$ 1,175	\$ 328	\$ 8,174	\$ 6,487	\$ 1,500	\$ —	\$ 17,664
	459	9	4,326	7,234	1,773	46	13,847

Loans collectively evaluated for impairment							
Total ending allowance balance	\$ 1,634	\$ 337	\$ 12,500	\$ 13,721	\$ 3,273	\$ 46	\$ 31,511
Loan balances:							
Loans individually evaluated for impairment	\$ 6,858	\$ 4,516	\$ 48,535	\$ 51,652	\$ 14,602	\$ 1	\$ 126,164
Loans collectively evaluated for impairment	80,368	39,773	23,543	290,556	158,064	3,403	595,707
Loans with an allowance recorded:	\$ 87,226	\$ 44,289	\$ 72,078	\$ 342,208	\$ 172,666	\$ 3,404	\$ 721,871

Troubled debt restructurings (“TDRs”) are separately identified for impairment disclosures. If a loan is considered to be collateral dependent loan, the TDR is reported, net, at the fair value of the collateral. The company had TDRs of \$5.1 million and \$5.3 million as of March 31, 2011 and December 31, 2010, respectively. Specific reserves of \$0.4 million were allocated to TDRs as of March 31, 2011 and December 31, 2010, respectively. At March 31, 2011, nonaccrual TDR loans were \$4.9 million, as compared to \$5.0 million at December 31, 2010. At March 31, 2011 and December 31, 2010, \$0.2 million and \$0.3 million of TDRs were on accrual status. The Company has not committed to lend any additional amounts to customers with outstanding loans that are classified as TDRs as of March 31, 2011.

Centrue Financial Corporation
 Note to Unaudited Consolidated Financial Statements
 (Table Amounts In Thousands, Except Share Data)

Note 4. Loans (Continued)

The following tables present data on impaired loans:

March 31, 2011	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Loans with no related allowance recorded:					
Commercial	\$817	\$2,331	\$—	\$1,515	\$2
Agricultural & AGRE	55	671	—	145	3
Construction, land & development	16,193	39,316	—	10,322	(39)
Commercial RE	19,557	29,174	—	19,290	170
1-4 family residential	3,471	5,123	—	3,311	27
Consumer	—	—	—	—	—
Subtotal	40,093	76,615	—	34,583	163
Loans with an allowance recorded:					
Commercial	5,476	5,476	1,326		