BRYN MAWR BANK CORP
Form 10-Q
November 09, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

Quarterly Report Under Section 13 or 15 (d) of

the Securities and Exchange Act of 1934.

For Quarter ended September 30, 2012

Commission File Number 0-15261

Bryn Mawr Bank Corporation

(Exact name of registrant as specified in its charter)

Pennsylvania	**23-2434506**
(State or other jurisdiction of	**(I.R.S. Employer**

incorporation or organization)	identification No.)
801 Lancaster Avenue, Bryn Mawr, Pennsylvania	**19010**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code (610) 525-1700

Not Applicable

Former name, former address and fiscal year, if changed since last report.

Indicate by checkmark whether the registrant (1) has filed all reports to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definition of accelerated filer , large accelerated filer , and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	x
Non-accelerated filer	¨	Smaller reporting company	¨

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

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

Class	Outstanding at November 5, 2012
Common Stock, par value $1	13,399,313

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BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

FORM 10-Q

QUARTER ENDED September 30, 2012

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets - Unaudited

(dollars in thousands)	(unaudited) **September 30, 2012**	**December 31, 2011**
Assets		
Cash and due from banks	$ 13,526	$ 11,771
Interest bearing deposits with banks	23,559	57,369
Cash and cash equivalents	37,085	69,140
Investment securities available for sale, at fair value (amortized cost of $310,973 and $271,065 as of September 30, 2012 and December 31, 2011 respectively)	316,644	273,822
Trading securities	1,399	1,436
Loans held for sale	3,420	1,588
Portfolio loans and leases	1,313,713	1,295,392
Less: Allowance for loan and lease losses	(13,638)	(12,753)
Net portfolio loans and leases	1,300,075	1,282,639
Premises and equipment, net	29,238	29,328
Accrued interest receivable	5,963	6,061
Deferred income taxes	11,478	13,845
Mortgage servicing rights	4,257	4,041
Bank owned life insurance	19,765	19,434
FHLB stock	10,717	11,588
Goodwill	29,588	24,689
Intangible assets	22,351	18,014
Other investments	4,438	4,107
Other assets	18,111	13,641
Total assets	$ 1,814,529	$ 1,773,373
Liabilities		
Deposits:		
Non-interest-bearing	$ 327,214	$ 326,409
Interest-bearing	1,071,335	1,055,960
Total deposits	1,398,549	1,382,369
Short-term borrowings	19,029	12,863
FHLB advances and other borrowings	155,416	147,795
Subordinated debentures	15,000	22,500
Accrued interest payable	982	1,592
Other liabilities	24,298	21,875
Total liabilities	1,613,274	1,588,994
Shareholders equity		

Common stock, par value $1; authorized 100,000,000 shares; issued 16,389,289 and 16,103,981 shares as of September 30, 2012 and December 31, 2011, respectively, and outstanding of 13,399,635 and 13,106,353 as of September 30, 2012 and December 31, 2011, respectively	16,389	16,104
Paid-in capital in excess of par value	88,744	84,425
Less: Common stock in treasury at cost 2,989,654 and 2,997,628 shares as of September 30, 2012 and December 31, 2011, respectively	(30,924)	(31,027)
Accumulated other comprehensive loss, net of tax benefit	(8,655)	(11,365)
Retained earnings	135,701	126,242
Total shareholders equity	201,255	184,379
Total liabilities and shareholders equity	$ 1,814,529	$ 1,773,373

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

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BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

Consolidated Statements of Income - Unaudited

(dollars in thousands, except share and per share data)	Three Months Ended September 30, 2012	2011	Nine Months Ended September 30, 2012	2011
Interest income:				
Interest and fees on loans and leases	$ 17,027	$ 17,471	$ 51,233	$ 51,705
Interest on cash and cash equivalents	34	29	86	88
Interest on investment securities:				
Taxable	937	1,132	3,088	3,475
Non-taxable	56	16	139	203
Dividends	27	43	95	365
Total interest income	18,081	18,691	54,641	55,836
Interest expense on:				
Deposits	937	1,493	3,128	4,434
Short-term borrowings	5	7	14	19
FHLB advances and other borrowings	918	968	2,808	2,787
Subordinated debentures	270	279	852	835
Junior subordinated debentures	0	271	0	814
Total interest expense	2,130	3,018	6,802	8,889
Net interest income	15,951	15,673	47,839	46,947
Provision for loan and lease losses	1,000	1,828	3,003	5,032
Net interest income after provision for loan and lease losses	14,951	13,845	44,836	41,915
Non-interest income:				
Fees for wealth management services	7,993	6,098	21,433	15,363
Service charges on deposits	634	646	1,823	1,841
Loan servicing and other fees	432	449	1,303	1,370
Net gain on sale of residential mortgage loans	1,837	764	4,311	1,818
Net gain on sale of available for sale securities	416	343	1,132	1,410
Net loss (gain) on sale of other real estate owned (OREO)	(45)	70	(86)	(59)
Bank owned life insurance (BOLI) income	108	115	331	348
Other operating income	873	779	2,969	2,497
Total non-interest income	12,248	9,264	33,216	24,588
Non-interest expenses:				
Salaries and wages	8,703	7,639	24,283	20,680
Employee benefits	1,903	1,674	6,086	5,000
Occupancy and bank premises	1,488	1,225	4,258	3,752
Furniture, fixtures, and equipment	935	865	2,766	2,571
Advertising	267	204	946	909
Amortization of mortgage servicing rights	243	197	718	524
Net (recovery) impairment of mortgage servicing rights	105	468	82	672
Amortization of intangible assets	669	541	1,738	968
FDIC insurance	262	238	715	968
Due diligence and merger-related expenses	316	135	1,439	616
Professional fees	609	516	1,837	1,664
Other operating expenses	3,389	1,970	8,944	6,666

Total non-interest expenses	18,889	15,672	53,812	44,990
Income before income taxes	8,310	7,437	24,240	21,513
Income tax expense	2,885	2,207	8,397	6,915
Net income	$ 5,425	$ 5,230	$ 15,843	$ 14,598
Basic earnings per common share	$ 0.41	$ 0.41	$ 1.21	$ 1.16
Diluted earnings per common share	$ 0.41	$ 0.41	$ 1.20	$ 1.16
Dividends declared per share	$ 0.16	$ 0.15	$ 0.48	$ 0.45
Weighted-average basic shares outstanding	13,149,050	12,862,382	13,067,551	12,578,460
Dilutive shares	146,377	36,306	133,799	35,080
Adjusted weighted-average diluted shares	13,295,427	12,898,688	13,201,350	12,613,540

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

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BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income - Unaudited

(dollars in thousands)	**Three Months Ended September 30, 2012**	**2011**	**Nine Months Ended September 30, 2012**	**2011**
Net income	$ 5,425	$ 5,230	$ 15,843	$ 14,598
Other comprehensive income (loss):				
Net unrealized gains (losses) arising during the period, net of tax expense (benefit) of $312, $173, $1,416 and $1,002, respectively	578	321	2,630	1,861
Less: reclassification adjustment for net gains on sales realized in net income, net of tax expense of $146, $120, $396 and $494, respectively	(270)	(223)	(736)	(916)
Unrealized investment gains (losses), net of tax expense (benefit) of $166, $53, $1,020 and $508, respectively	308	98	1,894	945
Change in unfunded pension liability, net of tax expense of $146, $123, $438 and $369, respectively	272	228	816	685
Total other comprehensive income	580	326	2,710	1,630
Total comprehensive income	$ 6,005	$ 5,556	$ 18,553	$ 16,228

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

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BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows - Unaudited

(dollars in thousands)	**Nine Months Ended September 30, 2012**	**2011**
Operating activities:		
Net Income	$ 15,843	$ 14,598
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan and lease losses	3,003	5,032
Provision for depreciation and amortization	4,894	4,043
Net gain on sale of available for sale securities	(1,132)	(1,410)
Net gain on sale of residential mortgages	(4,311)	(1,818)
Stock based compensation cost	1,019	600
Amortization and net impairment of mortgage servicing rights	800	1,196
Net accretion of fair value adjustments	(979)	(1,553)
Amortization of intangible assets	1,738	968
Impairment of other real estate owned (OREO)	0	127
Loss on sale of OREO	86	59
Net increase in cash surrender value of bank owned life insurance (BOLI)	(331)	(348)
Other, net	(940)	(716)
Loans originated for resale	(132,642)	(59,434)
Proceeds from loans sold	134,105	60,756
Provision for deferred income taxes	(433)	(78)
Change in income taxes payable/receivable	3,976	1,274
Change in accrued interest receivable	98	395
Change in accrued interest payable	(610)	(868)
Net cash provided by operating activities	24,184	22,823
Investing activities:		
Purchases of investment securities	(180,744)	(150,510)
Proceeds from maturity of investment securities and paydowns of mortgage-related securities	33,379	25,132
Proceeds from sale of investment securities available for sale	31,714	70,799
Proceeds from redemptions of FHLB stock	871	2,029
Proceeds from calls of investment securities	67,692	96,400
Net change in other investments	(331)	(36)
Net portfolio loan and lease originations	(19,809)	(85,145)
Purchases of premises and equipment	(1,890)	(2,196)
Acquisitions, net of cash acquired	(7,845)	(13,367)
Capitalize costs to OREO	(61)	0
Proceeds from sale of OREO	565	2,045
Net cash used by investing activities	(76,459)	(54,849)
Financing activities:		
Change in deposits	16,440	10,159
Change in short-term borrowings	6,166	12,484
Dividends paid	(6,384)	(5,714)
Change in FHLB advances and other borrowings	7,956	(19,171)
Change in subordinated debt	(7,500)	0
Tax benefit from exercise of stock options	107	141
Proceeds from issuance of common stock	2,072	6,789
Proceeds from exercise of stock options	1,363	966

Net cash provided by financing activities		20,220		5,654
Change in cash and cash equivalents		(32,055)		(26,372)
Cash and cash equivalents at beginning of period		69,140		89,484
Cash and cash equivalents at end of period	$	37,085	$	63,112
Supplemental cash flow information:				
Cash paid during the year for:				
Income taxes	$	4,758	$	5,506
Interest		7,412		9,757
Supplemental cash flow information:				
Available for sale securities sold, not settled	$	5,577	$	0
Change in other comprehensive income		4,168		2,507
Change in deferred tax due to change in comprehensive income		1,458		877
Transfer of loans to other real estate owned		453		1,005
Issuance of shares and options for acquisitions		0		6,661
Acquisition of noncash assets and liabilities:				
Assets acquired		12,078		18,411
Liabilities assumed		6,161		0

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

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BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes In Shareholders Equity - Unaudited

	For the Nine Months Ended September 30, 2012						
(dollars in thousands, except share information)	**Shares of Common Stock Issued**	**Common Stock**	**Paid-in Capital**	**Treasury Stock**	**Accumulated Other Comprehensive Loss**	**Retained Earnings**	**Total Shareholders Equity**
Balance December 31, 2011	16,103,981	$ 16,104	$ 84,425	$ (29,833)	$ (11,365)	$ 126,582	$ 185,913
Cumulative effect of correction of immaterial accounting error	0	0	0	(1,194)	0	(340)	(1,534)
Adjusted balance, December 31, 2011	16,103,981	16,104	84,425	(31,027)	(11,365)	126,242	184,379
Net income	0	0	0	0	0	15,843	15,843
Dividends declared, $0.48 per share	0	0	0	0	0	(6,384)	(6,384)
Other comprehensive income, net of tax expense of $1,458	0	0	0	0	2,710	0	2,710
Stock based compensation	0	0	1,019	0	0	0	1,019
Tax benefit from gains on stock option exercise	0	0	107	0	0	0	107
Retirement of treasury stock	0	0	0	103	0	0	103
Common stock issued:							
Dividend Reinvestment and Stock Purchase Plan	106,737	107	1,965	0	0	0	2,072
Share-based awards and options exercises	178,571	178	1,228	0	0	0	1,406
Balance September 30, 2012	16,389,289	$ 16,389	$ 88,744	$ (30,924)	$ (8,655)	$ 135,701	$ 201,255

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

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BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Unaudited)

1. Basis of Presentation

The unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). In the opinion of Bryn Mawr Bank Corporation s (the Corporation) Management, all adjustments necessary for a fair presentation of the consolidated financial position and the results of operations for the interim periods presented have been included. These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto in the Corporation s 2011 Annual Report on Form 10-K (the 2011 Annual Report).

The results of operations for the three and nine months ended September 30, 2012 are not necessarily indicative of the results to be expected for the full year.

Correction of an Immaterial Accounting Error

In September 2012, the Corporation identified an immaterial accounting error related to two of its deferred compensation plans. The provisions of the deferred compensation plans enabled certain executives and directors to have bonus payments and director s fees deferred, and allowed the participants to direct the investment of these deferred amounts. One of the investment choices offered to the participants was the Corporation s common stock, and this stock, along with the participants other investment choices, were placed in a trust which was owned by the Corporation. The carrying value of this trust was periodically adjusted to reflect changes in its fair market value. The portion of this trust comprised of the Corporation s common stock was incorrectly reported as an asset on the Corporation s balance sheet. The stock held in the trust should have been classified as treasury stock and reported in the shareholders equity section of the Corporation s balance sheet, at cost.

The resulting corrections involved adjustments to assets and shareholders equity, as well as adjustments to other operating expense, as changes in the fair market value of the Corporation s common stock held in the trust are charged to deferred compensation expense, a component of other operating expense.

In addition to the reclassification between assets and shareholders equity, there were immaterial reclassifications within assets related to the deferred compensation trust and other trusts that had previously been classified as other assets and other investments and are now classified as trading securities and available-for-sale investment securities. An immaterial reclassification to interest income on investment securities was related to this reclassification of investments. All periods presented in the tables accompanying this report have been revised to reflect these corrections.

The following tables detail the revisions to the previously reported information:

	For the Three Months Ended September 30, 2011		
(dollars in thousands, except per share data)	Revised Amount	Originally Reported Amount	Adjustment
Interest on investment securities taxable	$ 1,132	$ 1,113	$ 19
Other operating income	$ 779	$ 791	$ (12)
Other operating expense	$ 1,970	$ 2,284	$ (314)
Income before income taxes	$ 7,437	$ 7,117	$ 320
Income tax expense	$ 2,207	$ 2,095	$ 112
Net income	$ 5,230	$ 5,022	$ 208
Weighted-average basic shares outstanding	12,862,382	12,948,979	(86,597)
Weighted-average diluted shares outstanding	12,898,688	12,985,285	(86,597)
Basic earnings per common share	$ 0.41	$ 0.39	$ 0.02

Diluted earnings per common share	$ 0.41	$ 0.39	$ 0.02

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(dollars in thousands, except per share data)	For the Nine Months Ended September 30, 2011 Revised Amount	Originally Reported Amount	Adjustment
Interest on investment securities taxable	$ 3,475	$ 3,388	$ 87
Other operating income	$ 2,497	$ 2,560	$ (63)
Other operating expense	$ 6,666	$ 6,727	$ (61)
Income before income taxes	$ 21,513	$ 21,428	$ 85
Income tax expense	$ 6,915	$ 6,885	$ 30
Net income	$ 14,598	$ 14,543	$ 55
Weighted-average basic shares outstanding	12,578,460	12,664,704	(86,244)
Weighted-average diluted shares outstanding	12,613,540	12,699,784	(86,244)
Basic earnings per common share	$ 1.16	$ 1.15	$ 0.01
Diluted earnings per common share	$ 1.16	$ 1.15	$ 0.01

(dollars in thousands)	As of December 31,2011 Revised Amount	Originally Reported Amount	Adjustment
Investment securities available for sale, at fair value	$ 273,822	$ 272,317	$ 1,505
Investment securities available for sale, at amortized cost	$ 271,065	$ 269,611	$ 1,454
Trading securities	$ 1,436	$ 0	$ 1,436
Deferred income taxes	$ 13,845	$ 13,662	$ 183
Other investments	$ 4,107	$ 5,612	$ (1,505)
Other assets	$ 13,641	$ 16,794	$ (3,153)
Retained earnings	$ 126,242	$ 126,582	$ (340)
Common stock held in treasury, at cost	$ 31,027	$ 29,833	$ 1,194
Shares of common stock held in treasury	2,997,628	2,909,542	88,086

For the three and six months ended June 30, 2012 and the three months ended March 31, 2012, there were immaterial adjustments to net income.

2. Business Combinations

Davidson Trust Company

The acquisition of the Davidson Trust Company (DTC) by the Corporation was completed on May 15, 2012. In addition to cash paid at closing, three separate contingent payments, each of which is not to exceed one-third of the amount indicated in the table below, are payable on each of November 14, 2012, May 14, 2013 and November 14, 2013. These contingent payments are subject to certain post-closing contingencies relating to the assets under management.

The Davidson Trust Company has long been recognized as one of the premier trust and investment firms in the nation. The addition of DTC will allow the Corporation to expand its range of services and will bring deeper market penetration in our core market area. The structure of the Corporation s existing Wealth Management segment will allow for the immediate integration of DTC and will take advantage of the various synergies that exist between the two companies. The acquisition of DTC initially increased the Corporation s Wealth Management Division assets under management by $1.0 billion.

The acquisition of DTC was accounted for using the acquisition method of accounting and, accordingly, assets acquired, liabilities assumed and consideration paid were recorded at their estimated fair values as of the acquisition date. The excess of consideration paid over the fair value of net assets acquired was recorded as goodwill. The Corporation allocated the total balance of goodwill to its Wealth Management segment. The Corporation also recorded an intangible asset for customer relationships, which will be amortized over a ten-year period using a straight-line method, an intangible asset for restrictive covenant agreements, which will be amortized over a five-year period using a straight-line method and an intangible asset for trade name which will not be amortized.

As of September 30, 2012, the Corporation finalized its fair value estimates related to the acquisition of DTC.

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In connection with the DTC acquisition, the consideration paid and the fair value of identifiable assets acquired and liabilities assumed as of the date of acquisition are summarized in the following table:

(dollars in thousands)	
Consideration paid:	
Cash paid at closing	$ 7,350
Contingent payment liability	3,150
Value of consideration	10,500
Assets acquired:	
Cash operating accounts	1,433
Other assets	201
Intangible asset customer relationships	3,720
Intangible asset noncompetition agreements	1,385
Intangible asset brand	970
Premises and equipment	117
Deferred tax asset	785
Total assets	8,611
Liabilities assumed:	
Deferred tax liability	2,125
Miscellaneous liabilities	885
Total liabilities	3,010
Net assets acquired	5,601
Goodwill resulting from acquisition of DTC	$ 4,899

Regarding the acquisition of DTC, the following table details the effect on goodwill of the changes in estimates of the fair values of the assets acquired and liabilities assumed from the amounts originally reported on the Form 10-Q for the quarter ended June 30, 2012:

Goodwill resulting from the acquisition of DTC reported on Form 10-Q for the quarter ended June 30, 2012	$ 5,064
Effect of adjustments to:	
Intangible asset customer relationships	(165)
Adjusted goodwill resulting from the acquisition of DTC as of September 30, 2012	$ 4,899

Private Wealth Management Group of the Hershey Trust Company

The acquisition of the Private Wealth Management Group (PWMG) of the Hershey Trust Company (HTC) by the Corporation was completed on May 27, 2011. In addition to cash paid at closing, cash was placed in escrow to be released in three equal installments, each of which is not to exceed one-third of the amount indicated in the table below, on the 6-, 12- and 18-month anniversaries of February 17, 2011, subject to certain post-closing contingencies relating to the assets under management. As of September 30, 2012, all escrowed funds have been released.

The acquisition of PWMG initially increased the Corporation s Wealth Management Division assets under management by $1.1 billion.

The acquisition of PWMG was accounted for using the acquisition method of accounting and, accordingly, assets acquired, liabilities assumed and consideration paid were recorded at their estimated fair values as of the acquisition date. The excess of consideration paid over the fair value of net assets acquired was recorded as goodwill, which will not be amortizable. The Corporation allocated the total balance of goodwill to its

Wealth Management segment. The Corporation also recorded an intangible asset for customer relationships, which will be amortized over a 15 year period using an accelerated method and an intangible asset for restrictive covenant agreements, which will be amortized over a five-and-a-half year period using a straight-line method.

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In connection with the PWMG acquisition, the consideration paid and the fair value of identifiable assets acquired and liabilities assumed as of the date of acquisition are summarized in the following table:

(dollars in thousands)	
Consideration paid:	
Common shares issued (322,101 shares)	$ 6,661
Cash paid at closing	8,150
Cash placed in escrow	3,600
Value of consideration	18,411
Assets acquired:	
Intangible asset customer relationships	8,610
Intangible asset noncompetition agreements	3,830
Premises and equipment	250
Total assets	12,690
Liabilities assumed:	0
Net assets acquired	12,690
Goodwill resulting from acquisition of PWMG	$ 5,721

3. Earnings Per Common Share

Basic earnings per common share excludes dilution and is computed by dividing income available to common shareholders by the weighted-average common shares outstanding during the period. Diluted earnings per common share takes into account the potential dilution computed pursuant to the treasury stock method that could occur if stock options were exercised and converted into common stock, as well as the effect of restricted and performance shares becoming unrestricted common stock. The effects of stock options are excluded from the computation of diluted earnings per share in periods in which the effect would be anti-dilutive. All weighted average shares, actual shares and per share information in the financial statements have been adjusted retroactively for the effect of stock dividends and splits.

	Three Months Ended September 30,		Nine months Ended September 30,	
(dollars in thousands except per share data)	2012	2011	2012	2011
Numerator:				
Net income available to common shareholders	$ 5,425	$ 5,230	$ 15,843	$ 14,598
Denominator for basic earnings per share weighted average shares outstanding	13,149,050	12,862,382	13,067,551	12,578,460
Effect of dilutive common shares	146,377	36,306	133,799	35,080
Denominator for diluted earnings per share adjusted weighted average shares outstanding	13,295,427	12,898,688	13,201,350	12,613,540
Basic earnings per share	$ 0.41	$ 0.41	$ 1.21	$ 1.16
Diluted earnings per share	$ 0.41	$ 0.41	$ 1.20	$ 1.16
Antidilutive shares excluded from computation of average dilutive earnings per share	227,139	996,404	349,649	987,242

4. Investment Securities

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

As of September 30, 2012

(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of U.S. government agencies	$ 83,472	$ 907	$ (25)	$ 84,354
Obligations of state & political subdivisions	19,240	218	(13)	19,445
Mortgage-backed securities	125,573	3,845	(7)	129,411
Collateralized mortgage obligations	65,168	542	(89)	65,621
Other investments	17,520	293	0	17,813
Total	$ 310,973	$ 5,805	$ (134)	$ 316,644

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As of December 31, 2011

(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Obligations of U.S. government agencies	$ 104,252	$ 397	$ (79)	$ 104,570
Obligations of state & political subdivisions	8,210	158	(2)	8,366
Mortgage-backed securities	95,713	2,160	(39)	97,834
Collateralized mortgage obligations	32,418	251	(46)	32,623
Other investments	30,472	264	(307)	30,429
Total	$ 271,065	$ 3,230	$ (473)	$ 273,822

The following table shows the amount of available for sale investment securities that were in an unrealized loss position:

As of September 30, 2012

	Less than 12 Months		12 Months or Longer		Total	
(dollars in thousands)	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Obligations of U.S. government agencies	$ 11,438	$ (25)	$ 0	$ 0	$ 11,438	$ (25)
Obligations of state & political subdivisions	4,408	(13)	0	0	4,408	(13)
Mortgage-backed securities	5,257	(7)	0	0	5,257	(7)
Collateralized mortgage obligations	16,987	(89)	0	0	16,987	(89)
Total	$ 38,090	$ (134)	$ 0	$ 0	$ 38,090	$ (134)

The following table shows the amount of available for sale investment securities that were in an unrealized loss position:

As of December 31, 2011

	Less than 12 Months		12 Months or Longer		Total	
(dollars in thousands)	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Obligations of U.S. government agencies	$ 23,457	$ (79)	$ 0	$ 0	$ 23,457	$ (79)
Obligations of state & political subdivisions	620	(2)	0	0	620	(2)
Mortgage-backed securities	7,696	(22)	4,886	(17)	12,582	(39)
Collateralized mortgage obligations	7,440	(46)	0	0	7,440	(46)
Other investments	15,596	(307)	0	0	15,596	(307)
Total	$ 54,809	$ (456)	$ 4,886	$ (17)	$ 59,695	$ (473)

Management evaluates the Corporation s available for sale investment securities that are in an unrealized loss position in order to determine if the decline in market value is other than temporary. The available for sale investment portfolio includes debt securities issued by U.S. government agencies, U.S. government-sponsored agencies, state and local municipalities and other issuers. All fixed income investment securities in the

Corporation s available for sale investment portfolio are rated as investment grade. Factors considered in the evaluation include the current economic climate, the length of time and the extent to which the fair value has been below cost, interest rates and the bond rating of each security. The unrealized losses presented in the tables above are temporary in nature and are primarily related to market interest rates rather than the underlying credit quality of the issuers. Management does not believe that these unrealized losses are other-than-temporary. The Corporation does not have the intent to sell these securities prior to their maturity or the recovery of their cost bases and believes that it is more likely than not that it will not have to sell these securities prior to their maturity or the recovery of their cost bases.

As of September 30, 2012 and December 31, 2011, securities having market values of $121.9 million and $135.3 million, respectively, were specifically pledged as collateral for public funds, trust deposits, the Federal Reserve Bank of Philadelphia discount window program, Federal Home Loan Bank of Pittsburgh (FHLB) borrowings and other purposes. The FHLB has a blanket lien on non-pledged, mortgage-related loans and securities as part of the Bank s borrowing agreement with the FHLB.

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The amortized cost and fair value of available for sale investment securities as of September 30, 2012 and December 31, 2011, by contractual maturity, are shown below:

	September 30, 2012		December 31,2011	
(dollars in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less	$ 6,166	$ 6,170	$ 900	$ 900
Due after one year through five years	27,916	28,122	54,046	54,349
Due after five years through ten years	49,913	50,237	48,210	48,354
Due after ten years	22,982	23,552	26,233	26,353
Mortgage-related securities*	190,741	195,032	128,131	130,457
Total maturing investments	297,718	303,113	257,519	260,413
Bond mutual funds and other non-maturity investments	13,255	13,531	13,546	13,409
Total	$ 310,973	$ 316,644	$ 271,065	$ 273,822

* Expected maturities of mortgage-related securities may differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

As of September 30, 2012 and December 31, 2011, the Corporation s investment securities held in trading accounts were comprised of a deferred compensation trust which is invested in marketable securities whose diversification is at the discretion of the deferred compensation plan participants.

5. Loans and Leases

A. Loans and leases outstanding are detailed by category as follows:

	September 30, 2012	December 31, 2011
Loans held for sale	$ 3,420	$ 1,588
Real estate loans:		
Commercial mortgage	$ 472,354	$ 419,130
Home equity lines and loans	195,315	207,917
Residential mortgage	301,054	306,478
Construction	22,161	52,844
Total real estate loans	990,884	986,369
Commercial and industrial	274,351	267,204
Consumer	17,342	11,429
Leases	31,136	30,390
Total portfolio loans and leases	1,313,713	1,295,392
Total loans and leases	$ 1,317,133	$ 1,296,980
Loans with predetermined rates	$ 642,271	$ 608,490
Loans with adjustable or floating rates	674,862	688,490

Total loans and leases	$ 1,317,313	$ 1,296,980
Net deferred loan origination costs included in the above loan table	$ 437	$ 563

B. Components of the net investment in leases are detailed as follows:

(dollars in thousands)	**September 30, 2012**	**December 31, 2011**
Minimum lease payments receivable	$ 35,348	$ 34,143
Unearned lease income	(5,686)	(5,080)
Initial direct costs and deferred fees	1,474	1,327
Total	$ 31,136	$ 30,390

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C. Troubled Debt Restructurings (TDRs):

The restructuring of a loan is considered a troubled debt restructuring if both of the following conditions are met: (i) the borrower is experiencing financial difficulties, and (ii) the creditor has granted a concession. The most common concessions granted include one or more modifications to the terms of the debt, such as (a) a reduction in the interest rate for the remaining life of the debt, (b) an extension of the maturity date at an interest rate lower than the current market rate for new debt with similar risk, (c) a temporary period of interest-only payments, (d) a reduction in the contractual payment amount for either a short period or remaining term of the loan, and (e) for leases, a reduced lease payment. A less common concession granted is the forgiveness of a portion of the principal.

The determination of whether a borrower is experiencing financial difficulties takes into account not only the current financial condition of the borrower, but also the potential financial condition of the borrower, were a concession not granted. Similarly, the determination of whether a concession has been granted is very subjective in nature. For example, simply extending the term of a loan at its original interest rate or even at a higher interest rate could be interpreted as a concession unless the borrower could readily obtain similar credit terms from a different lender.

The following table presents the balance of TDRs as of the indicated dates:

(dollars in thousands)	**September 30, 2012**	**December 31, 2011**
TDRs included in nonperforming loans and leases	**$ 3,740**	$ 4,300
TDRs in compliance with modified terms	8,379	7,166
Total TDRs	**$ 12,119**	$ 11,466

The following table presents information regarding loan and lease modifications categorized as Troubled Debt Restructurings for the three and nine months ended September 30, 2012:

		For the Three Months Ended September 30, 2012	
(dollars in thousands)	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Residential mortgage	0	$ 0	$ 0
Home equity lines and loans	1	249	249
Commercial and industrial	0	0	0
Leases	2	29	29
Total	3	$ 278	$ 278

		For the Nine Months Ended September 30, 2012	
(dollars in thousands)	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Residential mortgage	4	$ 1,364	$ 1,392
Home equity lines and loans	3	712	723
Commercial and industrial	1	39	39
Leases	7	70	70
Total	15	$ 2,185	$ 2,224

The following table presents information regarding the types of loan and lease modifications made for the three and nine months ended September 30, 2012:

	Number of Contracts for the Three Months Ended September 30, 2012				
	Interest Rate Change	Loan Term Extension	Interest Rate Change and Term Extension	Interest Rate Change with Interest-Only Period	Contractual Payment Reduction (Leases only)
Residential mortgage	0	0	0	0	0
Home equity lines and loans	0	0	1	0	0
Commercial and industrial	0	0	0	0	0
Leases	0	0	0	0	2
Total	0	0	1	0	2

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	Number of Contracts for the Nine Months Ended September 30, 2012				
	Interest Rate Change	Loan Term Extension	Interest Rate Change and Term Extension	Interest Rate Change with Interest-Only Period	Contractual Payment Reduction (Leases only)
Residential mortgage	0	2	2	0	0
Home equity lines and loans	1	0	2	0	0
Commercial and industrial	0	0	1	0	0
Leases	0	0	0	0	7
Total	1	2	5	0	7

During the three and nine months ended September 30, 2012, there were no defaults of loans or leases that had been previously modified to troubled debt restructurings.

D. Non-Performing Loans and Leases[(1)]

(dollars in thousands)	**September 30, 2012**	**December 31, 2011**
Non-accrual loans and leases:		
Commercial mortgage	$ 488	$ 1,043
Home equity lines and loans	2,483	2,678
Residential mortgage	3,674	3,228
Construction	3,678	4,901
Commercial and industrial	3,454	2,305
Consumer	19	5
Leases	50	155
Total nonperforming loans and leases	**$** 13,846	$ 14,315

(1) *Purchased credit-impaired loans, which have been recorded at their fair values at acquisition, and which are performing, are excluded from this table, with the exception of $364 thousand and $1.5 million of purchased credit-impaired loans as of September 30, 2012 and December 31, 2011, respectively, which became non-performing subsequent to acquisition.*

E. Purchased Credit-Impaired Loans

The outstanding principal balance and related carrying amount of credit-impaired loans, for which the Bank applies ASC 310-30 to account for the interest earned, as of the dates indicated, are as follows:

(dollars in thousands)	**September 30, 2012**	**December 31, 2011**
Outstanding principal balance	**$** 18,781	$ 22,749
Carrying amount[(1)]	11,928	13,991

(1) *Includes $462 thousand and $678 thousand purchased credit-impaired loans as of September 30, 2012 and December 31, 2011, respectively, for which the Bank could not estimate the timing or amount of expected cash flows to be collected at acquisition, and for which no accretable yield is recognized. Additionally, the table above includes $364 thousand and $1.5 million of purchased credit-impaired loans as of September 30, 2012 and December 31, 2011, respectively, that subsequently became non-performing, which are disclosed in Note 5D, above, and which also have no accretable yield.*

The following table presents changes in the accretable discount on purchased credit-impaired loans, for which the Bank applies ASC 310-30, for the nine months ended September 30, 2012:

(dollars in thousands)	**Accretable Discount**
Balance, December 31, 2011	$ 9,537
Accretion	(983)
Reclassifications from nonaccretable difference	432
Additions	430
Disposals	(1,295)
Balance, September 30, 2012	$ 8,121

F. Age Analysis of Past Due Loans and Leases

The following tables present an aging of the Corporation s loan and lease portfolio as of September 30, 2012 and December 31, 2011:

(dollars in thousands)	30 59 Days Past Due	60 89 Days Past Due	Over 89 Days Past Due	Total Past Due	Current	Total Loans and Leases
As of September 30, 2012						
Commercial mortgage	$ 556	$ 209	$ 649	$ 1,414	$ 470,940	$ 472,354
Home equity lines and loans	193	122	1,561	1,876	193,439	195,315
Residential mortgage	1,248	366	1,648	3,262	297,792	301,054
Construction	0	0	3,678	3,678	18,483	22,161
Commercial and industrial	101	193	2,631	2,925	271,426	274,351
Consumer	10	9	14	33	17,309	17,342
Leases	61	19	23	103	31,033	31,136
	$ 2,169	$ 918	$ 10,204	$ 13,291	$ 1,300,422	$ 1,313,713

(dollars in thousands)	30 59 Days Past Due	60 89 Days Past Due	Over 89 Days Past Due	Total Past Due	Current	Total Loans and Leases
As of December 31, 2011						
Commercial mortgage	$ 193	$ 171	$ 1,311	$ 1,675	$ 417,455	$ 419,130
Home equity lines and loans	330	199	2,235	2,764	205,153	207,917
Residential mortgage	1,455	907	1,856	4,218	302,260	306,478
Construction	0	0	4,853	4,853	47,991	52,844
Commercial and industrial	279	1,513	2,089	3,881	263,323	267,204
Consumer	33	0	4	37	11,392	11,429
Leases	156	75	145	376	30,014	30,390
	$ 2,446	$ 2,865	$ 12,493	$ 17,804	$ 1,277,588	$ 1,295,392

G. Allowance for Loan and Lease Losses (the Allowance)

The following tables detail the roll-forward of the Corporation s allowance for loan and lease losses, by loan category, for the three and nine months ended September 30, 2012:

(dollars in thousands)	Commercial Mortgage	Home Equity Lines and Loans	Residential Mortgage	Construction	Commercial and Industrial	Consumer	Leases	Unallocated	Total
Balance, June 30, 2012	$ 3,384	$ 1,749	$ 1,636	$ 1,112	$ 3,789	$ 180	$ 535	$ 755	$ 13,140
Charge-offs	0	(315)	(18)	(197)	0	(19)	(69)	0	(618)
Recoveries	4	0	0	0	25	1	86	0	116
Provision for loan and lease losses	235	244	3	109	766	38	(85)	(310)	1,000
Balance, September 30, 2012	$ 3,623	$ 1,678	$ 1,621	$ 1,024	$ 4,580	$ 200	$ 467	$ 445	$ 13,638

(dollars in thousands)	**Commercial Mortgage**	**Home Equity Lines and Loans**	**Residential Mortgage**	**Construction**	**Commercial and Industrial**	**Consumer**	**Leases**	**Unallocated**	**Total**
Balance, December 31, 2011	$ 3,165	$ 1,707	$ 1,592	$ 1,384	$ 3,816	$ 119	$ 532	$ 438	$ 12,753
Charge-offs	(235)	(328)	(188)	(896)	(409)	(61)	(300)	0	(2,417)
Recoveries	4	0	0	0	91	5	199	0	299
Provision for loan and lease losses	689	299	217	536	1,082	137	36	7	3,003
Balance, September 30, 2012	$ 3,623	$ 1,678	$ 1,621	$ 1,024	$ 4,580	$ 200	$ 467	$ 445	$ 13,638

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The following table details the roll-forward of the Corporation s allowance for loan and lease losses for the three and nine months ended September 30, 2011:

(dollars in thousands)	Commercial Mortgage	Home Equity Lines and Loans	Residential Mortgage	Construction	Commercial and Industrial	Consumer	Leases	Unallocated	Total
Balance, June 30, 2011	$ 2,571	$ 1,476	$ 1,246	$ 1,409	$ 3,619	$ 129	$ 638	$ 253	$ 11,341
Charge-offs	(599)	(56)	(159)	(812)	(1)	(7)	(183)	0	(1,817)
Recoveries	0	20	0	0	130	0	152	0	302
Provision for loan and lease losses	791	94	90	812	(103)	9	(11)	146	1,828
Balance, September 30, 2011	$ 2,763	$ 1,534	$ 1,177	$ 1,409	$ 3,645	$ 131	$ 596	$ 399	$ 11,654

(dollars in thousands)	Commercial Mortgage	Home Equity Lines and Loans	Residential Mortgage	Construction	Commercial and Industrial	Consumer	Leases	Unallocated	Total
Balance, December 31, 2010	$ 2,534	$ 1,563	$ 843	$ 633	$ 3,565	$ 115	$ 766	$ 256	$ 10,275
Charge-offs	(827)	(506)	(271)	(1,172)	(492)	(76)	(840)	0	(4,184)
Recoveries	0	20	0	0	133	5	373	0	531
Provision for loan and lease losses	1,056	457	605	1,948	439	87	297	143	5,032
Balance, September 30, 2011	$ 2,763	$ 1,534	$ 1,177	$ 1,409	$ 3,645	$ 131	$ 596	$ 399	$ 11,654

The following table details the allocation of the allowance for loan and lease losses by portfolio segment based on the methodology used to evaluate the loans and leases for impairment as of September 30, 2012 and December 31, 2011:

(dollars in thousands)	Commercial Mortgage	Home Equity Lines and Loans	Residential Mortgage	Construction	Commercial and Industrial	Consumer	Leases	Unallocated	Total
As of September 30, 2012									
Allowance on loans and leases:									
Individually evaluated for impairment	$ 0	$ 203	$ 229	$ 698	$ 771	$ 19	$ 0	$ 0	$ 1,920
Collectively evaluated for impairment	3,614	1,475	1,392	319	3,809	181	467	445	11,702
Purchased credit- impaired[(1)]	9	0	0	7	0	0	0	0	16
Total	$ 3,623	$ 1,678	$ 1,621	$ 1,024	$ 4,580	$ 200	$ 467	$ 445	$ 13,638
As of December 31, 2011									
Allowance on loans and leases:									
Individually evaluated for impairment	$ 0	$ 75	$ 358	$ 640	$ 248	$ 0	$ 0	$ 0	$ 1,321
Collectively evaluated for impairment	3,153	1,632	1,234	741	3,568	119	532	438	11,417
Purchased credit- impaired[(1)]	12	0	0	3	0	0	0	0	15
Total	$ 3,165	$ 1,707	$ 1,592	$ 1,384	$ 3,816	$ 119	$ 532	$ 438	$ 12,753

(1) *Purchased credit-impaired loans are evaluated for impairment on an individual basis.*

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The following table details the carrying value for loans and leases by portfolio segment based on the methodology used to evaluate the loans and leases for impairment as of September 30, 2012 and December 31, 2011:

(dollars in thousands)	**Commercial Mortgage**	**Home Equity Lines and Loans**	**Residential Mortgage**	**Construction**	**Commercial and Industrial**	**Consumer**	**Leases**	**Total**
As of September 30, 2012								
Carrying value of loans and leases:								
Individually evaluated for impairment	$ 343	$ 2,879	$ 9,700	$ 4,995	$ 3,701	$ 19	$ 0	$ 21,637
Collectively evaluated for impairment	461,633	192,409	291,080	16,195	270,372	17,323	31,136	1,280,148
Purchased credit-impaired[(1)]	10,378	27	274	971	278	0	0	11,928
Total	$ 472,354	$ 195,315	$ 301,054	$ 22,161	$ 274,351	$ 17,342	$ 31,136	$ 1,313,713
As of December 31, 2011								
Carrying value of loans and leases:								
Individually evaluated for impairment	$ 0	$ 2,714	$ 8,146	$ 6,062	$ 2,393	$ 5	$ 0	$ 19,320
Collectively evaluated for impairment	407,095	205,172	298,018	45,696	264,286	11,424	30,390	1,262,081
Purchased credit-impaired[(1)]	12,035	31	314	1,086	525	0	0	13,991
Total	$ 419,130	$ 207,917	$ 306,478	$ 52,844	$ 267,204	$ 11,429	$ 30,390	$ 1,295,392

(1) *Purchased credit-impaired loans are evaluated for impairment on an individual basis.*

As part of the process of allocating the allowance to the different segments of the loan and lease portfolio, Management considers certain credit quality indicators. For the commercial mortgage, construction and commercial and industrial loan segments, periodic reviews of the individual loans are performed by both in-house staff as well as external loan reviewers. The result of these reviews is reflected in the risk grade assigned to each loan. These internally assigned grades are as follows:

Pass Loans considered satisfactory with no indications of deterioration.

Special mention 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.

Substandard Loans classified as substandard are inadequately protected by the current net worth and payment capacity of the obligor or of the collateral pledged, if any. Substandard loans 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.

Doubtful 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.

In addition, the remaining segments of the loan and lease portfolio, which include residential mortgage, home equity lines and loans, consumer, and leases, are allocated portions of the allowance based on their performance status.

The following tables detail the carrying value of loans and leases by portfolio segment based on the credit quality indicators used to allocate the allowance for loan and lease losses as of September 30, 2012 and December 31, 2011:

	Credit Risk Profile by Internally Assigned Grade							
	Commercial Mortgage		**Construction**		**Commercial and Industrial**		**Total**	
(dollars in thousands)	**September 30, 2012**	**December 31, 2011**	**September 30, 2012**	**December 31, 2011**	**September 30, 2012**	**December 31, 2011**	**September 30, 2012**	**December 31, 2011**
Pass	$ 462,604	$ 414,250	$ 14,219	$ 38,367	$ 263,571	$ 260,050	$ 740,394	$ 712,667
Special Mention	2,985	1,932	1,317	3,704	5,584	1,459	9,886	7,095
Substandard	6,765	2,948	6,625	10,521	5,196	5,523	18,586	18,992
Doubtful[1]	0	0	0	252	0	172	0	424
Total	$ 472,354	$ 419,130	$ 22,161	$ 52,844	$ 274,351	$ 267,204	$ 768,866	$ 739,178

[1] *Loans balances classified as Doubtful have been reduced by partial charge-offs, and are carried at their net realizable value.*

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Credit Risk Profile by Payment Activity

(dollars in thousands)	Residential Mortgage September 30, 2012	Residential Mortgage December 31, 2011	Home Equity Lines and Loans September 30, 2012	Home Equity Lines and Loans December 31, 2011	Consumer September 30, 2012	Consumer December 31, 2011	Leases September 30, 2012	Leases December 31, 2011	Total September 30, 2012	Total December 31, 2011
Performing	$ 297,380	$ 303,250	$ 192,832	$ 205,239	$ 17,323	$ 11,424	$ 31,086	$ 30,235	$ 538,621	$ 550,148
Non-performing	3,674	3,228	2,483	2,678	19	5	50	155	6,226	6,066
Total	$ 301,054	$ 306,478	$ 195,315	$ 207,917	$ 17,342	$ 11,429	$ 31,136	$ 30,390	$ 544,847	$ 556,214

H. Impaired Loans

The following tables detail the recorded investment and principal balance of impaired loans by portfolio segment, their related allowance for loan and lease losses and interest income recognized as of the dates or for the periods indicated:

(dollars in thousands)	Recorded Investment(2)	Principal Balance	Related Allowance	Average Principal Balance	Interest Income Recognized	Cash-Basis Interest Income Recognized
As of or for the three months ended September 30, 2012						
Impaired loans with related allowance:						
Home equity lines and loans	$ 1,152	$ 1,210	$ 203	$ 1,211	$ 0	$ 0
Residential mortgage	1,708	1,716	229	1,716	7	0
Construction	3,678	3,694	698	5,313	0	0
Commercial and industrial	2,856	2,869	771	2,875	3	0
Consumer	19	21	19	21	0	0
Total	$ 9,413	$ 9,510	$ 1,920	$ 11,136	$ 10	$ 0
Impaired loans without related allowance(1) (3):						
Commercial mortgage	$ 343	$ 364	$ 0	$ 364	$ 0	$ 0
Home equity lines and loans	1,727	1,795	0	2,050	1	0
Residential mortgage	7,992	8,311	0	8,324	68	0
Construction	1,317	1,317	0	1,446	15	0
Commercial and industrial	845	845	0	846	3	0
Total	$ 12,224	$ 12,632	$ 0	$ 13,030	$ 87	$ 0
Grand total	$ 21,637	$ 22,142	$ 1,920	$ 24,166	$ 97	$ 0

(1) *The table above does not include the recorded investment of $223 thousand of impaired leases without a related allowance for loan and lease losses.*

(2) *Recorded investment equals principal balance less partial charge-offs and interest payments on non-performing loans that have been applied to principal.*

(3) *This table excludes all purchased credit-impaired loans, which are discussed in Note 5E, above.*

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(dollars in thousands)	Recorded Investment(2)	Principal Balance	Related Allowance	Average Principal Balance	Interest Income Recognized	Cash-Basis Interest Income Recognized
As of or for the nine months ended September 30, 2012						
Impaired loans with related allowance:						
Home equity lines and loans	$ 1,152	$ 1,210	$ 203	$ 1,211	$ 0	$ 0
Residential mortgage	1,708	1,716	229	1,718	22	0
Construction	3,678	3,694	698	5,444	0	0
Commercial and industrial	2,856	2,869	771	2,877	12	0
Consumer	19	21	19	23	0	0
Total	$ 9,413	$ 9,510	$ 1,920	$ 11,273	$ 34	$ 0
Impaired loans without related allowance(1) (3):						
Commercial mortgage	$ 343	$ 364	$ 0	$ 364	$ 4	$ 0
Home equity lines and loans	1,727	1,795	0	2,042	3	0
Residential mortgage	7,992	8,311	0	8,231	204	0
Construction	1,317	1,317	0	1,376	44	0
Commercial and industrial	845	845	0	846	10	0
Total	$ 12,224	$				