

FIRST OF LONG ISLAND CORP
Form 10-Q
August 09, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2012

or

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

For the transition period from _____ to _____

Commission file number 001-32964

THE FIRST OF LONG ISLAND CORPORATION
(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of incorporation or organization)

11-2672906
(I.R.S. Employer Identification No.)

10 Glen Head Road, Glen Head, NY
(Address of principal executive offices)

11545
(Zip Code)

(516) 671-4900
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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

Edgar Filing: FIRST OF LONG ISLAND CORP - Form 10-Q

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 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.

L a r g e Accelerated
a c c e l e r a t e d f i l e r
f i l e r

Non-accelerated S m a l l e r
f i l e r r e p o r t i n g
c o m p a n y

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	Outstanding at July 27, 2012
Common stock, \$.10 par value	8,932,680

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

<u>Consolidated Balance Sheets (Unaudited) – June 30, 2012 and December 31, 2011</u>	1
--	---

<u>Consolidated Statements of Income (Unaudited) – Six and Three Months Ended June 30, 2012 and 2011</u>	2
--	---

<u>Consolidated Statements of Comprehensive Income (Unaudited) – Six and Three Months Ended June 30, 2012 and 2011</u>	3
--	---

<u>Consolidated Statements of Changes in Stockholders' Equity (Unaudited) - Six Months Ended June 30, 2012 and 2011</u>	4
---	---

<u>Consolidated Statements of Cash Flows (Unaudited) - Six Months Ended June 30, 2012 and 2011</u>	5
--	---

<u>Notes to Unaudited Consolidated Financial Statements</u>	6
---	---

ITEM 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21
--	----

ITEM 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	28
---	----

ITEM 4. <u>Controls and Procedures</u>	30
--	----

PART II. OTHER INFORMATION

ITEM 1. <u>Legal Proceedings</u>	31
----------------------------------	----

ITEM 1A. <u>Risk Factors</u>	31
------------------------------	----

ITEM 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	31
--	----

ITEM 3. <u>Defaults Upon Senior Securities</u>	31
--	----

ITEM 4. <u>Mine Safety Disclosures</u>	31
--	----

ITEM 5. <u>Other Information</u>	31
----------------------------------	----

ITEM 6. <u>Exhibits</u>	31
-------------------------	----

<u>Signatures</u>	32
-------------------	----

Table of Contents

PART 1. FINANCIAL INFORMATION

ITEM 1.

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(dollars in thousands)	June 30, 2012	December 31, 2011
Assets:		
Cash and due from banks	\$39,984	\$29,101
Temporary investments	495	394
Cash and cash equivalents	40,479	29,495
Investment securities:		
Held-to-maturity (fair value of \$54,893 and \$66,077)	51,502	62,085
Available-for-sale	793,785	893,956
	845,287	956,041
Loan held-for-sale	100	-
Loans:		
Commercial and industrial	55,502	42,572
Secured by real estate:		
Commercial mortgages	476,291	459,875
Residential mortgages	448,823	385,374
Home equity lines	84,653	90,616
Construction and land development	1,039	-
Other	3,800	4,596
	1,070,108	983,033
Net deferred loan origination costs	3,549	2,826
	1,073,657	985,859
Allowance for loan losses	(17,823)	(16,572)
	1,055,834	969,287
Restricted stock, at cost	9,977	12,284
Bank premises and equipment, net	23,113	21,809
Bank-owned life insurance	13,410	13,165
Pension plan assets, net	6,128	6,132
Prepaid FDIC assessment	2,308	2,770
Other assets	10,902	11,424
	\$2,007,538	\$2,022,407
Liabilities:		
Deposits:		
Checking	\$463,436	\$435,517
Savings, NOW and money market	829,882	796,009
Time, \$100,000 and over	172,209	174,691
Time, other	95,715	96,651
	1,561,242	1,502,868
Short-term borrowings	36,298	102,227

Edgar Filing: FIRST OF LONG ISLAND CORP - Form 10-Q

Long-term debt	192,500	207,500
Accrued expenses and other liabilities	9,182	9,347
Deferred income taxes payable	11,004	11,118
	1,810,226	1,833,060
Stockholders' Equity		
Common stock, par value \$.10 per share: Authorized 20,000,000 shares; Issued and outstanding, 8,911,799 and 8,793,932 shares	891	879
Surplus	40,178	37,507
Retained Earnings	139,737	133,273
	180,806	171,659
Accumulated other comprehensive income, net of tax	16,506	17,688
	197,312	189,347
	\$2,007,538	\$2,022,407

See notes to consolidated financial statements

Table of Contents

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(dollars in thousands, except per share data)	Six Months Ended June		Three Months Ended June	
	2012	2011	2012	2011
Interest and dividend income:				
Loans	\$24,598	\$23,607	\$12,465	\$11,913
Investment securities:				
Taxable	8,057	7,852	3,904	3,917
Nontaxable	6,454	5,631	3,229	2,856
	39,109	37,090	19,598	18,686
Interest expense:				
Savings, NOW and money market deposits	1,929	1,827	898	985
Time deposits	2,921	2,962	1,445	1,486
Short-term borrowings	163	66	70	11
Long-term debt	3,760	3,580	1,883	1,824
	8,773	8,435	4,296	4,306
Net interest income	30,336	28,655	15,302	14,380
Provision for loan losses	1,746	1,883	623	1,029
Net interest income after provision for loan losses	28,590	26,772	14,679	13,351
Noninterest income:				
Investment Management Division income	826	794	426	398
Service charges on deposit accounts	1,574	1,619	796	828
Net gains on sales of available-for-sale securities	3,613	122	3,505	-
Other	876	747	458	396
	6,889	3,282	5,185	1,622
Noninterest expense:				
Salaries	7,934	7,798	3,886	3,957
Employee benefits	2,673	2,599	1,391	1,332
Occupancy and equipment	3,567	3,676	1,711	1,785
Debt extinguishment	3,812	-	3,812	-
Other	4,243	4,130	2,252	2,062
	22,229	18,203	13,052	9,136
Income before income taxes	13,250	11,851	6,812	5,837
Income tax expense	2,695	2,408	1,408	1,164
Net income	\$10,555	\$9,443	\$5,404	\$4,673
Weighted average:				
Common shares	8,869,554	8,741,907	8,903,277	8,756,915
Dilutive stock options and restricted stock units	81,484	105,673	77,481	95,437
	8,951,038	8,847,580	8,980,758	8,852,352
Earnings per share:				
Basic	\$1.19	\$1.08	\$.61	\$.53
Diluted	\$1.18	\$1.07	\$.60	\$.53
Cash dividends declared per share	\$.46	\$.44	\$.23	\$.22

See notes to consolidated financial statements

Table of Contents

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(dollars in thousands)	Six Months Ended June 30,		Three Months Ended June 30,	
	2012	2011	2012	2011
Net income	\$10,555	\$9,443	\$5,404	\$4,673
Other comprehensive income:				
Unrealized holding gains (losses) on available-for sale securities	(2,304)	17,982	(3,213)	10,097
Amortization of net actuarial loss and prior service cost included in net periodic pension cost	344	144	172	72
Other comprehensive income (loss) before income taxes	(1,960)	18,126	(3,041)	10,169
Income tax expense (benefit)	(778)	7,195	(1,208)	4,036
Other comprehensive income (loss)	(1,182)	10,931	(1,833)	6,133
Comprehensive Income	\$9,373	\$20,374	\$3,571	\$10,806

See notes to consolidated financial statements

Table of Contents

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

Six Months Ended June 30, 2012

(dollars in thousands)	Common Stock		Surplus	Retained Earnings	Accumulated	Total
	Shares	Amount			Other Comprehensive Income	
Balance, January 1, 2012	8,793,932	\$879	\$37,507	\$133,273	\$ 17,688	\$189,347
Net income				10,555		10,555
Other comprehensive loss					(1,182)	(1,182)
Repurchase of common stock	(6,064)	(1)	(161)			(162)
Common stock issued under stock compensation plans, including tax benefit	86,523	9	1,493			1,502
Common stock issued under dividend reinvestment and stock purchase plan	37,408	4	938			942
Stock-based compensation			401			401
Cash dividend declared				(4,091)		(4,091)
Balance, June 30, 2012	8,911,799	\$891	\$40,178	\$139,737	\$ 16,506	\$197,312

Six Months Ended June 30, 2011

(dollars in thousands)	Common Stock		Surplus	Retained Earnings	Accumulated	Total
	Shares	Amount			Other Comprehensive Income (Loss)	
Balance, January 1, 2011	8,707,665	\$871	\$35,526	\$121,713	\$ (1,416)	\$156,694
Net income				9,443		9,443
Other comprehensive income					10,931	10,931
Repurchase of common stock	(5,786)	(1)	(152)			(153)
Common stock issued under stock compensation plans, including tax benefit	60,024	6	806			812
Stock-based compensation			382			382
Cash dividend declared				(3,853)		(3,853)
Balance, June 30, 2011	8,761,903	\$876	\$36,562	\$127,303	\$ 9,515	\$174,256

See notes to consolidated financial statements

Table of Contents

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(dollars in thousands)	Six Months Ended June 30,	
	2012	2011
Cash Flows From Operating Activities:		
Net income	\$10,555	\$9,443
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1,746	1,883
Loss on loan held-for-sale	-	50
Deferred income tax provision (credit)	664	(53)
Depreciation and amortization	1,430	1,374
Premium amortization on investment securities, net	4,671	2,138
Net gains on sales of available-for-sale securities	(3,613)	(122)
Debt extinguishment costs	3,812	-
Stock-based compensation expense	401	382
Accretion of cash surrender value on bank owned life insurance	(245)	(254)
Decrease in prepaid FDIC assessment	462	580
Pension expense	348	382
Decrease (increase) in other assets	522	(1,073)
Increase (decrease) in accrued expenses and other liabilities	(193)	647
Net cash provided by operating activities	20,560	15,377
Cash Flows From Investing Activities:		
Proceeds from sales of available-for-sale securities	102,687	4,370
Proceeds from maturities and redemptions of investment securities:		
Held-to-maturity	10,703	13,456
Available-for-sale	71,559	59,727
Purchases of investment securities:		
Held-to-maturity	(47)	-
Available-for-sale	(77,510)	(117,734)
Proceeds from sale of loan held-for-sale	250	-
Net increase in loans	(88,642)	(44,860)
Net decrease in restricted stock	2,307	147
Purchases of premises and equipment, net	(2,734)	(2,120)
Net cash provided by (used in) investing activities	18,573	(87,014)
Cash Flows From Financing Activities:		
Net increase in deposits	58,374	156,168
Net decrease in short-term borrowings	(65,929)	(47,721)
Proceeds from long-term debt	50,000	22,500
Repayment of long-term debt	(68,812)	(10,000)
Proceeds from issuance of common stock under dividend reinvestment and stock purchase plan	942	-
Proceeds from exercise of stock options	1,415	719
Tax benefit from stock compensation plans	87	93
Repurchase and retirement of common stock	(162)	(153)
Cash dividends paid	(4,064)	(3,841)

Edgar Filing: FIRST OF LONG ISLAND CORP - Form 10-Q

Net cash provided by (used in) financing activities	(28,149)	117,765
Net increase in cash and cash equivalents	10,984	46,128
Cash and cash equivalents, beginning of year	29,495	18,420
Cash and cash equivalents, end of period	\$40,479	\$64,548

Supplemental Information:

Cash paid for:

Interest	\$8,390	\$7,964
Income taxes	2,413	2,757

Noncash investing and financing activities:

Cash dividends payable	2,050	1,928
Loans transferred from portfolio to held-for-sale	350	610

See notes to consolidated financial statements

Table of Contents

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 - BASIS OF PRESENTATION

The accounting and reporting policies of The First of Long Island Corporation reflect banking industry practice and conform to generally accepted accounting principles in the United States. In preparing the consolidated financial statements, management is required to make estimates, such as the allowance for loan losses, and assumptions that affect the reported asset and liability balances and revenue and expense amounts and the disclosure of contingent assets and liabilities. Actual results could differ significantly from those estimates.

The consolidated financial statements include the accounts of The First of Long Island Corporation and its wholly-owned subsidiary, The First National Bank of Long Island (“Bank”). The Bank has two wholly owned subsidiaries: The First of Long Island Agency, Inc., a licensed insurance agency under the laws of the State of New York; and, FNY Service Corp., an investment company. The Bank and FNY Service Corp. jointly own another subsidiary, The First of Long Island REIT, Inc., a real estate investment trust. The consolidated entity is referred to as the “Corporation” and the Bank and its subsidiaries are collectively referred to as the “Bank.” All intercompany balances and amounts have been eliminated. For further information refer to the consolidated financial statements and notes thereto included in the Corporation's Annual Report on Form 10-K for the year ended December 31, 2011.

The consolidated financial information included herein as of and for the periods ended June 30, 2012 and 2011 is unaudited. However, such information reflects all adjustments which are, in the opinion of management, necessary for a fair statement of results for the interim periods. The December 31, 2011 consolidated balance sheet was derived from the Corporation's December 31, 2011 audited consolidated financial statements. When appropriate, items in the prior year financial statements are reclassified to conform to the current period presentation.

2 - COMPREHENSIVE INCOME

Comprehensive income includes net income and other comprehensive income. Other comprehensive income includes revenues, expenses, gains and losses that under generally accepted accounting principles are included in comprehensive income but excluded from net income. Other comprehensive income for the Corporation consists of unrealized holding gains or losses on available-for-sale securities, amortization of net actuarial loss and prior service cost included in net periodic pension cost and changes in the funded status of the Bank's defined benefit pension plan. Accumulated other comprehensive income is recognized as a separate component of stockholders' equity.

The components of other comprehensive income and the related tax effects are as follows:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2012	2011	2012	2011
	(in thousands)			
Unrealized holding gains (losses) on available-for-sale securities:				
Change arising during period	\$1,309	\$18,104	\$292	\$10,097
Reclassification adjustment for gains included in net income	(3,613)	(122)	(3,505)	-
Net unrealized gains (losses) on available-for-sale securities	(2,304)	17,982	(3,213)	10,097
Tax effect	(915)	7,138	(1,276)	4,008
	(1,389)	10,844	(1,937)	6,089

Amortization included in net periodic pension cost:

Edgar Filing: FIRST OF LONG ISLAND CORP - Form 10-Q

Prior service cost	12	12	6	6
Net actuarial loss	332	132	166	66
	344	144	172	72
Tax effect	137	57	68	28
	207	87	104	44
Other comprehensive income (loss)	\$(1,182)	\$10,931	\$(1,833)	\$6,133

The following sets forth the components of accumulated other comprehensive income, net of tax:

	Balance 12/31/11	Current Period Change (in thousands)	Balance 6/30/12
Unrealized holding gains on available-for-sale securities	\$23,330	\$(1,389)	\$21,941
Unrealized net actuarial loss and prior service cost on pension plan	(5,642)	207	(5,435)
Accumulated other comprehensive income	\$17,688	\$(1,182)	\$16,506

Table of Contents

3 - INVESTMENT SECURITIES

The following tables set forth the amortized cost and estimated fair values of the Bank's investment securities.

	Amortized Cost	June 30, 2012		Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses	
(in thousands)				
Held-to-Maturity Securities:				
State and municipals	\$40,274	\$2,552	\$-	\$42,826
Pass-through mortgage securities	5,427	464	-	5,891
Collateralized mortgage obligations	5,801	375	-	6,176
	\$51,502	\$3,391	\$-	\$54,893
Available-for-Sale Securities:				
State and municipals	\$293,654	\$21,826	\$(236)	\$315,244
Pass-through mortgage securities	41,264	2,311	-	43,575
Collateralized mortgage obligations	422,483	13,215	(732)	434,966
	\$757,401	\$37,352	\$(968)	\$793,785

	Amortized Cost	December 31, 2011		Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses	
(in thousands)				
Held-to-Maturity Securities:				
State and municipals	\$43,091	\$2,906	\$-	\$45,997
Pass-through mortgage securities	6,851	551	-	7,402
Collateralized mortgage obligations	12,143	535	-	12,678
	\$62,085	\$3,992	\$-	\$66,077
Available-for-Sale Securities:				
U.S. government agencies	\$5,000	\$113	\$-	\$5,113
State and municipals	292,662	20,580	(47)	313,195
Pass-through mortgage securities	68,060	5,726	-	73,786
Collateralized mortgage obligations	489,546	12,933	(617)	501,862
	\$855,268	\$39,352	\$(664)	\$893,956

At June 30, 2012 and December 31, 2011, investment securities with a carrying value of \$273,283,000 and \$290,658,000, respectively, were pledged as collateral to secure public deposits and borrowed funds.

Table of Contents

Securities With Unrealized Losses. The following tables set forth securities with unrealized losses presented by length of time the securities have been in a continuous unrealized loss position.

	June 30, 2012			
	Less than 12 Months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(in thousands)			
State and municipals	\$17,552	\$(236)	\$17,552	\$(236)
Collateralized mortgage obligations	39,081	(732)	39,081	(732)
Total temporarily impaired	\$56,633	\$(968)	\$56,633	\$(968)

	December 31, 2011			
	Less than 12 Months		Total	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(in thousands)			
State and municipals	\$6,176	\$(47)	\$6,176	\$(47)
Collateralized mortgage obligations	66,357	(617)	66,357	(617)
Total temporarily impaired	\$72,533	\$(664)	\$72,533	\$(664)

Investment securities are evaluated for other-than-temporary impairment (“OTTI”) no less often than quarterly. In determining OTTI, management considers many factors, including: (1) the length of time and the extent to which the fair value has been less than cost; (2) the financial condition and near-term prospects of the issuer; (3) whether the market decline was affected by macroeconomic conditions; and (4) whether management has the intent to sell the debt security or more likely than not will be required to sell the debt security before its anticipated recovery. The assessment of whether an other-than-temporary decline exists involves a high degree of subjectivity and judgment and is based on the information available to management at a point in time.

When OTTI occurs, management considers whether it intends to sell, or, more likely than not, will be required to sell a security in an unrealized loss position before recovery of its amortized cost basis. If either of these criteria is met, the entire difference between amortized cost and fair value is recognized in earnings. For securities that do not meet the aforementioned criteria, the amount of impairment recognized in earnings is limited to the amount related to credit losses, while impairment related to other factors is recognized in other comprehensive income.

Because the unrealized losses reflected in the preceding tables are attributable to changes in interest rates and not credit losses, and because management does not have the intent to sell these securities and it is not more likely than not that it will be required to sell these securities before their anticipated recovery, the Bank does not consider these securities to be other-than-temporarily impaired at June 30, 2012.

Sales of Available-for-Sale Securities. Sales of available-for-sale securities were as follows:

	Six Months Ended		Three Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
(in thousands)				
Proceeds	\$102,687	\$4,370	\$97,579	\$-

Edgar Filing: FIRST OF LONG ISLAND CORP - Form 10-Q

Gross gains	\$4,248	\$122	\$4,140	\$-
Gross losses	(635)	-	(635)	-
Net gains	\$3,613	\$122	\$3,505	\$-

The tax provisions related to these net realized gains were \$1,434,000 and \$48,000 for the six months ended June 30, 2012 and 2011, respectively, and \$1,391,000 and \$0 for the three months ended June 30, 2012 and 2011, respectively.

Table of Contents

Maturities. The following table sets forth by maturity the amortized cost and fair value of the investment securities portfolio at June 30, 2012. State and municipal securities are included in the table at the earlier of their stated maturity or, if applicable, their pre-refunded date. The mortgage-backed securities shown in the table are expected to have substantial periodic repayments.

	Amortized Cost (in thousands)	Fair Value
Held-to-Maturity Securities		
Within one year	\$ 1,876	\$ 1,882
After 1 through 5 years	12,297	12,997
After 5 through 10 years	22,619	24,181
After 10 years	3,482	3,766
Mortgage-backed securities	11,228	12,067
	\$ 51,502	\$ 54,893
Available-for-Sale Securities		
Within one year	\$ 1,521	\$ 1,541
After 1 through 5 years	6,516	6,814
After 5 through 10 years	23,002	24,149
After 10 years	262,615	282,740
Mortgage-backed securities	463,747	478,541
	\$ 757,401	\$ 793,785

Table of Contents

4 – LOANS

The following tables set forth by portfolio segment as of June 30, 2012 and December 31, 2011: (1) the amount of loans individually evaluated for impairment and the portion of the allowance for loan losses allocable to such loans; and (2) the amount of loans collectively evaluated for impairment and the portion of the allowance for loan losses allocable to such loans. They also set forth by portfolio segment the activity in the allowance for loan losses for the six and three months ended June 30, 2012 and 2011. Construction and land development loans, if any, are included with commercial mortgages in the following tables.

	2012					
	Commercial & Industrial	Commercial Mortgages	Residential Mortgages	Home Equity Lines	Other	Total
	(in thousands)					
Loans:						
Individually evaluated for impairment	\$7	\$3,898	\$4,795	\$387	\$-	\$9,087
Collectively evaluated for impairment	55,495	473,432	444,028	84,266	3,800	1,061,021
	\$55,502	\$477,330	\$448,823	\$84,653	\$3,800	\$1,070,108
Allocation of allowance for loan losses:						
Individually evaluated for impairment	\$-	\$224	\$489	\$-	\$-	\$713
Collectively evaluated for impairment	973	8,148	6,160	1,695	134	17,110
	\$973	\$8,372	\$6,649	\$1,695	\$134	\$17,823
Activity in allowance for loan losses:						
Balance at 1/1/12	\$699	\$9,069	\$5,228	\$1,415	\$161	\$16,572
Chargeoffs	-	27	31	450	4	512
Recoveries	2	13	-	-	2	17
Provision for loan losses (credit)	272	(683)	1,452	730	(25)	1,746
Balance at 6/30/12	\$973	\$8,372	\$6,649	\$1,695	\$134	\$17,823
Activity in allowance for loan losses:						
Balance at 4/1/12	\$843	\$8,977	\$5,594	\$1,675	\$160	\$17,249
Chargeoffs	-	27	31	-	-	58
Recoveries	-	8	-	-	1	9
Provision for loan losses (credit)	130	(586)	1,086	20	(27)	623
Balance at 6/30/12	\$973	\$8,372	\$6,649	\$1,695	\$134	\$17,823

Table of Contents

	2011					
	Commercial & Industrial	Commercial Mortgages	Residential Mortgages (in thousands)	Home Equity Lines	Other	Total
Loans:						
Individually evaluated for impairment	\$12	\$3,949	\$4,548	\$975	\$-	\$9,484
Collectively evaluated for impairment	42,560	455,926	380,826	89,641	4,596	973,549
	\$42,572	\$459,875	\$385,374	\$90,616	\$4,596	\$983,033
Allocation of allowance for loan losses:						
Individually evaluated for impairment	\$1	\$357	\$676	\$-	\$-	\$1,034
Collectively evaluated for impairment	698	8,712	4,552	1,415	161	15,538
	\$699	\$9,069	\$5,228	\$1,415	\$161	\$16,572
Activity in allowance for loan losses:						
Balance at 1/1/11	\$803	\$7,680	\$4,059	\$1,415	\$57	\$14,014
Chargeoffs	-	1,257	5	-	-	1,262
Recoveries	9	-	-	-	-	9
Provision for loan losses (credit)	(134)	1,623	414	(105)	85	1,883
Balance at 6/30/11	\$678	\$8,046	\$4,468	\$1,310	\$142	\$14,644
Activity in allowance for loan losses:						
Balance at 4/1/11	\$757	\$8,457	\$4,195	\$1,301	\$163	\$14,873
Chargeoffs	-	1,257	5	-	-	1,262
Recoveries	4	-	-	-	-	4
Provision for loan losses (credit)	(83)	846	278	9	(21)	1,029
Balance at 6/30/11	\$678	\$8,046	\$4,468	\$1,310	\$142	\$14,644

For individually impaired loans, the following tables set forth by class of loans as of June 30, 2012 and December 31, 2011 the recorded investment, unpaid principal balance and related allowance. They also set forth the average recorded investment of individually impaired loans and interest income recognized while the loans were impaired during the six and three months ended June 30, 2012 and 2011.

	June 30, 2012			Six Months Ended June 30, 2012		Three Months Ended June 30, 2012	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With no related allowance				(in thousands)			

recorded:

Commercial and industrial	\$7	\$7	\$-	\$10	\$-	\$8	\$-
---------------------------	-----	-----	-----	------	-----	-----	-----

Commercial mortgages:

Other	2,528	2,528	-	2,544	72	2,537	27
-------	-------	-------	---	-------	----	-------	----

Residential mortgages

Home equity lines	387	387	-	464	5	463	2
-------------------	-----	-----	---	-----	---	-----	---

	5,370	5,370	-	5,350	137	5,327	58
--	-------	-------	---	-------	-----	-------	----

With an allowance recorded:

Commercial mortgages:

Multifamily	1,370	1,370	224	1,382	-	1,375	-
-------------	-------	-------	-----	-------	---	-------	---

Other	-	-	-	-	-	-	-
-------	---	---	---	---	---	---	---

Residential mortgages

	2,347	2,347	489	2,434	44	2,427	19
--	-------	-------	-----	-------	----	-------	----

	3,717	3,717	713	3,816	44	3,802	19
--	-------	-------	-----	-------	----	-------	----

Total:

Commercial and industrial	7	7	-	10	-	8	-
---------------------------	---	---	---	----	---	---	---

Commercial mortgages:

Multifamily	1,370	1,370	224	1,382	-	1,375	-
-------------	-------	-------	-----	-------	---	-------	---

Other	2,528	2,528	-	2,544	72	2,537	27
-------	-------	-------	---	-------	----	-------	----

Residential mortgages

Home equity lines	387	387	-	464	5	463	2
-------------------	-----	-----	---	-----	---	-----	---

	\$9,087	\$9,087	\$713	\$9,166	\$181	\$9,129	\$77
--	---------	---------	-------	---------	-------	---------	------

Table of Contents

December 31, 2011 Unpaid	Six Months Ended June 30, 2011 Average	Three Months Ended June 30, 2011
-----------------------------	--	-------------------------------------