

BRYN MAWR BANK CORP
Form 10-Q
November 03, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For Quarter ended September 30, 2017

Commission File Number 1-35746

Bryn Mawr Bank Corporation

(Exact name of registrant as specified in its charter)

Pennsylvania

**(State or other jurisdiction of
incorporation or organization)**

**23-2434506
(I.R.S.
Employer**

**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 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 No

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

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by checkmark 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.

Classes	Outstanding at November 1, 2017
Common Stock, par value \$1	17,063,041

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BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

FORM 10-Q

QUARTER ENDED September 30, 2017

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Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. Financial Statements****BRYN MAWR BANK CORPORATION AND SUBSIDIARIES****Consolidated Balance Sheets - Unaudited**

	(unaudited) September 30, 2017	December 31, 2016
<i>(dollars in thousands)</i>		
Assets		
Cash and due from banks	\$8,682	\$16,559
Interest bearing deposits with banks	36,870	34,206
Cash and cash equivalents	45,552	50,765
Investment securities available for sale, at fair value (amortized cost of \$472,158 and \$568,890 as of September 30, 2017 and December 31, 2016 respectively)	471,721	566,996
Investment securities held to maturity, at amortized cost (fair value of \$6,218 and \$2,818 as of September 30, 2017 and December 31, 2016, respectively)	6,255	2,879
Investment securities, trading	4,423	3,888
Loans held for sale	6,327	9,621
Portfolio loans and leases, originated	2,433,054	2,240,987
Portfolio loans and leases, acquired	244,291	294,438
Total portfolio loans and leases	2,677,345	2,535,425
Less: Allowance for originated loan and lease losses	(16,957)	(17,458)
Less: Allowance for acquired loan and lease losses	(47)	(28)
Total allowance for loans and lease losses	(17,004)	(17,486)
Net portfolio loans and leases	2,660,341	2,517,939
Premises and equipment, net	44,544	41,778
Accrued interest receivable	9,287	8,533
Mortgage servicing rights	5,732	5,582
Bank owned life insurance	39,881	39,279
Federal Home Loan Bank stock	16,248	17,305
Goodwill	107,127	104,765
Intangible assets	21,407	20,405
Other investments	8,941	8,627
Other assets	29,035	23,168
Total assets	\$3,476,821	\$3,421,530
Liabilities		
Deposits:		
Non-interest-bearing	\$760,614	\$736,180
Interest-bearing	1,923,567	1,843,495
Total deposits	2,684,181	2,579,675

Short-term borrowings	180,874	204,151
Long-term FHLB advances	134,651	189,742
Subordinated notes	29,573	29,532
Accrued interest payable	2,267	2,734
Other liabilities	43,383	34,569
Total liabilities	3,074,929	3,040,403
Shareholders' equity		
Common stock, par value \$1; authorized 100,000,000 shares; issued 21,247,795 and 21,110,968 shares as of September 30, 2017 and December 31, 2016, respectively, and outstanding of 17,050,151 and 16,939,715 as of September 30, 2017 and December 31, 2016, respectively	21,248	21,111
Paid-in capital in excess of par value	235,412	232,806
Less: Common stock in treasury at cost - 4,197,644 and 4,171,253 shares as of September 30, 2017 and December 31, 2016, respectively	(68,134)	(66,950)
Accumulated other comprehensive loss, net of tax	(1,400)	(2,409)
Retained earnings	214,766	196,569
Total shareholders' equity	401,892	381,127
Total liabilities and shareholders' equity	\$3,476,821	\$3,421,530

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

Table of Contents**BRYN MAWR BANK CORPORATION AND SUBSIDIARIES****Consolidated Statements of Income - Unaudited**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
<i>(dollars in thousands, except per share data)</i>				
Interest income:				
Interest and fees on loans and leases	\$30,892	\$27,931	\$88,517	\$82,306
Interest on cash and cash equivalents	36	27	137	115
Interest on investment securities:				
Taxable	2,177	1,373	5,706	4,108
Non-taxable	91	125	302	379
Dividends	2	58	99	161
Total interest income	33,198	29,514	94,761	87,069
Interest expense:				
Interest on deposits	2,198	1,575	6,009	4,053
Interest on short-term borrowings	547	34	811	71
Interest on FHLB advances and other borrowings	645	818	2,025	2,593
Interest on subordinated notes	370	370	1,110	1,106
Total interest expense	3,760	2,797	9,955	7,823
Net interest income	29,438	26,717	84,806	79,246
Provision for loan and lease losses	1,333	1,412	1,541	3,267
Net interest income after provision for loan and lease losses	28,105	25,305	83,265	75,979
Non-interest income:				
Fees for wealth management services	9,651	9,100	28,761	27,363
Insurance commissions	1,373	886	3,079	3,007
Capital markets revenue	843	-	1,796	-
Service charges on deposits	676	688	1,953	2,103
Loan servicing and other fees	548	497	1,570	1,528
Net gain on sale of loans	799	879	1,948	2,440
Net gain (loss) on sale of investment securities available for sale	72	(28)	73	(86)
Net loss on sale of other real estate owned ("OREO")	-	-	(12)	(76)
Dividends on FHLB and FRB stock	217	277	649	754
Other operating income	1,405	1,487	3,779	3,686
Total non-interest income	15,584	13,786	43,596	40,719
Non-interest expenses:				
Salaries and wages	13,602	11,621	39,632	35,556
Employee benefits	2,631	2,420	7,665	7,341
Occupancy and bank premises	2,485	2,349	7,258	7,204
Furniture, fixtures, and equipment	1,726	1,837	5,569	5,651
Advertising	277	334	1,068	990
Amortization of intangible assets	677	888	2,057	2,668

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Impairment of mortgage servicing rights	3	29	49	711
Due diligence, merger-related and merger integration expenses	850	-	2,597	-
Professional fees	739	937	2,499	2,696
Pennsylvania bank shares tax	317	675	1,278	1,953
Information technology	880	881	2,575	2,804
Other operating expenses	3,997	3,400	11,092	9,012
Total non-interest expenses	28,184	25,371	83,339	76,586
Income before income taxes	15,505	13,720	43,522	40,112
Income tax expense	4,766	4,346	14,306	13,484
Net income	\$10,739	\$9,374	\$29,216	\$26,628
Basic earnings per common share	\$0.63	\$0.56	\$1.72	\$1.58
Diluted earnings per common share	\$0.62	\$0.55	\$1.69	\$1.57
Dividends declared per share	\$0.22	\$0.21	\$0.64	\$0.61
Weighted-average basic shares outstanding	17,023,046	16,860,727	16,987,499	16,840,457
Dilutive shares	230,936	211,631	254,728	153,998
Adjusted weighted-average diluted shares	17,253,982	17,072,358	17,242,227	16,994,455

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

Table of Contents**BRYN MAWR BANK CORPORATION AND SUBSIDIARIES****Consolidated Statements of Comprehensive Income - Unaudited**

<i>(dollars in thousands)</i>	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2017	
	2016		2016	
Net income	\$10,739	\$9,374	\$29,216	\$26,628
Other comprehensive income (loss):				
Net change in unrealized gains (losses) on investment securities available for sale:				
Net unrealized gains arising during the period, net of tax expense of \$105, \$(212), \$535, and \$1,336, respectively	196	(394)	995	2,459
Less: reclassification adjustment for net losses (gains) on sales realized in net income, net of tax (benefit) expense of \$25, \$(10), \$25, and \$(30), respectively	(47)	18	(48)	56
Unrealized investment gains, net of tax expense of \$80, \$(202), \$510 and \$1,366, respectively	149	(376)	947	2,515
Net change in unfunded pension liability:				
Change in unfunded pension liability related to unrealized loss, prior service cost and transition obligation, net of tax expense (benefit) of \$9, \$9, \$34 and \$13, respectively	15	16	62	25
Total other comprehensive income	164	(360)	1,009	2,540
Total comprehensive income	\$10,903	\$9,014	\$30,225	\$29,168

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

Table of Contents**BRYN MAWR BANK CORPORATION AND SUBSIDIARIES****Consolidated Statements of Cash Flows - Unaudited***(dollars in thousands)***Nine Months Ended
September 30,
2017 2016****Operating activities:**

Net Income	\$29,216	\$26,628
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan and lease losses	1,541	3,267
Depreciation of fixed assets	4,181	4,234
Net amortization of investment premiums and discounts	2,189	2,415
Net (gain) loss on sale of investment securities available for sale	(73)	86
Net gain on sale of loans	(1,948)	(2,440)
Stock based compensation cost	1,476	1,233
Amortization and net impairment of mortgage servicing rights	619	1,236
Net accretion of fair value adjustments	(2,038)	(2,966)
Amortization of intangible assets	2,057	2,668
Impairment of other real estate owned ("OREO") and other repossessed assets	200	-
Net loss on sale of OREO	12	76
Net increase in cash surrender value of bank owned life insurance ("BOLI")	(602)	(684)
Other, net	2,130	(460)
Loans originated for resale	(91,214)	(114,087)
Proceeds from loans sold	95,599	113,121
Provision for deferred income taxes	325	790
Change in income taxes payable/receivable	(2,576)	412
Change in accrued interest receivable	(754)	(197)
Change in accrued interest payable	(467)	3
Net cash provided by operating activities	39,873	35,335

Investing activities:

Purchases of investment securities available for sale	(200,292)	(120,839)
Purchases of investment securities held to maturity	(3,466)	(2,928)
Proceeds from maturity and paydowns of investment securities available for sale	259,765	45,666
Proceeds from maturity and paydowns of investment securities held to maturity	71	22
Proceeds from sale of investment securities available for sale	12,982	202
Net change in FHLB stock	1,057	(243)
Proceeds from calls of investment securities	22,180	58,406
Net change in other investments	(314)	339
Purchase of domain name	(151)	-
Net portfolio loan and lease originations	(142,416)	(223,438)
Purchases of premises and equipment	(5,251)	(1,559)
Acquisitions, net of cash acquired	(4,792)	-
Capitalize costs to OREO	(50)	-
Proceeds from sale of OREO	375	1,806
Net cash used in investing activities	(60,302)	(242,566)

Financing activities:

Change in deposits	104,558	225,352
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Change in short-term borrowings	(23,277)	(44,091)
Dividends paid	(11,043)	(10,400)
Change in long-term FHLB advances and other borrowings	(55,000)	(50,000)
Payment of contingent consideration for business combinations	(100)	(85)
Cash payments to taxing authorities on employees' behalf from shares withheld from stock-based compensation	(1,112)	(726)
Net purchase of treasury stock for deferred compensation plans	(98)	(97)
Net purchase of treasury stock through publicly announced plans	-	(7,971)
Proceeds from exercise of stock options	1,288	1,205
Net cash provided by financing activities	15,216	113,187
Change in cash and cash equivalents	(5,213)	(94,044)
Cash and cash equivalents at beginning of period	50,765	143,067
Cash and cash equivalents at end of period	\$45,552	\$49,023

Supplemental cash flow information:

Cash paid during the year for:

Income taxes	\$16,537	\$12,372
Interest	\$10,422	\$7,823

Non-cash information:

Change in other comprehensive loss	\$1,009	\$2,540
Change in deferred tax due to change in comprehensive income	\$544	\$1,379
Transfer of loans to other real estate owned and repossessed assets	\$309	\$296
Acquisition of noncash assets and liabilities:		
Assets acquired	\$7,284	\$-
Liabilities assumed	\$2,492	\$-

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

Table of Contents**BRYN MAWR BANK CORPORATION AND SUBSIDIARIES****Consolidated Statements of Changes In Shareholders' Equity - Unaudited***(dollars in thousands, except per share information)***For the Nine Months Ended September 30, 2017**

	Shares of Common Stock Issued	Common Stock	Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity
Balance December 31, 2016	21,110,968	\$ 21,111	\$232,806	\$(66,950)	\$ (2,409)	\$ 196,569	\$ 381,127
Net income	-	-	-	-	-	29,216	29,216
Dividends declared, \$0.64 per share	-	-	-	-	-	(11,019)	(11,019)
Other comprehensive income, net of tax expense of \$544	-	-	-	-	1,009	-	1,009
Stock based compensation	-	-	1,476	-	-	-	1,476
Form S-4 stock issuance costs	-	-	(108)	-	-	-	(108)
Retirement of treasury stock	(2,628)	(3)	(23)	26	-	-	-
Net purchase of treasury stock from stock awards for statutory tax withholdings	-	-	-	(1,112)	-	-	(1,112)
Net purchase of treasury stock for deferred compensation trusts	-	-	-	(98)	-	-	(98)
Common stock issued through share-based awards and options exercises	139,455	140	1,261	-	-	-	1,401
Balance September 30, 2017	21,247,795	\$ 21,248	\$235,412	\$(68,134)	\$ (1,400)	\$ 214,766	\$ 401,892

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)

Note 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 Annual Report on Form 10-K for the twelve months ended December 31, 2016 (the “2016 Annual Report”).

The results of operations for the three and nine months ended September 30, 2017 are not necessarily indicative of the results to be expected for the full year.

Note 2 - 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 includes 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		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
<i>(dollars in thousands except per share data)</i>				
Numerator:				
Net income available to common shareholders	\$10,739	\$9,374	\$29,216	\$26,628

Denominator for basic earnings per share – weighted				
average shares outstanding	17,023,046	16,860,727	16,987,499	16,840,457
Effect of dilutive common shares	230,936	211,631	254,728	153,998
Denominator for diluted earnings per share – adjusted				
weighted average shares outstanding	17,253,982	17,072,358	17,242,227	16,994,455
Basic earnings per share	\$0.63	\$0.56	\$1.72	\$1.58
Diluted earnings per share	\$0.62	\$0.55	\$1.69	\$1.57
Antidilutive shares excluded from computation of average				
dilutive earnings per share	21,621	—	47,268	—

Table of Contents**Note 3 - Business Combinations****Harry R. Hirshorn & Company, Inc., d/b/a Hirshorn Boothby (“Hirshorn”)**

The acquisition of Hirshorn, an insurance agency headquartered in the Chestnut Hill section of Philadelphia, was completed on May 24, 2017. Immediately after the acquisition, Hirshorn was merged into the Bank’s existing insurance subsidiary, Powers Craft Parker and Beard, Inc. The consideration paid by the Bank was \$7.5 million, of which \$5.8 million was paid at closing, with three contingent cash payments, not to exceed \$575 thousand each, to be payable on each of May 24, 2018, May 24, 2019, and May 24, 2020, subject to the attainment of certain targets during the related periods. The acquisition enhanced the Bank’s ability to offer comprehensive insurance solutions to both individual and business clients and continues the strategy of selectively establishing specialty offices in targeted areas.

In connection with the Hirshorn acquisition, the following table details the consideration paid, the initial estimated fair value of identifiable assets acquired and liabilities assumed as of the date of acquisition and the resulting goodwill recorded:

(dollars in thousands)

Consideration paid:

Cash paid at closing	\$5,770
Contingent payment liability (present value)	1,690
Value of consideration	7,460

Assets acquired:

Cash operating accounts	978
Intangible assets – trade name	195
Intangible assets – customer relationships	2,672
Intangible assets – non-competition agreements	41
Premises and equipment	1,795
Accounts receivable	192
Other assets	27
Total assets	5,900

Liabilities assumed:

Accounts payable	800
Other liabilities	2
Total liabilities	802

Net assets acquired	5,098
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Goodwill resulting from acquisition of Hirshorn \$2,362

Pending Business Combination – Royal Bancshares of Pennsylvania, Inc.

On January 30, 2017, the Corporation entered into a definitive Agreement and Plan of Merger to acquire Royal Bancshares of Pennsylvania, Inc. (“RBPI”), parent company of Royal Bank America (“RBA”), in a transaction with an aggregate value of \$127.7 million (the “RBPI Acquisition”). In connection with the Acquisition, RBPI will merge with and into the Corporation and RBA will merge with and into the Bank. The RBPI Acquisition, which is expected to add approximately \$602 million in loans and \$630 million in deposits (based on December 31, 2016 financial information), strengthens the Corporation’s position as the largest community bank in Philadelphia’s western suburbs and, based on deposits, ranks it as the eighth largest community bank headquartered in Pennsylvania. The RBPI Acquisition, which will expand the Corporation's distribution network by providing entry into the new markets of New Jersey and Berks County, Pennsylvania, and an expanded physical presence in Philadelphia County, Pennsylvania, is expected to close during the fourth quarter of 2017, subject to customary regulatory approvals and closing conditions.

Table of Contents**Due Diligence, Merger-Related and Merger Integration Expenses**

Due diligence, merger-related and merger integration expenses may include consultant costs, investment banker fees, contract breakage fees, retention bonuses for severed employees, and salary and wages for staffing involved in the integration of the institutions. The following table details the costs identified and classified as due diligence, merger-related and merger integration costs for the periods indicated:

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
<i>(dollars in thousands)</i>	2017	2016	2017	2016
Salaries and wages	\$ 28	\$ —	\$ 428	\$ —
Employee benefits	5	—	10	—
Advertising	89	—	108	—
Professional fees	662	—	1,600	—
Information technology	41	—	300	—
Other	25	—	151	—
Total due diligence and merger-related expenses	\$ 850	\$ —	\$ 2,597	\$ —

Note 4 - Investment Securities

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

As of September 30, 2017

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<i>(dollars in thousands)</i>				
U.S. Treasury securities	\$ 100	\$ —	\$ —	\$ 100
Obligations of the U.S. government and agencies	143,632	175	(1,095)	142,712

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Obligations of state and political subdivisions	24,055	48	(24)	24,079
Mortgage-backed securities	259,812	1,491	(622)	260,681
Collateralized mortgage obligations	40,235	56	(696	)	39,595
Other investments	4,324	246	(16	)	4,554
Total	\$ 472,158	\$ 2,016	\$ (2,453	)	\$ 471,721

As of December 31, 2016

(dollars in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Treasury securities	\$ 200,094	\$ 3	\$ —	\$ 200,097
Obligations of the U.S. government and agencies	83,111	167	(1,080	) 82,198
Obligations of state and political subdivisions	33,625	26	(121	) 33,530
Mortgage-backed securities	185,997	1,260	(1,306	) 185,951
Collateralized mortgage obligations	49,488	108	(902	) 48,694
Other investments	16,575	105	(154	) 16,526
Total	\$ 568,890	\$ 1,669	\$ (3,563	) \$ 566,996

The following tables detail the amount of investment securities *available for sale* that were in an unrealized loss position as of the dates indicated:

As of September 30, 2017

	Less than 12 Months		12 Months or Longer		Total	
(dollars in thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Obligations of the U.S. government and agencies	\$91,172	\$ (726)	\$ 15,631	\$ (369)	\$ 106,803	\$ (1,095)
Obligations of state and political subdivisions	4,207	(15)	2,859	(9)	7,066	(24)
Mortgage-backed securities	104,579	(447)	11,444	(175)	116,023	(622)
Collateralized mortgage obligations	9,916	(100)	21,899	(596)	31,815	(696)
Other investments	1,480	(16)	—	—	1,480	(16)
Total	\$211,354	\$ (1,304)	\$51,833	\$ (1,149)	\$263,187	\$ (2,453)

Table of Contents**As of December 31, 2016**

<i>(dollars in thousands)</i>	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Obligations of the U.S. government and agencies	\$62,211	\$ (1,080)	\$ —	\$ —	\$62,211	\$ (1,080)
Obligations of state and political subdivisions	24,482	(121)	—	—	24,482	(121)
Mortgage-backed securities	101,433	(1,306)	—	—	101,433	(1,306)
Collateralized mortgage obligations	35,959	(902)	—	—	35,959	(902)
Other investments	2,203	(93)	11,895	(61)	14,098	(154)
Total	\$226,288	\$ (3,502)	\$11,895	\$ (61)	\$238,183	\$ (3,563)

Management evaluates the Corporation's investment securities available for sale that are in an unrealized loss position in order to determine if the decline in fair 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. The Corporation 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, 2017 and December 31, 2016, securities having fair values of \$105.9 million and \$119.4 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 as part of the Corporation's borrowing agreement with the FHLB.

The amortized cost and fair value of investment securities *available for sale* as of September 30, 2017 and December 31, 2016, by contractual maturity, are detailed below:

<i>(dollars in thousands)</i>	September 30, 2017		December 31, 2016	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Investment securities ¹ :				
Due in one year or less	\$11,870	\$11,873	\$213,876	\$213,885

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Due after one year through five years	98,400	97,785	40,335	40,270
Due after five years through ten years	42,700	42,342	45,840	44,914
Due after ten years	15,917	15,990	18,079	18,055
Subtotal	168,887	167,990	318,130	317,124
Mortgage-related securities ¹	300,047	300,276	235,485	234,644
Mutual funds with no stated maturity	3,224	3,455	15,275	15,228
Total	\$472,158	\$471,721	\$568,890	\$566,996

¹Expected 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.

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The amortized cost and fair value of investment securities *held to maturity* as of September 30, 2017 and December 31, 2016 are detailed below:

As of September 30, 2017

<i>(dollars in thousands)</i>	Amortized Cost	Gross	Gross	Fair Value
		Unrealized	Unrealized	
		Gains	Losses	
Mortgage-backed securities	\$ 6,255	\$ 10	\$ (47	) \$6,218
Total	\$ 6,255	\$ 10	\$ (47	) \$6,218

As of December 31, 2016

<i>(dollars in thousands)</i>	Amortized Cost	Gross	Gross	Fair Value
		Unrealized	Unrealized	
		Gains	Losses	
Mortgage-backed securities	\$ 2,879	\$ —	\$ (61	) \$2,818
Total	\$ 2,879	\$ —	\$ (61	) \$2,818

The following tables detail the amount of *held to maturity* securities that were in an unrealized loss position as of September 30, 2017 and December 31, 2016:

As of September 30, 2017

Less than 12 Months	12 Months or Longer	Total
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<i>(dollars in thousands)</i>	Unrealized		Unrealized		Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
Mortgage-backed securities	\$2,194	\$ (5)	\$2,783	\$ (42)	\$4,977	\$ (47)
Total	\$2,194	\$ (5)	\$2,783	\$ (42)	\$4,977	\$ (47)

As of December 31, 2016

<i>(dollars in thousands)</i>	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mortgage-backed securities	\$2,818	\$ (61)	\$ —	\$ —	\$2,818	\$ (61)
Total	\$2,818	\$ (61)	\$ —	\$ —	\$2,818	\$ (61)

The amortized cost and fair value of investment securities *held to maturity* as of September 30, 2017 and December 31, 2016, by contractual maturity, are detailed below:

<i>(dollars in thousands)</i>	September 30, 2017		December 31, 2016	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Mortgage-related securities ¹	\$6,255	\$6,218	\$2,879	\$2,818
Total	\$6,255	\$6,218	\$2,879	\$2,818

¹ 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.

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As of September 30, 2017 and December 31, 2016, the Corporation's investment securities held in *trading* accounts totaled \$4.4 million and \$3.9 million, respectively, and consisted solely of deferred compensation trust accounts which were invested in listed mutual funds whose diversification is at the discretion of the deferred compensation plan participants. Investment securities held in trading accounts are reported at fair value, with adjustments in fair value reported through earnings.

Note 5 - Loans and Leases

The loan and lease portfolio consists of loans and leases originated by the Corporation, as well as loans acquired in mergers and acquisitions. These mergers and acquisitions include the January 2015 acquisition of CBH, the November 2012 transaction with First Bank of Delaware ("FBD") and the July 2010 acquisition of First Keystone Financial, Inc. ("FKF"). Many of the tables in this footnote are presented for all loans as well as supplemental tables for *originated* and *acquired* loans.

A. The table below details *all* portfolio loans and leases as of the dates indicated:

	September 30, 2017	December 31, 2016
Loans held for sale	\$6,327	\$9,621
Real estate loans:		
Commercial mortgage	\$1,224,571	\$1,110,898
Home equity lines and loans	206,974	207,999
Residential mortgage	422,524	413,540
Construction	133,505	141,964
Total real estate loans	1,987,574	1,874,401
Commercial and industrial	597,595	579,791
Consumer	31,306	25,341
Leases	60,870	55,892
Total portfolio loans and leases	2,677,345	2,535,425
Total loans and leases	\$2,683,672	\$2,545,046
Loans with fixed rates	\$1,141,433	\$1,130,172
Loans with adjustable or floating rates	1,542,239	1,414,874
Total loans and leases	\$2,683,672	\$2,545,046
Net deferred loan origination fees included in the above loan table	\$(718)	\$(735)

The table below details the Corporation's *originated* portfolio loans and leases as of the dates indicated:

	September 30,	December 31,
	2017	2016
Loans held for sale	\$6,327	\$9,621
Real estate loans:		
Commercial mortgage	\$1,089,369	\$946,879
Home equity lines and loans	182,301	178,450
Residential mortgage	362,237	342,268
Construction	133,505	141,964
Total real estate loans	1,767,412	1,609,561
Commercial and industrial	573,607	550,334
Consumer	31,165	25,200
Leases	60,870	55,892
Total portfolio loans and leases	2,433,054	2,240,987
Total loans and leases	\$2,439,381	\$2,250,608
Loans with fixed rates	\$1,026,646	\$992,917
Loans with adjustable or floating rates	1,412,735	1,257,691
Total originated loans and leases	\$2,439,381	\$2,250,608
Net deferred loan origination fees included in the above loan table	\$(718)	\$(735)

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The table below details the Corporation's *acquired* portfolio loans as of the dates indicated:

	September 30, 2017	December 31, 2016
Real estate loans:		
Commercial mortgage	\$ 135,202	\$ 164,019
Home equity lines and loans	24,673	29,549
Residential mortgage	60,287	71,272
Total real estate loans	220,162	264,840
Commercial and industrial	23,988	29,457
Consumer	141	141
Total portfolio loans and leases	244,291	294,438
Total acquired loans and leases	\$ 244,291	\$ 294,438
Loans with fixed rates	\$ 114,787	\$ 137,255
Loans with adjustable or floating rates	129,504	157,183
Total acquired loans and leases	\$ 244,291	\$ 294,438

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

	September 30, 2017	December 31, 2016
<i>(dollars in thousands)</i>		
Minimum lease payments receivable	\$ 67,561	\$ 62,379
Unearned lease income	(8,946)	(8,608)
Initial direct costs and deferred fees	2,255	2,121
Total	\$ 60,870	\$ 55,892

C. Non-Performing Loans and Leases⁽¹⁾

The following table details *all* non-performing portfolio loans and leases as of the dates indicated:

	September 30,	December 31,
(dollars in thousands)	2017	2016
Non-accrual loans and leases:		
Commercial mortgage	\$ 193	\$ 320
Home equity lines and loans	613	2,289
Residential mortgage	1,589	2,658
Commercial and industrial	1,977	2,957
Consumer	—	2
Leases	100	137
Total	\$ 4,472	\$ 8,363

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 \$270 thousand and \$344 thousand of purchased credit-impaired loans as of September 30, 2017 and December 31, 2016, respectively, which became non-performing subsequent to acquisition.

The following table details non-performing *originated* portfolio loans and leases as of the dates indicated:

	September 30,	December 31,
(dollars in thousands)	2017	2016
Non-accrual originated loans and leases:		
Commercial mortgage	\$ 144	\$ 265
Home equity lines and loans	270	2,169
Residential mortgage	458	1,654
Commercial and industrial	1,131	941
Consumer	—	2
Leases	100	137
Total	\$ 2,103	\$ 5,168

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The following table details non-performing *acquired* portfolio loans⁽¹⁾ as of the dates indicated:

	September 30,	December 31,
(dollars in thousands)	2017	2016
Non-accrual acquired loans and leases:		
Commercial mortgage	\$ 49	\$ 55
Home equity lines and loans	343	120
Residential mortgage	1,131	1,004
Commercial and industrial	846	2,016
Total	\$ 2,369	\$ 3,195

⁽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 \$270 thousand and \$344 thousand of purchased credit-impaired loans as of September 30, 2017 and December 31, 2016, respectively, which became non-performing subsequent to acquisition.*

D. Purchased Credit-Impaired Loans

The outstanding principal balance and related carrying amount of credit-impaired loans, for which the Corporation applies ASC 310-30, *Accounting for Purchased Loans with Deteriorated Credit Quality*, to account for the interest earned, as of the dates indicated, are as follows:

	September 30,	December 31,
(dollars in thousands)	2017	2016
Outstanding principal balance	\$ 15,149	\$ 18,091
Carrying amount ⁽¹⁾	\$ 10,380	\$ 12,432

⁽¹⁾ *Includes \$274 thousand and \$368 thousand of purchased credit-impaired loans as of September 30, 2017 and December 31, 2016, respectively, for which the Corporation 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 \$270 thousand and \$344 thousand of purchased credit-impaired loans as of September 30, 2017 and December 31, 2016, respectively, which became non-performing subsequent to acquisition, which are disclosed in Note 5C, 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 Corporation applies ASC 310-30, for the nine months ended September 30, 2017:

<i>(dollars in thousands)</i>	Accretable Discount
Balance, December 31, 2016	\$ 3,233
Accretion	(1,553)
Reclassifications from nonaccretable difference	—
Additions/adjustments	666
Disposals	—
Balance, September 30, 2017	\$ 2,346

Table of Contents**E. Age Analysis of Past Due Loans and Leases**

The following tables present an aging of *all* portfolio loans and leases as of the dates indicated:

	Accruing Loans and Leases							
	30 – 59	60 – 89	Over 89	Total		Total	Nonaccrual	Total
(dollars in thousands)	Days Past Due	Days Past Due	Days Past Due	Past Due	Current*	Accruing Loans and Leases	Loans and Leases	Loans and Leases
As of September 30, 2017								
Commercial mortgage	\$525	\$—	\$ —	\$525	\$1,223,853	\$1,224,378	\$ 193	\$1,224,571
Home equity lines and loans	—	—	—	—	206,361	206,361	613	206,974
Residential mortgage	1,608	1,857	—	3,465	417,470	420,935	1,589	422,524
Construction	—	116	—	116	133,389	133,505	—	133,505
Commercial and industrial	—	—	—	—	595,618	595,618	1,977	597,595
Consumer	22	—	—	22	31,284	31,306	—	31,306
Leases	296	133	—	429	60,341	60,770	100	60,870
Total	\$2,451	\$2,106	\$ —	\$4,557	\$2,668,316	\$2,672,873	\$ 4,472	\$2,677,345

	Accruing Loans and Leases							
	30 – 59	60 – 89	Over 89	Total		Total	Nonaccrual	Total
(dollars in thousands)	Days Past Due	Days Past Due	Days Past Due	Past Due	Current*	Accruing Loans and Leases	Loans and Leases	Loans and Leases
As of December 31, 2016								
Commercial mortgage	\$666	\$722	\$ —	\$1,388	\$1,109,190	\$1,110,578	\$ 320	\$1,110,898
Home equity lines and loans	11	—	—	11	205,699	205,710	2,289	207,999
Residential mortgage	823	490	—	1,313	409,569	410,882	2,658	413,540
Construction	—	—	—	—	141,964	141,964	—	141,964
Commercial and industrial	36	—	—	36	576,798	576,834	2,957	579,791
Consumer	10	5	—	15	25,324	25,339	2	25,341
Leases	177	86	—	263	55,492	55,755	137	55,892
Total	\$1,723	\$1,303	\$ —	\$3,026	\$2,524,036	\$2,527,062	\$ 8,363	\$2,535,425

**Included as “current” are \$4.2 million and \$15.3 million of loans and leases as of September 30, 2017 and December 31, 2016, respectively, which are classified as Administratively Delinquent. An Administratively Delinquent loan is one which has been approved for a renewal or extension but has not had all the required documents fully executed as of the reporting date. The Corporation does not consider these loans to be delinquent.*

The following tables present an aging of *originated* portfolio loans and leases as of the dates indicated:

	Accruing Loans and Leases				Current*	Total		
	30 – 59	60 – 89	Over 89	Total		Accruing	Nonaccrual	Total
(dollars in thousands)	Days Past Due	Days Past Due	Days Past Due	Past Due		Loans and Leases	Loans and Leases	Loans and Leases
As of September 30, 2017								
Commercial mortgage	\$398	\$—	\$ —	\$398	\$1,088,827	\$1,089,225	\$ 144	\$1,089,369
Home equity lines and loans	—	—	—	—	182,031	182,031	270	182,301
Residential mortgage	1,511	—	—	1,511	360,268	361,779	458	362,237
Construction	—	116	—	116	133,389	133,505	—	133,505
Commercial and industrial	—	—	—	—	572,476	572,476	1,131	573,607
Consumer	22	—	—	22	31,143	31,165	—	31,165
Leases	296	133	—	429	60,341	60,770	100	60,870
Total	\$2,227	\$249	\$ —	\$2,476	\$2,428,475	\$2,430,951	\$ 2,103	\$2,433,054

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(dollars in thousands)	Accruing Loans and Leases					Total		
	30 – 59	60 – 89	Over 89	Total	Current*	Accruing	Nonaccrual	Total
	Days Past Due	Days Past Due	Days Past Due	Past Due		Loans and Leases	Loans and Leases	Loans and Leases
As of December 31, 2016								
Commercial mortgage	\$—	\$722	\$ —	\$722	\$945,892	\$946,614	\$ 265	\$946,879
Home equity lines and loans	11	—	—	11	176,270	176,281	2,169	178,450
Residential mortgage	773	64	—	837	339,778	340,615	1,653	342,268
Construction	—	—	—	—	141,964	141,964	—	141,964
Commercial and industrial	—	—	—	—	549,393	549,393	941	550,334
Consumer	10	5	—	15	25,183	25,198	2	25,200
Leases	177	86	—	263	55,492	55,755	137	55,892
Total	\$971	\$877	\$ —	\$1,848	\$2,233,972	\$2,235,820	\$ 5,167	\$2,240,987

*Included as “current” are \$4.2 million and \$13.5 million of loans and leases as of September 30, 2017 and December 31, 2016, respectively, which are classified as Administratively Delinquent. An Administratively Delinquent loan is one which has been approved for a renewal or extension but has not had all the required documents fully executed as of the reporting date. The Corporation does not consider these loans to be delinquent.

The following tables present an aging of *acquired* portfolio loans and leases as of the dates indicated:

(dollars in thousands)	Accruing Loans and Leases					Total		
	30 – 59	60 – 89	Over 89	Total	Current	Accruing	Nonaccrual	Total
	Days Past Due	Days Past Due	Days Past Due	Past Due		Loans and Leases	Loans and Leases	Loans and Leases
As of September 30, 2017								
Commercial mortgage	\$127	\$—	\$ —	\$127	\$135,026	\$135,153	\$ 49	\$135,202
Home equity lines and loans	—	—	—	—	24,330	24,330	343	24,673
Residential mortgage	97	1,857	—	1,954	57,202	59,156	1,131	60,287
Commercial and industrial	—	—	—	—	23,142	23,142	846	23,988

Consumer	—	—	—	—	141	141	—	141
Total	\$224	\$1,857	\$ —	\$2,081	\$239,841	\$241,922	\$ 2,369	\$244,291

Accruing Loans and Leases

	30 – 59	60 – 89	Over 89	Total		Total Accruing	Nonaccrual	Total
<i>(dollars in thousands)</i>	Days Past Due	Days Past Due	Days Past Due	Past Due	Current*	Loans and Leases	Loans and Leases	Loans and Leases
As of December 31, 2016								
Commercial mortgage	\$666	\$—	\$ —	\$666	\$163,298	\$163,964	\$ 55	\$164,019
Home equity lines and loans	—	—	—	—	29,429	29,429	120	29,549
Residential mortgage	50	426	—	476	69,791	70,267	1,005	71,272
Commercial and industrial	36	—	—	36	27,405	27,441	2,016	29,457
Consumer	—	—	—	—	141	141	—	141
Total	\$752	\$426	\$ —	\$1,178	\$290,064	\$291,242	\$ 3,196	\$294,438

**Included as “current” is \$1.8 million of loans and leases as of December 31, 2016 which are classified as Administratively Delinquent. An Administratively Delinquent loan is one which has been approved for a renewal or extension but has not had all the required documents fully executed as of the reporting date. The Corporation does not consider these loans to be delinquent.*

Table of Contents**F. Allowance for Loan and Lease Losses (the “Allowance”)**

The following tables detail the roll-forward of the Allowance for the three and nine months ended September 30, 2017:

<i>(dollars in thousands)</i>	Commercial Mortgage	Home Equity Lines and Loans	Residential Mortgage	Construction	Commercial and Industrial	Consumer	Leases	Unallocated	Total
Balance, June 30, 2017	\$ 6,608	\$ 1,214	\$ 1,776	\$ 1,111	\$ 4,813	\$ 177	\$ 700	\$ —	\$16,399
Charge-offs	—	(69)	(88)	—	(301)	(37)	(411)	—	(906)
Recoveries	3	—	85	1	2	1	86	—	178
Provision for loan and lease losses	721	(53)	48	(182)	366	69	364	—	1,333
Balance, September 30, 2017	\$ 7,332	\$ 1,092	\$ 1,821	\$ 930	\$ 4,880	\$ 210	\$ 739	\$ —	\$17,004

<i>(dollars in thousands)</i>	Commercial Mortgage	Home Equity Lines and Loans	Residential Mortgage	Construction	Commercial and Industrial	Consumer	Leases	Unallocated	Total
Balance, December 31, 2016	\$ 6,227	\$ 1,255	\$ 1,917	\$ 2,233	\$ 5,142	\$ 153	\$ 559	\$ —	\$17,486
Charge-offs	—	(676)	(158)	—	(560)	(96)	(924)	—	(2,414)
Recoveries	9	—	85	3	18	5	271	—	391
Provision for loan and lease losses	1,096	513	(23)	(1,306)	280	148	833	—	1,541
Balance, September 30, 2017	\$ 7,332	\$ 1,092	\$ 1,821	\$ 930	\$ 4,880	\$ 210	\$ 739	\$ —	\$17,004

The following table details the roll-forward of the Allowance for the three and nine months ended September 30, 2016:

<i>(dollars in thousands)</i>	Construction	Consumer	Leases	Unallocated	Total
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	Commercial Mortgage	Home Equity Lines and Loans	Residential Mortgage		Commercial and Industrial				
Balance, June 30, 2016	\$ 6,021	\$ 1,185	\$ 1,949	\$ 2,144	\$ 5,045	\$ 127	\$ 565	\$ —	\$17,036
Charge-offs	—	(402)	(4)	—	(112)	(64)	(240)	—	(822)
Recoveries	4	27	2	—	16	7	62	—	118
Provision for loan and lease losses	224	402	44	(28)	500	74	176	—	1,412
Balance, September 30, 2016	\$ 6,269	\$ 1,212	\$ 1,991	\$ 2,116	\$ 5,449	\$ 144	\$ 563	\$ —	\$17,744

(dollars in thousands)	Commercial Mortgage	Home Equity Lines and Loans	Residential Mortgage	Construction	Commercial and Industrial	Consumer	Leases	Unallocated	Total
Balance, December 31, 2015	\$ 5,199	\$ 1,307	\$ 1,740	\$ 1,324	\$ 5,609	\$ 142	\$ 518	\$ 18	\$15,857
Charge-offs	(110)	(488)	(275)	—	(144)	(131)	(650)	—	(1,798)
Recoveries	10	31	46	63	67	23	178	—	418
Provision for loan and lease losses	1,170	362	480	729	(83)	110	517	(18)	3,267
Balance September 30, 2016	\$ 6,269	\$ 1,212	\$ 1,991	\$ 2,116	\$ 5,449	\$ 144	\$ 563	\$ —	\$17,744

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The following table details the allocation of the Allowance for *all* portfolio loans and leases by portfolio segment based on the methodology used to evaluate the loans and leases for impairment as of September 30, 2017 and December 31, 2016:

<i>(dollars in thousands)</i>	Commercial Mortgage	Home Equity Lines and Loans	Residential Mortgage	Construction	Commercial and Industrial	Consumer	Leases	Unallocated	Total
As of September 30, 2017									
Allowance on loans and leases:									
Individually evaluated for impairment	\$ —	\$ 3	\$ 116	\$ —	\$ —	\$ 4	\$ —	\$ —	\$ 123
Collectively evaluated for impairment	7,332	1,089	1,705	930	4,880	206	739	—	16,881
Purchased credit-impaired ⁽¹⁾	—	—	—	—	—	—	—	—	—
Total	\$ 7,332	\$ 1,092	\$ 1,821	\$ 930	\$ 4,880	\$ 210	\$ 739	\$ —	\$ 17,004
As of December 31, 2016									
Allowance on loans and leases:									
Individually evaluated for impairment	\$ —	\$ —	\$ 73	\$ —	\$ 5	\$ 8	\$ —	\$ —	\$ 86
Collectively evaluated for impairment	6,227	1,255	1,844	2,233	5,137	145	559	—	17,400
Purchased credit-impaired ⁽¹⁾	—	—	—	—	—	—	—	—	—
Total	\$ 6,227	\$ 1,255	\$ 1,917	\$ 2,233	\$ 5,142	\$ 153	\$ 559	\$ —	\$ 17,486

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

The following table details the carrying value for *all* portfolio loans and leases by portfolio segment based on the methodology used to evaluate the loans and leases for impairment as of September 30, 2017 and December 31, 2016:

<i>(dollars in thousands)</i>	Commercial Mortgage	Home Equity Lines and Loans	Residential Mortgage	Construction	Commercial and Industrial	Consumer	Leases	Total
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**As of September
30, 2017**Carrying value of
loans and leases:

Individually evaluated for impairment	\$ 1,449	\$ 654	\$ 6,459	\$ —	\$ 1,940	\$ 27	\$ —	\$ 10,529
Collectively evaluated for impairment	1,214,225	206,232	416,065	133,505	594,260	31,279	60,870	2,656,436
Purchased credit-impaired ⁽¹⁾	8,897	88	—	—	1,395	—	—	10,380
Total	\$ 1,224,571	\$ 206,974	\$ 422,524	\$ 133,505	\$ 597,595	\$ 31,306	\$ 60,870	\$ 2,677,345

**As of December 31,
2016**Carrying value of
loans and leases:

Individually evaluated for impairment	\$ 1,576	\$ 2,354	\$ 7,266	\$ —	\$ 2,946	\$ 31	\$ —	\$ 14,173
Collectively evaluated for impairment	1,098,788	205,540	406,271	141,964	575,055	25,310	55,892	2,508,820
Purchased credit-impaired ⁽¹⁾	10,534	105	3	—	1,790	—	—	12,432
Total	\$ 1,110,898	\$ 207,999	\$ 413,540	\$ 141,964	\$ 579,791	\$ 25,341	\$ 55,892	\$ 2,535,425

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

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The following table details the allocation of the Allowance for *originated* portfolio loans and leases by portfolio segment based on the methodology used to evaluate the loans and leases for impairment as of September 30, 2017 and December 31, 2016:

<i>(dollars in thousands)</i>	Commercial Mortgage	Home Equity Lines and Loans	Residential Mortgage	Construction	Commercial and Industrial	Commercial Consumer Leases	Unallocated	Total
As of September 30, 2017								
Allowance on loans and leases:								
Individually evaluated for impairment	\$ —	\$ 3	\$ 69	\$ —	\$ —	\$ 4	\$ —	\$ 76
Collectively evaluated for impairment	7,332	1,089	1,705	930	4,880	206	739	16,881
Total	\$ 7,332	\$ 1,092	\$ 1,774	\$ 930	\$ 4,880	\$ 210	\$ 739	\$ 16,957
As of December 31, 2016								
Allowance on loans and leases:								
Individually evaluated for impairment	\$ —	\$ —	\$ 45	\$ —	\$ 5	\$ 8	\$ —	\$ 58
Collectively evaluated for impairment	6,227	1,255	1,844	2,233	5,137	145	559	17,400
Total	\$ 6,227	\$ 1,255	\$ 1,889	\$ 2,233	\$ 5,142	\$ 153	\$ 559	\$ 17,458

The following table details the carrying value for *originated* portfolio loans and leases by portfolio segment based on the methodology used to evaluate the loans and leases for impairment as of September 30, 2017 and December 31, 2016:

<i>(dollars in thousands)</i>	Commercial Mortgage	Home Equity Lines and Loans	Residential Mortgage	Construction	Commercial and Industrial	Commercial Consumer Leases	Total
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As of September 30, 2017
Carrying value of loans and leases:

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Individually evaluated for impairment	\$ 1,400	\$388	\$ 3,153	\$ —	\$ 1,287	\$ 27	\$ — \$6,255
Collectively evaluated for impairment	1,087,969	181,913	359,084	133,505	572,319	31,139	