CITY HOLDING CO
Form 10-Q
November 09, 2012

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

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For The Quarterly Period Ended September 30, 2012
OR
[ ] TRANSITION REPORT PURSANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For The Transition Period From ____________To_____________.

Commission File number 0-11733

CITY HOLDING COMPANY
(Exact name of registrant as specified in its charter)

West Virginia (State or other jurisdiction of incorporation or organization)	55-0619957 (I.R.S. Employer Identification No.)
25 Gatewater Road Charleston, West Virginia (Address of principal executive offices)	25313 (Zip Code)

(304) 769-1100
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant has (1) 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 [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 check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer,” “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 check mark 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 classes of common stock, as of the latest practical date.

Common stock, $2.50 Par Value – 14,833,283 shares as of November 5, 2012.

FORWARD-LOOKING STATEMENTS

All statements other than statements of historical fact included in this Quarterly Report on Form 10-Q, including statements in Management's Discussion and Analysis of Financial Condition and Result of Operations are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such information involves risks and uncertainties that could result in the Company's actual results differing from those projected in the forward-looking statements. Important factors that could cause actual results to differ materially from those discussed in such forward-looking statements include, but are not limited to: (1) the Company may incur additional loan loss provision due to negative credit quality trends in the future that may lead to a deterioration of asset quality; (2) the Company may incur increased charge-offs in the future; (3) the Company could have adverse legal actions of a material nature; (4) the Company may face competitive loss of customers; (5) the Company may be unable to manage its expense levels; (6) the Company may have difficulty retaining key employees; (7) changes in the interest rate environment may have results on the Company's operations materially different from those anticipated by the Company's market risk management functions; (8) changes in general economic conditions and increased competition could adversely affect the Company's operating results; (9) changes in other regulations and government policies affecting bank holding companies and their subsidiaries, including changes in monetary policies, could negatively impact the Company's operating results; (10) the Company may experience difficulties growing loan and deposit balances; (11) the current economic environment poses significant challenges for us and could adversely affect our financial condition and results of operations; (12) continued deterioration in the financial condition of the U.S. banking system may impact the valuations of investments the Company has made in the securities of other financial institutions resulting in either actual losses or other than temporary impairments on such investments; (13) the effects of the Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") recently adopted by the United States Congress; and (14) the merger with Community Financial Corporation will not be consummated unless certain conditions are met. Forward-looking statements made herein reflect management's expectations as of the date such statements are made. Such information is provided to assist stockholders and potential investors in understanding current and anticipated financial operations of the Company and is included pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances that arise after the date such statements are made.

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City Holding Company and Subsidiaries

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PART I, ITEM 1 – FINANCIAL STATEMENTS
Consolidated Balance Sheets
City Holding Company and Subsidiaries
(in thousands)

	September 30, 2012 (Unaudited)	December 31, 2011
Assets		
Cash and due from banks	$ 72,309	$ 140,873
Interest-bearing deposits in depository institutions	5,563	5,526
Federal funds sold	35,000	-
Cash and Cash Equivalents	112,872	146,399
Investment securities available for sale, at fair value	389,686	360,783
Investment securities held-to-maturity, at amortized cost (approximate fair value at September 30, 2012 and December 31, 2011 - $13,658 and $23,423, respectively)	13,444	23,458
Other securities	11,459	11,934
Total Investment Securities	414,589	396,175
Gross loans	2,085,232	1,973,103
Allowance for loan losses	(18,986)	(19,409)
Net Loans	2,066,246	1,953,694
Bank owned life insurance	81,146	78,961
Premises and equipment, net	72,360	64,612
Accrued interest receivable	7,681	7,093
Net deferred tax asset	32,407	32,219
Goodwill and other intangible assets	65,103	56,164
Other assets	46,793	41,792
Total Assets	$ 2,899,197	$ 2,777,109
Liabilities		
Deposits:		
Noninterest-bearing	$ 407,634	$ 369,025
Interest-bearing:		
Demand deposits	549,752	526,824
Savings deposits	495,068	439,823
Time deposits	929,042	885,596
Total Deposits	2,381,496	2,221,268
Short-term borrowings:		
Federal funds purchased	-	75,000
Customer repurchase agreements	131,947	114,050
Long-term debt	16,495	16,495
Other liabilities	40,844	39,162
Total Liabilities	2,570,782	2,465,975
Shareholders' Equity		

Preferred stock, par value $25 per share: 500,000 shares authorized; none issued		-		-
Common stock, par value $2.50 per share: 50,000,000 shares authorized; 18,499,282 shares issued at September 30, 2012 and December 31, 2011, less 3,665,999 and 3,717,993 shares in treasury, respectively		46,249		46,249
Capital surplus		103,311		103,335
Retained earnings		303,567		291,050
Cost of common stock in treasury		(124,347)		(125,593)
Accumulated other comprehensive income (loss):				
Unrealized gain on securities available-for-sale		4,367		825
Underfunded pension liability		(4,732)		(4,732)
Total Accumulated Other Comprehensive Loss		(365)		(3,907)
Total Shareholders' Equity		328,415		311,134
Total Liabilities and Shareholders' Equity	$	2,899,197	$	2,777,109

See notes to consolidated financial statements.

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Consolidated Statements of Comprehensive Income (Unaudited)
City Holding Company and Subsidiaries
(in thousands, except earnings per share data)

	Three months Ended September 30 2012	Three months Ended September 30 2011	Nine months Ended September 30 2012	Nine months Ended September 30 2011
Interest Income				
Interest and fees on loans	$ 24,633	$ 23,326	$ 70,843	$ 70,416
Interest on investment securities:				
Taxable	3,438	4,639	11,345	13,694
Tax-exempt	346	392	1,101	1,299
Interest on federal funds sold	15	13	38	39
Total Interest Income	28,432	28,370	83,327	85,448
Interest Expense				
Interest on deposits	3,312	4,550	10,363	15,829
Interest on short-term borrowings	79	90	229	239
Interest on long-term debt	166	159	499	474
Total Interest Expense	3,557	4,799	11,091	16,542
Net Interest Income	24,875	23,571	72,236	68,906
Provision for loan losses	975	-	4,600	2,372
Net Interest Income After Provision for Loan Losses	23,900	23,571	67,636	66,534
Non-interest Income				
Total investment securities impairment losses	(272)	(1,849)	(878)	(1,849)
Noncredit impairment losses recognized in other comprehensive income	-	1,494	302	1,494
Net investment securities impairment losses	(272)	(355)	(576)	(355)
Gains on sale of investment securities	730	627	1,530	3,756
Net investment securities gains	458	272	954	3,401
Service charges	9,861	9,840	28,601	28,749
Insurance commissions	1,439	1,388	4,782	4,513
Trust and investment management fee income	912	699	2,662	2,181
Bank owned life insurance	738	952	2,228	2,455
Other income	671	380	1,762	1,434
Total Non-interest Income	14,079	13,531	40,989	42,733
Non-interest Expense				
Salaries and employee benefits	11,295	10,302	32,207	30,397
Occupancy and equipment	2,126	2,057	6,038	6,084
Depreciation	1,175	1,131	3,371	3,408
FDIC insurance expense	405	392	1,184	2,276
Advertising	674	546	1,993	1,854

Bankcard expenses	720	559	2,035	1,693
Postage, delivery, and statement mailings	529	551	1,565	1,615
Office supplies	407	492	1,258	1,483
Legal and professional fees	611	567	1,349	4,547
Telecommunications	433	371	1,209	1,217
Repossessed asset losses, net of expenses	429	109	1,200	300
Merger related costs	157	-	4,335	-
Other expenses	2,885	2,611	8,382	7,585
Total Non-interest Expense	21,846	19,688	66,126	62,459
Income Before Income Taxes	16,133	17,414	42,499	46,808
Income tax expense	5,526	5,837	14,450	15,784
Net Income Available to Common Shareholders	$ 10,607	$ 11,577	$ 28,049	$ 31,024
Total comprehensive income	$ 12,719	$ 10,714	$ 31,591	$ 30,820
Average common shares outstanding	14,751	15,003	14,700	15,165
Effect of dilutive securities:				
Employee stock options	83	68	83	77
Shares for diluted earnings per share	14,834	15,071	14,783	15,242
Basic earnings per common share	$ 0.71	$ 0.77	$ 1.89	$ 2.03
Diluted earnings per common share	$ 0.71	$ 0.76	$ 1.88	$ 2.02
Dividends declared per common share	$ 0.35	$ 0.34	$ 1.05	$ 1.02

See notes to consolidated financial statements.

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Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
City Holding Company and Subsidiaries
Nine Months Ended September 30, 2012 and 2011
(in thousands)

	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balances at December 31, 2010	$46,249	$103,057	$270,905	$(102,853)	(2,497)	$ 314,861
Net income			31,024			31,024
Other comprehensive income					(204)	(204)
Cash dividends declared ($1.02 per share)			(15,394)			(15,394)
Stock-based compensation expense, net		83		784		867
Exercise of 6,576 stock options		(20)		188		168
Purchase of 675,501 treasury shares				(21,430)		(21,430)
Balances at September 30, 2011	$46,249	$103,120	$286,535	$(123,311)	$ (2,701)	$ 309,892

	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
Balances at December 31, 2011	$46,249	$103,335	$291,050	$(125,593)	$ (3,907)	$ 311,134
Net income			28,049			28,049
Other comprehensive income					3,542	3,542
Acquisition of Virginia Savings Bancorp		276		7,447		7,723
Cash dividends declared ($1.05 per share)			(15,532)			(15,532)
Stock-based compensation expense, net		(179)		1,049		870

Exercise of 18,899 stock options		(121)		665		544
Purchase of 237,535 treasury shares				(7,915)		(7,915)
Balances at September 30, 2012	$46,249	$103,311	$303,567	$(124,347)	$ (365)	$ 328,415

See notes to consolidated financial statements.

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Consolidated Statements of Cash Flows (Unaudited)
City Holding Company and Subsidiaries
(in thousands)

	Nine months Ended September 30	
	2012	2011
Net income	$28,049	$31,024
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization and accretion	1,356	1,296
Provision for loan losses	4,600	2,372
Depreciation of premises and equipment	3,371	3,408
Deferred income tax expense (benefit)	342	(1,802)
Accretion of gain from sale of interest rate floors	-	(295)
Net periodic employee benefit cost	391	288
Realized investment securities gains	(1,530)	(3,756)
Net investment securities impairment losses	576	355
Stock-compensation expense	870	867
Increase in value of bank-owned life insurance	(2,164)	(2,455)
Proceeds from bank-owned life insurance	-	492
Change in accrued interest receivable	(137)	464
Change in other assets	(735)	(4,694)
Change in other liabilities	2,092	14,711
Net Cash Provided by Operating Activities	37,081	42,275
Proceeds from sale of money market and mutual fund securities available-for-sale	-	617,230
Purchases of money market and mutual fund securities available-for-sale	-	(617,337)
Proceeds from sales of securities available-for-sale	27,773	56,371
Proceeds from maturities and calls of securities available-for-sale	113,760	88,807
Proceeds from maturities and calls of securities held-to-maturity	10,046	1,338
Purchases of securities available-for-sale	(150,497)	(107,050)
Net (increase) in loans	(43,656)	(61,800)
Purchases of premises and equipment	(5,910)	(3,691)
Acquisition of Virginia Savings Bancorp, net of cash acquired of $24,947	20,275	-
Net Cash Used in Investing Activities	(28,209)	(26,132)
Net increase in noninterest-bearing deposits	26,777	25,577
Net increase (decrease) in interest-bearing deposits	10,815	(2,631)
Net (decrease) increase in short-term borrowings	(57,103)	15,171
Purchases of treasury stock	(7,915)	(21,429)
Proceeds from exercise of stock options	544	168
Dividends paid	(15,517)	(15,591)

Net Cash (Used in) Provided by Financing Activities	(42,399)	1,265
(Decrease) increase in Cash and Cash Equivalents	(33,527)	17,408
Cash and cash equivalents at beginning of period	146,399	66,379
Cash and Cash Equivalents at End of Period	$112,872	$83,787

See notes to consolidated financial statements.

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Notes to Consolidated Financial Statements (Unaudited)
September 30, 2012

Note A – Basis of Presentation

The accompanying consolidated financial statements, which are unaudited, include all of the accounts of City Holding Company ("the Parent Company") and its wholly-owned subsidiaries (collectively, "the Company"). All material intercompany transactions have been eliminated. The consolidated financial statements include all adjustments that, in the opinion of management, are necessary for a fair presentation of the results of operations and financial condition for each of the periods presented. Such adjustments are of a normal recurring nature. The results of operations for the nine months ended September 30, 2012 are not necessarily indicative of the results of operations that can be expected for the year ending December 31, 2012. The Company's accounting and reporting policies conform with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Such policies require management to make estimates and develop assumptions that affect the amounts reported in the consolidated financial statements and related footnotes. Actual results could differ from management's estimates.

The consolidated balance sheet as of December 31, 2011 has been derived from audited financial statements included in the Company's 2011 Annual Report to Shareholders. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles have been omitted. These financial statements should be read in conjunction with the financial statements and notes thereto included in the 2011 Annual Report of the Company.

Certain amounts in the financial statements have been reclassified. Such reclassifications had no impact on shareholders' equity or net income for any period.

Note B – Recent Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04, "Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs." This ASU amends Topic 820, "Fair Value Measurements and Disclosures," to converge the fair value measurement guidance contained in U.S. generally accepted accounting principles and International Financial Reporting Standards ("IFRS"). The provisions of ASU No. 2011-04 clarify existing fair value measurements, amend certain principles set forth in Topic 820 and requires additional fair value disclosures. ASU No. 2011-04 became effective for the Company's reporting period that began on January 1, 2012. The adoption of ASU No. 2011-04 did not have a material impact on the Company's financial statements.

In June 2011, the FASB issued ASU No. 2011-05, "Comprehensive Income (Topic 220) – Presentation of Comprehensive Income." ASU 2011-05 amends Topic 220, "Comprehensive Income," to require that all non-owner changes in shareholders' equity be presented in either a single continuous statement of comprehensive income or in two separate, but consecutive statements, thus eliminating the option to present components of comprehensive income within the statement of changes in shareholders' equity. ASU No. 2011-05 is effective for the Company's reporting period that began on January 1, 2012; however, certain provisions related to the presentation of reclassification adjustments have been deferred by ASU 2011-12, "Comprehensive Income (Topic 220) – Deferral of the Effective Date for Amendments to the Presentation of Reclassification Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05," as further discussed below. The adoption of ASU No. 2011-05 did not have a material impact on the Company's financial statements.

In September 2011, the FASB issued ASU No. 2011-08, "Intangibles – Goodwill and Other (Topic 350) – Testing Goodwill for Impairment." Under this ASU, an entity has the option to first assess the qualitative factors to determine whether it is more likely than not that the fair value of the reporting unit is less than its carrying amount. If an entity determines, as a result of this qualitative assessment, that it is not more than likely that the fair value of the reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. ASU No. 2011-08 is effective for the Company's reporting period that began on January 1, 2012. The adoption of ASU No. 2011-08 did not have a material impact on the Company's financial statements.

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In December 2011, the FASB issued ASU No. 2011-12, "Comprehensive Income (Topic 220) – Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05." This ASU defers the changes in ASU No. 2011-05 that relate to the presentation of reclassification adjustments. ASU No. 2011-12 allows entities to continue to report reclassifications out of accumulated other comprehensive income consistent with the presentation requirements in effect prior to ASU No. 2011-05. All other requirements in ASU No. 2011-05 are not affected. ASU No. 2011-12 is effective for the Company's reporting period that began on January 1, 2012. The adoption of ASU No. 2011-12 did not have a material impact on the Company's financial statements.

Note C – Acquisitions

On May 31, 2012, the Company acquired 100% of the outstanding common and preferred stock of Virginia Savings Bancorp, Inc. and its wholly owned subsidiary, Virginia Savings Bank (collectively, "VSB"). As a result of this acquisition, the Company acquired five branches which expanded its footprint into Virginia. At the time of closing, VSB had total assets of $132 million, loans of $82 million, deposits of $120 million and shareholders' equity of $11 million.

The total transaction was valued at $12.4 million, consisting of cash of $4.7 million and approximately 240,000 shares of common stock valued at $7.7 million. The common stock was valued based on the closing price of $32.18 for the Company's common shares on May 31, 2012. The preliminary purchase price has been allocated as follows:

		May 31, 2012
Consideration:		
Cash	$	4,672
Common stock		7,723
	$	12,395
Identifiable assets:		
Cash and cash equivalents	$	24,947
Investment securities		14,082
Loans		73,448
Premises and equipment		5,158
Other assets		8,931
Total identifiable assets		126,566
Identifiable liabilities:		
Deposits		122,755
Other liabilities		698
Total identifiable liabilities		123,453
Net identifiable assets		3,113
Goodwill		8,009
Core deposit intangible		1,273
	$	12,395

In determining the estimated fair value of the acquired loans, management considered several factors, such as estimated future credit losses, estimated prepayments, remaining lives of the acquired loans, estimated value of the underlying collateral and the net present value of the cash flows expected to be received. For smaller loans not specifically reviewed, management grouped the loans into their respective homogeneous loan pool and applied a loss estimate accordingly.

Acquired loans are accounted for using one of the two following accounting standards:

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(1) ASC Topic 310-20 is used to value loans that do not have evidence of credit quality deterioration. For these loans, the difference between the fair value of the loan and the amortized cost of the loan would be amortized or accreted into income using the interest method.

(2) ASC Topic 310-30 is used to value loans that have evidence of credit quality deterioration. For these loans, the expected cash flows that exceed the fair value of the loan represent the accretable yield, which is recognized as interest income on a level-yield basis over the expected cash flow periods of the loans. The non-accretable difference represents the difference between the contractually required principal and interest payments and the cash flows expected to be collected based upon management's estimation. Subsequent decreases in the expected cash flows will require the Company to evaluate the need for additions to the Company's allowance for loan losses. Subsequent increases in the expected cash flows will result in a reversal of the provision for loan losses to the extent of prior charges with a corresponding adjustment to the accretable yield, which will result in the recognition of additional interest income over the remaining lives of the loans. The accretable difference represents the difference between the expected cash flows and the net present value of expected cash flows. This difference is accreted into earnings using the level-yield method over the expected cash flow periods of the loans. In determining the net present value of expected cash flows, management used various discount rates based upon the risk characteristics for each loan type.

The following table presents the loans acquired in conjunction with the VSB acquisition:

		May 31, 2012
Contractually required principal and interest	$	11,567
Contractual cash flows not expected to be collected (non-accretable difference)		(3,973)
Expected cash flows		7,594
Interest component of expected cash flows (accretable difference)		(954)
Estimated fair value of purchased credit impaired loans acquired	$	6,640
Estimated fair value of performing loans acquired		66,808
Estimated fair value of loans acquired	$	73,448

The fair values of non-time deposits approximated their carrying value at the acquisition date. For time deposits, the fair values were estimated based on discounted cash flows, using interest rates that are currently being offered compared to the contractual interest rates. Based on this analysis, management recorded a premium on time deposits acquired of $2.3 million, which is being amortized over five years.

The Company believes that the customer relationships with the deposits acquired have an intangible value. In connection with the acquisition, the Company recorded a core deposit intangible asset of $1.3 million, which represents the value of the relationship that VSB had with their deposit customers. The fair value was estimated based on a discounted cash flow methodology that considered type of deposit, deposit retention and the cost of the deposit base. The core deposit intangible is being amortized over ten years, with an annual charge of less than $0.2 million per year. The following table presents a rollforward of the Company's intangible assets from the beginning of the year:

		Intangible Assets
Balance, January 1, 2012	$	1,274
Core deposit intangible acquired in conjunction with the acquisition of VSB		1,273
Amortization expense		(343)

Balance, September 30, 2012	$	2,204

Under GAAP, management has up to twelve months following the date of the acquisition to finalize the fair values of acquired assets and liabilities. The measurement period ends as soon as the Company receives information it was seeking about facts and circumstances that existed as of the acquisition date or learns more information is not obtainable. Any subsequent adjustments to the fair value of the acquired assets and liabilities, intangible assets or other purchase accounting adjustments will result in adjustments to the goodwill recorded. The measurement period is limited to one year from the acquisition date. The goodwill recorded in conjunction with the VSB acquisition is not expected to be deductible for tax purposes. The following table presents a rollforward of goodwill from the beginning of the year:

		Goodwill
Balance, January 1, 2012	$	54,890
Goodwill acquired in conjunction with the acquisition of VSB		8,009
Balance, September 30, 2012	$	62,899

On August 2, 2012, the Company entered into a definitive agreement to acquire Community Financial Corporation and its wholly owned subsidiary Community Bank ("Community"). Community is a $500 million bank and operates eight branches along the I-81 corridor in western Virginia and two branches in Virginia Beach, Virginia. The Company anticipates the transaction will be completed in the first quarter of 2013, pending regulatory approvals, the approval of Community's shareholders and the completion of other customary closing conditions. The total transaction value is expected to be approximately $26.6 million.

Note D –Investments

The aggregate carrying and approximate market values of securities follow. Fair values are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable financial instruments.

	September 30, 2012				December 31, 2011			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Securities available-for-sale:								
U.S. Treasuries and U.S. government agencies	$ 4,310	$ 105	$ -	$ 4,415	$ 5,868	$ 173	$ -	$ 6,041
Obligations of states and political subdivisions	48,334	1,814	15	50,133	55,262	1,561	21	56,802
Mortgage-backed securities:								
U.S. government agencies	285,678	8,695	45	294,328	220,815	6,966	168	227,613
Private label	3,583	43	-	3,626	5,117	45	6	5,156
Trust preferred securities	18,405	201	3,098	15,508	48,951	941	4,735	45,157
Corporate securities	16,178	251	466	15,963	16,226	160	1,988	14,398
Total Debt Securities	376,488	11,109	3,624	383,973	352,239	9,846	6,918	355,167
Marketable equity securities	3,381	551	11	3,921	4,318	-	465	3,853
Investment funds	1,724	68	-	1,792	1,724	39	-	1,763
Total Securities Available-for-Sale	$ 381,593	$ 11,728	$ 3,635	$ 389,686	$ 358,281	$ 9,885	$ 7,383	$ 360,783

	September 30, 2012				December 31, 2011			
(In thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Securities held-to-maturity								
Trust preferred securities	$ 13,444	$ 283	$ 69	$ 13,658	$ 23,458	$ 675	$ 710	$ 23,423
Total Securities								