BRYN MAWR BANK CORP
Form 10-Q
May 04, 2018

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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 March 31, 2018

Commission File Number 1-35746

Bryn Mawr Bank Corporation

(Exact name of registrant as specified in its charter)

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

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

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

Not Applicable

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

Indicate by checkmark whether the registrant (1) has filed all reports to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes 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 May 1, 2018
Common Stock, par value $1	20,232,714

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BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

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QUARTER ENDED March 31, 2018

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets - Unaudited

(dollars in thousands)	**March 31, 2018**	**December 31, 2017**
Assets		
Cash and due from banks	$ 7,804	$ 11,657
Interest bearing deposits with banks	24,589	48,367
Cash and cash equivalents	32,393	60,024
Investment securities available for sale, at fair value (amortized cost of $544,428 and $692,824 as of March 31, 2018 and December 31, 2017 respectively)	534,103	689,202
Investment securities held to maturity, at amortized cost (fair value of $7,629 and $7,851 as of March 31, 2018 and December 31, 2017, respectively)	7,885	7,932
Investment securities, trading	8,211	4,610
Loans held for sale	5,522	3,794
Portfolio loans and leases, originated	2,564,827	2,487,296
Portfolio loans and leases, acquired	740,968	798,562
Total portfolio loans and leases	3,305,795	3,285,858
Less: Allowance for originated loan and lease losses	(17,570)	(17,475)
Less: Allowance for acquired loan and lease losses	(92)	(50)

Total allowance for loans and lease losses		(17,662	)		(17,525	)
Net portfolio loans and leases		3,288,133			3,268,333	
Premises and equipment, net		54,986			54,458	
Accrued interest receivable		12,521			14,246	
Mortgage servicing rights		5,706			5,861	
Bank owned life insurance		56,946			56,667	
Federal Home Loan Bank stock		15,499			20,083	
Goodwill		182,200			179,889	
Intangible assets		25,087			25,966	
Other investments		11,720			12,470	
Other assets		59,464			46,185	
Total assets	$	4,300,376		$	4,449,720	
Liabilities						
Deposits:						
Non-interest-bearing	$	863,118		$	924,844	
Interest-bearing		2,452,421			2,448,954	
Total deposits		3,315,539			3,373,798	
Short-term borrowings		173,704			237,865	
Long-term FHLB advances		107,784			139,140	
Subordinated notes		98,448			98,416	
Junior subordinated debentures		21,456			21,416	
Accrued interest payable		4,814			3,527	
Other liabilities		45,570			47,439	
Total liabilities		3,767,315			3,921,601	
Shareholders' equity						
Common stock, par value $1; authorized 100,000,000 shares; issued 24,438,758 and 24,360,049 shares as of March 31, 2018 and December 31, 2017, respectively, and outstanding of 20,229,896 and 20,161,395 as of March 31, 2018 and December 31, 2017, respectively		24,439			24,360	
Paid-in capital in excess of par value		371,319			371,486	
Less: Common stock in treasury at cost - 4,208,862 and 4,198,654 shares as of March 31, 2018 and December 31, 2017, respectively		(68,787	)		(68,179	)
Accumulated other comprehensive loss, net of		(9,664	)		(4,414	)

tax						
Retained earnings		*216,438*			*205,549*	
Total Bryn Mawr Bank Corporation shareholders' equity		*533,745*			*528,802*	
Noncontrolling interest		*(684*	)		*(683*	)
Total shareholders' equity		*533,061*			*528,119*	
Total liabilities and shareholders' equity	$	*4,300,376*		$	*4,449,720*	

The accompanying notes are an integral part of the Unaudited Consolidated Financial Statements.

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BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

Consolidated Statements of Income - Unaudited

	Three Months Ended March 31,	
	2018	**2017**
(dollars in thousands, except per share data)		
Interest income:		
Interest and fees on loans and leases	$*40,689*	$*28,482*
Interest on cash and cash equivalents	*53*	*66*
Interest on investment securities:		
Taxable	*2,706*	*1,623*
Non-taxable	*84*	*110*
Dividends	*2*	*45*
Total interest income	*43,534*	*30,326*
Interest expense:		
Interest on deposits	*3,472*	*1,828*
Interest on short-term borrowings	*630*	*27*
Interest on FHLB advances and other borrowings	*562*	*698*
Interest on subordinated notes	*1,143*	*370*
Interest on junior subordinated debentures	*288*	-
Total interest expense	*6,095*	*2,923*
Net interest income	*37,439*	*27,403*
Provision for loan and lease losses	*1,030*	*291*
Net interest income after provision for loan and lease losses	*36,409*	*27,112*
Noninterest income:		
Fees for wealth management services	*10,308*	*9,303*
Insurance commissions	*1,693*	*763*
Capital markets revenue	*666*	-
Service charges on deposits	*713*	*647*
Loan servicing and other fees	*686*	*503*
Net gain on sale of loans	*518*	*629*
Net gain on sale of investment securities available for sale	*7*	*1*
Net gain on sale of other real estate owned ("OREO")	*176*	-
Dividends on FHLB and FRB stock	*431*	*214*
Other operating income	*4,338*	*1,167*
Total noninterest income	*19,536*	*13,227*
Noninterest expenses:		
Salaries and wages	*15,982*	*12,450*
Employee benefits	*3,708*	*2,489*
Occupancy and bank premises	*3,050*	*2,526*
Furniture, fixtures, and equipment	*1,898*	*1,974*
Advertising	*461*	*386*
Amortization of intangible assets	*879*	*693*

Due diligence, merger-related and merger integration expenses	*4,319*	*511*
Professional fees	*748*	*711*
Pennsylvania bank shares tax	*473*	*664*
Information technology	*1,195*	*874*
Other operating expenses	*3,317*	*3,382*
Total noninterest expenses	*36,030*	*26,660*
Income before income taxes	*19,915*	*13,679*
Income tax expense	*4,630*	*4,635*
Net income	$*15,285*	$*9,044*
Add: Net loss attributable to noncontrolling interest	*1*	-
Net income attributable to Bryn Mawr Bank Corporation	$*15,286*	$*9,044*
Basic earnings per common share	$*0.76*	$*0.53*
Diluted earnings per common share	$*0.75*	$*0.53*
Dividends declared per share	$*0.22*	$*0.21*
Weighted-average basic shares outstanding	*20,202,969*	*16,954,132*
Dilutive shares	*247,525*	*228,557*
Adjusted weighted-average diluted shares	*20,450,494*	*17,182,689*

The accompanying notes are an integral part of the Unaudited Consolidated Financial Statements.

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BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income - Unaudited

(dollars in thousands)	**Three Months Ended March 31,**	
	2018	**2017**
Net income attributable to Bryn Mawr Bank Corporation	$ *15,286*	$ *9,044*
Other comprehensive (loss) income:		
Net change in unrealized (losses) gains on investment securities available for sale:		
Net unrealized (losses) gains arising during the period, net of tax (benefit) expense of $(1,319) and $208, respectively	*(4,961)*	*388*
Reclassification adjustment for net (gain) on sale realized in net income, net of tax (expense) benefit of $(1) and $0, respectively	*(6)*	*(1)*
Reclassification adjustment for net (gain) realized on transfer of investment securities available for sale to trading, net of tax (expense) benefit of $(88) and $0, respectively	*(329)*	-
Unrealized investment (losses) gains, net of tax (benefit) expense of $(1,408) and $208, respectively	*(5,296)*	*387*
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 of $12 and $17, respectively	*46*	*32*
Total other comprehensive (loss) income	*(5,250)*	*419*
Total comprehensive income	$ *10,036*	$ *9,463*

The accompanying notes are an integral part of the Unaudited Consolidated Financial Statements.

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BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows - Unaudited

(*dollars in thousands*)	**Three Months Ended March 31, 2018**	**2017**
Operating activities:		
Net income attributable to Bryn Mawr Bank Corporation	$*15,286*	$*9,044*
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan and lease losses	*1,030*	*291*
Depreciation of fixed assets	*1,493*	*1,392*
Net amortization of investment premiums and discounts	*761*	*673*
Net gain on sale of investment securities available for sale	*(7)*	*(1)*
Net gain on sale of loans	*(518)*	*(629)*
Stock based compensation	*620*	*484*
Amortization and net impairment of mortgage servicing rights	*171*	*172*
Net accretion of fair value adjustments	*(3,004)*	*(795)*
Amortization of intangible assets	*879*	*693*
Net gain on sale of OREO	*(176)*	-
Net increase in cash surrender value of bank owned life insurance ("BOLI")	*(279)*	*(200)*
Other, net	*(17,436)*	*(6,380)*
Loans originated for resale	*(19,534)*	*(26,064)*
Proceeds from loans sold	*18,265*	*33,023*
Provision for deferred income taxes	*656*	*167*
Change in income taxes payable/receivable	*3,819*	*4,324*
Change in accrued interest receivable	*1,725*	*141*
Change in accrued interest payable	*1,287*	*(12)*
Net cash provided by operating activities	*5,038*	*16,323*
Investing activities:		
Purchases of investment securities available for sale	*(74,029)*	*(42,842)*
Purchases of investment securities held to maturity	-	*(2,335)*
Proceeds from maturity and paydowns of investment securities available for sale	*218,393*	*217,539*
Proceeds from maturity and paydowns of investment securities held to maturity	*39*	*15*
Proceeds from sale of investment securities available for sale	*7*	*65*
Net change in FHLB stock	*4,584*	*8,800*
Proceeds from calls of investment securities	*65*	*1,134*
Net change in other investments	*500*	*(89)*
Purchase of domain name	-	*(152)*
Net portfolio loan and lease originations	*(21,230)*	*(20,108)*
Purchases of premises and equipment	*(2,063)*	*(162)*
Proceeds from sale of OREO	*217*	*39*
Net cash provided by investing activities	*126,483*	*161,904*

Financing activities:		
Change in deposits	(57,879)	56,909
Change in short-term borrowings	(64,161)	(180,538)
Dividends paid	(4,523)	(3,559)
Change in long-term FHLB advances	(31,371)	(15,000)
Cash payments to taxing authorities on employees' behalf from shares withheld from stock-based compensation	(626)	(19)
Net sale of treasury stock for deferred compensation plans	171	-
Repurchase of warrants from U.S. Treasury	(1,755)	-
Proceeds from exercise of stock options	992	650
Net cash used in financing activities	(159,152)	(141,557)
Change in cash and cash equivalents	(27,631)	36,670
Cash and cash equivalents at beginning of period	60,024	50,765
Cash and cash equivalents at end of period	$32,393	$87,435
Supplemental cash flow information:		
Cash paid during the year for:		
Income taxes	$146	$117
Interest	$4,808	$2,935
Non-cash information:		
Change in other comprehensive loss	$(5,250)	$419
Change in deferred tax due to change in comprehensive income	$(1,396)	$225
Transfer of loans to other real estate owned and repossessed assets	$37	$-

The accompanying notes are an integral part of the Unaudited Consolidated Financial Statements.

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BRYN MAWR BANK CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes In Shareholders' Equity - Unaudited

(dollars in thousands, except per share data)

	For the Three Months Ended March 31, 2018							
	Shares of Common Stock Issued	**Common Stock**	**Paid-in Capital**	**Treasury Stock**	**Accumulated Other Comprehensive Loss**	**Retained Earnings**	**Noncontrolling Interest**	**Total Shareholders' Equity**
Balance December 31, 2017	*24,360,049*	$ *24,360*	$ *371,486*	$ *(68,179)*	$ *(4,414)*	$ *205,549*	$ *(683)*	$ *528,119*
Net income attributable to Bryn Mawr Bank Corporation	-	-	-	-	-	*15,286*	-	*15,286*
Net loss attributable to noncontrolling interest	-	-	-	-	-	-	*(1)*	*(1)*
Dividends declared, $0.22 per share	-	-	-	-	-	*(4,495)*	-	*(4,495)*
Other comprehensive loss, net of tax expense of $1,396	-	-	-	-	*(5,250)*	-	-	*(5,250)*
Stock based compensation	-	-	*620*	-	-	-	-	*620*
Net purchase of treasury stock from stock awards for statutory tax withholdings	-	-	-	*(626)*	-	-	-	*(626)*
Net sale of treasury stock for deferred compensation trusts	-	-	*153*	*18*	-	-	-	*171*
Repurchase of warrants from U.S. Treasury	-	-	*(1,853)*	-	-	*98*	-	*(1,755)*
Common stock issued:								
Common stock issued through share-based awards and options exercises	*78,709*	*79*	*913*	-	-	-	-	*992*

Balance March 31, 2018	*24,438,758*	$*24,439*	$*371,319*	$*(68,787)*	$ *(9,664*)	$*216,438*	$ *(684*)	$ *533,061*

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, 2017 (*the *"2017* Annual Report").

The results of operations for the *three* months ended *March 31, 2018* are *not* necessarily indicative of the results to be expected for the full year.

Principles of Consolidation

The Unaudited Consolidated Financial Statements include the accounts of the Corporation and its wholly owned subsidiaries; the Corporation's primary subsidiary is the Bank. In connection with the RBPI Merger (defined in Note 3 – Business Combinations below), the Corporation acquired two Delaware trusts, Royal Bancshares Capital Trust I and Royal Bancshares Capital Trust II. These two entities are not consolidated per requirements under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810, "Consolidation" ("ASC Topic 810"). All significant intercompany balances and transactions have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform to the current-year presentation.

Note *2* - Recent Accounting Pronouncements

The following Financial Accounting Standards Board ("FASB") Accounting Standards Updates ("ASUs") are divided into pronouncements which have been adopted by the Corporation since *January 1, 2018,* and those which are *not* yet effective and have been evaluated or are currently being evaluated by management as of *March 31, 2018.*

Adopted Pronouncements:

FASB ASU *2014-09* (Topic *606*), "Revenue from Contracts with Customers"

The Corporation adopted ASU *2014-09 Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, "ASC *606"*), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets, such as other real estate owned ("OREO"). The majority of the Corporation's revenues come from interest income and other sources, including loans, leases, investment securities and derivatives, that are outside the scope of ASC *606.* The Corporation's services that fall within the scope of ASC *606* are presented within noninterest income and are recognized as revenue as the Corporation satisfies its obligation to the customer. Services within the scope of ASC *606* include service charges on deposits, interchange income, wealth management fees, investment brokerage fees, and the net gain on sale of OREO. Refer to Note *17 Revenue from Contracts with Customers* for further discussion on the Corporation's accounting policies for revenue sources within the scope of ASC *606.* The adoption of this ASU did *not* have an impact to our Consolidated Financial Statements.

FASB ASU *2017-01* (Topic *805*), "Business Combinations"

The Corporation adopted ASU *2017-01,* which clarifies the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The definition of a business affects many areas of accounting including acquisitions, disposals, goodwill, and consolidation. The adoption of this ASU did *not* have a material impact on our Consolidated Financial Statements and related disclosures.

FASB ASU *2016-15* (Topic *320*), "Classification of Certain Cash Receipts and Cash Payments"

The Corporation adopted ASU *2016-15,* which provides guidance on *eight* specific cash flow issues and their disclosure in the consolidated statements of cash flows. The issues addressed include debt prepayment, settlement of *zero*-coupon debt, contingent consideration in business combinations, proceeds from settlement of insurance claims, proceeds from settlement of BOLI, distributions received from equity method investees, beneficial interests in securitization transactions, and separately identifiable cash flows and application of the predominance principle. The adoption of this ASU did *not* have a material impact on our Consolidated Financial Statements and related disclosures.

FASB ASU *2016-01* (Subtopic *825-10*), "Financial Instruments – Overall, Recognition and Measurement of Financial Assets and Financial Liabilities"

The Corporation adopted ASU *2016-01* which requires that equity investments be measured at fair value with changes in fair value recognized in net income. The Corporation's equity investments with a readily determinable fair value are currently included within trading securities and are measured at fair value with changes in fair value recognized in net income. In connection with the adoption of this ASU, the Corporation elected the practicability exception to fair value measurement for investments in equity securities without a readily determinable fair value (other than our FHLB, FRB, and Atlantic Central Bankers Bank stock, which are outside of the scope of this ASU). Under the practicability exception, the investments are measured at cost, less impairment, plus or minus observable price changes (in orderly transactions) of an identical or similar investment of the same issuer. The adoption of this ASU did *not* have a material impact on our Consolidated Financial Statements.

FASB ASU *2017-07* – Compensation – Retirement Benefits (Topic *715*): "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost"

On *January 1, 2018,* the Corporation adopted ASU *2017-07* and all subsequent amendments to the ASU, which requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if *one* is presented. If a separate line item or items are used to present the other components of net benefit cost, that line item or items must be appropriately described. If a separate line item or items are *not* used, the line item or items used in the income statement to present the other components of net benefit cost must be disclosed. The amendments in this update also allow only the service cost component to be eligible for capitalization when applicable (for example, as a cost of internally manufactured inventory or a self-constructed asset).

Upon adoption, the components of net periodic benefit cost other than the service cost component were reclassified retrospectively from "*Employee benefits"* to "*Other operating expenses*" in the Consolidated Statements of Income. Since both "*Employee benefits"* and "*Other operating expenses*" line items of these income statement line items are within "*Non-interest expenses*", there was *no* impact to total "*Non-interest expenses*" or "*Net income*." The components of net periodic benefit cost are currently disclosed in Note *17* – "Pension and Postretirement Benefit Plans" in the Notes to Consolidated Financial Statements found in our *2017* Annual Report. Additionally, the Corporation does *not* currently capitalize any components of its net periodic benefit costs. The adoption of this ASU did *not* have a material impact on our Consolidated Financial Statements and related disclosures.

Pronouncements *Not* Yet Effective:

FASB ASU *2017-04* (Topic *350*), "Intangibles – Goodwill and Others"

Issued in *January 2017,* ASU *2017-04* simplifies how an entity is required to test goodwill for impairment by eliminating Step *2* from the goodwill impairment test. Step *2* measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. ASU *2017-04* is effective for annual periods beginning after *December 15, 2019* including interim periods within those periods. Management does *not* expect the adoption of this ASU to have a material impact on our Consolidated Financial Statements and related disclosures.

FASB ASU *2016-13* (Topic *326*), "Measurement of Credit Losses on Financial Instruments"

Issued in *June 2016,* ASU *2016-13* significantly changes how companies measure and recognize credit impairment for many financial assets. The new current expected credit loss ("CECL") model will require companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets that are in the scope of the standard. The ASU also makes targeted amendments to the current impairment model for available-for-sale debt securities. ASU *2016-13* is effective for the annual and interim periods in fiscal years beginning after *December 15, 2019,* with early adoption permitted. Adoption of this new guidance can be applied only on a prospective basis as a cumulative-effect adjustment to retained earnings.

It is expected that the new model will include different assumptions used in calculating credit losses, such as estimating losses over the estimated life of a financial asset, and will consider expected future changes in macroeconomic conditions. The adoption of this ASU *may* result in an increase to the Corporation's allowance for credit losses, which will depend upon the nature and characteristics of the Corporation 's portfolio at the adoption date, as well as the macroeconomic conditions and forecasts at the adoption date. The Corporation has engaged the services of a *third*-party consultant as well as invested in software designed to assist management in the development and implementation of the new CECL model. Management is currently in the process of validating historical data uploaded within the *third*-party software to replicate the current ALLL model. The adoption of this ASU will also require the addition of an allowance for held-to-maturity debt securities. The Corporation currently does *not* intend to early adopt this new guidance.

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FASB ASU *2016-02* (Topic *842*), "Leases"

Issued in *February 2016,* ASU *2016-02* revises the accounting related to lessee accounting. Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases. The new lease guidance also simplifies the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. ASU *2016-02* is effective for the *first* interim period within annual periods beginning after *December 15, 2018,* with early adoption permitted. The standard is required to be adopted using the modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Management has begun to inventory the Corporation's various leases and is currently computing the lease liability and a right-of-use asset for all leases. Management is aware that the adoption of this ASU will impact the Corporation's balance sheet for the recording of assets and liabilities for operating leases. Any additional assets recorded as a result of implementation will have a negative impact on the Corporation and Bank capital ratios under current regulatory guidance.

Note *3* - Business Combinations

Royal Bancshares of Pennsylvania, Inc.

On *December 15, 2017,* the previously announced merger of Royal Bancshares of Pennsylvania, Inc. ("RBPI") with and into the Corporation (the "RBPI Merger"), and the merger of Royal Bank America with and into the Bank, as contemplated by the Agreement and Plan of Merger, by and between RBPI and the Corporation, dated as of *January 30, 2017 (*the "Agreement") were completed. In accordance with the Agreement, the aggregate share consideration paid to RBPI shareholders consisted of *3,098,754* shares of the Corporation's common stock. Shareholders of RBPI received *0.1025* shares of Corporation common stock for each share of RBPI Class A common stock and *0.1179* shares of Corporation common stock for each share of RBPI Class B common stock owned as of the effective date of the RBPI Merger, with cash-in-lieu of fractional shares totaling *$7* thousand. Holders of in-the-money options to purchase RBPI Class A common stock received cash totaling *$112* thousand. In addition, *1,368,040* warrants to purchase Class A common stock of RBPI, valued at *$1.9* million, were converted to *140,224* warrants to purchase Corporation common stock. In accordance with the acquisition method of accounting, assets acquired and liabilities assumed were preliminarily adjusted to their fair values as of the date of the RBPI Merger. The excess of consideration paid above the fair value of net assets acquired was recorded as goodwill. This goodwill is *not* amortizable nor is it deductible for income tax purposes.

In connection with the RBPI Merger, the consideration paid and the estimated fair value of identifiable assets acquired and liabilities assumed as of the date of the RBPI Merger, which include the effects of any measurement period adjustments in accordance with ASC 805-10, are summarized in the following table:

(dollars in thousands)	
Consideration paid:	
Common shares issued (3,098,754)	$*136,655*
Cash in lieu of fractional shares	*7*
Cash-out of certain options	*112*
Fair value of warrants assumed	*1,853*
Value of consideration	$*138,627*
Assets acquired:	
Cash and due from banks	$*17,092*
Investment securities available for sale	*121,587*
Loans	*567,308*
Premises and equipment	*8,264*
Deferred income taxes	*34,380*
Bank-owned life insurance	*16,550*
Core deposit intangible	*4,670*
Favorable lease asset	*566*
Other assets	*13,996*
Total assets	$*784,413*
Liabilities assumed:	
Deposits	$*593,172*
FHLB and other long-term borrowings	*59,568*
Short-term borrowings	*15,000*
Junior subordinated debentures	*21,416*
Unfavorable lease liability	*322*
Other liabilities	*31,381*
Total liabilities	$*720,859*
Net assets acquired	$*63,554*
Goodwill resulting from acquisition of RBPI	$*75,073*

Provisional Estimates of Fair Value of Certain Assets Acquired in the RBPI Merger

As of March 31, 2018, the accounting for the estimates of fair value for certain loans acquired in the RBPI Merger is incomplete. The Corporation is in the process of obtaining new information that will allow management to better estimate fair values that existed as of December 15, 2017. When this information is obtained, management anticipates an adjustment to the provisional fair value assigned to certain acquired loans. These adjustments will result in corresponding adjustments to goodwill and net deferred tax asset. In accordance with ASC 805-10, the adjustments will be recorded in the period in which the new information about facts and circumstances that existed as of the acquisition date is obtained and reviewed.

During the three months ended March 31, 2018, the Corporation adjusted certain provisional fair value estimates related to the RBPI Merger. The following table details the changes in fair value of the net assets acquired and liabilities assumed as of December 15, 2017 from the amounts originally reported in the Corporation’s Form 10-K for the year ended December 31, 2017:

(dollars in thousands)	
Goodwill resulting from the acquisition of RBPI reported as of December 31, 2017	$72,762
Fair Value Adjustments:	
Loans	3,065
Other assets	491
Deferred income taxes	(1,245)
Total Fair Value Adjustments	2,311
Goodwill from the acquisition of RBPI as of March 31, 2018	$75,073

Methods Used to Fair Value Assets and Liabilities

For information regarding the valuation methodologies used to estimate the fair values of major categories of assets acquired and liabilities assumed, refer to Note *2* in the Notes to Consolidated Financial Statements in our *2017* Annual Report.

Loans held for investment

During the *three* months ended *March 31, 2018,* new information became available related to certain loans acquired from RBPI. This new information resulted in an adjustment to the fair value mark applied to the acquired loan portfolio. Adjustments were made to the fair value of loans acquired with evidence of credit quality deterioration. Loans meeting this definition were reviewed by comparing the contractual cash flows to expected collectible cash flows. The aggregate expected cash flows less the acquisition date fair value results in an accretable yield amount. The accretable yield amount will be recognized over the life of the loans or over the recovery period of the underlying collateral on a level yield basis as an adjustment to yield. As a result of the adjustments, the Corporation recorded a *$3.0* million increase in nonaccretable difference. The adjustment to the aggregate expected cash flows less the acquisition date fair value resulted in an increase in accretable yield of *$207* thousand.

The following table provides an updated summary of the acquired impaired loans and leases as of December 15, 2017, which include the effects of any measurement period adjustments in accordance with ASC 805-10, resulting from the RBPI Merger:

(dollars in thousands)	
Contractually required principal and interest payments	$*38,404*
Contractual cash flows not expected to be collected (nonaccretable difference)	*(16,025*)
Cash flows expected to be collected	*22,379*
Interest component of expected cash flows (accretable yield)	*(2,526*)
Fair value of loans acquired with deterioration of credit quality	$*19,853*

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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, BMT Insurance Advisors, Inc., formerly known as Powers Craft Parker and Beard, Inc ("PCPB"). 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*
Goodwill resulting from acquisition of Hirshorn	$*2,362*

As of *December 31, 2017,* the estimates of the fair value of identifiable assets acquired and liabilities assumed in the Hirshorn acquisition were final.

Pro Forma Income Statements (unaudited)

The following table presents the pro forma income statement of the combined institution (RBPI and the Corporation) for the *three* months ended *March 31, 2017* as if the RBPI Merger had occurred on *January 1, 2017.* The pro forma income statement adjustments are limited to the effects of purchase accounting fair value mark amortization and accretion and intangible asset amortization. *No* cost savings or additional merger expenses have been included in the pro forma income statement. Due to the immaterial contribution to net income of the Hirshorn acquisition, which occurred during the year shown in the table, the pro forma effects of the Hirshorn acquisition have been excluded.

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(dollars in thousands)	**Three Months Ended March 31, 2017**
Total interest income	$*41,227*
Total interest expense	*4,562*
Net interest income	*36,665*
Provision for loan and lease losses	*588*
Net interest income after provision for loan and lease losses	*36,077*
Total non-interest income	*13,738*
Total non-interest expenses*	*32,295*
Income before income taxes	*17,520*
Income tax expense	*5,936*
Net income	$*11,584*
Per share data**:	
Weighted-average basic shares outstanding	*20,052,886*
Dilutive shares	*256,176*
Adjusted weighted-average diluted shares	*20,309,062*
Basic earnings per common share	$*0.58*
Diluted earnings per common share	$*0.57*

** Total non-interest expense includes RBPI Net Income Attributable to Noncontrolling Interest and Preferred Stock Series A Accumulated Dividend and Accretion for pro forma presentation.*

*** Assumes that the shares of RBPI common stock outstanding as of December 31, 2017 were outstanding for the full three month period ended March 31, 2017.*

Due Diligence, Merger-Related and Merger Integration Expenses

Due diligence, merger-related and merger integration expenses include consultant costs, investment banker fees, contract breakage fees, retention bonuses for severed employees, salary and wages for redundant staffing involved in the integration of the institutions and bonus accruals for members of the merger integration team. 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 March

(dollars in thousands)	31, **2018**	**2017**[(1)]
Advertising	$ *59*	$ —
Employee Benefits	*203*	—
Occupancy and bank premises	*1,856*	—
Furniture, fixtures, and equipment	*179*	—
Information technology	*112*	—
Professional fees	*747*	*396*
Salaries and wages	*346*	*80*
Other	*817*	*35*
Total due diligence, merger-related and merger integration expenses	$ *4,319*	$ *511*

(1) Total due diligence, merger-related and merger integration expenses for the three months ended March 31, 2017 were primarily related to the acquisition of Hirshorn.

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Note *4* - Investment Securities

The amortized cost and fair value of investment securities *available for sale* as of March 31, 2018 and December 31, 2017 are as follows:

As of *March 31, 2018*

(dollars in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
U.S. Treasury securities	$ *100*	$ —	$ —	$ *100*
Obligations of the U.S. government and agencies	*178,863*	*34*	*(3,790*)	*175,107*
Obligations of state and political subdivisions	*19,992*	*8*	*(83*)	*19,917*
Mortgage-backed securities	*309,071*	*511*	*(5,680*)	*303,902*
Collateralized mortgage obligations	*35,302*	*2*	*(1,324*)	*33,980*
Other investment securities	*1,100*	—	*(3*)	*1,097*
Total	$ *544,428*	$ *555*	$ *(10,880*)	$ *534,103*

As of *December 31, 2017*

(dollars in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
U.S. Treasury securities	$ *200,077*	$ *11*	$ —	$ *200,088*
Obligations of the U.S. government and agencies	*153,028*	*75*	*(2,059*)	*151,044*
Obligations of state and political subdivisions	*21,352*	*11*	*(53*)	*21,310*
Mortgage-backed securities	*275,958*	*887*	*(1,855*)	*274,990*
Collateralized mortgage obligations	*37,596*	*14*	*(948*)	*36,662*
Other investment securities	*4,813*	*318*	*(23*)	*5,108*
Total	$ *692,824*	$ *1,316*	$ *(4,938*)	$ *689,202*

The following tables present the aggregate amount of gross unrealized losses as of *March 31, 2018* and *December 31, 2017* on *available for sale* investment securities classified according to the amount of time those securities have been in a continuous unrealized loss position:

As of *March 31, 2018*

	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	$*128,699*	$ *(2,688)*	$*26,389*	$ *(1,102)*	$*155,088*	$ *(3,790)*
Obligations of state and political subdivisions	*9,758*	*(26)*	*2,122*	*(57)*	*11,880*	*(83)*
Mortgage-backed securities	*236,886*	*(4,620)*	*29,840*	*(1,060)*	*266,726*	*(5,680)*
Collateralized mortgage obligations	*7,726*	*(112)*	*25,143*	*(1,212)*	*32,869*	*(1,324)*
Other investment securities	*797*	*(3)*	—	—	*797*	*(3)*
Total	$*383,866*	$ *(7,449)*	$*83,494*	$ *(3,431)*	$*467,360*	$ *(10,880)*

As of *December 31, 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	$*114,120*	$ *(1,294)*	$*26,726*	$ *(765)*	$*140,846*	$ *(2,059)*
Obligations of state and political subdivisions	*11,144*	*(29)*	*2,709*	*(24)*	*13,853*	*(53)*
Mortgage-backed securities	*177,919*	*(1,293)*	*31,787*	*(562)*	*209,706*	*(1,855)*
Collateralized mortgage obligations	*5,166*	*(47)*	*26,686*	*(901)*	*31,852*	*(948)*
Other investment securities	*1,805*	*(23)*	—	—	*1,805*	*(23)*
Total	$*310,154*	$ *(2,686)*	$*87,908*	$ *(2,252)*	$*398,062*	$ *(4,938)*

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Management evaluates the Corporation’s investment securities that are in an unrealized loss position in order to determine if the decline in fair value is other than temporary. The 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 investment portfolio are rated as investment-grade or higher. 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 or collateral. Management does *not* believe that these unrealized losses are other-than-temporary. Management 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 March 31, 2018 and December 31, 2017, securities having a fair value of $121.6 million and $126.2 million, respectively, were specifically pledged as collateral for public funds, trust deposits, the FRB discount window program, Federal Home Loan Bank of Pittsburgh (“FHLB”) borrowings and other purposes. The FHLB has a blanket lien on non-pledged, mortgage-related loans and securities as part of the Corporation’s borrowing agreement with the FHLB.

The amortized cost and fair value of *available for sale* investment and mortgage-related securities *available for sale* as of *March 31, 2018* and *December 31, 2017,* by contractual maturity, are shown below. Expected maturities may differ from contractual maturities as borrowers *may* have the right to call or prepay obligations with or without call or prepayment penalties.

	March 31, 2018		**December 31, 2017**	
(dollars in thousands)	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
Investment securities:				
Due in one year or less	$*11,932*	$*11,922*	$*211,019*	$*211,019*
Due after one year through five years	*149,967*	*146,773*	*126,452*	*124,797*
Due after five years through ten years	*23,413*	*22,910*	*23,147*	*22,804*
Due after ten years	*14,743*	*14,616*	*15,439*	*15,421*
Subtotal	*200,055*	*196,221*	*376,057*	*374,041*
Mortgage-related securities[1]	*344,373*	*337,882*	*313,554*	*311,652*
Mutual funds with no stated maturity	—	—	*3,213*	*3,509*
Total	$*544,428*	$*534,103*	$*692,824*	$*689,202*

[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.*

The amortized cost and fair value of investment securities *held to maturity* as of *March 31, 2018* and *December 31, 2017* are as follows:

As of *March 31, 2018*

(dollars in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Mortgage-backed securities	$ *7,885*	$ —	$ *(256*)	$ *7,629*

As of *December 31, 2017*

(dollars in thousands)	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Mortgage-backed securities	$ *7,932*	$ *5*	$ *(86*)	$ *7,851*

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The following tables present the aggregate amount of gross unrealized losses as of *March 31, 2018* and *December 31, 2017* on *held to maturity* securities classified according to the amount of time those securities have been in a continuous unrealized loss position:

As of *March 31, 2018*

(dollars in thousands)	**Less than 12 Months** Fair Value	Unrealized Losses	**12 Months or Longer** Fair Value	Unrealized Losses	**Total** Fair Value	Unrealized Losses
Mortgage-backed securities	$*4,953*	$ *(143*)	$*2,676*	$ *(113*)	$*7,629*	$ *(256*)

As of *December 31, 2017*

(dollars in thousands)	**Less than 12 Months** Fair Value	Unrealized Losses	**12 Months or Longer** Fair Value	Unrealized Losses	**Total** Fair Value	Unrealized Losses
Mortgage-backed securities	$*2,756*	$ *(25*)	$*3,866*	$ *(61*)	$*6,622*	$ *(86*)

The amortized cost and fair value of *held to maturity* investment securities as of *March 31, 2018* and *December 31, 2017,* by contractual maturity, are shown below:

(dollars in thousands)	**March 31, 2018** Amortized Cost	Fair Value	**December 31, 2017** Amortized Cost	Fair Value
Mortgage-backed securities(1)	$*7,885*	$*7,629*	$*7,932*	$*7,851*

(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.

As of March 31, 2018 and December 31, 2017, the Corporation's investment securities held in *trading* accounts totaled $8.2 million and $4.6 million, respectively, and consisted of deferred compensation trust accounts which are invested in listed mutual funds whose diversification is at the discretion of the deferred compensation plan participants and, as of March 31, 2018, a rabbi trust account established to fund certain unqualified pension obligations. Investment securities held in trading accounts are reported at fair value, with adjustments in fair value reported through income.

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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 *December 2017* RBPI Merger, the *January 2015* Continental Bank Holdings, Inc. Merger, the *November 2012* transaction with First Bank of Delaware, and the *July 2010* acquisition of First Keystone Financial, Inc. Certain tables in this footnote are presented with a breakdown between *originated* and *acquired* loans and leases.

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

(dollars in thousands)	**March 31, 2018** Originated	Acquired	Total Loans and Leases	**December 31, 2017** Originated	Acquired	Total Loans and Leases
Loans held for sale	$*5,522*	$—	$*5,522*	$*3,794*	$—	$*3,794*
Real Estate Loans:						
Commercial mortgage	$*1,151,578*	$*389,879*	$*1,541,457*	$*1,122,327*	$*401,050*	$*1,523,377*
Home equity lines and loans	*178,624*	*32,845*	*211,469*	*183,283*	*34,992*	*218,275*
Residential mortgage	*360,242*	*93,413*	*453,655*	*360,935*	*97,951*	*458,886*
Construction	*135,480*	*66,688*	*202,168*	*128,266*	*84,188*	*212,454*
Total real estate loans	$*1,825,924*	$*582,825*	$*2,408,749*	$*1,794,811*	$*618,181*	$*2,412,992*
Commercial and industrial	*613,315*	*113,916*	*727,231*	*589,304*	*130,008*	*719,312*
Consumer	*45,731*	*2,692*	*48,423*	*35,146*	*3,007*	*38,153*
Leases	*79,857*	*41,535*	*121,392*	*68,035*	*47,366*	*115,401*
Total portfolio loans and leases	$*2,564,827*	$*740,968*	$*3,305,795*	$*2,487,296*	$*798,562*	$*3,285,858*
Total loans and leases	$*2,570,349*	$*740,968*	$*3,311,317*	$*2,491,090*	$*798,562*	$*3,289,652*
Loans with fixed rates	$*1,081,414*	$*473,855*	$*1,555,269*	$*1,034,542*	$*538,510*	$*1,573,052*
Loans with adjustable or floating rates	*1,488,935*	*267,113*	*1,756,048*	*1,456,548*	*260,052*	*1,716,600*
Total loans and leases	$*2,570,349*	$*740,968*	$*3,311,317*	$*2,491,090*	$*798,562*	$*3,289,652*
Net deferred loan origination fees included in the above loan table	$*1,226*	$—	$*1,226*	$*887*	$—	$*887*

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

(dollars in thousands)	**March 31, 2018** Originated	Acquired	Total Leases	**December 31, 2017** Originated	Acquired	Total Leases

Minimum lease payments receivable	$ *88,752*	$ *47,549*	$ *136,301*	$ *75,592*	$ *55,219*	$ *130,811*
Unearned lease income	*(12,523)*	*(7,336)*	*(19,859)*	*(10,338)*	*(9,523)*	*(19,861)*
Initial direct costs and deferred fees	*3,628*	*1,322*	*4,950*	*2,781*	*1,670*	*4,451*
Total Leases	$ *79,857*	$ *41,535*	$ *121,392*	$ *68,035*	$ *47,366*	$ *115,401*

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

	March 31, 2018			December 31, 2017		
(dollars in thousands)	**Originated**	**Acquired**	**Total Loans and Leases**	**Originated**	**Acquired**	**Total Loans and Leases**
Commercial mortgage	$ *89*	$ *49*	$ *138*	$ *90*	$ *782*	$ *872*
Home equity lines and loans	*1,693*	*256*	*1,949*	*1,221*	*260*	*1,481*
Residential mortgage	*1,491*	*1,113*	*2,604*	*1,505*	*2,912*	*4,417*
Commercial and industrial	*1,926*	*573*	*2,499*	*826*	*880*	*1,706*
Leases	*189*	*154*	*343*	*103*	—	*103*
Total non-performing loans and leases	$ *5,388*	*2,145*	$ *7,533*	$ *3,745*	$ *4,834*	$ *8,579*

[(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 $107 thousand and $167 thousand of purchased credit-impaired loans as of March 31, 2018 and December 31, 2017, respectively, which became non-performing subsequent to acquisition.*

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D. Purchased Credit-Impaired Loans

The outstanding principal balance and related carrying amount of purchased 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:

(dollars in thousands)	**March 31, 2018**	**December 31, 2017**
Outstanding principal balance	$*48,720*	$ *46,543*
Carrying amount[1]	$*33,228*	$ *30,849*

[1] *Includes $109 thousand and $173 thousand of purchased credit-impaired loans as of March 31, 2018 and December 31, 2017, 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 $107 thousand and $167 thousand of purchased credit-impaired loans as of March 31, 2018 and December 31, 2017, 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 *three* months ended *March 31, 2018:*

(dollars in thousands)	**Accretable Discount**
Balance, December 31, 2017	$ *4,083*
Accretion	*(685*)
Reclassifications from nonaccretable difference	*5*
Additions/adjustments	*212*
Disposals	—
Balance, March 31, 2018	$ *3,615*

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:

As of March 31, 2018 *(dollars in thousands)*	**Accruing Loans and Leases** 30 – 59 Days Past Due	60 – 89 Days Past Due	Over 89 Days Past Due	Total Past Due	Current*	Total Accruing Loans and Leases	Nonaccrual Loans and Leases	Total Loans and Leases
Commercial mortgage	$ *533*	$ *391*	$ —	$ *924*	$ *1,540,395*	$ *1,541,319*	$ *138*	$ *1,541,457*
Home equity lines and loans	*150*	—	—	*150*	*209,370*	*209,520*	*1,949*	*211,469*
Residential mortgage	*1,119*	—	—	*1,119*	*449,932*	*451,051*	*2,604*	*453,655*
Construction	*333*	—	—	*333*	*201,835*	*202,168*	—	*202,168*
Commercial and industrial	*499*	—	—	*499*	*724,233*	*724,732*	*2,499*	*727,231*
Consumer	—	—	—	—	*48,423*	*48,423*	—	*48,423*
Leases	*2,640*	*881*	—	*3,521*	*117,528*	*121,049*	*343*	*121,392*
Total portfolio loans and leases	$ *5,274*	$ *1,272*	$ —	$ *6,546*	$ *3,291,716*	$ *3,298,262*	$ *7,533*	$ *3,305,795*

As of December 31, 2017 *(dollars in thousands)*	**Accruing Loans and Leases** 30 – 59 Days Past Due	60 – 89 Days Past Due	Over 89 Days Past Due	Total Past Due	Current*	Total Accruing Loans and Leases	Nonaccrual Loans and Leases	Total Loans and Leases
Commercial mortgage	$ *1,366*	$ *2,428*	$ —	$ *3,794*	$ *1,518,711*	$ *1,522,505*	$ *872*	$ *1,523,377*
Home equity lines and loans	*338*	*10*	—	*348*	*216,446*	*216,794*	*1,481*	*218,275*
Residential mortgage	*1,386*	*79*	—	*1,465*	*453,004*	*454,469*	*4,417*	*458,886*
Construction	—	—	—	—	*212,454*	*212,454*	—	*212,454*
Commercial and industrial	*658*	*286*	—	*944*	*716,662*	*717,606*	*1,706*	*719,312*
Consumer								