BROOKLINE BANCORP INC
Form 10-Q
August 07, 2015
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015

Commission file number 0-23695

Brookline Bancorp, Inc.
(Exact name of registrant as specified in its charter)

Delaware	04-3402944
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
131 Clarendon Street, Boston, MA	02116
(Address of principal executive offices)	(Zip Code)

(617) 425-4600
(Registrant's telephone number, including area code)

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

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 o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer x Accelerated filer o Non-accelerated filer o Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES o NO x

At August 7, 2015, the number of shares of common stock, par value $0.01 per share, outstanding was 70,121,016.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES
FORM 10-Q

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PART I — FINANCIAL INFORMATION
Item 1. Unaudited Consolidated Financial Statements
BROOKLINE BANCORP, INC. AND SUBSIDIARIES
Unaudited Consolidated Balance Sheets

	At June 30, 2015	At December 31, 2014
ASSETS	(In Thousands Except Share Data)	
Cash and due from banks	$43,363	$36,893
Short-term investments	48,513	25,830
Total cash and cash equivalents	91,876	62,723
Investment securities available-for-sale	530,476	550,761
Investment securities held-to-maturity (fair value of $59,993 and $500)	60,511	500
Total investment securities	590,987	551,261
Loans and leases held-for-sale	12,482	1,537
Loans and leases:		
Commercial real estate loans	2,513,358	2,467,801
Commercial loans and leases	1,282,180	1,167,094
Indirect automobile loans	19,377	316,987
Consumer loans	914,666	870,725
Total loans and leases	4,729,581	4,822,607
Allowance for loan and lease losses	(56,398)	(53,659)
Net loans and leases	4,673,183	4,768,948
Restricted equity securities	75,553	74,804
Premises and equipment, net of accumulated depreciation of $48,216 and $44,668, respectively	77,892	80,619
Deferred tax asset	28,466	27,687
Goodwill	137,890	137,890
Identified intangible assets, net of accumulated amortization of $27,700 and $26,238, respectively	12,082	13,544
Other real estate owned ("OREO") and repossessed assets, net	2,412	1,456
Other assets*	80,111	80,479
Total assets*	$5,782,934	$5,800,948
LIABILITIES AND EQUITY		
Deposits:		
Non-interest-bearing deposits:		
Demand checking accounts	$783,331	$726,118
Interest-bearing deposits:		
NOW accounts	247,172	235,063
Savings accounts	532,184	531,727
Money market accounts	1,523,798	1,518,490
Certificate of deposit accounts	1,042,923	946,708
Total interest-bearing deposits	3,346,077	3,231,988
Total deposits	4,129,408	3,958,106
Borrowed funds:		
Advances from the Federal Home Loan Bank of Boston ("FHLBB")	823,452	1,004,026
Subordinated debentures and notes	82,850	82,763
Other borrowed funds	31,346	39,615
Total borrowed funds	937,648	1,126,404

Mortgagors’ escrow accounts	7,494	8,501
Accrued expenses and other liabilities	49,792	61,332
Total liabilities	5,124,342	5,154,343
Commitments and contingencies (Note 14)		
Stockholders' Equity:		
Brookline Bancorp, Inc. stockholders’ equity:		
Common stock, $0.01 par value; 200,000,000 shares authorized; 75,744,445 shares issued	757	757
Additional paid-in capital	618,044	617,475
Retained earnings, partially restricted*	96,128	84,860
Accumulated other comprehensive loss	(1,775)	(1,622)
Treasury stock, at cost; 5,048,525 shares and 5,040,571 shares, respectively	(58,372)	(58,282)
Unallocated common stock held by the Employee Stock Ownership Plan ("ESOP"); 232,224 shares and 251,382 shares, respectively	(1,266)	(1,370)
Total Brookline Bancorp, Inc. stockholders’ equity*	653,516	641,818
Noncontrolling interest in subsidiary	5,076	4,787
Total stockholders' equity*	658,592	646,605
Total liabilities and stockholders' equity*	$5,782,934	$5,800,948

(*) Previously reported amounts prior to January 1, 2015 have been restated to reflect a retrospective change in accounting principle for investments in qualified affordable housing projects, in accordance with ASU 2014-01. Refer to Note 8, "Investments in Qualified Affordable Projects".

See accompanying notes to the unaudited consolidated financial statements.

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BROOKLINE BANCORP, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In Thousands Except Share Data)			
Interest and dividend income:				
Loans and leases	$51,684	$50,433	$105,065	$102,375
Debt securities	2,931	2,360	5,614	4,619
Marketable and restricted equity securities	491	539	1,015	988
Short-term investments	60	14	81	58
Total interest and dividend income	55,166	53,346	111,775	108,040
Interest expense:				
Deposits	4,296	4,201	8,600	8,492
Borrowed funds	3,698	2,711	7,475	5,380
Total interest expense	7,994	6,912	16,075	13,872
Net interest income	47,172	46,434	95,700	94,168
Provision for credit losses	1,913	2,276	4,176	4,719
Net interest income after provision for credit losses	45,259	44,158	91,524	89,449
Non-interest income:				
Deposit fees	2,195	2,204	4,261	4,163
Loan fees	271	126	613	560
Loan level derivative income	941	62	941	62
Loss on sales of securities, net	—	(13)	—	(13)
Gain on sales of loans and leases held-for-sale	279	54	1,148	656
(Loss)/gain on sale/disposals of premises and equipment, net	—	(6)	—	1,504
Other	1,181	1,395	2,374	2,518
Total non-interest income*	4,867	3,822	9,337	9,450
Non-interest expense:				
Compensation and employee benefits	17,085	17,295	34,609	35,327
Occupancy	3,437	3,154	6,909	7,559
Equipment and data processing	3,680	4,348	7,700	8,725
Professional services	1,163	1,480	2,257	3,207
FDIC insurance	831	847	1,698	1,707
Advertising and marketing	823	776	1,571	1,441
Amortization of identified intangible assets	724	827	1,462	1,688
Other	2,709	2,488	5,572	5,137
Total non-interest expense	30,452	31,215	61,778	64,791
Income before provision for income taxes*	19,674	16,765	39,083	34,108
Provision for income taxes*	7,115	6,158	14,219	12,537
Net income before noncontrolling interest in subsidiary*	12,559	10,607	24,864	21,571

Less net income attributable to noncontrolling interest in subsidiary	694	476	1,296	898
Net income attributable to Brookline Bancorp, Inc.*	$11,865	$10,131	$23,568	$20,673
Earnings per common share:				
Basic*	$0.17	$0.15	$0.34	$0.30
Diluted*	0.17	0.14	0.34	0.29
Weighted average common shares outstanding during the period:				
Basic	70,049,829	69,886,576	70,042,997	69,881,055
Diluted	70,215,850	70,012,377	70,190,015	69,998,219
Dividends declared per common share	$0.090	$0.085	$0.175	$0.170

(*) Previously reported amounts prior to January 1, 2015 have been restated to reflect a retrospective change in accounting principle for investments in qualified affordable housing projects, in accordance with ASU 2014-01. Refer to Note 8, "Investments in Qualified Affordable Projects".

See accompanying notes to the unaudited consolidated financial statements.

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BROOKLINE BANCORP, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Comprehensive Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In Thousands)			
Net income before noncontrolling interest in subsidiary*	$12,559	$10,607	$24,864	$21,571
Other comprehensive income, net of taxes:				
Investment securities available-for-sale:				
Unrealized securities holding (losses) gains	(5,484)	4,350	(113)	7,643
Income tax benefit (expense)	1,962	(1,631)	(40)	(2,893)
Net unrealized securities holding (losses) gains	(3,522)	2,719	(153)	4,750
Less reclassification adjustments for securities losses included in net income:				
Loss on sales of securities, net	—	(13)	—	(13)
Income tax benefit	—	5	—	5
Net reclassification adjustments for securities losses included in net income	—	(8)	—	(8)
Net securities holding (losses) gains	(3,522)	2,727	(153)	4,758
Postretirement benefits:				
Adjustment of accumulated obligation for postretirement benefits	—	—	—	(85)
Income tax benefit	—	—	—	33
Net adjustment of accumulated obligation for postretirement benefits	—	—	—	(52)
Other comprehensive (loss) income, net of taxes	(3,522)	2,727	(153)	4,706
Comprehensive income*	9,037	13,334	24,711	26,277
Net income attributable to noncontrolling interest in subsidiary	694	476	1,296	898
Comprehensive income attributable to Brookline Bancorp, Inc.*	$8,343	$12,858	$23,415	$25,379

(*) Previously reported amounts prior to January 1, 2015 have been restated to reflect a retrospective change in accounting principle for investments in qualified affordable housing projects, in accordance with ASU 2014-01. Refer to Note 8, "Investments in Qualified Affordable Projects".

See accompanying notes to the unaudited consolidated financial statements.

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BROOKLINE BANCORP, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Changes in Equity
Six Months Ended June 30, 2015 and 2014

	Common Stock	Additional Paid-in Capital	Retained Earnings*	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Unallocated Common Stock Held by ESOP	Total Brookline Bancorp, Inc. Stockholders' Equity*	Noncontrolling Interest in Subsidiary	Total Equity*
	(In Thousands Except Share Data)								
Balance at December 31, 2014	$757	$617,475	$84,860	$ (1,622)	$(58,282)	$ (1,370)	$ 641,818	$ 4,787	$646,605
Net income attributable to Brookline Bancorp, Inc.	—	—	23,568	—	—	—	23,568	—	23,568
Net income attributable to noncontrolling interest in subsidiary	—	—	—	—	—	—	—	1,296	1,296
Issuance of noncontrolling units	—	—	—	—	—	—	—	65	65
Other comprehensive income	—	—	—	(153)	—	—	(153)	—	(153)
Common stock dividends of $0.175 per share	—	—	(12,300)	—	—	—	(12,300)	—	(12,300)
Dividend to owners of noncontrolling interest in subsidiary	—	—	—	—	—	—	—	(1,072)	(1,072)
Compensation under recognition and retention plans	—	476	—	—	(90)	—	386	—	386
Common stock held by ESOP committed to be released (19,158 shares)	—	93	—		—	104	197	—	197

Balance at June 30, 2015	$757	$618,044	$96,128	$(1,775)	$(58,372)	$(1,266)	$653,516	$5,076	$658,592

(*) Previously reported amounts prior to January 1, 2015 have been restated to reflect a retrospective change in accounting principle for investments in qualified affordable housing projects, in accordance with ASU 2014-01. Refer to Note 8, "Investments in Qualified Affordable Projects".

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BROOKLINE BANCORP, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Changes in Equity (Continued)
Six Months Ended June 30, 2015 and 2014

	Common Stock	Additional Paid-in Capital	Retained Earnings*	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Unallocated Common Stock Held by ESOP	Total Brookline Bancorp, Inc. Stockholders' Equity*	Noncontrolling Interest in Subsidiary	Total Equity*
	(In Thousands Except Share Data)								
Balance at December 31, 2013	$757	$617,538	$65,448	$ (7,915)	$(59,826)	$ (1,590)	$ 614,412	$ 4,304	$618,716
Net income attributable to Brookline Bancorp, Inc.	—	—	20,673	—	—	—	20,673	—	20,673
Net income attributable to noncontrolling interest in subsidiary	—	—	—	—	—	—	—	898	898
Issuance of noncontrolling units	—	—	—	—	—	—	—	60	60
Other comprehensive loss	—	—	—	4,706	—	—	4,706	—	4,706
Common stock dividends of $0.17 per share	—	—	(11,928)	—	—	—	(11,928)	—	(11,928)
Dividend to owners of noncontrolling interest in subsidiary	—	—	—	—	—	—	—	(1,360)	(1,360)
Compensation under recognition and retention plans	—	96	—	—	339	—	435	—	435
Common stock held by ESOP committed to be released (20,142 shares)	—	75	—	—	—	110	185	—	185

Balance at June 30, 2014	$757	$617,709	$74,193	$ (3,209)	$(59,487)	$ (1,480)	$ 628,483	$ 3,902	$632,385

(*) Previously reported amounts prior to January 1, 2015 have been restated to reflect a retrospective change in accounting principle for investments in qualified affordable housing projects, in accordance with ASU 2014-01. Refer to Note 8, "Investments in Qualified Affordable Projects".

See accompanying notes to the unaudited consolidated financial statements.

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BROOKLINE BANCORP, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Cash Flows

	Six Months Ended June 30, 2015	2014
	(In Thousands)	
Cash flows from operating activities:		
Net income attributable to Brookline Bancorp, Inc. (1)	$23,568	$20,673
Adjustments to reconcile net income to net cash provided from operating activities:		
Net income attributable to noncontrolling interest in subsidiary	1,296	898
Provision for credit losses	4,176	4,719
Origination of loans and leases held-for-sale	(25,697)	(15,784)
Proceeds from loans and leases held-for-sale, net (2)	15,379	15,922
Deferred income tax (benefit) expense	(819)	1,046
Depreciation of premises and equipment	3,562	3,416
Amortization of investment securities premiums and discounts, net	822	1,448
Amortization of deferred loan and lease origination costs, net	2,824	4,991
Amortization of identified intangible assets	1,462	1,688
Amortization of debt issuance costs	50	—
Accretion of acquisition fair value adjustments, net	(3,333)	(6,884)
Gain on sale/disposals of premises and equipment, net	—	(1,504)
Loss on sales of investment securities, net	—	13
Gain on sales of loans and leases held-for-sale	(1,148)	(656)
Gain on sales of OREO and repossessed assets, net	—	(27)
Write-down of OREO and repossessed assets	132	189
Compensation under recognition and retention plans	434	435
ESOP shares committed to be released	197	185
Net change in:		
Cash surrender value of bank-owned life insurance	(521)	(519)
Other assets (1)	889	620
Accrued expenses and other liabilities	(11,891)	(6,279)
Net cash provided from operating activities (1) (2)	11,382	24,590
Cash flows from investing activities:		
Proceeds from sales of investment securities available-for-sale	—	5,083
Proceeds from maturities, calls and principal repayments of investment securities available-for-sale	50,859	34,062
Purchases of investment securities available-for-sale	(31,466)	(69,108)
Proceeds from maturities, calls, and principal repayments of investment securities held-to-maturity	241	500
Purchases of investment securities held-to-maturity	(60,295)	(500)
Purchases of restricted equity securities	(749)	(4,887)
Proceeds from sales of loans and leases held-for-investment, net (2)	267,164	—
Net increase in loans and leases (2)	(180,822)	(248,738)
Proceeds from sales of OREO and repossessed assets (2)	4,140	6,795
Proceeds from sales of premises and equipment	—	1,972
Purchase of premises and equipment, net	(917)	(5,635)
Net cash provided from/(used for) investing activities (2)	48,155	(280,456)

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BROOKLINE BANCORP, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Cash Flows (Continued)

	Six Months Ended June 30,	
	2015	2014
	(In Thousands)	
Cash flows from financing activities:		
Increase in demand checking, NOW, savings and money market accounts	75,087	60,593
Increase/(decrease) in certificates of deposit	96,302	(34,584)
Proceeds from FHLBB advances	1,795,000	1,606,764
Repayment of FHLBB advances	(1,974,190)	(1,368,461)
Decrease in other borrowed funds, net	(8,269)	(8,460)
(Decrease)/increase in mortgagors' escrow accounts, net	(1,007)	470
Payment of dividends on common stock	(12,300)	(11,928)
Proceeds from issuance of noncontrolling units	65	60
Payment of dividends to owners of noncontrolling interest in subsidiary	(1,072)	(1,360)
Net cash (used for)/provided from financing activities	(30,384)	243,094
Net increase/(decrease) in cash and cash equivalents	29,153	(12,772)
Cash and cash equivalents at beginning of period	62,723	92,505
Cash and cash equivalents at end of period	$91,876	$79,733
Supplemental disclosures of cash flows information:		
Cash paid during the period for:		
Interest on deposits, borrowed funds and subordinated debt	$17,634	$15,438
Income taxes	17,013	8,490
Non-cash investing activities:		
Transfer from loans to other real estate owned	$5,228	$6,625

(1) Previously reported amounts prior to January 1, 2015 have been restated to reflect a retrospective change in accounting principle for investments in qualified affordable housing projects, in accordance with ASU 2014-01. Refer to Note 8, "Investments in Qualified Affordable Projects".
(2) Cash flows resulting from the sale of the indirect automobile portfolio and the OREO and repossessed assets which had been recorded as cash provided from operating activities in the prior filings have been revised to cash flows from investing activities in the second quarter to properly reflect the cash flow activity. There is no impact to the Company's net income or related per share amounts for the six months ended June 30, 2015 and June 30, 2014.

See accompanying notes to the unaudited consolidated financial statements.

BROOKLINE BANCORP, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements
At and for the Six Months Ended June 30, 2015 and 2014

(1) Basis of Presentation

Overview

Brookline Bancorp, Inc. (the “Company”) is a bank holding company (within the meaning of the Bank Holding Company Act of 1956, as amended) and the parent of Brookline Bank, a Massachusetts-chartered savings bank; Bank Rhode Island (“BankRI”), a Rhode Island-chartered financial institution; and First Ipswich Bank (“First Ipswich”), a Massachusetts-chartered savings bank (collectively referred to as the “Banks”). The Banks are all members of the Federal Reserve System. The Company is also the parent of Brookline Securities Corp. (“BSC”). The Company’s primary business is to provide commercial, business and retail banking services to its corporate, municipal and individual customers through its banks and non-bank subsidiaries.

Brookline Bank, which includes its wholly-owned subsidiaries BBS Investment Corp., Longwood Securities Corp. and its 84.5%-owned subsidiary, Eastern Funding LLC (“Eastern Funding”), operates 24 full-service banking offices in the greater Boston metropolitan area. BankRI, which includes its wholly-owned subsidiaries BRI Investment Corp., Macrolease Corporation (“Macrolease”), Acorn Insurance Agency, BRI Realty Corp. and BRI MSC Corp., operates 19 full-service banking offices in the greater Providence area. First Ipswich, which includes its wholly-owned subsidiaries First Ipswich Securities II Corp. and First Ipswich Insurance Agency, operates 5 full-service banking offices on the north shore of eastern Massachusetts.

The Company’s activities include acceptance of commercial, municipal and retail deposits, origination of mortgage loans on commercial and residential real estate located principally in Massachusetts and Rhode Island, origination of commercial loans and leases to small- and mid-sized businesses, investment in debt and equity securities, and the offering of cash management and investment advisory services. The Company also provides specialty equipment financing through its subsidiaries Eastern Funding, which is based in New York City, New York, and Macrolease, which is based in Plainview, New York. The Company ceased the origination of indirect automobile loans in December 2014.

The Company and the Banks are supervised, examined and regulated by the Board of Governors of the Federal Reserve System ("FRB"). As Massachusetts-chartered banks, Brookline Bank and First Ipswich are also subject to regulation under the laws of the Commonwealth of Massachusetts and the jurisdiction of the Massachusetts Division of Banks. As a Rhode Island-chartered bank, BankRI is also subject to regulation under the laws of the State of Rhode Island and the jurisdiction of the Banking Division of the Rhode Island Department of Business Regulation.

The Federal Deposit Insurance Corporation (“FDIC”) offers insurance coverage on all deposits up to $250,000 per depositor at each of the three Banks. As FDIC-insured depository institutions, all three Banks are also secondarily subject to supervision, examination and regulation by the FDIC. Additionally, as a Massachusetts-chartered savings bank, Brookline Bank is also insured by the Depositors Insurance Fund (“DIF”), a private industry-sponsored insurance company. The DIF insures savings bank deposits in excess of the FDIC insurance limits. As such, Brookline Bank offers 100% insurance on all deposits as a result of a combination of insurance from the FDIC and the DIF. Brookline Bank is required to file reports with the DIF.

Basis of Financial Statement Presentation

The unaudited consolidated financial statements of the Company presented herein have been prepared pursuant to the rules of the Securities and Exchange Commission ("SEC") for quarterly reports on Form 10-Q and do not include all of the information and note disclosures required by U.S. generally accepted accounting principles ("GAAP"). In the opinion of management, all adjustments (consisting of normal recurring adjustments) and disclosures considered necessary for the fair presentation of the accompanying consolidated financial statements have been included. Interim results are not necessarily reflective of the results of the entire year. The accompanying unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

The unaudited consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances are eliminated in consolidation.

In preparing these consolidated financial statements, management is required to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosure of contingent assets and liabilities. Actual results could differ from those estimates based upon changing conditions, including economic conditions and future events. Material estimates that are particularly susceptible to significant change in the near-term include the determination of the allowance for loan and lease losses, the determination of fair market values of assets and liabilities, including acquired loans and leases, the review of goodwill and intangibles for impairment and the review of deferred tax assets for valuation allowances.

The judgments used by management in applying these critical accounting policies may be affected by a further and prolonged deterioration in the economic environment, which may result in changes to future financial results. For example, subsequent evaluations of the loan and lease portfolio, in light of the factors then prevailing, may result in significant changes in the allowance for loan and lease losses in future periods, and the inability to collect outstanding principal may result in increased loan and lease losses.

Reclassification

Certain previously reported amounts have been reclassified to conform to the current year's presentation. Except for the adoption of ASU 2014-01, there were no changes to stockholders' equity and net income reported. Refer to Note 8, "Investments in Qualified Affordable Projects" for the impact the adoption had on the Company's financial statements.

(2) Recent Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2015-03, Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. This ASU requires that all debt issuance costs be presented in the balance sheet as direct deductions from the carrying amount of the related debt liability. Amortization of the costs is reported as interest expense. This ASU is applied retrospectively for the first interim or annual period presented beginning after December 15, 2015; early adoption is permitted. As of June 30, 2015, the Company has accounted for its debt issuance cost as a reduction of the debt liability.

The Company adopted ASU 2014-01, Accounting for Investments in Qualified Affordable Housing Projects, which required retrospective application. Refer to Note 8, "Investments in Qualified Affordable Projects" for the impact the adoption had on the Company's financial statements.

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BROOKLINE BANCORP, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements
At and for the Six Months Ended June 30, 2015 and 2014

(3) Investment Securities

The following tables set forth investment securities available-for-sale and held-to-maturity at the dates indicated:

	At June 30, 2015			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In Thousands)			
Investment securities available-for-sale:				
Debt securities:				
GSEs	$18,519	$125	$94	$18,550
GSE CMOs	218,039	110	3,752	214,397
GSE MBSs	254,410	1,816	1,424	254,802
SBA commercial loan asset-backed securities	180	—	1	179
Corporate debt obligations	39,852	405	3	40,254
Trust preferred securities	1,465	—	144	1,321
Total debt securities	532,465	2,456	5,418	529,503
Marketable equity securities	951	22	—	973
Total investment securities available-for-sale	$533,416	$2,478	$5,418	$530,476
Investment securities held-to-maturity:				
GSEs	$26,925	$—	$197	$26,728
GSEs MBSs	20,993	—	218	20,775
Municipal obligations	12,093	5	108	11,990
Foreign government securities	500	—	—	500
Total investment securities held-to-maturity	$60,511	$5	$523	$59,993

	At December 31, 2014			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
	(In Thousands)			
Investment securities available-for-sale:				
Debt securities:				
GSEs	$22,929	$88	$29	$22,988
GSE CMOs	238,910	80	4,821	234,169
GSE MBSs	249,329	2,531	879	250,981
SBA commercial loan asset-backed securities	205	—	2	203
Corporate debt obligations	39,805	403	1	40,207
Trust preferred securities	1,463	—	223	1,240
Total debt securities	552,641	3,102	5,955	549,788
Marketable equity securities	947	26	—	973
Total investment securities available-for-sale	$553,588	$3,128	$5,955	$550,761
Investment securities held-to-maturity:				
Foreign government securities	500	—	—	500
Total investment securities held-to-maturity	$500	$—	$—	$500

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At June 30, 2015, the fair value of all investment securities available-for-sale was $530.5 million, with net unrealized losses of $2.9 million, compared to a fair value of $550.8 million and net unrealized losses of $2.8 million at December 31, 2014. At June 30, 2015, $340.1 million, or 64.1% of the portfolio, had gross unrealized losses of $5.4 million, compared to $335.7 million, or 60.9%, with gross unrealized losses of $6.0 million at December 31, 2014.

At June 30, 2015, the fair value of all investment securities held-to-maturity was $60.0 million, with net unrealized losses of $0.5 million, compared to a fair value of $0.5 million with no unrealized losses at December 31, 2014. At June 30, 2015, $57.6 million, or 96.0% of the portfolio, had gross unrealized losses of $0.5 million. There were no investment securities held-to-maturity with net unrealized losses at December 31, 2014.

Investment Securities as Collateral

At June 30, 2015 and December 31, 2014, respectively, $490.0 million and $473.1 million of investment securities available-for-sale were pledged as collateral for repurchase agreements; municipal deposits; treasury, tax and loan deposits; swap agreements; and FHLBB borrowings. No investment securities held-to-maturity were pledged as collateral at these dates.

Other-Than-Temporary Impairment ("OTTI")

Investment securities available-for-sale at June 30, 2015 and December 31, 2014 that have been in a continuous unrealized loss position for less than twelve months or twelve months or longer are as follows:

	At June 30, 2015					
	Less than Twelve Months		Twelve Months or Longer		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
	(In Thousands)					
Investment securities available-for-sale:						
GSEs	$7,993	$94	$—	$—	$7,993	$94
GSE CMOs	95,459	782	110,243	2,970	205,702	3,752
GSE MBSs	102,612	748	18,207	676	120,819	1,424
SBA commercial loan asset-backed securities	7	—	163	1	170	1
Corporate debt obligations	4,059	3	—	—	4,059	3
Trust preferred securities	—	—	1,321	144	1,321	144
Temporarily impaired debt securities available-for-sale	210,130	1,627	129,934	3,791	340,064	5,418
Investment securities held-to-maturity:						
GSEs	26,728	197	—	—	26,728	197
GSEs MBSs	20,775	218	—	—	20,775	218
Municipal obligations	10,079	108	—	—	10,079	108
Temporarily impaired debt securities held-to-maturity	57,582	523	—	—	57,582	523
	$267,712	$2,150	$129,934	$3,791	$397,646	$5,941

Total temporarily impaired
investment securities

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	At December 31, 2014					
	Less than Twelve Months		Twelve Months or Longer		Total	
	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses	Estimated Fair Value	Unrealized Losses
	(In Thousands)					
Investment securities available-for-sale:						
GSEs	$11,086	$29	$—	$—	$11,086	$29
GSE CMOs	39,095	179	190,345	4,642	229,440	4,821
GSE MBSs	50,099	84	39,555	795	89,654	879
SBA commercial loan asset-backed securities	8	—	186	2	194	2
Corporate debt obligations	4,069	1	—	—	4,069	1
Trust preferred securities	—	—	1,240	223	1,240	223
Total temporarily impaired investment securities available-for-sale	$104,357	$293	$231,326	$5,662	$335,683	$5,955

The Company performs regular analysis on the investment securities portfolio to determine whether a decline in fair value indicates that an investment security is OTTI. In making these OTTI determinations, management considers, among other factors, the length of time and extent to which the fair value has been less than amortized cost; projected future cash flows; credit subordination and the creditworthiness, capital adequacy and near-term prospects of the issuers.

Management also considers the Company’s capital adequacy, interest-rate risk, liquidity and business plans in assessing whether it is more likely than not that the Company will sell or be required to sell the investment securities before recovery. If the Company determines that a decline in fair value is OTTI and that it is more likely than not that the Company will not sell or be required to sell the investment security before recovery of its amortized cost, the credit portion of the impairment loss is recognized in the Company's unaudited consolidated statements of income and the noncredit portion is recognized in accumulated other comprehensive income. The credit portion of the OTTI impairment represents the difference between the amortized cost and the present value of the expected future cash flows of the investment security. If the Company determines that a decline in fair value is OTTI and it is more likely than not that it will sell or be required to sell the investment security before recovery of its amortized cost, the entire difference between the amortized cost and the fair value of the investment security will be recognized in the Company's unaudited consolidated statements of income.

Investment Securities Available-For-Sale Impairment Analysis

The following discussion summarizes, by investment security type, the basis for evaluating if the applicable investment securities within the Company’s available-for-sale portfolio were OTTI at June 30, 2015. Based on the analysis below, it is more likely than not that the Company will not sell or be required to sell the investment securities before recovery of its amortized cost. The Company's ability and intent to hold these investment securities until recovery is supported by the Company's strong capital and liquidity positions as well as its historically low portfolio turnover. As such, Management has determined that the investment securities are not OTTI at June 30, 2015. If market conditions for investment securities worsen or the creditworthiness of the underlying issuers deteriorates, it is possible that the Company may recognize additional OTTI in future periods.

U.S. Government-Sponsored Enterprises

The Company invests in securities issued by U.S. Government-sponsored enterprises (“GSEs”), including GSE debt securities, mortgage-backed securities (“MBSs”), and collateralized mortgage obligations (“CMOs”). GSE securities include obligations issued by the Federal National Mortgage Association (“FNMA”), the Federal Home Loan Mortgage Corporation (“FHLMC”), the Government National Mortgage Association (“GNMA”), the Federal Home Loan Banks ("FHLB") and the Federal Farm Credit Bank. At June 30, 2015, only GNMA MBSs and CMOs, and Small Business Administration (“SBA”) commercial loan asset-backed securities with an estimated fair value of $21.2 million were backed explicitly by the full faith and credit of the U.S. Government, compared to $26.2 million at December 31, 2014.

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At June 30, 2015, the Company held GSE debentures with a total fair value of $18.6 million, which approximated amortized cost. At December 31, 2014, the Company held GSE debentures with a total fair value of $23.0 million, which also approximated amortized cost. At June 30, 2015, three of the seven securities in this portfolio were in unrealized loss positions. At December 31, 2014, four of the eight securities in this portfolio were in unrealized loss positions. All securities are performing and backed by the implicit (FHLB / FNMA / FHLMC) or explicit (GNMA / SBA) guarantee of the U.S. Government. During the six months ended June 30, 2015, the Company purchased $2.0 million of GSE debentures. This compares to a total of $2.0 million purchased during the same period in 2014.

At June 30, 2015, the Company held GSE mortgage-related securities with a total fair value of $469.2 million and a net unrealized loss of $3.3 million. This compares to a total fair value of $485.2 million and a net unrealized loss of $3.1 million at December 31, 2014. At June 30, 2015, 90 of the 254 securities in this portfolio were in unrealized loss positions, compared to 79 of the 250 securities at December 31, 2014. All securities are performing and backed by the implicit (FHLB / FNMA / FHLMC) or explicit (GNMA) guarantee of the U.S. Government. During the six months ended June 30, 2015, the Company purchased $29.5 million in GSE CMOs and GSE MBSs. This compares to a total of $55.1 million purchased during the same period in 2014.

SBA Commercial Loan Asset-Backed Securities

At June 30, 2015 and December 31, 2014, the Company held eight SBA securities with a total fair value of $0.2 million which approximated amortized cost. At June 30, 2015 and December 31, 2014, seven of the eight securities in this portfolio were in unrealized loss positions. All securities are performing and backed by the explicit (SBA) guarantee of the U.S. Government.

Corporate Obligations

From time to time, the Company will invest in high-quality corporate obligations to provide portfolio diversification and improve the overall yield on the portfolio. The Company owned thirteen corporate obligation securities with a total fair value of $40.3 million and a net unrealized gain of $0.4 million at June 30, 2015. This compares to thirteen corporate obligation securities with a total fair value of $40.2 million and a net unrealized gain of $0.4 million at December 31, 2014. At June 30, 2015 and December 31, 2014, one of the thirteen securities in this portfolio was in an unrealized loss position. Full collection of the obligations is expected because the financial condition of the issuer is sound and has not defaulted on scheduled payments, the obligations are rated investment grade and the Company has the ability and intent to hold the obligations for a period of time to recover the amortized cost. During the six months ended June 30, 2015, the Company did not purchase any corporate obligations. This compares to a total of $12.0 million purchased during the same period in 2014.

Trust Preferred Securities

Trust preferred securities represent subordinated debt issued by financial institutions. At June 30, 2015, the Company owned two trust preferred securities with a total fair value of $1.3 million and total net unrealized loss of $0.1 million. This compares to two trust preferred securities with a total fair value of $1.2 million and a total net unrealized loss of $0.2 million at December 31, 2014. At June 30, 2015 and December 31, 2014, both of the securities in this portfolio were in unrealized loss positions. Full collection of the obligations is expected because the financial condition of the issuers is sound, none of the issuers has defaulted on scheduled payments, the obligations are rated investment grade and the Company has the ability and intent to hold the obligations for a period of time to recover the amortized cost.

Marketable Equity Securities

At June 30, 2015 and December 31, 2014, the Company owned marketable equity securities with a fair value of $1.0 million, which approximated amortized cost. At June 30, 2015 and December 31, 2014, none of the securities in this portfolio was in an unrealized loss position.

Investment Securities Held-to-Maturity Impairment Analysis

At June 30, 2015, the Company owned 43 held-to-maturity investment securities with a total fair value of $60.0 million and a net unrealized loss of $0.5 million. This compares to 0.5 million at December 31, 2014 which represented fair value. At

June 30, 2015, 38 of the securities were in an unrealized loss position compared to none at December 31, 2014. Management does not intend to sell these securities prior to maturity. As such, Management has determined that the investment securities are not OTTI at June 30, 2015. During the six months ended June 30, 2015, the Company purchased $60.3 million of held-to-maturity investment securities. This compares to a total of $0.5 million purchased during the same period in 2014.

Portfolio Maturities

The final stated maturities of the debt securities are as follows at the dates indicated:

	At June 30, 2015				At December 31, 2014			
	Amortized Cost	Estimated Fair Value	Weighted Average Rate		Amortized Cost	Estimated Fair Value	Weighted Average Rate	
	(Dollars in Thousands)							
Investment securities available-for-sale:								
Within 1 year	$6,151	$6,174	2.35	%	$3,057	$3,081	3.00	%
After 1 year through 5 years	49,500	50,318	2.50	%	55,631	56,586	2.48	%
After 5 years through 10 years	90,390	90,955	1.98	%	103,268	104,208	2.00	%
Over 10 years	386,424	382,056	1.96	%	390,685	385,913	1.91	%
	$532,465	$529,503	2.02	%	$552,641	$549,788	1.99	%
Investment securities held-to-maturity:								
Within 1 year	$500	$500	1.30	%	$—	$—	—	%
After 1 year through 5 years	11,336	11,312	1.58	%	500	500	1.30	%
After 5 years through 10 years	27,682	27,406	2.15	%	—	—	—	%
Over 10 years	20,993	20,775	1.65	%	—	—	—	%
	$60,511	$59,993	1.86	%	$500	$500	1.30	%

Actual maturities of debt securities may differ from those presented above since certain obligations amortize and provide the issuer the right to call or prepay the obligation prior to the scheduled final stated maturity without penalty. MBSs and CMOs are included above based on their final stated maturities; the actual maturities, however, are expected to occur earlier due to anticipated prepayments and stated amortization of cash flows.

At June 30, 2015, issuers of debt securities with an estimated fair value of $35.4 million had the right to call or prepay the obligations. Of the $35.4 million, $9.5 million matures in 1 - 5 years and $25.9 million matures in 6 - 10 years. At December 31, 2014, issuers of debt securities with an estimated fair value of $16.1 million had the right to call or prepay the obligations. Of the $16.1 million, approximately $5.0 million matures in 1 - 5 years, $9.9 million matures in 6 - 10 years and $1.2 million matures after ten years.

Security Sales

Security transactions are recorded on the trade date. When securities are sold, the adjusted cost of the specific security sold is used to compute the gain on loss on the sale. There were no security sales during the three-month and six-month periods ended June 30, 2015.

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	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
	(In Thousands)	
Sales of debt securities	$5,083	$5,083
Gross gains from sales	302	302
Gross losses from sales	315	315
Loss on sales of securities, net	$(13)	$(13)

(4) Loans and Leases

The following tables present loan and lease balances and weighted average coupon rates for the originated and acquired loan and lease portfolios at the dates indicated:

	At June 30, 2015					
	Originated		Acquired		Total	
	Balance	Weighted Average Coupon	Balance	Weighted Average Coupon	Balance	Weighted Average Coupon
	(Dollars in Thousands)					
Commercial real estate loans:						
Commercial real estate mortgage	$1,530,765	4.06 %	$227,516	4.19 %	$1,758,281	4.08 %
Multi-family mortgage	576,392	4.06 %	51,179	4.45 %	627,571	4.09 %
Construction	126,975	3.67 %	531	4.97 %	127,506	3.68 %
Total commercial real estate loans	2,234,132	4.04 %	279,226	4.24 %	2,513,358	4.06 %
Commercial loans and leases:						
Commercial	548,727	3.80 %	29,821	4.97 %	578,548	3.86 %
Equipment financing	637,411	6.88 %	11,036	6.07 %	648,447	6.87 %
Condominium association	55,185	4.54 %	—	— %	55,185	4.54 %
Total commercial loans and leases	1,241,323	5.41 %	40,857	5.27 %	1,282,180	5.41 %
Indirect automobile loans	19,377	5.61 %	—	— %	19,377	5.61 %
Consumer loans:						
Residential mortgage	506,828	3.62 %	96,245	3.87 %	603,073	3.66 %
Home equity	206,835	3.32 %	92,561	3.87 %	299,396	3.50 %
Other consumer	12,058	4.98 %	139	16.80 %	12,197	5.12 %
Total consumer loans	725,721	3.56 %	188,945	3.88 %	914,666	3.63 %
Total loans and leases	$4,220,553	4.37 %	$509,028	4.19 %	$4,729,581	4.35 %

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	At December 31, 2014					
	Originated		Acquired		Total	
	Balance	Weighted Average Coupon	Balance	Weighted Average Coupon	Balance	Weighted Average Coupon
	(Dollars in Thousands)					
Commercial real estate loans:						
Commercial real estate mortgage	$1,425,621	4.18 %	$254,461	4.29 %	$1,680,082	4.20 %
Multi-family mortgage	576,214	4.11 %	63,492	4.50 %	639,706	4.15 %
Construction	146,074	3.79 %	1,939	5.50 %	148,013	3.81 %
Total commercial real estate loans	2,147,909	4.13 %	319,892	4.34 %	2,467,801	4.16 %
Commercial loans and leases:						
Commercial	462,730	3.88 %	51,347	4.14 %	514,077	3.91 %
Equipment financing	587,496	6.92 %	13,928	6.22 %	601,424	6.90 %
Condominium association	51,593	4.60 %	—	— %	51,593	4.60 %
Total commercial loans and leases	1,101,819	5.53 %	65,275	4.58 %	1,167,094	5.48 %
Indirect automobile loans	316,987	4.47 %	—	— %	316,987	4.47 %
Consumer loans:						
Residential mortgage	472,078	3.60 %	99,842	3.77 %	571,920	3.63 %
Home equity	181,580	3.35 %	105,478	3.85 %	287,058	3.53 %
Other consumer	11,580	5.13 %	167	16.35 %	11,747	5.29 %
Total consumer loans	665,238	3.56 %	205,487	3.82 %	870,725	3.62 %
Total loans and leases	$4,231,953	4.43 %	$590,654	4.19 %	$4,822,607	4.40 %

The Company lends primarily in the eastern half of Massachusetts, southern New Hampshire and Rhode Island, with the exception of equipment financing, 34.5% of which is in the greater New York/New Jersey metropolitan area and 65.5% of which is in other areas in the United States of America at June 30, 2015, compared to 35.9% of which is in the greater New York/New Jersey metropolitan area and 64.1% of which is in other areas in the United States of America at December 31, 2014.

Competition for the indirect automobile loans increased significantly as credit unions and large national banks entered indirect automobile lending in a search for additional sources of income. That competition drove interest rates down and, in some cases, changed the manner in which interest rates are developed, from including a dealer-shared spread to imposing a dealer-based fee to originate the loan. Given this market condition, management ceased the Company's origination of indirect automobile loans in December 2014. For the quarter ended March 31, 2015, the Company sold over 90% of the portfolio for $255.2 million, which resulted in a loss of $11.8 thousand. Refer to Note 5, "Allowance for Loan and Lease Losses" for the impact of the sale on the Company's allowance for loan and lease losses.

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Accretable Yield for the Acquired Loan Portfolio

The following table summarizes activity in the accretable yield for the acquired loan portfolio for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In Thousands)			
Balance at beginning of period	$30,660	$42,501	$32,044	$45,789
Reclassification from nonaccretable difference for loans with improved cash flows	682	214	2,122	1,654
Accretion	(2,612)	(4,537)	(5,436)	(9,265)
Balance at end of period	$28,730	$38,178	$28,730	$38,178

On a quarterly basis, subsequent to acquisition, management reforecasts the expected cash flows for acquired ASC 310-30 loans, taking into account prepayment speeds, probability of default and loss given defaults. Management compares cash flow projections per the reforecast to the original cash flow projections and determines whether any reduction in cash flow expectations is due to credit deterioration, or if the change in cash flow is related to noncredit events. This cash flow analysis is used to evaluate the need for a loan loss provision and/or prospective yield adjustments. During the six months ended June 30, 2015 and 2014, accretable yield adjustments totaling $2.1 million and $1.7 million, respectively, were made for certain loan pools. These prospective accretable yield adjustments, which are subject to continued re-assessment, will be recognized over the remaining lives of those pools.

The aggregate remaining nonaccretable difference (representing both principal and interest) applicable to acquired loans and leases totaled $1.5 million and $3.6 million at June 30, 2015 and December 31, 2014, respectively.

Loans and Leases Pledged as Collateral

At June 30, 2015 and December 31, 2014, there were $1.9 billion and $1.6 billion, respectively, of loans and leases pledged as collateral for repurchase agreements; municipal deposits; treasury, tax and loan deposits; swap agreements; and FHLBB borrowings. The Banks did not have any outstanding FRB borrowings at June 30, 2015 and December 31, 2014.

(5) Allowance for Loan and Lease Losses

The following tables present the changes in the allowance for loan and lease losses and the recorded investment in loans and leases by portfolio segment for the periods indicated:

	Three Months Ended June 30, 2015					
	Commercial Real Estate	Commercial	Indirect Automobile	Consumer	Unallocated	Total
	(In Thousands)					
Balance at March 31, 2015	$29,460	$19,084	$458	$3,619	$2,485	$55,106
Charge-offs	(162)	(245)	(397)	(225)	—	(1,029)
Recoveries	—	94	410	24	—	528
Credit (provision) for loan and lease losses	(82)	1,296	(90)	594	75	1,793
Balance at June 30, 2015	$29,216	$20,229	$381	$4,012	$2,560	$56,398

	Three Months Ended June 30, 2014					
	Commercial Real Estate	Commercial	Indirect Automobile	Consumer	Unallocated	Total
	(In Thousands)					
Balance at March 31, 2014	$24,858	$15,544	$3,664	$3,110	$3,048	$50,224
Charge-offs	—	(796)	(228)	(172)	—	(1,196)
Recoveries	—	218	173	85	—	476
Provision (credit) for loan and lease losses	1,857	900	77	(6)	(646)	2,182
Balance at June 30, 2014	$26,715	$15,866	$3,686	$3,017	$2,402	$51,686

	Six Months Ended June 30, 2015					
	Commercial Real Estate	Commercial	Indirect Automobile	Consumer	Unallocated	Total
	(In Thousands)					
Balance at December 31, 2014	$29,594	$15,957	$2,331	$3,359	$2,418	$53,659
Charge-offs	(550)	(695)	(1,217)	(232)	—	(2,694)
Recoveries	—	306	991	42	—	1,339
Provision (credit) for loan and lease losses	172	4,661	(1,724)	843	142	4,094
Balance at June 30, 2015	$29,216	$20,229	$381	$4,012	$2,560	$56,398

	Six Months Ended June 30, 2014					
	Commercial Real Estate	Commercial	Indirect Automobile	Consumer	Unallocated	Total
	(In Thousands)					
Balance at December 31, 2013	$23,022	$15,220	$3,924	$3,375	$2,932	$48,473
Charge-offs	—	(1,347)	(517)	(382)	—	(2,246)
Recoveries	—	469	277	114	—	860
Provision (credit) for loan and lease losses	3,693	1,524	2	(90)	(530)	4,599
Balance at June 30, 2014	$26,715	$15,866	$3,686	$3,017	$2,402	$51,686

The liability for unfunded credit commitments, which is included in other liabilities, was $1.4 million, $1.3 million and $1.2 million at June 30, 2015, December 31, 2014 and June 30, 2014, respectively. The liability for unfunded credit commitments reflects changes in the estimate of loss exposure associated with certain unfunded credit commitments. No credit commitments were charged off against the liability account in the six-month periods ended June 30, 2015 and 2014.

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Provision for Credit Losses

The provision for credit losses are set forth below for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	(In Thousands)			
Provision (credit) for loan and lease losses:				
Commercial real estate	$(82)	$1,857	$172	$3,693
Commercial	1,296	900	4,661	1,524
Indirect automobile	(90)	77	(1,724)	2
Consumer	594	(6)	843	(90)
Unallocated	75	(646)	142	(530)
Total provision for loan and lease losses	1,793	2,182	4,094	4,599
Unfunded credit commitments	120	94	82	120
Total provision for credit losses	$1,913	$2,276	$4,176	$4,719

Procedure for Placing Loans and Leases on Nonaccrual

Accrual of interest on loans generally is discontinued when contractual payment of principal or interest becomes past due 90 days or, if in management’s judgment, reasonable doubt exists as to the full timely collection of interest. Exceptions may be made if the loan has matured and is in the process of renewal or is well-secured and in the process of collection. When a loan is placed on nonaccrual status, interest accruals cease and uncollected accrued interest is reversed and charged against current interest income. Interest payments on nonaccrual loans are generally applied to principal. If collection of the principal is reasonably assured, interest payments are recognized as income on the cash basis. Loans are generally returned to accrual status when principal and interest payments are current, full collectability of principal and interest is reasonably assured and a consistent record of at least six consecutive months of performance has been achieved.

Allowance for Loan and Lease Losses Methodology

Management has established a methodology to determine the adequacy of the allowance for loan and lease losses that assesses the risks and losses inherent in the loan and lease portfolio. Additions to the allowance for loan and lease losses are made by charges to the provision for credit losses. Losses on loans and leases are charged off against the allowance when all or a portion of a loan or lease is considered uncollectible. Subsequent recoveries on loans previously charged off, if any, are credited to the allowance when realized.

The allowance for loan and lease losses consists of general, specific and unallocated reserves and reflects management's estimate of probable loan and lease losses inherent in the loan portfolio at the balance sheet date. Management uses a consistent and systematic process and methodology to evaluate the adequacy of the allowance for loan and lease losses on a quarterly basis. For purposes of determining the allowance for loan and lease losses, the Company has segmented certain loans and leases in the portfolio by product type into the following pools: (1) commercial real estate loans, (2) commercial loans and leases, (3) indirect automobile loans and (4) consumer loans. Portfolio segments are further disaggregated into classes based on the associated risks within the segments. Commercial real estate loans are divided into three classes: commercial real estate mortgage loans, multi-family mortgage loans and construction loans. Commercial loans and leases are divided into three classes: commercial loans, equipment financing, and loans to condominium associations. The indirect automobile loan segment is not divided into classes. Consumer loans are divided into three classes: residential mortgage loans, home equity loans and other consumer loans. A formula-based credit evaluation approach is applied to each group, coupled with an analysis of certain loans for impairment.

General Allowance

The general allowance related to loans collectively evaluated for impairment is determined using a formula-based approach utilizing the risk ratings of individual credits and loss factors derived from historic portfolio loss rates, which includes estimates of incurred losses over an estimated loss emergence period (“LEP”). The LEP was generated utilizing a charge-off look-back analysis which studied the time from the first indication of elevated risk of repayment (or other early event indicating a problem) to eventual charge-off to support the LEP considered in the allowance calculation. This reserving methodology established the approximate number of months of a LEP that incurred losses should be carried for each portfolio. Other relevant qualitative factors include, but are not limited to, historic levels and trends in loan charge-offs and recoveries; past-due loans; risk-rated loans; classified loans and impaired loans; the pace of loan growth; underwriting policies and adherence to such policies; changes in credit concentration; the experience of lending personnel and management; trends in the economy and employment; business conditions; industry conditions; and political, legislative and regulatory changes. The general allowance related to the acquired loans collectively evaluated for impairment is determined based upon the degree, if any, of deterioration in the pooled loans subsequent to acquisition. The qualitative factors used in the determination are the same as those used for originated loans.

The general allowance for loan and lease losses was $51.0 million at June 30, 2015, compared to $50.1 million at December 31, 2014. The general portion of the allowance for loan and lease losses increased by $0.9 million during the six months ended June 30, 2015, largely due to the growth in commercial real estate and commercial loan and lease portfolios, offset by the sale of the indirect automobile portfolio, which resulted in a release of $1.9 million in the general allowance for loan and lease losses in the first quarter of 2015.

Specific Allowance

Specific valuation allowances are established for impaired originated loans with book values greater than the discounted present value of expected future cash flows or, in the case of collateral-dependent impaired loans, for any excess of a loan's book balance and the fair value of its underlying collateral. Specific valuation allowances are established for acquired loans with deterioration in the discounted present value of expected future cash flows since acquisitions or, in the case of collateral dependent impaired loans, for any increase in the excess of a loan's book balance greater than the fair value of its underlying collateral. A specific valuation allowance for losses on troubled debt restructured loans is determined by comparing the net carrying amount of the troubled debt restructured loan with the restructured loan's cash flows discounted at the original effective rate. Impaired loans are reviewed quarterly with adjustments made to the calculated reserve as deemed necessary.

The specific allowance for loan and lease losses was $2.8 million at June 30, 2015, compared to $1.2 million at December 31, 2014. The specific allowance increased by $1.6 million during the six months ended June 30, 2015, primarily due to one commercial relationship which was downgraded during the six months ended June 30, 2015.

Unallocated Allowance

Determination of the unallocated portion of the allowance is a subjective process. Management believes the unallocated allowance is an important component of the total allowance because it addresses the probable inherent risk of loss that exists in that part of the Company's loan portfolio with repayment terms that extend over many years. It also helps to minimize the risk related to the margin of imprecision inherent in the estimation of the allocated components of the allowance.

The unallocated allowance for loan and lease losses was $2.6 million at June 30, 2015, compared to $2.4 million at December 31, 2014. The unallocated portion of the allowance for loan and lease losses increased by $0.2 million during the six months ended June 30, 2015, largely as the result of the increase in overall allowance for loan and lease losses.

Credit Quality Assessment

At the time of loan origination, a rating is assigned based on the financial strength of the borrower and the value of assets pledged as collateral. The Company continually monitors the asset quality of the loan portfolio using all available information. The officer responsible for handling each loan is required to initiate changes to risk ratings when changes in facts and circumstances occur that warrant an upgrade or downgrade in a loan rating. Based on this information, loans demonstrating certain payment issues or other weaknesses may be categorized as delinquent, impaired, nonperforming and/or put on nonaccrual status. Additionally, in the course of resolving such loans, the Company may choose to restructure the contractual terms of certain loans to match the borrower's ability to repay the loan based on their current financial condition. If a restructured loan meets certain criteria, it may be categorized as a troubled debt restructuring.

The Company reviews numerous credit quality indicators when assessing the risk in its loan portfolio. For the commercial real estate mortgage, multi-family mortgage, construction, commercial, equipment financing, condominium association and other consumer loan and lease classes, the Company utilizes an eight-grade loan rating system, which assigns a risk rating to each borrower based on a number of quantitative and qualitative factors associated with a loan transaction. Factors considered include industry and market conditions; position within the industry; earnings trends; operating cash flow; asset/liability values; debt capacity; guarantor strength; management and controls; financial reporting; collateral; and other considerations. In addition, the Company's independent loan review group evaluates the credit quality and related risk ratings of the commercial real estate and commercial loan portfolios. The results of these reviews are reported to the Board of Directors. For consumer loans, the Company primarily relies on payment status for monitoring credit risk.

The ratings categories used for assessing credit risk in the commercial real estate mortgage, multi-family mortgage, construction, commercial, equipment financing, condominium association and other consumer loan and lease classes are defined as follows:

1-4 Rating — Pass

Loan rating grades "1" through "4" are classified as "Pass," which indicates borrowers are performing in accordance with the terms of the loan and are less likely to result in loss due to the capacity of the borrower to pay and the adequacy of the value of assets pledged as collateral.

5 Rating — Other Asset Especially Mentioned ("OAEM")

Borrowers exhibit potential credit weaknesses or downward trends deserving management's attention. If not checked or corrected, these trends can weaken the Company's asset position. While potentially weak, currently these borrowers are marginally acceptable; no loss of principal or interest is envisioned.

6 Rating — Substandard

Borrowers exhibit well-defined weaknesses that jeopardize the orderly liquidation of debt. Substandard loans may be inadequately protected by the current net worth and paying capacity of the obligors or by the collateral pledged, if any. Normal repayment from the borrower is in jeopardy. Although no loss of principal is envisioned, there is a distinct possibility that a partial loss of interest and/or principal will occur if the deficiencies are not corrected. Collateral coverage may be inadequate to cover the principal obligation.

7 Rating — Doubtful

Borrowers exhibit well-defined weaknesses that jeopardize the orderly liquidation of debt with the added provision that the weaknesses make collection of the debt in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable. Serious problems exist to the point where partial loss of principal is likely.

8 Rating — Definite Loss

Borrowers deemed incapable of repayment. Loans to such borrowers are considered uncollectable and of such little value that continuation as active assets of the Company is not warranted.

Assets rated as “OAEM,” “substandard” or “doubtful” based on criteria established under banking regulations are collectively referred to as “criticized” assets.

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Credit Quality Information

The following tables present the recorded investment in loans in each class at June 30, 2015 by credit quality indicator.

	At June 30, 2015						
	Commercial Real Estate Mortgage	Multi-Family Mortgage	Construction	Commercial	Equipment Financing	Condominium Association	Other Consumer
	(In Thousands)						
Originated:							
Loan rating:							
Pass	$1,514,670	$574,892	$126,755	$531,060	$633,364	$55,185	$12,021
OAEM	12,921	1,191	220	7,622	1,198	—	—
Substandard	3,174	309	—	9,171	1,369	—	37
Doubtful	—	—	—	874	1,480	—	—
Total originated	1,530,765	576,392	126,975	548,727	637,411	55,185	12,058
Acquired:							
Loan rating:							
Pass	213,309	49,233	531	24,813	11,036	—	139
OAEM	5,081	710	—	1,021	—	—	—
Substandard	8,715	1,236	—	3,898	—	—	—
Doubtful	411	—	—	89	—	—	—
Total acquired	227,516	51,179	531	29,821	11,036	—	139
Total loans	$1,758,281	$627,571	$127,506	$578,548	$648,447	$55,185	$12,197

At June 30, 2015, there were no loans categorized as definite loss.

	At June 30, 2015		
	Indirect Automobile		
	($ In Thousands)		
Originated:			
Credit score:			
Over 700	$7,665	39.6	%
661-700	2,815	14.5	%
660 and below	8,762	45.2	%
Data not available	135	0.7	%
Total loans	$19,377	100.0	%

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	At June 30, 2015					
	Residential Mortgage ($ In Thousands)			Home Equity ($ In Thousands)		
Originated:						
Loan-to-value ratio:						
Less than 50%	$112,562	18.7	%	$114,866	38.4	%
50% - 69%	204,585	33.9	%	43,341	14.5	%
70% - 79%	169,265	28.1	%	31,228	10.4	%
80% and over	18,758	3.1	%	16,486	5.5	%
Data not available	1,658	0.3	%	914	0.3	%
Total originated	506,828	84.1	%	206,835	69.1	%
Acquired:						
Loan-to-value ratio:						
Less than 50%	20,598	3.4	%	57,062	19.0	%
50% - 69%	34,968	5.8	%	22,208	7.4	%
70% - 79%	21,280	3.5	%	9,256	3.1	%
80% and over	15,055	2.5	%	3,248	1.1	%
Data not available	4,344	0.7	%	787	0.3	%
Total acquired	96,245	15.9	%	92,561	30.9	%
Total loans	$603,073	100.0	%	$299,396	100.0	%

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The following tables present the recorded investment in loans in each class at December 31, 2014 by credit quality indicator.

	At December 31, 2014						
	Commercial Real Estate Mortgage	Multi-Family Mortgage	Construction	Commercial	Equipment Financing	Condominium Association	Other Consumer
	(In Thousands)						
Originated:							
Loan rating:							
Pass	$1,402,121	$574,972	$146,074	$447,778	$583,340	$51,593	$11,540
OAEM	22,491	1,242	—	12,193	932	—	—
Substandard	1,009	—	—	1,671	2,338	—	40
Doubtful	—	—	—	1,088	886	—	—
Total originated	1,425,621	576,214	146,074	462,730	587,496	51,593	11,580
Acquired:							
Loan rating:							
Pass	237,439	60,837	1,709	43,925	13,795	—	167
OAEM	8,351	713	230	1,852	—	—	—
Substandard	8,250	1,942	—	5,424	133	—	—
Doubtful	421	—	—	146	—	—	—
Total acquired	254,461	63,492	1,939	51,347	13,928	—	167
Total loans	$1,680,082	$639,706	$148,013	$514,077	$601,424	$51,593	$11,747

At December 31, 2014, there were no loans categorized as definite loss.

	At December 31, 2014		
	Indirect Automobile		
	($ In Thousands)		
Originated:			
Credit score:			
Over 700	$262,160	82.7	%
661-700	43,422	13.7	%
660 and below	9,927	3.1	%
Data not available	1,478	0.5	%
Total loans	$316,987	100.0	%

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	At December 31, 2014					
	Residential Mortgage ($ In Thousands)			Home Equity ($ In Thousands)		
Originated:						
Loan-to-value ratio:						
Less than 50%	$105,342	18.4	%	$113,541	39.6	%
50% - 69%	179,319	31.4	%	35,660	12.4	%
70% - 79%	166,467	29.1	%	27,123	9.4	%
80% and over	19,335	3.4	%	4,195	1.5	%
Data not available	1,615	0.3	%	1,061	0.4	%
Total originated	472,078	82.6	%	181,580	63.2	%
Acquired:						
Loan-to-value ratio:						
Less than 50%	19,574	3.4	%	70,293	24.5	%
50% - 69%	35,131	6.2	%	22,581	7.9	%
70% - 79%	22,972	4.0	%	10,569	3.7	%
80% and over	16,268	2.8	%	1,178	0.4	%
Data not available	5,897	1.0	%	857	0.3	%
Total acquired	99,842	17.4	%	105,478	36.8	%
Total loans	$571,920	100.0	%	$287,058	100.0	%

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Age Analysis of Past Due Loans and Leases

The following tables present an age analysis of the recorded investment in total loans and leases at June 30, 2015 and December 31, 2014.

	At June 30, 2015							
	Past Due							
	31-60 Days	61-90 Days	Greater Than 90 Days	Total	Current	Total Loans and Leases	Loans and Leases Past Due Greater Than 90 Days and Accruing	Nonaccrual Loans and Leases
	(In Thousands)							
Originated:								
Commercial real estate loans:								
Commercial real estate mortgage	$454	$2,147	$1,235	$3,836	$1,526,929	$1,530,765	$ 208	$3,174
Multi-family mortgage	—	—	309	309	576,083	576,392	—	309
Construction	—	—	—	—	126,975	126,975	—	—
Total commercial real estate loans	454	2,147	1,544	4,145	2,229,987	2,234,132	208	3,483
Commercial loans and leases:								
Commercial	4,589	3,545	1,040	9,174	539,553	548,727	—	8,996
Equipment financing	2,005	306	2,020	4,331	633,080	637,411	1	2,639
Condominium association	—	—	—	—	55,185	55,185	—	—
Total commercial loans and leases	6,594	3,851	3,060	13,505	1,227,818	1,241,323	1	11,635
Indirect automobile	1,492	477	76	2,045	17,332	19,377	—	417
Consumer loans:								
Residential mortgage	—	—	229	229	506,599	506,828	—	2,251
Home equity	51	—	106	157	206,678	206,835	—	159
Other consumer	273	3	34	310	11,748	12,058	1	42
Total consumer loans	324	3	369	696	725,025	725,721	1	2,452
Total originated loans and leases	$8,864	$6,478	$5,049	$20,391	$4,200,162	$4,220,553	$ 210	$17,987

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	At June 30, 2015							
	Past Due							
	31-60 Days	61-90 Days	Greater Than 90 Days	Total	Current	Total Loans and Leases	Loans and Leases Past Due Greater Than 90 Days and Accruing	Nonaccrual Loans and Leases
	(In Thousands)							
Acquired:								
Commercial real estate loans:								
Commercial real estate mortgage	$1,183	$527	$4,409	$6,119	$221,397	$227,516	$4,409	$—
Multi-family mortgage	—	—	2,391	2,391	48,788	51,179	2,391	—
Construction	—	—	—	—	531	531	—	—
Total commercial real estate loans	1,183	527	6,800	8,510	270,716	279,226	6,800	—
Commercial loans and leases:								
Commercial	941	—	3,611	4,552	25,269	29,821	343	3,320
Equipment financing	26	—	—	26	11,010	11,036	—	—
Total commercial loans and leases	967	—	3,611	4,578	36,279	40,857	343	3,320
Consumer loans:								
Residential mortgage	912	—	2,862	3,774	92,471	96,245	2,692	170
Home equity	562	164	1,126	1,852	90,709	92,561	175	1,985
Other consumer	—	—	—	—	139	139	—	—
Total consumer loans	1,474	164	3,988	5,626	183,319	188,945	2,867	2,155
Total acquired loans and leases	$3,624	$691	$14,399	$18,714	$490,314	$509,028	$10,010	$5,475
Total loans and leases	$12,488	$7,169	$19,448	$39,105	$4,690,476	$4,729,581	$10,220	$23,462

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	At December 31, 2014							
	Past Due							
	31-60 Days	61-90 Days	Greater Than 90 Days	Total	Current	Total Loans and Leases	Loans and Leases Past Due Greater Than 90 Days and Accruing	Nonaccrual Loans and Leases
	(In Thousands)							
Originated:								
Commercial real estate loans:								
Commercial real estate mortgage	$1,631	$416	$160	$2,207	$1,423,414	$1,425,621	$—	$1,009
Multi-family mortgage	385	—	—	385	575,829	576,214	—	—
Construction	—	—	—	—	146,074	146,074	—	—
Total commercial real estate loans	2,016	416	160	2,592	2,145,317	2,147,909	—	1,009
Commercial loans and leases:								
Commercial	758	876	1,499	3,133	459,597	462,730	2	2,722
Equipment financing	1,534	138	2,392	4,064	583,432	587,496	—	3,214
Condominium association	501	—	—	501	51,092	51,593	—	—
Total commercial loans and leases	2,793	1,014	3,891	7,698	1,094,121	1,101,819	2	5,936
Indirect automobile	4,635	923	166	5,724	311,263	316,987	—	645
Consumer loans:								
Residential mortgage	—	—	501	501	471,577	472,078	—	1,340
Home equity	75	52	129	256	181,324	181,580	—	161
Other consumer	17	5	30	52	11,528	11,580	—	41
Total consumer loans	92	57	660	809	664,429	665,238	—	1,542
Total originated loans and leases	$9,536	$2,410	$4,877	$16,823	$4,215,130	$4,231,953	$2	$9,132

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	At December 31, 2014							
	Past Due							
	31-60 Days	61-90 Days	Greater Than 90 Days	Total	Current	Total Loans and Leases	Loans and Leases Past Due Greater Than 90 Days and Accruing	Nonaccrual Loans and Leases
	(In Thousands)							
Acquired:								
Commercial real estate loans:								
Commercial real estate mortgage	$989	$3,705	$2,387	$7,081	$247,380	$254,461	$2,387	$—
Multi-family mortgage	195	729	363	1,287	62,205	63,492	363	—
Construction	—	—	—	—	1,939	1,939	—	—
Total commercial real estate loans	1,184	4,434	2,750	8,368	311,524	319,892	2,750	—
Commercial loans and leases:								
Commercial	712	488	3,033	4,233	47,114	51,347	624	2,474
Equipment financing	2	52	66	120	13,808	13,928	73	9
Total commercial loans and leases	714	540	3,099	4,353	60,922	65,275	697	2,483
Consumer loans:								
Residential mortgage	—	—	2,715	2,715	97,127	99,842	2,372	342
Home equity	1,005	733	923	2,661	102,817	105,478	187	1,757
Other consumer	—	—	—	—	167	167	—	—
Total consumer loans	1,005	733	3,638	5,376	200,111	205,487	2,559	2,099
Total acquired loans and leases	$2,903	$5,707	$9,487	$18,097	$572,557	$590,654	$6,006	$4,582
Total loan and leases	$12,439	$8,117	$14,364	$34,920	$4,787,687	$4,822,607	$6,008	$13,714

Commercial Real Estate Loans — At June 30, 2015, loans outstanding in the three classes within this segment expressed as a percentage of total loans and leases outstanding were as follows: commercial real estate mortgage loans — 37.2%; multi-family mortgage loans — 13.3%; and construction loans — 2.7%.

Loans in this portfolio that are on nonaccrual status and/or risk-rated "substandard" or worse are evaluated on an individual loan basis for impairment. For non-impaired commercial real estate loans, loss factors are applied to outstanding loans by risk rating for each of the three classes in the portfolio. The factors applied are based primarily on historic loan loss experience and an assessment of internal and external factors and other relevant information.

Commercial Loans and Leases — At June 30, 2015, loans and leases outstanding in the three classes within this segment expressed as a percent of total loans and leases outstanding were as follows: commercial loans and leases — 12.2%; equipment financing loans — 13.7%; and loans to condominium associations — 1.2%.

Loans and leases in this portfolio that are on nonaccrual status and/or risk-rated “substandard” or worse are evaluated on an individual basis for impairment. For non-impaired commercial loans and leases, loss factors are applied to outstanding loans by risk rating for each of the three classes in the portfolio.

Indirect Automobile Loans — At June 30, 2015, indirect automobile loans represented 0.4% of the Company’s total loan and lease portfolio. Determination of the allowance for loan and lease losses for this portfolio is based primarily on payment status and historical loss rates.

Consumer Loans — At June 30, 2015, loans outstanding within the three classes within this segment expressed as a percent of total loans and leases outstanding were as follows: residential mortgage loans — 12.8%; home equity loans — 6.3%; and other consumer loans — 0.3%.

Significant risk characteristics related to the residential mortgage and home equity loan portfolios are the geographic concentration of the properties financed within selected communities in the greater Boston and Providence metropolitan areas. The payment status and loan-to-value ratio are the primary credit quality indicators used for residential mortgage loans and home equity loans. Generally, loans are not made when the loan-to-value ratio exceeds 80% unless private mortgage insurance is obtained and/or there is a financially strong guarantor. Consumer loans that become 90 days or more past due, or are placed on nonaccrual regardless of past due status, are reviewed on an individual basis for impairment by assessing the net realizable value of underlying collateral and the economic condition of the borrower.

Impaired Loans and Leases

A loan is considered to be impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due (both interest and principal) according to the contractual terms of the loan agreement. The Company has defined the population of impaired loans to include nonaccrual loans and troubled debt restructured loans.

When the ultimate collectability of the total principal of an impaired loan or lease is in doubt and the loan is on nonaccrual status, all payments are applied to principal, under the cost recovery method. When the ultimate collectability of the total principal of an impaired loan or lease is not in doubt and the loan or lease is on nonaccrual status, contractual interest is credited to interest income when received, under the cash basis method.

The following tables include the recorded investment and unpaid principal balances of impaired loans and leases with the related allowance amount, if applicable, for the originated and acquired loan and lease portfolios at the dates indicated. Also presented are the average recorded investments in the impaired loans and leases and the related amount of interest recognized during the period that the impaired loans were impaired.

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	At June 30, 2015			At December 31, 2014		
	Recorded Investment (1)	Unpaid Principal Balance	Related Allowance	Recorded Investment (2)	Unpaid Principal Balance	Related Allowance
	(In Thousands)					
Originated:						
With no related allowance recorded:						
Commercial real estate	$5,198	$5,193	$—	$2,751	$2,748	$—
Commercial	14,494	14,468	—	13,440	13,421	—
Consumer	3,951	3,946	—	3,055	3,048	—
Total originated with no related allowance recorded	23,643	23,607	—	19,246	19,217	—
With an allowance recorded:						
Commercial real estate	4,087	4,087	88	4,119	4,119	108
Commercial	6,462	6,454	2,405	2,019	2,011	768
Consumer	163	162	—	176	176	10
Total originated with an allowance recorded	10,712	10,703	2,493	6,314	6,306	886
Total originated impaired loans and leases	34,355	34,310	2,493	25,560	25,523	886
Acquired:						
With no related allowance recorded:						
Commercial real estate	8,263	8,264	—	9,413	9,428	—
Commercial	4,824	4,824	—	6,049	6,047	—
Consumer	8,263	8,278	—	6,688	6,688	—
Total acquired with no related allowance recorded	21,350	21,366	—	22,150	22,163	—
With an allowance recorded:						
Commercial real estate	—	—	—	244	244	22
Commercial	598	598	238	478	478	214
Consumer	366	366	47	225	225	41
Total acquired with an allowance recorded	964	964	285	947	947	277
Total acquired impaired loans and leases	22,314	22,330	285	23,097	23,110	277
Total impaired loans and leases	$56,669	$56,640	$2,778	$48,657	$48,633	$1,163

(1)Includes originated and acquired nonaccrual loans of $16.3 million and $5.5 million, respectively, at June 30, 2015.
(2)Includes originated and acquired nonaccrual loans of $7.1 million and $4.6 million, respectively, at December 31, 2014.

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	Three Months Ended			
	June 30, 2015		June 30, 2014	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
	(In Thousands)			
Originated:				
With no related allowance recorded:				
Commercial real estate	$5,204	$21	$947	$12
Commercial	14,942	151	5,711	62
Consumer	3,966	15	128	—
Total originated with no related allowance recorded	24,112	187	6,786	74
With an allowance recorded:				
Commercial real estate	4,092	49	3,010	22
Commercial	6,497	3	3,800	24
Consumer	165	—	3,582	15
Total originated with an allowance recorded	10,754	52	10,392	61
Total originated impaired loans and leases	34,866	239	17,178	135
Acquired:				
With no related allowance recorded:				
Commercial real estate	8,596	38	20,402	182
Commercial	4,931	17	6,775	23
Consumer	8,295	14	4,807	5
Total acquired with no related allowance recorded	21,822	69	31,984	210
With an allowance recorded:				
Commercial real estate	—	—	1,522	3
Commercial	598	—	1,948	14
Consumer	370	3	770	1
Total acquired with an allowance recorded	968	3	4,240	18
Total acquired impaired loans and leases	22,790	72	36,224	228
Total impaired loans and leases	$57,656	$311	$53,402	$363

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	Six Months Ended June 30, 2015		June 30, 2014	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
	(In Thousands)			
Originated:				
With no related allowance recorded:				
Commercial real estate	$5,066	$44	$2,422	$48
Commercial	15,086	303	4,796	70
Consumer	4,023	30	1,980	13
Total originated with no related allowance recorded	24,175	377	9,198	131
With an allowance recorded:				
Commercial real estate	4,100	99	1,587	22
Commercial	6,180	6	3,728	48
Consumer	168	—	1,940	15
Total originated with an allowance recorded	10,448	105	7,255	85
Total originated impaired loans and leases	34,623	482	16,453	216
Acquired:				
With no related allowance recorded:				
Commercial real estate	9,462	75	13,990	228
Commercial	4,717	32	7,498	59
Consumer	7,843	29	6,539	10
Total acquired with no related allowance recorded	22,022	136	28,027	297
With an allowance recorded:				
Commercial real estate	122	—	2,971	40
Commercial	735	—	1,247	15
Consumer	365	5	385	1
Total acquired with an allowance recorded	1,222	5	4,603	56
Total acquired impaired loans and leases	23,244	141	32,630	353
Total impaired loans and leases	$57,867	$623	$49,083	$569

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The following tables present information regarding impaired and non-impaired loans and leases at the dates indicated:

	At June 30, 2015					
	Commercial Real Estate	Commercial	Indirect Automobile	Consumer	Unallocated	Total
	(In Thousands)					
Allowance for Loan and Lease Losses:						
Originated:						
Individually evaluated for impairment	$88	$2,405	$—	$—	$—	$2,493
Collectively evaluated for impairment	27,471	17,291	381	3,547	2,560	51,250
Total originated loans and leases	27,559	19,696	381	3,547	2,560	53,743
Acquired:						
Individually evaluated for impairment	—	238	—	46	—	284
Collectively evaluated for impairment	620	199	—	61	—	880
Acquired with deteriorated credit quality	1,037	96	—	358	—	1,491
Total acquired loans and leases	1,657	533	—	465	—	2,655
Total allowance for loan and lease losses	$29,216	$20,229	$381	$4,012	$2,560	$56,398
Loans and Leases:						
Originated:						
Individually evaluated for impairment	$9,285	$20,956	$—	$4,114	$—	$34,355
Collectively evaluated for impairment	2,224,847	1,220,367	19,377	721,607	—	4,186,198
Total originated loans and leases	2,234,132	1,241,323	19,377	725,721	—	4,220,553
Acquired:						
Individually evaluated for impairment	605	4,667	—	3,370	—	8,642
Collectively evaluated for impairment	79,356	22,915	—	118,337	—	220,608
Acquired with deteriorated credit quality	199,265	13,275	—	67,238	—	279,778
Total acquired loans and leases	279,226	40,857	—	188,945	—	509,028
Total loans and leases	$2,513,358	$1,282,180	$19,377	$914,666	$—	$4,729,581

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	At December 31, 2014					
	Commercial Real Estate (In Thousands)	Commercial	Indirect Automobile	Consumer	Unallocated	Total
Allowance for Loan and Lease Losses:						
Originated:						
Individually evaluated for impairment	$108	$768	$—	$10	$—	$886
Collectively evaluated for impairment	27,457	14,631	2,331	3,088	2,418	49,925
Total originated loans and leases	27,565	15,399	2,331	3,098	2,418	50,811
Acquired:						
Individually evaluated for impairment	—	144	—	41	—	185
Collectively evaluated for impairment	648	222	—	2	—	872
Acquired with deteriorated credit quality	1,381	192	—	218	—	1,791
Total acquired loans and leases	2,029	558	—	261	—	2,848
Total allowance for loan and lease losses	$29,594	$15,957	$2,331	$3,359	$2,418	$53,659
Loans and Leases:						
Originated:						
Individually evaluated for impairment	$6,870	$15,459	$—	$3,231	$—	$25,560
Collectively evaluated for impairment	2,141,039	1,086,360	316,987	662,007	—	4,206,393
Total originated loans and leases	2,147,909	1,101,819	316,987	665,238	—	4,231,953
Acquired:						
Individually evaluated for impairment	626	4,458	—	2,562	—	7,646
Collectively evaluated for impairment	97,141	38,504	—	134,973	—	270,618
Acquired with deteriorated credit quality	222,125	22,313	—	67,952	—	312,390
Total acquired loans and leases	319,892	65,275	—	205,487	—	590,654
Total loans and leases	$2,467,801	$1,167,094	$316,987	$870,725	$—	$4,822,607

Troubled Debt Restructured Loans and Leases

A specific valuation allowance for losses on troubled debt restructured loans is determined by comparing the net carrying amount of the troubled debt restructured loan with the restructured loan's cash flows discounted at the original effective rate.

The following table sets forth information regarding troubled debt restructured loans and leases at the dates indicated:

	At June 30, 2015	At December 31, 2014
	(In Thousands)	
Troubled debt restructurings:		
On accrual	$14,205	$14,815
On nonaccrual	5,981	5,625
Total troubled debt restructurings	$20,186	$20,440

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The recorded investment in troubled debt restructurings and the associated specific allowances for loan and lease losses, in the originated and acquired loan and lease portfolios, are as follows for the periods indicated.

	At and for the Three Months Ended June 30, 2015							
	Recorded Investment			Specific		Defaulted[1]		
	Number of Loans/ Leases	At Modification	At End of Period	Allowance for Loan and Lease Losses	Nonaccrual Loans and Leases	Additional Commitment	Number of Loans/ Leases	Recorded Investment
	(Dollars in Thousands)							
Originated:								
Commercial	3	$ 732	$ 730	$ 122	$ 245	$—	1	245
Total Originated	3	732	730	122	245	—	1	245
Acquired:								
Commercial	3	392	391	—	13	—	2	406
Total Acquired	3	392	391	—	13	—	2	406
Total	6	$ 1,124	$ 1,121	$ 122	$ 258	$—	3	$ 651

(1) Includes loans and leases that have been modified within the past twelve months and subsequently had payment defaults during the period indicated.

	At and for the Three Months Ended June 30, 2014							
	Recorded Investment			Specific		Defaulted[1]		
	Number of Loans/ Leases	At Modification	At End of Period	Allowance for Loan and Lease Losses	Nonaccrual Loans and Leases	Additional Commitment	Number of Loans/ Leases	Recorded Investment
	(Dollars in Thousands)							
Originated:								
Commercial real estate mortgage	2	$ 390	$ 365	$ 17	$ 17	$—	—	$ —
Equipment financing	1	289	289	—	—	—	1	259
Residential mortgage	1	291	291	—	—	—	—	—
Total Originated	4	970	945	17	17	—	1	259
Acquired:								
Commercial	2	253	261	9	261	—	—	—
Total Acquired	2	253	261	9	261	—	—	—
Total	6	$ 1,223	$ 1,206	$ 26	$ 278	$—	1	$ 259

(1) Includes loans and leases that have been modified within the past twelve months and subsequently had payment defaults during the period indicated.

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	At and for the Six Months Ended June 30, 2015							
	Recorded Investment			Specific		Defaulted		
	Number of Loans/ Leases	At Modification	At End of Period	Allowance for Loan and Lease Losses	Nonaccrual Loans and Leases	Additional Commitment	Number of Loans/ Leases	Recorded Investment
	(Dollars in Thousands)							
Originated:								
Commercial	4	$ 2,702	$2,371	$ 122	$ 245	$—	1	$ 245
Equipment financing	1	112	106	—	—	—	—	—
Total Originated	5	2,814	2,477	122	245	—	1	245
Acquired:								
Commercial	4	642	641	—	13	—	3	418
Home equity	2	164	164	12	24	—	1	24
Total Acquired	6	806	805	12	37	—	4	442
Total	11	$ 3,620	$3,282	$ 134	$ 282	$—	5	$ 687

	At and for the Six Months Ended June 30, 2014							
	Recorded Investment			Specific		Defaulted		
	Number of Loans/ Leases	At Modification	At End of Period	Allowance for Loan and Lease Losses	Nonaccrual Loans and Leases	Additional Commitment	Number of Loans/ Leases	Recorded Investment
	(Dollars in Thousands)							
Originated:								
Commercial real estate mortgage	1	$953	$944	$ —	$—	$—	—	$—
Commercial	2	390	365	17	17	—	—	—
Equipment financing	2	673	671	—	—	—	3	349
Residential mortgage	2	789	786	—	495	—	—	—
Total Originated	7	2,805	2,766	17	512	—	3	349
Acquired:								
Commercial	2	253						