GLAXOSMITHKLINE PLC
Form 6-K
June 18, 2008

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For period ending June 18, 2008

GlaxoSmithKline plc
(Name of registrant)

980 Great West Road, Brentford, Middlesex, TW8 9GS
(Address of principal executive offices)

Indicate by check mark whether the registrant files or
will file annual reports under cover Form 20-F or Form 40-F

Form 20-F x Form 40-F
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Indicate by check mark whether the registrant by furnishing the
information contained in this Form is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b) under the
Securities Exchange Act of 1934.

Yes No x
--

GlaxoSmithKline plc (the 'Company') announces that in accordance with the authority granted by shareholders at the Company's Annual General Meeting on 21 May 2008 it purchased 3,010,000 of its Ordinary shares of 25 pence each ('shares') on 18 June 2008 at a price of 1,093.38 pence per share.

The shares will be cancelled.

Following the cancellation of these shares, the Company holds 474,194,158 of its shares in Treasury, representing 8.93% of the total voting rights in the Company.

The Company has 5,311,952,963 shares in issue (excluding Treasury shares). This number represents the total voting rights in the Company and may be used by shareholders as the denominator for the calculations by which they can determine if they are required to notify their interest in, or a change to their interest in the Company under the Financial Services Authority's Disclosure and Transparency Rules.

This announcement does not constitute, or form part of, an offer or any solicitation of an offer to purchase or subscribe for securities in any jurisdiction and is in conformity with the Financial Services Authority's Disclosure and Transparency Rules.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorised.

GlaxoSmithKline plc
(Registrant)

Date: 06.18.2008

By: VICTORIA WHYTE

Victoria Whyte
Authorised Signatory for and on
behalf of GlaxoSmithKline plc

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(3
)
Amortization of investment premiums and discounts, net

921

932

Amortization of loan premiums and discounts, net
1,071

1,045

Depreciation and amortization of premises and equipment
1,355

1,406

Amortization of core deposit intangible
55

8

Net loss (gain) on sales of securities
919

(230
)
Net (gain) loss on fair value of derivatives
(191
)

280

Deferred income taxes
67

124

Loans originated for sale
(36,927
)

(36,303
)
Proceeds from sale of loans held for sale
40,464

37,232

Net loss on disposal of SI Trust Servicing operations
—

698

Net gain on sales of loans held for sale
(735
)

(998
)
Net gain on sales of loans held for investment
(201
)

—

Net loss on disposal of equipment
—

5

Net loss on sales or write-downs of other real estate owned
25

14

Increase in cash surrender value of bank-owned life insurance
(226
)

(213
)
Gain on bank-owned life insurance proceeds
—

(349
)
Impairment charge on long-lived assets
—

410

Other-than-temporary impairment losses on securities

8

123

Change in operating assets and liabilities:

Accrued interest receivable
42

132

Other assets
(1,781
)

290

Accrued expenses and other liabilities
1,974

652

Net cash provided by operating activities
6,583

8,371

Cash flows from investing activities:

Purchases of available for sale securities
(40,863
)

(41,721
)

Proceeds from sales of available for sale securities
13,108

39,115

Proceeds from maturities of and principal repayments on available for sale securities
31,786

42,197

Redemption of Federal Home Loan Bank stock
325

—

Net decrease (increase) in loans
28,811

(12,908
)
Purchases of loans
(20,115
)

(40,788
)
Net cash paid from acquisition of Newport Bancorp, Inc.
(8,935
)

—

Proceeds from sales of loans held for investment
3,189

—

Proceeds from sales of other real estate owned
1,255

1,101

Purchases of premises and equipment
(1,868
)

(1,062
)
Proceeds from bank-owned life insurance
—

585

Net cash provided by (used in) investing activities
6,693

(13,481
)

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SI FINANCIAL GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Concluded)
(In Thousands / Unaudited)

	Nine Months Ended September 30, 2013	2012
Cash flows from financing activities:		
Net increase in deposits	7,971	5,601
Net decrease in mortgagors' and investors' escrow accounts	(1,738)	(1,789)
Proceeds from Federal Home Loan Bank advances	40,000	—
Repayments of Federal Home Loan Bank advances	(44,000)	(7,000)
Excess tax benefit from share-based compensation	4	3
Cash dividends on common stock	(860)	(885)
Stock options exercised	15	10
Common shares repurchased	(9)	(4,977)
Net cash provided by (used in) financing activities	1,383	(9,037)
Net change in cash and cash equivalents	14,659	(14,147)
Cash and cash equivalents at beginning of period	37,689	48,412
Cash and cash equivalents at end of period	$52,348	$34,265
Supplemental cash flow information:		
Interest paid	$6,146	$7,315
Income taxes paid, net	1,312	113
Transfer of loans to other real estate owned	1,407	876
In connection with the purchase acquisition detailed in Note 10 to the unaudited interim consolidated financial statements:		
Fair value of non-cash assets acquired	$406,912	$—
Goodwill and core deposit intangibles	16,943	—
Fair value of liabilities assumed	384,815	—
Value of common shares issued	30,105	—

See accompanying notes to unaudited interim consolidated financial statements.

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SI FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012 AND DECEMBER 31, 2012

NOTE 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business
SI Financial Group, Inc. (the "Company") is the holding company for Savings Institute Bank and Trust Company (the "Bank"). Established in 1842, the Bank is a community-oriented financial institution headquartered in Willimantic, Connecticut. The Bank provides a variety of financial services to individuals, businesses and municipalities through its twenty-six offices in eastern Connecticut and Rhode Island. Its primary products include savings, checking and certificate of deposit accounts, residential and commercial mortgage loans, commercial business loans and consumer loans. In addition, wealth management services, which include trust, financial planning, life insurance and investment services, are offered to individuals and businesses through the Bank's offices. The Company does not conduct any material business other than owning all of the stock of the Bank and making payments on the subordinated debentures held by the Company.

On September 6, 2013, the Company acquired Newport Bancorp, Inc. ("Newport"), the holding company for Newport Federal Savings Bank. The acquisition added six full-service banking offices located in eastern Connecticut and Rhode Island. See Note 10 - Acquisition of Newport Bancorp, Inc. for additional details.

Principles of Consolidation
The accompanying consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary, the Bank, and the Bank's wholly-owned subsidiaries, 803 Financial Corp., SI Mortgage Company and SI Realty Company, Inc. All significant intercompany accounts and transactions have been eliminated.

Basis of Financial Statement Presentation
The interim consolidated financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information, with the instructions to Form 10-Q and Rule 10.01 of Regulation S-X of the Securities and Exchange Commission ("SEC") and general practices within the banking industry. Accordingly, certain information and footnote disclosures required by GAAP for complete financial statements have been omitted. Information in the accompanying interim consolidated financial statements and notes to the financial statements of the Company as of September 30, 2013 and for the three and nine months ended September 30, 2013 and 2012 is unaudited. These unaudited interim consolidated financial statements and related notes should be read in conjunction with the audited financial statements of the Company and the accompanying notes for the year ended December 31, 2012 contained in the Company's Form 10-K.

In the opinion of management, the accompanying unaudited interim consolidated financial statements reflect all of the adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the financial condition, results of operations and cash flows as of and for the period covered herein. The results of operations for the three and nine months ended September 30, 2013 are not necessarily indicative of the operating results for the year ending December 31, 2013 or for any other period.

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, as of the date of the balance sheets and reported amounts of revenues and expenses for the periods presented. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, other-than-temporary impairment (“OTTI”) of securities, deferred income taxes and the impairment of long-lived assets.

SI FINANCIAL GROUP, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Reclassifications
Certain amounts in the Company's 2012 consolidated financial statements have been reclassified to conform to the 2013 presentation. Such reclassifications had no effect on net income.

Loans Receivable
Loans receivable are stated at current unpaid principal balances, net of the allowance for loan losses and deferred loan origination fees and costs. Management has the ability and intent to hold its loans receivable for the foreseeable future or until maturity or pay-off.

A loan is impaired when, based on current information and events, it is probable the Company will be unable to collect all contractual principal and interest payments due in accordance with the terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Impairment is measured on a loan by loan basis for residential and commercial mortgage loans and commercial business loans by either the present value of expected future cash flows discounted at the loan's effective interest rate or, as a practical expedient, at the loan's observable market price or the fair value of the collateral if the loan is collateral dependent. Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Company does not typically identify individual consumer loans for impairment disclosures, unless such loans are subject to a troubled debt restructuring ("TDR") agreement.

The Company periodically may agree to modify the contractual terms of loans. When a loan is modified and concessions have been made to the original contractual terms, such as reductions of interest rates or deferral of interest or principal payments due to the borrower's financial condition, the modification is considered a TDR.

Management considers all nonaccrual loans, with the exception of certain consumer loans, to be impaired. Also, all TDRs are initially classified as impaired. In most cases, loan payments less than 90 days past due are considered minor collection delays and the related loans are generally not considered impaired.

Allowance for Loan Losses
The allowance for loan losses, a material estimate which could change significantly in the near-term, is established through a provision for loan losses charged to earnings to account for losses that are inherent in the loan portfolio and estimated to occur, and is maintained at a level that management considers adequate to absorb losses in the loan portfolio. Loan losses are charged against the allowance for loan losses when management believes that the uncollectibility of the principal loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance for loan losses when received. In the determination of the allowance for loan losses, management may obtain independent appraisals for significant properties, if necessary.

Management's judgment in determining the adequacy of the allowance is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. The allowance for loan losses is evaluated on a monthly basis by management and is based on the evaluation of the known and inherent risk characteristics and size and composition of the loan portfolio, the assessment of current economic and real estate market conditions, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, historical loan loss experience, the level of nonperforming loans, delinquencies, classified assets and loan charge-offs and evaluations of loans and other relevant factors.

The allowance for loan losses consists of the following key elements:

- Specific allowance for identified impaired loans. For loans that are identified as impaired, an allowance is established when the present value of expected cash flows (or observable market price of the loan or fair

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value of the collateral if the loan is collateral dependent) of the impaired loan is lower than the carrying value of that loan.

- General valuation allowance. The general component represents a valuation allowance on the remainder of the loan portfolio, after excluding impaired loans. For this portion of the allowance, loans are segregated by category and assigned an allowance percentage based on historical loan loss experience adjusted for qualitative factors stratified by the following loan segments: residential one- to four-family, multi-family and commercial real estate, construction, commercial business and consumer. Management uses a rolling average of historical losses based on the time frame appropriate to capture relevant loss data for each loan segment. This historical loss factor is adjusted for the following qualitative factors: levels/trends in delinquencies, classified loans and nonaccrual loans; level of loan charge-offs; trends in volume, nature and terms of loans; existence and effect of/or changes in the level of credit concentrations; effects of changes in risk selection, underwriting standards and other changes in lending policies, procedures and practices; experience/ability and depth of lending management and staff, national and local economic trends and conditions and impact on value of underlying collateral for collateral dependent loans.

The qualitative factors are determined based on the following various risk characteristics for each loan segment. Risk characteristics relevant to each portfolio segment are as follows:

Residential – One- to Four-Family – The Bank primarily originates conventional loans with loan-to-value ratios less than 95% and generally originates loans with loan-to-value ratios in excess of 80% only when secured by first liens on owner-occupied one- to four-family residences. Loans with loan-to-value ratios in excess of 80% generally require private mortgage insurance or additional collateral. All loans in this segment are collateralized by owner-occupied residential real estate and repayment is dependent on the credit quality of the individual borrower. The overall health of the economy, including unemployment rates and housing prices, will have an effect on the credit quality of this segment.

Multi-family and Commercial – Loans in this segment are originated for the purpose of acquiring, developing, improving or refinancing multi-family and commercial real estate where the property is the primary collateral securing the loan, and the income generated from the property is the primary repayment source. The underlying cash flows generated by the properties are adversely impacted by a downturn in the economy as evidenced by increased vacancy rates, which in turn, will have an effect on the credit quality in this segment. Payments on loans secured by income-producing properties often depend on the successful operation and management of the properties. Management continually monitors the cash flows of these loans.

Construction – This segment includes loans to individuals, and to a lesser extent builders, to finance the construction of residential dwellings. The Bank also originates construction loans for commercial development projects. Upon the completion of construction, the loan generally converts to a permanent mortgage loan. Credit risk is affected by cost overruns, time to sell at an adequate price and market conditions.

Commercial Business – Loans in this segment are made to businesses and are generally secured by assets of the business. Repayment is expected from the cash flows of the business. A weakened economy and reduced viability of the industry in which the customer operates will have a negative impact on the credit quality in this segment. To a lesser but increasing extent, the Bank provides financing for investors in the time share industry, which are secured by consumer receivables, and finances capital improvements for condominium associations, which are secured by the assigned rights to levy special assessments to condominium owners.

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Consumer – Loans in this segment primarily include home equity lines of credit (representing both first and second liens) and indirect automobile loans and, to a lesser extent, loans secured by marketable securities, passbook or certificate accounts, motorcycles, automobiles and recreational vehicles, as well as unsecured loans. Consumer loan collections depend on the borrower's continuing financial stability, and therefore, are more likely to be adversely affected by job loss, divorce, illness or personal bankruptcy.

In computing the allowance for loan losses, we do not assign a general valuation allowance to the Small Business Administration ("SBA") and United States Department of Agriculture ("USDA") loans that we purchase as such loans are fully guaranteed. These loans are included in commercial business loans. See Note 4 for details.

The majority of the Company's loans are collateralized by real estate located in eastern Connecticut and Rhode Island. To a lesser extent, certain commercial real estate loans are secured by collateral located outside of our primary market area. Accordingly, the collateral value of a substantial portion of the Company's loan portfolio and real estate acquired through foreclosure is susceptible to changes in local market conditions.

Although management believes that it uses the best information available to establish the allowance for loan losses, future adjustments to the allowance for loan losses may be necessary and the Company's results of operations could be adversely affected if circumstances differ substantially from the assumptions used in making the determinations. Furthermore, while management believes it has established the allowance for loan losses in conformity with GAAP, the regulatory agencies, in reviewing the loan portfolio, may request us to increase our allowance for loan losses based on judgments different from ours. In addition, because future events affecting borrowers and collateral cannot be predicted with certainty, the existing allowance for loan losses may not be adequate or increases may be necessary should the quality of any loans deteriorate as a result of the factors discussed above. Any material increase in the allowance for loan losses would adversely affect the Company's financial condition and results of operations.

Interest and Fees on Loans
Interest on loans is accrued and included in net interest income based on contractual rates applied to principal amounts outstanding. Accrual of interest is discontinued when loan payments are 90 days or more past due, based on contractual terms, or when, in the judgment of management, collectibility of the loan or loan interest becomes uncertain. Subsequent recognition of income occurs only to the extent payment is received subject to management's assessment of the collectibility of the remaining interest and principal. A nonaccrual loan is restored to accrual status when it is no longer delinquent and collectibility of interest and principal is no longer in doubt and the borrower has made regular payments in accordance with the terms of the loan over a period of at least six months. Interest collected on nonaccrual loans is recognized only to the extent cash payments are received, and may be recorded as a reduction to principal if the collectibility of the principal balance of the loan is unlikely.

Loan origination fees and direct loan origination costs are deferred, and the net amount is recognized as an adjustment of the related loan's yield utilizing the interest method over the contractual life of the loan.

Common Share Repurchases
The Company is chartered in the state of Maryland. Maryland law does not provide for treasury shares, rather shares repurchased by the Company constitute authorized but unissued shares. GAAP states that accounting for treasury stock shall conform to state law. Therefore, the cost of shares repurchased by the Company has been allocated to common stock and retained earnings balances.

Recent Accounting Pronouncements

Disclosures about Offsetting Assets and Liabilities – In December 2011, the Financial Accounting Standards Board ("FASB") amended its standard related to disclosure requirements for offsetting assets and liabilities. Under this amendment, an entity is required to disclose both gross and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. This scope includes derivatives, sale and repurchase agreements and reverse sale and repurchase agreements, and securities borrowing and securities lending arrangements. The amendments in this update were effective for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. The adoption of this amendment had no impact on the Company's consolidated financial statements.

Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities - In January 2013, the FASB issued amendments to clarify that the scope of Disclosures about Offsetting Assets and Liabilities applies to derivatives accounted for in accordance with Derivatives and Hedging, including bifurcated embedded derivatives, repurchase agreements, reverse repurchase agreements, securities borrowing and securities lending transactions that are either offset in accordance with applicable guidance or subject to an enforceable master netting arrangement or similar agreement. The amendments in this update were effective for fiscal years beginning on or after January 1, 2013, and interim periods within those annual periods. The adoption of this amendment had no impact on the Company's consolidated financial statements.

Comprehensive Income - Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income - In February 2012, the FASB issued an amendment to improve the transparency of reporting these reclassifications by requiring an organization to 1) present the effects on the line items of net income of significant amounts reclassified out of accumulated other comprehensive income and 2) cross-reference to other disclosures currently required under GAAP for other reclassification items to be reclassified directly to net income in their entirety in the same reporting period. The amendments were effective for reporting periods beginning after December 15, 2012. The adoption of this amendment did not have a material impact on the Company's consolidated financial statements. See Consolidated Statements of Comprehensive Income (Loss).

NOTE 2. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated by dividing the net income (loss) available to common shareholders by the weighted average number of common shares outstanding during the period. Unvested restricted shares are considered outstanding in the computation of basic earnings (loss) per share since the shares participate in dividends and the rights to the dividends are non-forfeitable. Diluted earnings (loss) per share is computed in a manner similar to basic earnings (loss) per share except that the weighted average number of common shares outstanding is increased to include the incremental common shares (as computed using the treasury stock method) that would have been outstanding if all potentially dilutive common stock equivalents were issued during the period. The Company’s common stock equivalents relate solely to stock options. Repurchased common shares and unallocated common shares held by the Bank’s ESOP are not deemed outstanding for earnings (loss) per share calculations.

Anti-dilutive shares are common stock equivalents with weighted average exercise prices in excess of the weighted average market value for the periods presented, and are not considered in diluted earnings (loss) per share calculations. The Company had anti-dilutive common shares outstanding of 534,492 and 595,761 for the three and nine months ended September 30, 2013, respectively, and 173,138 and 215,987 for the three and nine months ended September 30, 2012, respectively. For the three and nine months ended September 30, 2013 and for the three months ended September 30, 2012, all common stock equivalents were anti-dilutive and were not included in the computation of loss per share because it would result in a reduction in the net loss per share.

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The computation of earnings (loss) per share is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(Dollars in Thousands, Except Per Share Data)			
Net (loss) income	$(1,742)	$(700)	$(1,879)	$373
Weighted average common shares outstanding:				
Basic	10,310,210	9,569,069	9,814,017	9,785,924
Effect of dilutive stock options	—	—	—	21,774
Diluted	10,310,210	9,569,069	9,814,017	9,807,698
(Loss) earnings per share:				
Basic	$(0.17)	$(0.07)	$(0.19)	$0.04
Diluted	$(0.17)	$(0.07)	$(0.19)	$0.04

NOTE 3. SECURITIES

Available for sale securities:
The amortized cost, gross unrealized gains and losses and approximate fair values of available for sale securities at September 30, 2013 and December 31, 2012 are as follows:

	September 30, 2013			
	Amortized Cost [1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Debt securities:				
U.S. Government and agency obligations	$48,179	$527	$(123)	$48,583
Government-sponsored enterprises	28,533	320	(245)	28,608
Mortgage-backed securities:[2]				
Agency - residential	88,754	1,499	(1,456)	88,797
Non-agency - residential	540	27	(1)	566
Corporate debt securities	4,515	115	—	4,630
Collateralized debt obligations	3,797	—	(104)	3,693
Obligations of state and political subdivisions	6,250	163	(70)	6,343
Tax-exempt securities	3,862	—	(275)	3,587
Foreign government securities	25	—	—	25
Total available for sale securities	$184,455	$2,651	$(2,274)	$184,832

(1) Net of OTTI write-downs recognized in earnings.
(2) Agency securities refer to debt obligations issued or guaranteed by government corporations or government-sponsored enterprises ("GSEs"). Non-agency securities, or private-label securities, are the sole obligation of their issuer and are not guaranteed by one of the GSEs or the U.S. Government.

At September 30, 2013, certain agency-residential mortgage-backed securities were pledged to secure a $15.0 million repurchase agreement assumed in the merger with Newport. These pledged securities have a carrying value of $15.9 million and fair value of $16.3 million at September 30, 2013. In addition, the Company has $4.0 million in cash pledged as collateral to secure this agreement at September 30, 2013. The repurchase agreement has a rate of 2.58% and matures in November 2013.

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	December 31, 2012			
	Amortized Cost (1)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(In Thousands)			
Debt securities:				
U.S. Government and agency obligations	$55,027	$1,255	$(23)	$56,259
Government-sponsored enterprises	23,388	579	—	23,967
Mortgage-backed securities:(2)				
Agency - residential	69,399	2,211	(66)	71,544
Non-agency - residential	4,784	52	(124)	4,712
Non-agency - HELOC	2,555	—	(78)	2,477
Corporate debt securities	7,555	188	(49)	7,694
Collateralized debt obligations	5,993	—	(1,597)	4,396
Obligations of state and political subdivisions	5,152	262	—	5,414
Foreign government securities	50	—	—	50
Total available for sale securities	$173,903	$4,547	$(1,937)	$176,513

(1) Net of OTTI write-downs recognized in earnings.
(2) Agency securities refer to debt obligations issued or guaranteed by government corporations or government-sponsored enterprises (“GSEs”). Non-agency securities, or private-label securities, are the sole obligation of their issuer and are not guaranteed by one of the GSEs or the U.S. Government.

The amortized cost and fair value of debt securities by contractual maturities at September 30, 2013 are presented below. Actual maturities of mortgage-backed securities ("MBS") may differ from contractual maturities because the mortgages underlying the securities may be called or repaid without any penalties. Because MBSs are not due at a single maturity date, they are not included in the maturity categories in the following maturity summary.

	Amortized Cost	Fair Value
	(In Thousands)	
Within 1 year	$7,983	$8,023
After 1 but within 5 years	25,022	25,448
After 5 but within 10 years	15,959	15,935
After 10 years	46,197	46,063
	95,161	95,469
Mortgage-backed securities	89,294	89,363
Total debt securities	$184,455	$184,832

The following is a summary of realized gains and losses on the sales of securities for the three and nine months ended September 30, 2013 and 2012:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012

	(In Thousands)			
Gross gains on sales	$37	$113	$40	$740
Gross losses on sales	(959)	(457)	(959)	(510)
Net (loss) gain on sale of securities	$(922)	$(344)	$(919)	$230

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Proceeds from the sale of available for sale securities were $12.1 million and $13.1 million for the three and nine months ended September 30, 2013, respectively, and $6.7 million and $39.1 million for the three and nine months ended September 30, 2012, respectively.

The following tables present information pertaining to securities with gross unrealized losses at September 30, 2013 and December 31, 2012, aggregated by investment category and length of time the individual securities have been in a continuous unrealized loss position.

September 30, 2013:	Less Than 12 Months		12 Months Or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In Thousands)					
U.S. Government and agency obligations	$13,578	$101	$1,000	$22	$14,578	$123
Government sponsored enterprises	7,864	245	—	—	7,864	245
Mortgage-backed securities:						
Agency - residential	39,216	1,391	2,856	65	42,072	1,456
Non-agency - residential	173	1	—	—	173	1
Collateralized debt obligations	—	—	3,693	104	3,693	104
Obligations of state and political subdivisions	1,205	70	—	—	1,205	70
Tax-exempt securities	3,587	275	—	—	3,587	275
Total	$65,623	$2,083	$7,549	$191	$73,172	$2,274

December 31, 2012:	Less Than 12 Months		12 Months Or More		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(In Thousands)					
U.S. Government and agency obligations	$—	$—	$1,367	$23	$1,367	$23
Mortgage-backed securities:						
Agency - residential	6,923	37	1,404	29	8,327	66
Non-agency - residential	1,926	8	1,417	116	3,343	124
Non-agency - HELOC	—	—	2,477	78	2,477	78
Corporate debt securities	—	—	946	49	946	49
Collateralized debt obligations	—	—	4,396	1,597	4,396	1,597
Total	$8,849	$45	$12,007	$1,892	$20,856	$1,937

For debt securities with OTTI losses, the Company estimated the portion of loss attributable to credit using a discounted cash flow model in accordance with applicable guidance. Significant inputs for the non-agency mortgage-backed securities included the estimated cash flows of the underlying collateral based on key assumptions, such as default rate, loss severity and prepayment rate. Assumptions used can vary widely from loan to loan, and are influenced by such factors as loan interest rate, geographical location of the borrower, borrower characteristics and collateral type. Significant inputs for the collateralized debt obligations included estimated cash flows and prospective deferrals, defaults and recoveries based on the underlying seniority status and subordination structure of the pooled trust preferred debt tranche at the time of measurement. Prospective deferral, default and recovery estimates affecting projected cash flows were based on an analysis of the underlying financial condition of the individual issuers, with consideration of the account's capital adequacy, credit quality, lending concentrations and other factors. All cash flow estimates were based on the securities' tranche structure and contractual rate and maturity terms. The Company utilized the services of an independent third-party

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valuation firm to obtain information about the structure in order to determine how the underlying collateral cash flows will be distributed to each security issued from the structure. The present value of the expected cash flows was compared to the Company's holdings to determine the credit-related impairment loss, if any. To the extent that continued changes in interest rates, credit movements and other factors that influence fair value of investments occur, the Company may be required to record impairment charges for OTTI in future periods.

At September 30, 2013, thirty-three debt securities with gross unrealized losses had aggregate depreciation of approximately 3.01% of the Company's amortized cost basis. The majority of the unrealized losses related to the Company's agency mortgage-backed securities. Impairment charges recognized on investments deemed other-than-temporarily impaired were $0 and $8,000 for the three and nine months ended September 30, 2013, respectively compared to $87,000 and $123,000 of net impairment losses recognized by the Company for the three and nine months ended September 30, 2012, respectively. The following summarizes, by security type, the basis for management's determination during the preparation of the financial statements of whether the applicable investments within the Company's securities portfolio were other-than-temporarily impaired at September 30, 2013.

U.S. Government and Agency Obligations. The unrealized losses on the Company's U.S. Government and agency obligations related primarily to a widening of the rate spread to comparable treasury securities. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell these securities and it is not more likely than not that the Company will be required to sell the securities before their anticipated recovery, which may be at maturity, the Company did not consider these securities to be other-than-temporarily impaired at September 30, 2013.

Mortgage-backed Securities - Agency - Residential. The unrealized losses on the Company's agency–residential mortgage-backed securities were caused by increases in the rate spread to comparable treasury securities. The Company does not expect these securities to settle at a price less than the amortized cost basis of the investments. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before the recovery of their amortized cost basis, which may be at maturity, the Company did not consider these investments to be other-than-temporarily impaired at September 30, 2013.

Collateralized Debt Obligations. The unrealized losses on the Company's collateralized debt obligations relate to investments in pooled trust preferred securities ("PTPS"). The PTPS market has stabilized at depressed market values as a result of market saturation. Transactions for PTPS have been limited and have occurred primarily as a result of distressed or forced liquidation sales. The securities were widely held by hedge funds and European banks and used to offset interest rate exposure tied to LIBOR. As the positions have unwound, an excess supply of these securities has saturated the market.

Management evaluated current credit ratings, credit support and stress testing for future defaults related to the Company's PTPS. Management also reviewed analytics provided by the trustee and independent OTTI reviews and associated cash flow analyses performed by an independent third party. The unrealized losses on the Company's PTPS investments were caused by a lack of liquidity, credit downgrades and decreasing credit support. The increased number of bank and insurance company failures has decreased the level of credit support for these investments. A number of lower tranches have foregone payments or have received payment in kind through increased principal allocations. However, the number of deferring securities has been decreasing and a number of reinstatements have occurred recently. Based on the existing credit profile of the remainder of the Company's PTPS investments, management does not believe that these investments will suffer from any further credit-related losses. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be at maturity, the Company did not record additional impairment losses at September 30, 2013.

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The following table details the Company's collateralized debt obligations that are rated below investment grade at September 30, 2013:

Security	Class	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Lowest Credit Rating [1]	Total Credit-Related OTTI [2]	% of Current Performing Collateral Coverage
(Dollars in Thousands)								
CDO	A2	$2,578	$—	$(78)	$2,500	B-	$62	127.6
		$2,578	$—	$(78)	$2,500		$62	

[1] The Company utilized credit ratings provided by Moody’s, S&P and Fitch in its evaluation of issuers.
[2] The OTTI amounts provided in the table represent cumulative credit loss amounts through September 30, 2013.

The following table presents a roll-forward of the balance of credit losses on the Company’s debt securities for which a portion of OTTI was recognized in other comprehensive (loss) income for the three and nine months ended September 30, 2013 and 2012.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(In Thousands)			
Balance at beginning of period	$267	$172	$259	$1,207
Amounts related to credit for which OTTI losses were not previously recognized	—	—	8	—
Additional credit losses for which OTTI losses were previously recognized	—	87	—	123
Reduction for permanent loss in value of securities during the period	—	—	—	(1,071)
Reduction for securities sold during the period (realized)	(205)	—	(205)	—
Balance at end of period	$62	$259	$62	$259

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NOTE 4. LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES

Loan Portfolio
The composition of the Company's loan portfolio at September 30, 2013 and December 31, 2012 is as follows:

	September 30, 2013	December 31, 2012
	(In Thousands)	
Real estate loans:		
Residential - 1 to 4 family	$456,416	$230,664
Multi-family and commercial	262,543	201,951
Construction	9,889	3,284
Total real estate loans	728,848	435,899
Commercial business loans:		
SBA and USDA guaranteed	142,008	148,385
Time share	28,394	23,310
Condominium association	18,054	15,493
Other	67,874	26,339
Total commercial business loans	256,330	213,527
Consumer loans:		
Home equity	41,604	28,375
Indirect automobile	7,120	9,652
Other	2,250	2,353
Total consumer loans	50,974	40,380
Total loans	1,036,152	689,806
Deferred loan origination costs, net of fees	1,592	1,744
Allowance for loan losses	(6,322)	(6,387)
Loans receivable, net	$1,031,422	$685,163

The Company purchased commercial business loans totaling $20.1 million during the nine months ended September 30, 2013. During the nine months ended September 30, 2012, the Company purchased commercial business loans and consumer loans totaling $33.9 million and $6.9 million, respectively.

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Allowance for Loan Losses
Changes in the allowance for loan losses for the three and nine months ended September 30, 2013 and 2012 are as follows:

Three Months Ended September 30, 2013	Residential - 1 to 4 Family	Multi-family and Commercial	Construction	Commercial Business	Consumer	Total
	(In Thousands)					
Balance at beginning of period	$999	$2,947	$30	$1,531	$500	$6,007
Provision for loan losses	99	11	83	231	19	443
Loans charged-off	(128)	—	—	—	(10)	(138)
Recoveries of loans previously charged-off	1	1	—	2	6	10
Balance at end of period	$971	$2,959	$113	$1,764	$515	$6,322

Nine Months Ended September 30, 2013	Residential - 1 to 4 Family	Multi-family and Commercial	Construction	Commercial Business	Consumer	Total
	(In Thousands)					
Balance at beginning of period	$1,125	$3,028	$22	$1,735	$477	$6,387
Provision for loan losses	401	56	91	27	58	633
Loans charged-off	(586)	(197)	—	—	(71)	(854)
Recoveries of loans previously charged-off	31	72	—	2	51	156
Balance at end of period	$971	$2,959	$113	$1,764	$515	$6,322

Three Months Ended September 30, 2012	Residential - 1 to 4 Family	Multi-family and Commercial	Construction	Commercial Business	Consumer	Total
	(In Thousands)					
Balance at beginning of period	$725	$2,700	$314	$1,418	$487	$5,644
Provision (credit) for loan losses	241	1,279	(290)	88	16	1,334
Loans charged-off	(127)	(1,165)	—	—	(27)	(1,319)
Recoveries of loans previously charged-off	26	134	—	3	4	167
Balance at end of period	$865	$2,948	$24	$1,509	$480	$5,826

Nine Months Ended September 30, 2012	Residential - 1 to 4 Family	Multi-family and Commercial	Construction	Commercial Business	Consumer	Total
	(In Thousands)					

Balance at beginning of period	$759	$2,337	$280	$1,148	$446	$4,970
Provision (credit) for loan losses	246	1,740	(256)	346	174	2,250
Loans charged-off	(219)	(1,267)	—	—	(149)	(1,635)
Recoveries of loans previously charged-off	79	138	—	15	9	241
Balance at end of period	$865	$2,948	$24	$1,509	$480	$5,826

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Further information pertaining to the allowance for loan losses at September 30, 2013 and December 31, 2012 is as follows:

September 30, 2013	Residential - 1 to 4 Family	Multi-family and Commercial	Construction	Commercial Business	Consumer	Total
	(In Thousands)					
Allowance for loans individually evaluated and deemed to be impaired	$336	$93	$—	$—	$—	$429
Allowance for loans individually or collectively evaluated and not deemed to be impaired	635	2,866	113	1,764	515	5,893
Total allowance for loan losses	$971	$2,959	$113	$1,764	$515	$6,322
Loans individually evaluated and deemed to be impaired	$6,713	$2,475	$—	$416	$189	$9,793
Loans individually or collectively evaluated and not deemed to be impaired	449,318	254,617	9,889	254,874	50,785	1,019,483
Amount of loans acquired with deteriorated credit quality	385	5,451	—	1,040	—	6,876
Total loans	$456,416	$262,543	$9,889	$256,330	$50,974	$1,036,152

December 31, 2012	Residential - 1 to 4 Family	Multi-family and Commercial	Construction	Commercial Business	Consumer	Total
	(In Thousands)					
Allowance for loans individually evaluated and deemed to be impaired	$454	$88	$—	$39	$—	$581
Allowance for loans individually or collectively evaluated and not deemed to be impaired	671	2,940	22	1,696	477	5,806
Total allowance for loan losses	$1,125	$3,028	$22	$1,735	$477	$6,387
Loans individually evaluated and deemed to be impaired	$6,991	$5,873	$—	$618	$361	$13,843
Loans individually or collectively evaluated and	223,673	196,078	3,284	212,909	40,019	675,963

not deemed to be impaired						
Total loans	$230,664	$201,951	$3,284	$213,527	$40,380	$689,806

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Past Due Loans
The following represents an aging of loans at September 30, 2013 and December 31, 2012:

September 30, 2013	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total 30 Days or More Past Due	Current	Total Loans
	(In Thousands)					
Real Estate:						
Residential - 1 to 4 family[(1)]	$25	$668	$2,317	$3,010	$453,406	$456,416
Multi-family and commercial[(1)]	285	—	2,101	2,386	260,157	262,543
Construction	—	—	—	—	9,889	9,889
Commercial Business:						
SBA and USDA guaranteed	476	—	—	476	141,532	142,008
Time share	—	—	—	—	28,394	28,394
Condominium association	—	—	—	—	18,054	18,054
Other[(1)]	8	—	348	356	67,518	67,874
Consumer:						
Home equity	84	—	4	88	41,516	41,604
Indirect automobile	59	—	—	59	7,061	7,120
Other	1	4	—	5	2,245	2,250
Total	$938	$672	$4,770	$6,380	$1,029,772	$1,036,152

[(1)] Includes loans acquired with deteriorated credit quality from the Newport merger.

December 31, 2012	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total 30 Days or More Past Due	Current	Total Loans
	(In Thousands)					
Real Estate:						
Residential - 1 to 4 family	$3,245	$1,725	$3,285	$8,255	$222,409	$230,664
Multi-family and commercial	4,149	—	1,266	5,415	196,536	201,951
Construction	—	—	—	—	3,284	3,284
Commercial Business:						
SBA and USDA guaranteed	5,014	1,087	—	6,101	142,284	148,385
Time share	—	—	—	—	23,310	23,310
Condominium association	—	—	—	—	15,493	15,493
Other	—	—	541	541	25,798	26,339
Consumer:						
Home equity	216	—	361	577	27,798	28,375
Indirect automobile	19	—	—	19	9,633	9,652
Other	21	—	—	21	2,332	2,353
Total	$12,664	$2,812	$5,453	$20,929	$668,877	$689,806

The Company did not have any loans that were past due 90 days or more and still accruing interest at September 30, 2013 or December 31, 2012 .

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Impaired and Nonaccrual Loans

The following is a summary of impaired loans and nonaccrual loans at September 30, 2013 and December 31, 2012:

	Impaired Loans			
September 30, 2013(1)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Nonaccrual Loans
	(In Thousands)			
Impaired loans without valuation allowance:				
Real Estate:				
Residential - 1 to 4 family	$4,662	$4,906	$—	$4,120
Multi-family and commercial	7,545	7,742	—	2,316
Commercial business - Other	1,456	1,456	—	416
Consumer - Home equity	189	189	—	193