HORIZON BANCORP /IN/
Form 10-Q
November 08, 2012
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HORIZON BANCORP

FORM 10-Q

United States

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2012

Commission file number 0-10792

HORIZON BANCORP

(Exact name of registrant as specified in its charter)

Indiana	**35-1562417**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
515 Franklin Square, Michigan City, Indiana	**46360**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (219) 879-0211

Former name, former address and former fiscal year, if changed since last report: N/A

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 ¨

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No ¨

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

Large Accelerated Filer	¨	Accelerated Filer	x
Non-accelerated Filer	¨ (Do not check if smaller reporting company)	Smaller Reporting Company	¨

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

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date: 8,693,741 shares of Common Stock, no par value, at November 8, 2012.

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PART 1 FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HORIZON BANCORP AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(Dollar Amounts in Thousands)

	September 30 2012 (Unaudited)	December 31 2011
Assets		
Cash and due from banks	**$ 41,562**	$ 20,447
Investment securities, available for sale	**497,704**	431,045
Investment securities, held to maturity	**6,100**	7,100
Loans held for sale	**18,163**	14,090
Loans, net of allowance for loan losses of $18,568 and $18,882	**1,136,480**	964,311
Premises and equipment	**40,297**	34,665
Federal Reserve and Federal Home Loan Bank stock	**13,333**	12,390
Goodwill	**19,748**	5,910
Other intangible assets	**4,295**	2,292
Interest receivable	**8,248**	6,671
Cash value life insurance	**34,929**	30,190
Other assets	**25,917**	18,051
Total assets	**$ 1,846,776**	$ 1,547,162
Liabilities		
Deposits		
Non-interest bearing	**$ 211,935**	$ 130,673
Interest bearing	**1,095,036**	879,192
Total deposits	**1,306,971**	1,009,865
Borrowings	**333,150**	370,111
Subordinated debentures	**32,282**	30,676
Interest payable	**579**	596
Other liabilities	**17,932**	14,449
Total liabilities	**1,690,914**	1,425,697
Commitments and contingent liabilities		
Stockholders Equity		
Preferred stock, $.01 par value, $1,000 liquidation value		
Authorized, 1,000,000 Series B shares		
Issued 12,500 and 12,500 shares	**12,500**	12,500
Common stock, no par value		
Authorized, 22,500,000 shares		
Issued, 8,685,490 and 7,450,794 shares		
Outstanding, 8,617,735 and 7,421,544 shares		
Additional paid-in capital	**31,894**	11,736
Retained earnings	**101,267**	89,387
Accumulated other comprehensive income	**10,201**	7,842

Total stockholders equity	**155,862**	121,465
Total liabilities and stockholders equity	**$ 1,846,776**	$ 1,547,162

See notes to condensed consolidated financial statements

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HORIZON BANCORP AND SUBSIDIARIES

Condensed Consolidated Statements of Income

(Dollar Amounts in Thousands, Except Per Share Data)

	Nine Months Ended September 30		Three Months Ended September 30	
	2012 (Unaudited)	2011 (Unaudited)	2012 (Unaudited)	2011 (Unaudited)
Interest Income				
Loans receivable	**$ 15,527**	$ 12,481	**$ 42,386**	$ 36,260
Investment securities				
Taxable	**2,178**	2,542	**6,738**	7,828
Tax exempt	**1,014**	988	**2,944**	3,066
Total interest income	**18,719**	16,011	**52,068**	47,154
Interest Expense				
Deposits	**1,638**	1,978	**4,803**	6,510
Borrowed funds	**1,597**	1,583	**4,635**	4,760
Subordinated debentures	**485**	459	**1,427**	1,363
Total interest expense	**3,720**	4,020	**10,865**	12,633
Net Interest Income	**14,999**	11,991	**41,203**	34,521
Provision for loan losses	**1,041**	1,564	**1,809**	4,444
Net Interest Income after Provision for Loan Losses	**13,958**	10,427	**39,394**	30,077
Other Income				
Service charges on deposit accounts	**1,002**	802	**2,477**	2,422
Wire transfer fees	**248**	167	**643**	412
Interchange fees	**885**	721	**2,227**	1,905
Fiduciary activities	**971**	1,016	**2,928**	2,911
Gain on sale of securities	**2**	1,115	**2**	1,754
Gain on sale of mortgage loans	**4,436**	2,145	**10,121**	3,986
Mortgage servicing income net of impairment	**(355)**	(172)	**(95)**	691
Increase in cash value of bank owned life insurance	**300**	245	**760**	661
Death benefit on officer life insurance		453		453
Other income	**221**	46	**344**	105
Total other income	**7,710**	6,538	**19,407**	15,300
Other Expenses				
Salaries and employee benefits	**7,905**	6,081	**20,407**	16,912
Net occupancy expenses	**1,186**	1,056	**3,216**	3,176
Data processing	**754**	549	**1,883**	1,450
Professional fees	**366**	359	**1,483**	1,039
Outside services and consultants	**624**	454	**1,621**	1,221
Loan expense	**1,311**	820	**2,879**	2,276
FDIC insurance expense	**291**	254	**798**	944
Other losses	**309**	1,088	**501**	1,365
Other expenses	**2,094**	1,652	**5,392**	4,675

Total other expenses	**14,840**	12,313	**38,180**	33,058
Income Before Income Tax	**6,828**	4,652	**20,621**	12,319
Income tax expense	**1,978**	1,235	**6,248**	3,044
Net Income	**4,850**	3,417	**14,373**	9,275
Preferred stock dividend and discount accretion	**(63)**	(710)	**(325)**	(1,263)
Net Income Available to Common Shareholders	**$ 4,787**	$ 2,707	**$ 14,048**	$ 8,012
Basic Earnings Per Share	**$ 0.56**	$ 0.37	**$ 1.81**	$ 1.08
Diluted Earnings Per Share	**0.54**	0.36	**1.75**	1.05

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HORIZON BANCORP AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income

(Dollar Amounts in Thousands)

	Three Months Ended September 30 2012 (Unaudited)	Three Months Ended September 30 2011 (Unaudited)	Nine Months Ended September 30 2012 (Unaudited)	Nine Months Ended September 30 2011 (Unaudited)
Net Income	**$ 4,850**	$ 3,417	**$ 14,373**	$ 9,275
Other Comprehensive Income				
Change in fair value of derivative instruments, net of taxes of $(92) and $(317) for three and nine months ended 2012 and $(1,051) and $(1,221), for three and nine months ended 2011, respectively	**(170)**	(1,951)	**(589)**	(2,268)
Unrealized appreciation on available-for-sale securities, net of taxes of $860 and $1,588, for three and nine months ended 2012 and $1,856 and $4,852 for the three and nine months ended 2011, respectively	**1,597**	3,447	**2,949**	9,011
Less: reclassification adjustment for realized gains included in net income, net of taxes of $1 for three and nine months ended 2012, and $390 and $614, for three and nine months ended 2011, respectively	**1**	725	**1**	1,140
	1,426	771	**2,359**	5,603
Comprehensive Income	**$ 6,276**	$ 4,188	**$ 16,732**	$ 14,878

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HORIZON BANCORP AND SUBSIDIARIES

Condensed Consolidated Statement of Stockholders Equity

(Unaudited)

(Table Dollar Amounts in Thousands, Except Per Share Data)

	Preferred Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balances, January 1, 2012	**$ 12,500**	**$ 11,736**	**$ 89,387**	**$ 7,842**	**$ 121,465**
Net income			14,373		14,373
Other comprehensive income, net of tax				2,359	2,359
Amortization of unearned compensation		124			124
Issuance of restricted shares		115			115
Exercise of stock options		226			226
Stock option expense		25			25
Stock issued from acquisition		19,668			19,668
Cash dividends on preferred stock			(325)		(325)
Cash dividends on common stock ($.27 per share)			(2,168)		(2,168)
Balances, September 30, 2012	**$ 12,500**	**$ 31,894**	**$ 101,267**	**$ 10,201**	**$ 155,862**

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HORIZON BANCORP AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(Dollar Amounts in Thousands)

	Nine Months Ended September 30 2012 (Unaudited)	2011 (Unaudited)
Operating Activities		
Net income	**$ 14,373**	$ 9,275
Items not requiring (providing) cash		
Provision for loan losses	**1,809**	4,444
Depreciation and amortization	**1,988**	1,868
Share based compensation	**25**	27
Mortgage servicing rights impairment (recovery)	**369**	(464)
Premium amortization on securities available for sale, net	**2,387**	1,612
Gain on sale of investment securities	**(2)**	(1,754)
Gain on sale of mortgage loans	**(10,121)**	(3,986)
Proceeds from sales of loans	**293,909**	178,239
Loans originated for sale	**(283,788)**	(174,253)
Change in cash value of life insurance	**(727)**	236
(Gain) loss on sale of other real estate owned	**(5)**	126
Net change in		
Interest receivable	**(757)**	(132)
Interest payable	**(107)**	(199)
Other assets	**217**	(1,590)
Other liabilities	**(2,112)**	1,416
Net cash provided by operating activities	**17,458**	14,865
Investing Activities		
Purchases of securities available for sale	**(96,713)**	(170,689)
Proceeds from sales, maturities, calls, and principal repayments of securities available for sale	**92,734**	134,583
Purchase of securities held to maturity		(2,437)
Proceeds from maturities of securities held to maturity	**4,177**	1,400
(Purchase) proceeds from the sale of Federal Home Loan Bank stock		1,274
Net change in loans	**(66,596)**	(44,766)
Proceeds on the sale of OREO and repossessed assets	**2,661**	2,008
Purchases of premises and equipment	**(4,520)**	(1,548)
Purchases of bank owned life insurance		(3,000)
Acquisition of Heartland	**26,283**	
Net cash used in by investing activities	**(41,974)**	(83,175)
Financing Activities		
Net change in		
Deposits	**85,861**	4,251
Borrowings	**(38,078)**	75,423
Redemption of preferred stock		(18,750)
Issuance of preferred stock		12,500
Proceeds from issuance of stock	**341**	115
Tax benefit from issuance of stock		8
Dividends paid on common shares	**(2,168)**	(1,728)
Dividends paid on preferred shares	**(325)**	(730)

Net cash provided by financing activities		**45,631**		71,089
Net Change in Cash and Cash Equivalent		**21,115**		2,779
Cash and Cash Equivalents, Beginning of Period		**20,447**		15,683
Cash and Cash Equivalents, End of Period	**$**	**41,562**	$	18,462
Additional Cash Flows Information				
Interest paid	**$**	**10,882**	$	12,832
Income taxes paid		**3,925**		2,100
Transfer of loans to other real estate owned		**3,486**		4,273

See notes to condensed consolidated financial statements

HORIZON BANCORP AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Table Dollar Amounts in Thousands, Except Per Share Data)

Note 1 Accounting Policies

The accompanying condensed consolidated financial statements include the accounts of Horizon Bancorp (Horizon or the Company) and its wholly-owned subsidiaries, including Horizon Bank, N.A. (Bank). All inter-company balances and transactions have been eliminated. The results of operations for the periods ended September 30, 2012 and September 30, 2011 are not necessarily indicative of the operating results for the full year of 2012 or 2011. The accompanying unaudited condensed consolidated financial statements reflect all adjustments that are, in the opinion of Horizon s management, necessary to fairly present the financial position, results of operations and cash flows of Horizon for the periods presented. Those adjustments consist only of normal recurring adjustments.

Certain information and note disclosures normally included in Horizon s annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in Horizon s Annual Report on Form 10-K for 2011 filed with the Securities and Exchange Commission on March 12, 2012. The consolidated condensed balance sheet of Horizon as of December 31, 2011 has been derived from the audited balance sheet as of that date.

Basic earnings per share is computed by dividing net income available to common shareholders (net income less dividend requirements for preferred stock and accretion of preferred stock discount) by the weighted-average number of common shares outstanding. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. The following table shows computation of basic and diluted earnings per share.

	Three months ended September 30		Nine months ended September 30	
	2012 (Unaudited)	2011 (Unaudited)	2012 (Unaudited)	2011 (Unaudited)
Basic earnings per share				
Net income	**$ 4,850**	$ 3,417	**$ 14,373**	$ 9,275
Less: Preferred stock dividends and accretion of discount	**63**	710	**325**	1,263
Net income available to common shareholders	**$ 4,787**	$ 2,707	**$ 14,048**	$ 8,012
Weighted average common shares outstanding(1)(2)	**8,503,475**	7,414,043	**7,758,537**	7,402,300
Basic earnings per share	**$ 0.56**	$ 0.37	**$ 1.81**	$ 1.08
Diluted earnings per share				
Net income available to common shareholders	**$ 4,787**	$ 2,707	**$ 14,048**	$ 8,012
Weighted average common shares outstanding(1)(2)	**8,503,475**	7,414,043	**7,758,537**	7,402,300
Effect of dilutive securities:				
Warrants	**269,432**	163,325	**231,038**	167,668
Restricted stock	**30,971**	4,399	**19,317**	13,676
Stock options	**34,782**	14,803	**26,105**	15,307
Weighted average shares outstanding	**8,838,659**	7,596,569	**8,034,996**	7,598,950
Diluted earnings per share	**$ 0.54**	$ 0.36	**$ 1.75**	$ 1.05

(1) Adjusted for 3:2 stock split announced on October 16, 2012 payable November 9, 2012
(2) Includes average shares issued for the Heartland acquisition for the three and nine months ending September 30, 2012

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HORIZON BANCORP AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Table Dollar Amounts in Thousands, Except Per Share Data)

At September 30, 2012 and 2011, there were no shares and 66,551 for the three months ended and 12,750 shares and 73,359 shares for the nine months ended, respectively that were not included in the computation of diluted earnings per share because they were non-dilutive.

Horizon has share-based employee compensation plans, which are described in the notes to the financial statements included in the December 31, 2011 Annual Report on Form 10-K.

Reclassifications

Certain reclassifications have been made to the 2011 consolidated financial statements to be comparable to 2012. These reclassifications had no effect on net income.

Note 2 Acquisition

On July 17, 2012 Horizon closed its acquisition of Heartland Bancshares, Inc. and Horizon Bank N.A. s acquisition of Heartland Community Bank, through mergers effective July 17, 2012. Under the final terms of the acquisition, the exchange ratio was 0.54 shares of Horizon s common stock for each share of Heartland common stock outstanding. Heartland shares outstanding at the closing were 1,442,449, and the shares of HBNC common stock issued to Heartland shareholders totaled 778,922. Horizon s stock price was $25.25 per share at the close of business on July 17, 2012. Based upon these numbers, the total value of the consideration, including the retirement of TARP, for the acquisition was $26.9 million. For the nine months ended September 30, 2012, the Company had approximately $1.5 million is costs related to the acquisition. These expenses are classified in the other expense section of the income statement primarily located in the salaries and employee benefits, professional services and other expense line items. As a result of the acquisition, the Company will have an opportunity to increase its deposit base and reduce transaction costs. The Company also expects to reduce cost through economies of scale.

Under the purchase method of accounting, the total estimated purchase price is allocated to Heartland s net tangible and intangible assets based on their current estimated fair values on the date of the acquisition. Based on management s preliminary valuation of the fair value of tangible and intangible assets acquired and liabilities assumed, which are based on estimates and assumptions that are subject to change, the preliminary purchase price for the Heartland acquisition is allocated as follows (in thousands):

ASSETS		**LIABILITIES**	
Cash and due from banks	$ 33,531	Deposits	
Investment securities, available for sale	63,707	Non-interest bearing	$ 59,350
		NOW accounts	42,681
Commercial	70,343	Savings and money market	61,465
Residential mortgage	20,838	Certificates of deposits	47,749
Consumer	23,423	Total deposits	211,245
Total loans	114,604		
		Borrowings	1,186
Premises and equipment	2,647	Subordinated debentures	1,537
FRB and FHLB stock	943	Interest payable	90
Goodwill	13,838	Other liabilities	4,670
Core deposit intangible	2,332		
Interest receivable	820		
Cash value life insurance	4,012		

Other assets	9,210		
Total assets purchased	$ 245,644	Total liabilities assumed	$ 218,728
Common shares issued	$ 19,668		
Retirement of TARP preferred shares	7,248		
Total estimated purchase price	$ 26,916		

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(Table Dollar Amounts in Thousands, Except Per Share Data)

Prior to the end of the measurement period for finalizing the purchase price allocation, if information becomes available which would indicate adjustments are required to the purchase price allocation, such adjustments will be included in the purchase price allocation retrospectively.

Of the total estimated purchase price of $26.9 million, $2.3 million has been allocated to core deposit intangible. Additionally, $13.8 million has been allocated to goodwill and $10.8 million of the purchase price is deductible and was assigned to the business assets. The core deposit intangible will be amortized over seven years on a straight line basis.

The Company acquired loans in the acquisition and the transferred loans had evidence of deterioration of credit quality since origination and it was probable, at acquisition, that all contractually required payments would not be collected.

Loans purchased with evidence of credit deterioration since origination and for which it is probable that all contractually required payments will not be collected are considered to be credit impaired. Evidence of credit quality deterioration as of the purchase date may include information such as past-due and nonaccrual status, borrower credit scores and recent loan-to-value percentages. Purchased credit-impaired loans are accounted for under the accounting guidance for loans and debt securities acquired with deteriorated credit quality (ASC 310-30) and initially measured at fair value, which includes estimated future credit losses expected to be incurred over the life of the loan. Accordingly, an allowance for credit losses related to these loans is not carried over and recorded at the acquisition date. Management estimated the cash flows expected to be collected at acquisition using our internal risk models, which incorporate the estimate of current key assumptions, such as default rates, severity and prepayment speeds.

The Company acquired the $131.1 million loan portfolio at a fair value discount of $16.5 million. The performing portion of the portfolio, $95.4 million, had an estimated fair value or $91.6 million. The excess of expected cash flows above the fair value of the performing portion of loans will be accreted to interest income over the remaining lives of the loans in accordance with ASC 310-20.

Preliminary estimates of certain loans, those for which specific credit-related deterioration, since origination, was identified are recorded at fair value, reflecting the present value of the amounts expected to be collected. Income recognition of these loans is based on reasonable expectation about the timing and amount of cash flows to be collected. Many of the acquired loans deemed impaired and considered collateral dependent, with the timing of a sale of loan collateral indeterminate, remain on non-accrual status and have no accretable yield.

The following table details the acquired loans that are accounted for in accordance with ASC 310-30 (formerly Statement of Position SOP 03-3) as of July 17, 2012.

Contractually required principal and interest at acquisition	$ 35,574
Contractual cash flows not expected to be collected (nonaccretable differences)	9,747
Expected cash flows at acquisition	25,827
Interest component of expected cash flows (accretable discount)	2,886
Fair value of acquired loans accounted for under ASC 310-30	$ 22,941

Pro-forma statements were determined to be impracticable due to the materiality of the transaction.

HORIZON BANCORP AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Table Dollar Amounts in Thousands, Except Per Share Data)

Note 3 Securities

The fair value of securities is as follows:

September 30, 2012	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale				
U.S. Treasury and federal agencies	$ 46,982	$ 394	$	$ 47,376
State and municipal	163,407	11,476	(62)	174,821
Federal agency collateralized mortgage obligations	97,534	1,621	(114)	99,041
Federal agency mortgage-backed pools	166,029	8,114	(6)	174,137
Private labeled mortgage-backed pools	2,207	81		2,288
Corporate notes	32	9		41
Total available for sale investment securities	$ 476,191	$ 21,695	$ (182)	$ 497,704
Held to maturity, State and Municipal	$ 6,100	$	$	$ 6,100

December 31, 2011	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale				
U.S. Treasury and federal agencies	$ 12,693	$ 329	$	$ 13,022
State and municipal	135,011	8,950	(71)	143,890
Federal agency collateralized mortgage obligations	89,016	2,106		91,122
Federal agency mortgage-backed pools	173,797	5,669	(115)	179,351
Private labeled mortgage-backed pools	3,518	118		3,636
Corporate notes	32		(8)	24
Total available for sale investment securities	$ 414,067	$ 17,172	$ (194)	$ 431,045
Held to maturity, State and Municipal	$ 7,100	$ 34	$	$ 7,134

Based on evaluation of available evidence, including recent changes in market interest rates, credit rating information, and information obtained from regulatory filings, management believes the declines in fair value for these securities are temporary. While these securities are held in the available for sale portfolio, Horizon intends, and has the ability, to hold them until the earlier of a recovery in fair value or maturity.

Should the impairment of any of these securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified. At September 30, 2012, no individual investment security had an unrealized loss that was determined to be other-than-temporary.

The unrealized losses on the Company s investments in securities of state and municipal governmental agencies, and federal agency mortgage-backed pools were caused by interest rate volatility and not a decline in credit quality. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost basis of the investments. The Company expects to recover the amortized cost basis over the term of the securities. Because the Company does not intend to sell the investments and it is not likely 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 consider those investments to be other-than-temporarily impaired at September 30, 2012.

The amortized cost and fair value of securities available for sale and held to maturity at September 30, 2012 and December 31, 2011, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

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HORIZON BANCORP AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Table Dollar Amounts in Thousands, Except Per Share Data)

	September 30, 2012		December 31, 2011	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Available for sale				
Within one year	$ 4,232	$ 4,245	$ 931	$ 940
One to five years	45,096	46,420	30,796	31,910
Five to ten years	97,217	102,990	51,476	55,053
After ten years	63,876	68,583	64,533	69,033
	210,421	222,238	147,736	156,936
Federal agency collateralized mortgage obligations	97,534	99,041	89,016	91,122
Federal agency mortgage-backed pools	166,029	174,137	173,797	179,351
Private labeled mortgage-backed pools	2,207	2,288	3,518	3,636
Total available for sale investment securities	$ 476,191	$ 497,704	$ 414,067	$ 431,045
Held to maturity				
Within one year	$ 6,100	$ 6,100	$ 7,100	$ 7,134
One to five years				
Total held to maturity investment securities	$ 6,100	$ 6,100	$ 7,100	$ 7,134

The following table shows the gross unrealized losses and the fair value of the Company s investments, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position.

	Less than 12 Months		12 Months or More		Total	
September 30, 2012	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
State and municipal	$ 9,535	$ (62)	$	$	$ 9,535	$ (62)
Federal agency collateralized mortgage obligations	19,284	(114)			19,284	(114)
Federal agency mortgage-backed pools	4,479	(6)			4,479	(6)
Total temporarily impaired securities	$ 33,298	$ (182)	$	$	$ 33,298	$ (182)

	Less than 12 Months		12 Months or More		Total	
December 31, 2011	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
State and municipal	$ 1,550	$ (44)	$ 1,948	$ (27)	$ 3,498	$ (71)
Federal agency mortgage-backed pools	23,442	(115)	23		23,465	(115)
Corporate notes	24	(8)			24	