UNITED STATES SECURITIES AND EXCHANGE COMMISSION WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 22, 2019



CAPITAL CITY BANK GROUP, INC.

(Exact name of registrant as specified in its charter)

Florida	0-13358	59-2273542
(State of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)
217 North Monroe Street, Ta	32301	
(Address of principal exe	(Zip Code)	

Registrant's telephone number, including area code: (850) 671-0300

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

• Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

• Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

• Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

• Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company []

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of The Exchange Act. []

FORM 8-K CURRENT REPORT

Item 2.02. Results of Operations and Financial Condition.

On April 22, 2019, Capital City Bank Group, Inc. ("CCBG") issued an earnings press release reporting CCBG's financial results for the three month period ended March 31, 2019. A copy of the press release is attached as Exhibit 99.1 hereto and incorporated herein by reference.

The information furnished under Item 2.02 of this Current Report, including the Exhibit attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

(d)	Exhibits.
Item No.	Description of Exhibit
99.1	Press release, dated April 22, 2019.

Financial Statements and Exhibits.

Item 9.01.

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 hereunto duly authorized.

CAPITAL CITY BANK GROUP, INC.

Date: April 22, 2019

By: <u>/s/ J.Kimbrough Davis</u> J. Kimbrough Davis, Executive Vice President and Chief Financial Officer

Exhibit

	umber Description	
99.1	Press release, dated April 22, 2019	-

Capital City Bank Group, Inc. Reports First Quarter 2019 Results

TALLAHASSEE, Fla. (April 22, 2019) – Capital City Bank Group, Inc. (NASDAQ: CCBG) today reported net income of \$6.4 million, or \$0.38 per diluted share for the first quarter of 2019 compared to net income of \$8.5 million, or \$0.50 per diluted share for the fourth quarter of 2018, and \$5.8 million, or \$0.34 per diluted share for the first quarter of 2018.

Net income for the first quarter of 2018 included a \$1.5 million, or \$0.09 per diluted share tax benefit related to a 2017 plan year pension plan contribution. Net income for the fourth quarter of 2018 included a \$2.0 million, or \$0.09 per diluted share, gain from the sale of a banking office and a \$0.3 million, or \$0.02 per diluted share, tax benefit from a tax accounting method change.

HIGHLIGHTS

- · Net interest income up 2.3% sequentially and 14.5% over prior year
- · Period-end loan growth of 1.2% sequentially and 8.1% over prior year
- · 42 basis points cost of funds reflects the quality of our core deposit base (~ 38% noninterest bearing)
- · Continued efforts to restrain expense growth
- · Nonperforming assets down 24% sequentially and 35% from prior year

"The results of the first quarter were strong and a great start to the new year," said William G. Smith, Jr., Chairman, President and CEO. "Loan growth finished strong – up \$21 million quarter over quarter. Four rate increases during 2018 and a strong core deposit base continue to positively impact our net interest income, which on a sequential basis, increased \$600,000 as the higher rates roll through our earning asset portfolios. Lowering our efficiency ratio is a top priority and we have multiple strategies in place to grow revenues and reduce expenses. I am pleased to say that credit quality has returned to pre-crisis levels and our capital position is stronger today than it was then. Florida is growing and we are once again on offense following a number of years playing defense after the crisis. I am optimistic about 2019 and your management team will remain focused on implementing strategies that produce long-term value for our shareowners."

Compared to the fourth quarter of 2018, the \$2.1 million decrease in operating profit reflected a \$1.7 million increase in noninterest expense, lower noninterest income of \$0.7 million, and a \$0.3 million increase in the loan loss provision, partially offset by higher net interest income of \$0.6 million.

Compared to the first quarter of 2018, the \$2.9 million increase in operating profit was attributable to higher net interest income of \$3.1 million and noninterest income of \$0.1 million, partially offset by higher noninterest expense of \$0.3 million.

Our return on average assets ("ROA") was 0.87% and our return on average equity ("ROE") was 8.49% for the first quarter of 2019 compared to 0.81% and 8.14%, respectively, for the first quarter of 2018.

Discussion of Operating Results

Tax-equivalent net interest income for the first quarter of 2019 was \$25.0 million compared to \$24.5 million for the fourth quarter of 2018 and \$21.9 million for the first quarter of 2018. During the first quarter of 2019, overnight funds increased primarily due to seasonal growth in our public fund deposits and a higher balance of one large negotiated rate client. The increase in tax-equivalent net interest income compared to the first quarter of 2018 reflected growth in the loan portfolio and higher rates earned on overnight funds, investment securities, and variable rate loans, partially offset by a higher cost on our negotiated rate deposits.

The federal funds target rate ended the first quarter of 2019 at a range of 2.25%-2.50%, with the most recent increase to the target rate occurring in December 2018. These fed rate increases positively affected our net interest income due to favorable repricing of our variable and adjustable rate earning assets. Although these increases resulted in higher rates paid on our negotiated rate deposit products, we continue to prudently manage our deposit mix and overall cost of funds, which was 42 basis points for the first quarter of 2019 compared to 31 basis points for the prior quarter. In conjunction with our overall balance sheet management, we continue to review our deposit board rates to determine whether rate increases are appropriate. We have developed several new deposit products designed to help maintain existing relationships for clients seeking higher returns on their deposit balances.

Our net interest margin for the first quarter of 2019 was 3.75%, a decrease of six basis points compared to the fourth quarter of 2018 and an increase of 32 basis points over the first quarter of 2018. The decrease in margin compared to the fourth quarter of 2018 was attributable to a higher level and less favorable mix of earning assets and an increase in cost of funds, primarily negotiated NOW and MMAs. All three factors were driven by the seasonal inflow of public fund deposits, which is anticipated in the first quarter of 2018 was primarily due to loan growth and higher yields on our variable and adjustable rate earning assets, partially offset by higher rates on our negotiated rate deposits.

The provision for loan losses for the first quarter of 2019 was \$0.8 million compared to \$0.5 million for the fourth quarter of 2018 and \$0.7 million for the first quarter of 2018. The higher provision compared to the fourth quarter of 2018 was primarily attributable to higher net loan charge-offs. At March 31, 2019, the allowance for loan losses of \$14.1 million represented 0.78% of outstanding loans (net of overdrafts) and provided coverage of 280% of nonperforming loans compared to 0.80% and 207%, respectively, at December 31, 2018 and 0.80% and 181%, respectively, at March 31, 2018.

Noninterest income for the first quarter of 2019 totaled \$12.6 million, a decrease of \$0.7 million, or 5.2%, from the fourth quarter of 2018 and a \$0.1 million, or 0.6%, increase over the first quarter of 2018. The decrease from the fourth quarter of 2018 was primarily attributable to lower deposit fees and mortgage banking fees.

Noninterest expense for the first quarter of 2019 totaled \$28.2 million, an increase of \$1.7 million, or 6.4%, over the fourth quarter of 2018 and \$0.3 million, or 1.0%, over the first quarter of 2018. The increase over the fourth quarter was primarily attributable to higher other real estate expense of \$2.0 million, partially offset by lower occupancy expense of \$0.3 million. The increase in other real estate expense reflected a \$2.0 million gain on the sale of a banking office in the fourth quarter of 2018. The decrease in occupancy expense was primarily attributable to lower maintenance expense for premises.

We realized income tax expense of \$2.1 million for the first quarter of 2019 compared to \$2.2 million for the fourth quarter of 2018 and an income tax benefit of \$0.2 million for the first quarter of 2018. Fourth quarter of 2018 income tax expense reflected a discrete tax benefit of \$0.3 million related to a tax accounting method change for a cost segregation and depreciation analysis for various properties we own. Income tax for the first quarter of 2018 included a discrete tax benefit of \$1.5 million resulting from the effect of federal tax reform, on a pension plan contribution made in the first quarter of 2018 for the plan year 2017. Absent discrete items, we expect our effective tax rate to approximate 24%.

Discussion of Financial Condition

Average earning assets were \$2.705 billion for the first quarter of 2019, an increase of \$150.3 million, or 5.9%, over the fourth quarter of 2018, and an increase of \$112.3 million, or 4.3%, over the first quarter of 2018. The change in average earning assets over both periods reflected a higher level of total deposits, resulting in a higher balance of overnight funds sold.

We maintained an average net overnight funds (deposits with banks plus fed funds sold less fed funds purchased) sold position of \$265.7 million during the first quarter of 2019 compared to \$80.8 million in the fourth quarter of 2018 and \$240.9 million in the first quarter of 2018. The increase in the average net overnight funds compared to both prior periods resulted from increases in all deposit types except money market accounts and certificates of deposit.

While average loans decreased slightly (\$5.2 million, or 0.3%) when compared to the fourth quarter of 2018, they grew \$132.8 million, or 8.1% when compared to the first quarter of 2018. On an "as of" basis, loans grew \$20.6 million and \$134.9 million, respectively. The average decrease compared to the fourth quarter of 2018 primarily reflected declines in all loan types except commercial real estate and consumer loans. During the first quarter 2019, we purchased principal balances of \$10.3 million in commercial real estate loans and \$4.4 million in residential real estate loan pools, which partially offset the decline in quarterly loan production. Average growth over the first quarter of 2018 was experienced in all loan categories, with the exception of home equity loans. A portion of this growth compared to the first quarter 2019 was attributable to \$36.8 million in principal balances of several loan pool purchases (\$22.1 million in 2018 and \$14.7 million in the first quarter of 2019). All loan purchases are individually reviewed and evaluated in accordance with our credit underwriting standards.

Nonperforming assets (nonaccrual loans and OREO) totaled \$6.9 million at March 31, 2019, a decrease of \$2.2 million, or 23.6%, from December 31, 2018 and \$3.7 million, or 34.7%, from March 31, 2018. Nonaccrual loans totaled \$5.0 million at March 31, 2019, a \$1.8 million decrease from December 31, 2018 and a \$2.3 million decrease from March 31, 2018. Nonaccrual loan additions totaled \$2.5 million for the first quarter of 2019 compared to \$3.1 million for the fourth quarter of 2018 and \$1.8 million for the first quarter of 2018. The balance of OREO totaled \$1.9 million at March 31, 2019, a decrease of \$0.4 million and \$1.4 million, respectively, from December 31, 2018 and March 31, 2018. For the first quarter of 2019, we added properties totaling \$0.5 million, sold properties totaling \$0.7 million, and recorded valuation adjustments totaling \$0.2 million.

Average total deposits were \$2.565 billion for the first quarter of 2019, an increase of \$152.3 million, or 6.3% over the fourth quarter of 2018, and an increase of \$108.6 million, or 4.4% over the first quarter of 2018. The increase in average deposits compared to both prior periods reflected increases in all deposit types except money market accounts and certificates of deposit. The seasonal influx of negotiated public NOW accounts has most likely peaked for this cycle, and is expected to gradually decline through the fourth quarter of 2019.

Deposit levels remain strong, and average core deposits continue to experience growth. We monitor deposit rates on an ongoing basis and adjust if necessary, as a prudent pricing discipline remains the key to managing our mix of deposits.

Average borrowings decreased \$5.8 million compared to the fourth quarter of 2018 and decreased \$3.1 million compared to the first quarter of 2018. Declines from both prior periods were primarily due to payoffs of FHLB advances.

Shareowners' equity was \$309.0 million at March 31, 2019, compared to \$302.6 million at December 31, 2018 and \$288.4 million at March 31, 2018. Our leverage ratio was 10.53%, 10.89%, and 10.36%, respectively, on these dates. Further, at March 31, 2019, our risk-adjusted capital ratio was 17.09% compared to 17.13% and 17.05% at December 31, 2018 and March 31, 2018, respectively. Our common equity tier 1 ratio was 13.62% at March 31, 2019, compared to 13.58% at December 31, 2018 and 13.44% at March 31, 2018. At March 31, 2019, each of our regulatory capital ratios exceeded the threshold to be designated as "well-capitalized" under the Basel III capital standards.

About Capital City Bank Group, Inc.

Capital City Bank Group, Inc. (NASDAQ: CCBG) is one of the largest publicly traded financial holding companies headquartered in Florida and has approximately \$3.0 billion in assets. We provide a full range of banking services, including traditional deposit and credit services, mortgage banking, asset management, trust, merchant services, bankcards and securities brokerage services. Our bank subsidiary, Capital City Bank, was founded in 1895 and now has 59 banking offices and 73 ATMs in Florida, Georgia and Alabama. For more information about Capital City Bank Group, Inc., visit www.ccbg.com.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this Press Release are based on current plans and expectations that are subject to uncertainties and risks, which could cause our future results to differ materially. The following factors, among others, could cause our actual results to differ: the accuracy of the our financial statement estimates and assumptions; legislative or regulatory changes, including the Dodd-Frank Act, Basel III, and the ability to repay and qualified mortgage standards; fluctuations in inflation, interest rates, or monetary policies; the effects of security breaches and computer viruses that may affect our computer systems or fraud related to debit card products; changes in consumer spending and savings habits; our growth and profitability; the strength of the U.S. economy and the local economies where we conduct operations; the effects of a non-diversified loan portfolio, including the risks of geographic and industry concentrations; harsh weather conditions and man-made disasters; changes in the stock market and other capital and real estate markets; customer acceptance of third-party products and services; increased competition and its effect on pricing, including the long-term impact on our net interest margin from the repeal of Regulation Q; negative publicity and the impact on our reputation; technological changes, especially changes that allow out of market competitors to compete in our markets; changes in accounting; and our ability to manage the risks involved in the foregoing. Additional factors can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018, and our other filings with the SEC, which are available at the SEC's internet site (http://www.sec.gov). Forward-looking statements in this Press Release speak only as of the date of the Press Release, and we assume no obligation to update forward-looking statements or the reasons why actual results could differ.

USE OF NON-GAAP FINANCIAL MEASURES

We present a tangible common equity ratio and a tangible book value per diluted share that removes the effect of goodwill resulting from merger and acquisition activity. We believe these measures are useful to investors because it allows investors to more easily compare our capital adequacy to other companies in the industry.

The GAAP to non-GAAP reconciliations are provided below.

302,587 \$ 84,811 217,776	298,016 \$ 84,811	293,571 \$ 84,811	288,360
		84,811	04.011
217,776			84,811
	213,205	208,760	203,549
2,959,183	2,819,190	2,880,278	2,924,832
84,811	84,811	84,811	84,811
2,874,372 \$	2,734,379 \$	2,795,467 \$	2,840,021
7.58%	7.80%	7.47%	7.17%
16,808,542	17,127,846	17,114,380	17,088,419
12.96 \$	12.45 \$	12.20 \$	11.91
	2,874,372 \$ 7.58% 16,808,542	2,874,372 2,734,379 \$ 7.58% 7.80% 16,808,542 17,127,846	2,874,372 2,734,379 2,795,467 \$ 7.58% 7.80% 7.47% 7.47% 16,808,542 17,127,846 17,114,380

EARNINGS HIGHLIGHTS

Unaudited

	_		Th	ree Months Ended			
(Dollars in thousands, except per share data)		Mar 31, 2019		Dec 31, 2018	Mar 31, 2018		
EARNINGS							
Net Income	\$	6,436	\$	8,458	\$ 5,773		
Diluted Net Income Per Share	\$	0.38	\$	0.50	\$ 0.34		
PERFORMANCE							
Return on Average Assets		0.87%		1.18%	0.81%		
Return on Average Equity		8.49%		11.10%	8.14%		
Net Interest Margin		3.75%		3.81%	3.43%		
Noninterest Income as % of Operating Revenue		33.51%		35.22%	36.44%		
Efficiency Ratio		75.01%		70.21%	81.07%		
CAPITAL ADEQUACY							
Tier 1 Capital		16.34%		16.36%	16.31%		
Total Capital		17.09%		17.13%	17.05%		
Tangible Common Equity ⁽¹⁾		7.56%		7.58%	7.17%		
Leverage		10.53%		10.89%	10.36%		
Common Equity Tier 1		13.62%		13.58%	13.44%		
Equity to Assets		10.12%		10.23%	9.86%		
ASSET QUALITY							
Allowance as % of Non-Performing Loans		279.77%		206.79%	181.26%		
Allowance as a % of Loans		0.78%		0.80%	0.80%		
Net Charge-Offs as % of Average Loans		0.20%		0.10%	0.20%		
Nonperforming Assets as % of Loans and OREO		0.39%		0.51%	0.64%		
Nonperforming Assets as % of Total Assets		0.23%		0.31%	0.36%		
STOCK PERFORMANCE							
High	\$	25.87	\$	26.95	\$ 26.50		
Low		21.04		19.92	22.80		
Close	\$	21.78	\$	23.21	\$ 24.75		
Average Daily Trading Volume		18,407		21,455	21,061		

(1) Tangible common equity ratio is a non-GAAP financial measure. For additional information, including a reconciliation to GAAP, refer to page 3.

CAPITAL CITY BANK GROUP, INC. CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

Unaudited

(Dollars in thousands) ASSETS Cash and Due From Banks Funds Sold and Interest Bearing Deposits Total Cash and Cash Equivalents Investment Securities Available for Sale Investment Securities Held to Maturity Total Investment Securities Loans Held for Sale Loans, Net of Unearned Interest Commercial, Financial, & Agricultural Real Estate - Construction Real Estate - Residential Real Estate - Home Equity Consumer Other Loans	\$	First Quarter 49,501 \$ 304,213 \$ 353,714 \$ 429,016 \$ 226,179 \$ 655,195 \$ 4,557 \$ 238,942 \$	Fourth Quarter 5 62,032 \$ 213,968 276,000 446,157 217,320 663,477 6,869	Third Quarter 48,423 \$ 26,839 75,262 484,243 227,923 712,166 \$ 207	Second Quarter 56,573 \$ 107,066 163,639 493,662 236,764 730,426 100,000	First Quarter 47,804 250,821 298,625 471,836 225,552
Cash and Due From Banks Funds Sold and Interest Bearing Deposits Total Cash and Cash Equivalents Investment Securities Available for Sale Investment Securities Held to Maturity Total Investment Securities Loans Held for Sale Loans, Net of Unearned Interest Commercial, Financial, & Agricultural Real Estate - Construction Real Estate - Residential Real Estate - Home Equity Consumer	\$	304,213 353,714 429,016 226,179 655,195 4,557	213,968 276,000 446,157 217,320 663,477	26,839 75,262 484,243 227,923 712,166	107,066 163,639 493,662 236,764	250,821 298,625 471,836
Funds Sold and Interest Bearing Deposits Total Cash and Cash Equivalents Investment Securities Available for Sale Investment Securities Held to Maturity Total Investment Securities Loans Held for Sale Loans, Net of Unearned Interest Commercial, Financial, & Agricultural Real Estate - Construction Real Estate - Residential Real Estate - Home Equity Consumer	\$	304,213 353,714 429,016 226,179 655,195 4,557	213,968 276,000 446,157 217,320 663,477	26,839 75,262 484,243 227,923 712,166	107,066 163,639 493,662 236,764	250,821 298,625 471,836
Total Cash and Cash Equivalents Investment Securities Available for Sale Investment Securities Held to Maturity Total Investment Securities Loans Held for Sale Loans, Net of Unearned Interest Commercial, Financial, & Agricultural Real Estate - Construction Real Estate - Construction Real Estate - Residential Real Estate - Home Equity Consumer		353,714 429,016 226,179 655,195 4,557	276,000 446,157 217,320 663,477	75,262 484,243 227,923 712,166	163,639 493,662 236,764	298,625 471,836
Investment Securities Available for Sale Investment Securities Held to Maturity Total Investment Securities Loans Held for Sale Loans, Net of Unearned Interest Commercial, Financial, & Agricultural Real Estate - Construction Real Estate - Construction Real Estate - Residential Real Estate - Home Equity Consumer		429,016 226,179 655,195 4,557	446,157 217,320 663,477	484,243 227,923 712,166	493,662 236,764	471,836
Investment Securities Held to Maturity Total Investment Securities Loans Held for Sale Loans, Net of Unearned Interest Commercial, Financial, & Agricultural Real Estate - Construction Real Estate - Commercial Real Estate - Home Equity Consumer		226,179 655,195 4,557	217,320 663,477	227,923 712,166	236,764	
Total Investment Securities Loans Held for Sale Loans, Net of Unearned Interest Commercial, Financial, & Agricultural Real Estate - Construction Real Estate - Commercial Real Estate - Home Equity Consumer		226,179 655,195 4,557	217,320 663,477	227,923 712,166	236,764	
Total Investment Securities Loans Held for Sale Loans, Net of Unearned Interest Commercial, Financial, & Agricultural Real Estate - Construction Real Estate - Commercial Real Estate - Home Equity Consumer		655,195 4,557	663,477	712,166		
Loans, Net of Unearned Interest Commercial, Financial, & Agricultural Real Estate - Construction Real Estate - Commercial Real Estate - Residential Real Estate - Home Equity Consumer			6,869	0 207		697,388
Loans, Net of Unearned Interest Commercial, Financial, & Agricultural Real Estate - Construction Real Estate - Commercial Real Estate - Residential Real Estate - Home Equity Consumer			6,869			
Commercial, Financial, & Agricultural Real Estate - Construction Real Estate - Commercial Real Estate - Residential Real Estate - Home Equity Consumer		238,942		8,297	8,246	4,845
Real Estate - Construction Real Estate - Commercial Real Estate - Residential Real Estate - Home Equity Consumer		238,942				
Real Estate - Commercial Real Estate - Residential Real Estate - Home Equity Consumer			233,689	239,044	222,406	198,775
Real Estate - Residential Real Estate - Home Equity Consumer		87,123	89,527	87,672	88,169	80,236
Real Estate - Home Equity Consumer		615,129	602,061	596,391	575,993	551,309
Consumer		338,574	334,197	333,896	320,296	307,050
Consumer		209,194	210,111	212,942	218,851	223,994
		296,351	295,040	294,040	285,599	284,356
		10,430	8,018	8,167	11,648	14,988
Overdrafts		1,362	1,582	1,602	1,513	1,187
Total Loans, Net of Unearned Interest		1,797,105	1,774,225	1,773,754	1,724,475	1,661,895
Allowance for Loan Losses		(14,120)	(14,210)	(14,219)	(13,563)	(13,258)
Loans, Net		1,782,985	1,760,015	1,759,535	1,710,912	1,648,637
Premises and Equipment, Net		86,846	87,190	89,567	90,000	90,939
Goodwill		84,811	84,811	84,811	84,811	84,811
Other Real Estate Owned		1,902	2,229	2,720	3,373	3,330
Other Assets		82,041	78,592	86,832	88,871	96,257
Total Other Assets		255,600	252,822	263,930	267,055	275,337
	<u>^</u>					
Total Assets	\$	3,052,051 \$	\$ 2,959,183 \$	2,819,190 \$	2,880,278 \$	2,924,832
LIABILITIES						
Deposits:						
Noninterest Bearing Deposits	\$	995,853 \$	\$ 947,858 \$	934,146 \$	937,241 \$	890,482
NOW Accounts		887,453	867,209	713,967	778,131	859,704
Money Market Accounts		244,628	237,739	254,099	257,965	257,422
Regular Savings Accounts		372,414	358,306	352,508	354,156	353,996
Certificates of Deposit		116,946	120,744	126,496	131,697	137,280
Total Deposits		2,617,294	2,531,856	2,381,216	2,459,190	2,498,884
Short-Term Borrowings		8,983	13,541	16,644	7,021	4,893
Subordinated Notes Payable		52,887	52,887	52,887	52,887	52,887
			,			
Other Long-Term Borrowings Other Liabilities		7,661 56,240	8,568 49,744	12,456	12,897	13,333
Other Liabilities		36,240	49,744	57,971	54,712	66,475
Total Liabilities		2,743,065	2,656,596	2,521,174	2,586,707	2,636,472
SHAREOWNERS' EQUITY						
Common Stock		168	167	171	171	171
Additional Paid-In Capital		31,929	31,058	38,325	37,932	37,343
Retained Earnings Accumulated Other Comprehensive Loss, Net of Tax		304,763 (27,874)	300,177 (28,815)	293,254 (33,734)	288,800 (33,332)	283,990 (33,144)
• · · ·						
Total Shareowners' Equity		308,986	302,587	298,016	293,571	288,360
Total Liabilities and Shareowners' Equity	\$	3,052,051 \$	\$ 2,959,183 \$	2,819,190 \$	2,880,278 \$	2,924,832
OTHER BALANCE SHEET DATA						
Earning Assets	\$	2,761,070 \$	2,658,539 \$	2,521,056 \$	2,570,213 \$	2,614,949
Interest Bearing Liabilities	Ψ	1,690,972	1,658,994	1,529,057	1,594,754	1,679,515
Dash Value Der Diluted Chann	¢	10.25	10.00	17.40	17.16	16.07
Book Value Per Diluted Share	\$	18.35 \$		17.40 \$	17.15 \$	16.87
Tangible Book Value Per Diluted Share ⁽¹⁾		13.31	12.96	12.45	12.20	11.91
		16,812	16,748	17,059	17,056	17,044
Actual Basic Shares Outstanding		10.012		11.000	17,050	

(1) Tangible book value per diluted share is a non-GAAP financial measure. For additional information, including a reconciliation to GAAP, refer to page 3.

CONSOLIDATED STATEMENT OF OPERATIONS

Unaudited

		2019	2018								
(Dollars in thousands, except per share data)		First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter					
INTEREST INCOME											
Interest and Fees on Loans	\$	22,616	\$ 22,431 \$	\$ 21,618 \$	20,533 \$	19,535					
Investment Securities	Ŷ	3,513	3,478	3,472	3,156	2,762					
Funds Sold		1,593	461	302	730	917					
Total Interest Income		27,722	26,370	25,392	24,419	23,214					
INTEREST EXPENSE											
Deposits		2,099	1,312	1,068	995	868					
Short-Term Borrowings		35	53	41	8	8					
Subordinated Notes Payable		608	572	568	552	475					
Other Long-Term Borrowings		72	85	92	94	100					
Total Interest Expense		2,814	2,022	1,769	1,649	1,451					
Net Interest Income		24,908	24,348	23,623	22,770	21,763					
Provision for Loan Losses		767	457	904	815	745					
Net Interest Income after Provision for Loan Losses		24,141	23,891	22,719	21,955	21,018					
NONINTEREST INCOME											
Deposit Fees		4,775	5,172	5,207	4,842	4,872					
Bank Card Fees		2,855	2,830	2,828	2,909	2,811					
Wealth Management Fees		2,323	2,320	2,181	2,037	2,173					
Mortgage Banking Fees		993	1,129	1,343	1,206	1,057					
Other		1,606	1,787	1,749	1,548	1,564					
Total Noninterest Income		12,552	13,238	13,308	12,542	12,477					
NONINTEREST EXPENSE											
Compensation		16,349	16,322	15,891	15,797	15,911					
Occupancy, Net		4,509	4,804	4,645	4,503	4,551					
Other Real Estate, Net		363	(1,663)	347	248	626					
Other		6,977	7,042	7,816	7,845	6,818					
Total Noninterest Expense		28,198	26,505	28,699	28,393	27,906					
OPERATING PROFIT		8,495	10,624	7,328	6,104	5,589					
Income Tax (Benefit) Expense		2,059	2,166	1,338	101	(184)					
NET INCOME	\$	6,436	\$ 8,458	\$ 5,990 \$	6,003 \$	5,773					
PER SHARE DATA											
Basic Net Income	\$	0.38	\$ 0.50 \$	\$ 0.35 \$	0.35 \$	0.34					
Diluted Net Income		0.38	0.50	0.35	0.35	0.34					
Cash Dividend	\$	0.11	\$ 0.09 \$	\$ 0.09 \$	0.07 \$	0.07					
AVERAGE SHARES											
Basic		16,791	16,989	17,056	17,045	17,028					
Diluted		16,819	17,050	17,125	17,104	17,073					

ALLOWANCE FOR LOAN LOSSES

AND RISK ELEMENT ASSETS

Unaudited

		2019		2018								
(Dollars in thousands, except per share data)	I	First Quarter		Fourth Quarter	Third Quarter		Second Quarter	First Quarter				
ALLOWANCE FOR LOAN LOSSES												
Balance at Beginning of Period	\$	14,210	\$	14,219 \$	13,563	\$	13,258 \$	13,307				
Provision for Loan Losses		767		457	904		815	745				
Net Charge-Offs		857		466	248		510	794				
Balance at End of Period	\$	14,120	\$	14,210 \$	14,219	\$	13,563 \$	13,258				
As a % of Loans		0.78%		0.80%	0.80%		0.78%	0.80%				
As a % of Nonperforming Loans		279.77%		206.79%	207.06%		236.25%	181.26%				
CHARGE-OFFS												
Commercial, Financial and Agricultural	\$	95	\$	53 \$	268	\$	141 \$	182				
Real Estate - Construction		-		-	-		-	7				
Real Estate - Commercial		155		-	25		-	290				
Real Estate - Residential		264		111	106		456	107				
Real Estate - Home Equity		52		106	112		157.00	158				
Consumer		795		728	463		509	695				
Total Charge-Offs	\$	1,361	\$	998 \$	974	\$	1,263 \$	1,439				
RECOVERIES												
Commercial, Financial and Agricultural	\$	74	\$	128 \$	78	\$	87 \$					
Real Estate - Construction		-		25	-		-	1.00				
Real Estate - Commercial		70		13	222		15	123				
Real Estate - Residential		44		106	107		346	84				
Real Estate - Home Equity		32		61	47		22	61				
Consumer	<u>_</u>	284	•	199	272	^	283	210				
Total Recoveries	\$	504	\$	532 \$	726	\$	753 \$	645				
NET CHARGE-OFFS	\$	857	\$	466 \$	248	\$	510 \$	794				
Net Charge-Offs as a % of Average Loans ⁽¹⁾		0.20%		0.10%	0.06%		0.12%	0.20%				
RISK ELEMENT ASSETS												
Nonaccruing Loans	\$	5,047	\$	6,872 \$	6,867	\$	5,741 \$	7,314				
Other Real Estate Owned		1,902		2,229	2,720		3,373	3,330				
Total Nonperforming Assets	\$	6,949	\$	9,101 \$	9,587	\$	9,114 \$	10,644				
Past Due Loans 30-89 Days	\$	4,682	\$	4,757 \$	3,684	\$	3,472 \$	4,268				
Past Due Loans 90 Days or More		-		-	126		-	-				
Classified Loans		22,219		22,888	27,039		29,583	31,709				
Performing Troubled Debt Restructuring's	\$	20,791	\$	22,084 \$	28,661	\$	29,981 \$	31,472				
Nonperforming Loans as a % of Loans		0.28%		0.39%	0.39%		0.33%	0.44%				
Nonperforming Assets as a % of Loans and Other Real Estate		0.39%		0.51%	0.54%		0.52%	0.64%				
Nonperforming Assets as a % of Total Assets		0.23%		0.31%	0.34%		0.32%	0.36%				

(1) Annualized

AVERAGE BALANCE AND INTEREST RATES⁽¹⁾ Unaudited

Balanice Interest Ratic		First (Quarter 2	2019	Fourth	Quarter	2018	Third	Quarter 2	2018	Second	Quarter	2018	First Quarter		018
SSETS: Loans, Net of Uncarned Interest \$ 1,780,406 \$22,718 5.18% \$ 1,785,570 \$22,556 5.01% \$ 1,747,093 \$21,733 4.94% \$ 1,691,287 20,625 4.89% \$ 1,647,612 \$19,636 Taushed Investment Securities 618,127 3.887 2.20 637,735 3.325 2.08 663,639 3.201 1.98 643,516 2.945 1.83 619,137 2.523 Taus-Exempt Investment Securities 618,127 3.847 2.20 637,735 3.232 2.08 663,639 3.201 1.98 643,516 2.945 1.83 619,137 2.523 Total Investment Securities 658,702 3.545 2.16 688,097 3.518 2.04 724,391 3.519 1.94 715,994 3.211 1.79 703,937 2.841 Fund Sold 2.65,694 1,593 2.43 80,815 461 2.26 63,608 302 1.88 158,725 730 1.84 2.09,65 2.294,65 52,2465 52,2465 52,266,104 52,255 2.06,395 2.711 A160xance for Loan L		Average						Average		Average	Average		Average	Average		Average
Loans, Net of Uncarned Interest \$ 1,780,406 \$22,718 \$.18% \$ 1,785,570 \$22,556 \$.01% \$ 1,747,093 \$21,733 \$4.94% \$1,691,287 \$20,625 \$4.89% \$1,647,612 \$19,636 \$4.175 \$1.58 \$1,56 \$50,362 \$1.93 \$1.24 \$60,952 \$229 \$1.50 \$72,478 \$266 \$1.47 \$84,800 \$318 \$154 \$60,952 \$229 \$1.50 \$72,478 \$266 \$1.47 \$84,800 \$318 \$156 \$2,945 \$1.83 \$619,137 \$2,523 \$178 \$50,062 \$2,560 \$1.59 \$1,88 \$158,725 \$7.00 \$1.84 \$260,916 \$917 \$703,937 \$2,841 \$150 \$24,560 \$2,656 \$1.64 \$2,660 \$2,456 \$3.84 \$2,500 \$41,75 \$3,825 \$1.88 \$158,725 \$7.00 \$1.84 \$2,600,06 \$24,566 \$3.84 \$2,520,41 \$2,78,56 \$4,17 \$5 \$2,520 \$400 \$5, \$2,660,06 \$24,566 \$3.84 \$5,2848 \$2,535 \$4,17 \$5 \$2,555 \$4,10 \$5,2555 \$4,00 \$5, \$2,660,06 \$24,566 \$3.84 \$5,2848 \$2,523 \$4,17 \$5 \$2,290,511 \$5,2849,245 \$5,2555 \$4,00 \$5, \$2,555 \$4,00 \$5, \$2,550 \$4,00 \$5, \$2,660,06 \$24,566 \$3.84 \$5,2848 \$2,523 \$4,17 \$5 \$2,90,511 \$5,2849,245 \$5,2555 \$4,00 \$5, \$2,555 \$4,00 \$5, \$2,560 \$4,57 \$1,75 \$0,595 \$704 \$4,3477 \$1,755 \$0,595 \$7061 \$25,265 \$258,255 \$258,255 \$268,255 \$268,220 \$260,995 \$704 \$4,3477 \$1,64612 \$1,04642 \$1,041460 \$1,3521 \$1,04 \$2,20,915 \$1,04 \$2,20,915 \$1,04 \$2,20,915 \$1,04 \$2,20,915 \$1,04 \$2,289,210 \$1,04 \$2,895,11 \$2,289,245 \$5,283,240 \$2,280,110 \$5,289,210 \$1,04 \$2,892,120 \$1,04 \$2,892,120 \$1,06 \$2,056 \$4,05 \$2,056 \$4,05 \$2,056 \$4,05 \$2,056 \$4,05 \$2,056 \$4,05 \$2,056 \$4,05 \$2,056 \$4,05 \$4,05 \$1,05 \$1,06 \$1,05 \$1,00 \$1,00 \$1,00 \$1,00 \$2,01 \$1,00	(Dollars in thousands)	Balance	Interest	Rate	Balance	Interest	Rate	Balance	Interest	Rate	Balance	Interest	Rate	Balance	Interest	Rate
Investment Securities 618,127 3,87 2.20 637,735 3,325 2.08 663,639 3.290 1.98 643,516 2.945 1.83 619,137 2.523 Tara-Exempt Investment Securities 658,702 3,514 2.06 677,735 3,518 2.04 724,591 3,519 1.94 715,994 3,211 1.79 703,937 2,841 Funds Sold 265,694 1,593 2.43 80,815 461 2.26 63,608 302 1.88 158,725 730 1.84 240,916 917 Total Earning Assets 2,704,802 \$27,856 4.17 % 2,554,422 \$2,56,306 322 1.63 53,444 49,493 \$0,364 \$2,711 1.63,651 Other Assets 52,296,511 52,849,245 52,856,223 226,255 228,252 200,959 20,959 20,959 20,939 20,934 23,937,43 40,943 50,374,5 863,175 6,509 1,632,119 1,632,119 1,632,119 1,635,119 1,635	ASSETS:															
Tarable Investment Securities 618,127 $3,387$ $2,20$ $637,735$ $3,325$ 2.08 $643,516$ 2.945 1.83 $619,137$ $2,233$ Tax-Exempt Investment Securities $40,575$ 158 1.56 $50,362$ 193 1.54 $60,952$ 229 1.50 $72,478$ 266 1.47 $84,800$ 318 Total Investment Securities $658,702$ $3,545$ 2.16 $688,007$ $3,518$ 2.04 $724,591$ $3,519$ 1.94 $715,994$ $3,211$ 1.79 $703,937$ $2,841$ Finds Sold $265,694$ $1,593$ 2.43 $80,815$ 461 2.26 $63,608$ 302 1.88 $158,725$ 730 1.84 $240,916$ 917 Total Earning Assets $2.704,802$ $2.7,856$ 4.17 $2.554,482$ $2.65,554$ 40.0 $90,$ $2.56,600$ 84.4% $52,2165$ $230,216$ $52,27,11$ $(13,621)$ $(13,621)$ $(13,621)$ $(13,621)$ $(13,621)$ $(13,621)$ $(13,621)$ $(13,621)$ $(13,621)$	Loans, Net of Unearned Interest	\$ 1,780,406	\$22,718	5.18% \$	5 1,785,570	\$22,556	5.01%\$	1,747,093	\$21,733	4.94%\$	1,691,287	20,625	4.89%\$	1,647,612	\$19,636	4.83%
Tax-Exempl Investment Securities 40,575 158 1.56 50,362 193 1.54 60,952 229 1.50 72,478 2.66 1.47 84,800 318 Total Investment Securities 658,702 3,545 2.16 688,007 3,518 2.04 724,591 3,519 1.94 715,904 3,211 1.79 703,937 2,841 Finds Sold 265,604 1,593 2.43 80,815 461 2.26 63,608 302 1.88 158,725 730 1.84 240,916 917 Total Earning Assets 2,704,802 \$27,856 4.17 % 2,544,42 \$2,632,229 2,5554 4.00 % 2,56,006 \$24,566 3.84 % 2,52,339.43 30,364 52,711 54,440 14,440 (14,146) (13,521) (13,61) (14,61) (13,521) (13,61) 52,892,120 LIABILITIES: Interest Bearing Deposits 10,80% \$739,225 \$995 0,53% \$733,255 \$773 0,42% \$70,335 \$725 0,37% \$86,175 \$659 10 Noney Ma	Investment Securities															
Total Investment Securities 658,702 3,545 2.16 688,097 3,518 2.04 724,591 3,519 1.94 715,994 3,211 1.79 703,937 2,841 Funds Sold 265,694 1,593 2.43 80,815 461 2.26 63,608 302 1.88 158,725 730 1.84 240,916 917 Total Earning Assets 2,704,802 \$27,856 4.17 % 2,554,842 \$2,5554 400 % 2,566,66 3.84 % 2,592,465 \$23,394 3 Colas and Due From Banks 53,848 52,344 49,493 50,364 52,711 (14,642) (14,146) (13,521) (13,651) Other Assets \$2,290,511 \$2,849,245 \$2,826,024 \$2,826,104 \$2,829,120 1 LABUTES: Interest Bearing Deposits \$8,9277 \$1,755 \$0,80% \$739,225 \$73 40,05 352,826,104 \$2,289,102 LABUTES: Interest Bearing Deposits \$8,9277 \$1,755 \$0,80% \$739,225 \$733 40 <	Taxable Investment Securities	618,127	3,387	2.20	637,735	3,325	2.08	663,639	3,290	1.98	643,516	2,945	1.83	619,137	2,523	1.64
Funds Sold 265.694 1.593 2.43 80,815 461 2.26 63,608 302 1.88 158,725 730 1.84 240,916 917 Total Earning Assets 2,704,802 \$27,856 4.17 % 2,554,482 \$26,535 4.12 % 2,565,006 \$24,566 3.84 % 2,592,465 \$23,394 3 Cash and Due From Banks 53,848 52,344 40,493 \$0,364 \$2,711 A116442 (14,1461) (13,521) (13,521) (13,551) Other Assets \$25,208 \$28,60,924 \$28,861,104 \$2,892,120 IABILITIES: Interest Barring Deposits Interest Barring	Tax-Exempt Investment Securities	40,575	158	1.56	50,362	193	1.54	60,952	229	1.50	72,478	266	1.47	84,800	318	1.50
Total Earning Assets 2,704,802 \$27,856 4.17 % 2,554,482 \$26,535 4.12 % 2,535,292 \$25,554 4.00 % 2,566,006 \$24,566 3.84 % 2,592,465 \$23,394 3 Cash and Due From Banks 53,848 52,244 49,493 50,364 57,711 Allowance for Loan Losses (14,347) (14,642) (14,146) (13,521) (13,651) Other Assets 222,006 257,061 256,285 228,255 200,905 Total Karning Deposits Interest Baring Deposits 103,561 27,766 103,400 57,711 Noney Market Accounts \$ 884,277 \$ 1,755 0.80% \$ 79,923 \$ 995 0.53% \$ 733,255 \$ 773 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 Noney Market Accounts 39,516 247 0.42 248,486 216 0.34 254,440 100 0.35 351,664 43 0.05 341,898 53 0.18 1239,87 62 0.19 14,171 61 0.18 140,335 64 0 Savings Accounts 364,783 44 0.05	Total Investment Securities	658,702	3,545	2.16	688,097	3,518	2.04	724,591	3,519	1.94	715,994	3,211	1.79	703,937	2,841	1.62
Cash and Due From Banks 53,848 52,244 49,493 50,364 52,711 Allowance for Loan Losses (14,347) (14,642) (14,146) (13,521) (13,651) Other Assets 252,208 257,061 256,285 228,255 260,595 Total Assets \$ 2,996,511 \$ 2,849,245 \$ 2,286,2924 \$ 2,88,104 \$ 2,892,120 LIABILITIES: Interest Bearing Deposits NOW Accounts \$ 8,84,277 \$ 1,755 0.80% \$ 739,225 \$ 995 0.53% \$ 733,255 \$ 773 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 Noney Market Accounts 239,516 \$ 247 0.42 248,486 216 0.34 254,440 190 0.30 255,143 166 0.26 26,776 103 165 103 154,743 44 0.05 352,833 43 0.03 351,664 43 0.03 343,987 42 0 104 118,4131 95 0.18 124,102 0.37% 1,470,621 1,313 95 0.27% 1,549,020 1,3131 95 0.27% <	Funds Sold	265,694	1,593	2.43	80,815	461	2.26	63,608	302	1.88	158,725	730	1.84	240,916	917	1.54
Allowance for Loan Losses (14,347) (14,642) (14,146) (15,521) (13,651) Other Assets 252,208 257,061 256,285 258,255 260,595 Total Assets \$ 2,996,511 \$ 2,849,245 \$ 2,826,924 \$ 2,861,104 \$ \$ 2,892,120 LIABILITIES: Interest Bearing Deposits NOW Accounts \$ \$ 884,277 \$ 1,755 0.80% \$ 739,225 \$ 995 0.53% \$ 733,255 \$ 773 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 0 Momey Market Accounts 239,516 247 0.42 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 0 Savings Accounts 239,516 247 0.42 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 0 Savings Accounts 239,516 247 0.42 0.42 0.45 0.30 245,476 0 0.30 255,43 166 0.26 246,576 0.30 245,476 0 0.30 251,494 0.18 140,359 64 0 0.30 251,644 3 0.05 343,987 42 0 0.30% 153,131 995 0.37% 1,470,627 1,31 0.30%	Total Earning Assets	2,704,802	\$27,856	4.17 %	2,554,482	\$26,535	4.12 %	2,535,292	\$25,554	4.00 %	2,566,006	\$24,566	3.84 %	2,592,465	\$23,394	3.66 %
Allowance for Loan Losses (14,347) (14,642) (14,146) (13,521) (13,651) Other Assets 252,208 257,061 256,285 258,255 260,595 Total Assets \$ 2,996,511 \$ 2,849,245 \$ 2,826,924 \$ 2,861,104 \$ \$ 2,892,120 LIABILITIES: Interest Bearing Deposits NOW Accounts \$ \$ 884,277 \$ 1,755 0.80% \$ 739,225 \$ 995 0.53% \$ 733,255 \$ 773 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 0 Nomey Market Accounts 239,516 247 0.42 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 0 Savings Accounts 239,516 247 0.42 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 0 Savings Accounts 239,516 247 0.42 0.42 0.45 0.30 245,476 0 0.30 255,143 166 0.26 246,576 0.30 249,497 0.14 1.44,059 64 0 0.30 251,644 30.05 343,987 42 0 0.53% \$ 1,466 0.30% \$ 1,531,313 90.05 0.27% \$ 1,594.974.97 86 0 0.30% \$ 1,531,313 905 0.27% \$ 1,5								10.100							-	
Other Assets 252,208 257,061 256,285 258,255 260,395 Total Assets \$ 2,996,511 \$ 2,849,245 \$ 2,826,924 \$ 2,861,104 \$ 2,892,120 LIABILITIES: Interest Bearing Deposits NOW Accounts \$ 8,84,277 \$ 1,755 0.80% \$ 739,225 \$ 995 0.53% \$ 733,255 \$ 773 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 0 Money Market Accounts 239,516 247 0.42 248,486 216 0.34 254,440 190 0.30 255,143 166 0.26 246,576 103 0 Savings Accounts 364,783 44 0.05 352,833 43 0.05 351,664 43 0.05 343,987 42 0 104 Interest Bearing Deposits 1.818,39 53 0.18 12,9927 6 0.919 1.3173 595 0.27% 1,594,097 868 0 Subordinated Notes Payable 52,887 608 4.60 52,887 572 4.13 52,887 552 </td <td></td> <td></td> <td></td> <td></td> <td>-)-</td> <td></td> <td></td> <td>.,</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>					-)-			.,								
Total Assets \$ 2,996,511 \$ 2,849,245 \$ 2,826,924 \$ 2,861,104 \$ 22,892,120 LIABILITIES: Interest Bearing Deposits Interest Bearing Deposits 0.80% \$ 739,225 \$ 995 0.53% \$ 733,255 \$ 773 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 0.42% \$ 790,335 \$ 725 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 0.42% \$ 790,335 \$ 725 0.42% \$ 790,335 \$ 725 0.42% \$ 790,335 \$ 725 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 650 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 650 0.42% \$ 790,335 \$ 725 0.42% \$ 790,335 \$ 725 0.37% \$ 1,859 64 0.50% \$ 733,255 773 0.42% \$ 790,335 \$ 725 0.37% \$ 1,859 64 0.50% \$ 733,255 773 0.42% \$ 790,335 \$ 725 0.37% \$ 1,859 63,177 \$ 42 0.50% 53% \$ 717 0.50% \$ 13,417 66,33 \$ 0.49% \$ 8,869 8 0.55% \$ 717 1,513,13 95 0.27% \$ 1,594,097 868 0.50% \$ 1,542,45\$ 3,40 12,729 2.87								· · · /								
LIABILITIES: Interest Bearing Deposits Interest Bearing Deposits NOW Accounts \$ 884,277 \$ 1,755 0.80% \$ 739,225 \$ 995 0.53% \$ 733,255 \$ 773 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 0 NOW Accounts 239,516 247 0.42 248,486 216 0.34 254,440 190 0.30 255,143 166 0.26 246,576 103 Savings Accounts 364,783 44 0.05 352,833 43 0.05 351,664 43 0.05 343,987 42 Time Deposits 118,839 53 0.18 123,193 57 1.068 0.059% 1.54,171 61 0.18 140,359 64 05 0.58% 52,887 51.068 0.09% 531,313 995 0.27% 1,594,097 868 05 0.08 0.294% 11 1.24% 6.633 8 0.49% 8.869 8 0.05 0.17% 1.594,097 8.2887 475 0.06 0.30% 1.51,313 995 2.413 52,887	Other Assets	252,208	_		257,061			256,285			258,255			260,595	-	
Interest Bearing Deposits NOW Accounts \$ 884,277 \$ 1,755 0.80% \$ 739,225 \$ 995 0.53% \$ 733,255 \$ 773 0.42% \$ 790,335 \$ 725 0.37% \$ 863,175 \$ 659 0.33 Nomey Market Accounts 239,516 247 0.42 248,486 216 0.34 254,440 190 0.30 255,143 166 0.26 246,576 103 0.33 Savings Accounts 364,783 44 0.05 356,723 44 0.05 352,833 43 0.05 351,664 43 0.05 343,987 42 0.16 Time Deposits 11,878 35 1.26% 15,424 53 1.36% 129,927 62 0.19 13,131 995 0.27% 1,594,097 868 0.6 Subordinated Notes Payable 52,887 608 4.60 52,887 572 4.23 52,887 552 4.13 52,887 13,151 94 2.88 13,787 100 2.88 Total Interest Bearing Deposits 1,679,879 2,814 0.68 % 1,545,855 2,022 0.54 % 1,549,020 \$ 1,769 <th< td=""><td>Total Assets</td><td>\$ 2,996,511</td><td>_</td><td></td><td>\$2,849,245</td><td></td><td><u>.</u></td><td>\$2,826,924</td><td></td><td><u>.</u></td><td>\$2,861,104</td><td></td><td>\$</td><td>52,892,120</td><td>_</td><td></td></th<>	Total Assets	\$ 2,996,511	_		\$2,849,245		<u>.</u>	\$2,826,924		<u>.</u>	\$2,861,104		\$	52,892,120	_	
NOW Accounts § 884,277 § 1,755 0.80% § 739,225 § 995 0.53% § 733,255 § 773 0.42% § 790,335 § 725 0.37% § 863,175 § 659 Money Market Accounts 239,516 247 0.42 248,486 216 0.34 254,440 190 0.30 255,143 166 0.26 246,576 103 0.53% § 723 44 0.05 352,833 43 0.05 351,664 43 0.05 354,783 43 0.05 354,783 43 0.05 352,833 43 0.05 354,874 43 0.05 354,783 44 0.05 352,837 43 0.05 354,783 44 0.05 354,783 44 0.05 354,783 44 0.05 354,783 43 0.05 354,878 0.18 140,359 64 0 Total Interest Bearing Deposits 1.607,415 2.099 0.53% 1,467,627 1,312 0.37% 1,470,455 1,068 0.30% 1,547,875 2.027% 1,518,313 95 0.27% 1,594,097 868 0.42% 1,518,313 95 0.27% 1,594,097 8,869 8	LIABILITIES:															
NOW Accounts § 884,277 § 1,755 0.80% § 739,225 § 995 0.53% § 733,255 § 773 0.42% § 790,335 § 725 0.37% § 863,175 § 659 Money Market Accounts 239,516 247 0.42 248,486 216 0.34 254,440 190 0.30 255,143 166 0.26 246,576 103 0.53% § 723 44 0.05 352,833 43 0.05 351,664 43 0.05 354,783 43 0.05 354,783 43 0.05 352,833 43 0.05 354,874 43 0.05 354,783 44 0.05 352,837 43 0.05 354,783 44 0.05 354,783 44 0.05 354,783 44 0.05 354,783 43 0.05 354,878 0.18 140,359 64 0 Total Interest Bearing Deposits 1.607,415 2.099 0.53% 1,467,627 1,312 0.37% 1,470,455 1,068 0.30% 1,547,875 2.027% 1,518,313 95 0.27% 1,594,097 868 0.42% 1,518,313 95 0.27% 1,594,097 8,869 8	Interest Bearing Deposits															
Money Market Accounts 239,516 247 0.42 248,486 216 0.34 254,440 190 0.30 255,143 166 0.26 246,576 103 Savings Accounts 364,783 44 0.05 356,723 44 0.05 352,833 43 0.05 351,664 43 0.05 343,987 42 0 Time Deposits 118,839 53 0.18 123,193 57 0.18 129,927 62 0.19 134,171 61 0.18 140,359 64 Total Interest Bearing Deposits 1,607,415 2,099 0.53% 1,467,627 1,312 0.37% 1,470,455 1,068 0.30% 1,531,313 995 0.27% 1,594,097 868 66 Subordinated Notes Payable 52,887 608 4.60 52,887 572 4.23 52,887 568 4.20 52,887 552 4.13 52,887 475 57 Other Long-Term Borrowings 1,679,879 \$ 2,814 0.68 % 1,545,856 \$ 2,022 0.54 % 1,545,856 \$ 2,022		\$ 884.277	\$ 1.755	0.80% \$	739.225	\$ 995	0.53%\$	733.255	\$ 773	0.42% \$	790.335	\$ 725	0.37%\$	863.175	\$ 659	0.31%
Savings Accounts 364,783 44 0.05 352,833 43 0.05 351,664 43 0.05 343,987 42 Time Deposits 118,839 53 0.18 123,193 57 0.18 129,927 62 0.19 134,171 61 0.18 140,359 64 07 Total Interest Bearing Deposits 1,607,415 2,099 0.53% 1,467,627 1,312 0.37% 1,470,455 1,068 0.30% 1,531,313 995 0.27% 1,594,097 868 07 Short-Term Borrowings 11,378 35 1.26% 15,424 53 1.36% 12,949 41 1.24% 6,633 8 0.49% 8,869 8 07 Subordinated Notes Payable 52,887 608 4.60 52,887 572 4.23 52,887 568 4.20 52,887 58 4.13 52,887 13,151 94 2.88 13,787 100 3 Total Interest Bearing Liabilities 1,679,879 \$ 2,814 0.68 % 1,545,856 \$ 2,022 0.54 % 1,769 </td <td></td> <td>0.17</td>																0.17
Time Deposits 118,839 53 0.18 123,193 57 0.18 129,927 62 0.19 134,171 61 0.18 140,359 64 Total Interest Bearing Deposits 1,607,415 2,099 0.53% 1,467,627 1,312 0.37% 1,470,455 1,068 0.30% 1,531,313 995 0.27% 1,594,097 868 0 Short-Term Borrowings 11,378 35 1.26% 15,424 53 1.36% 12,949 41 1.24% 6,633 8 0.49% 8,869 8 0 Subordinated Notes Payable 52,887 608 4.60 52,887 572 4.23 52,887 568 4.20 52,887 552 4.13 52,887 475 5 Other Long-Term Borrowings 8,199 72 3.55 9,918 85 3.40 12,729 92 2.87 13,151 94 2.88 13,787 100 3 Total Interest Bearing Liabilities 1,679,879 \$2,814 0.68 % 1,545,856 \$2,022 0.54 % 1,6409 0.43 %		364,783	44	0.05	356,723	44	0.05	352.833	43	0.05		43	0.05	343,987	42	0.05
Short-Term Borrowings 11,378 35 1.26% 15,424 53 1.36% 12,949 41 1.24% 6,633 8 0.49% 8,869 8 Subordinated Notes Payable 52,887 608 4.60 52,887 572 4.23 52,887 568 4.20 52,887 552 4.13 52,887 475 5 Other Long-Term Borrowings 8,199 72 3.55 9,918 85 3.40 12,729 92 2.87 13,151 94 2.88 13,787 100 3 Total Interest Bearing Liabilities 1,679,879 \$ 2,814 0.68 % 1,545,856 \$ 2,022 0.54 % 1,549,020 \$ 1,769 0.47 % 1,603,984 \$ 1,669,640 \$ 1,451 0 Noninterest Bearing Deposits 957,300 944,748 921,817 900,643 862,009 044 7 2,969 Total Liabilities 2,689,249 2,547,049 2,529,167 2,569,298 2,604,618 5 SHAREOWNERS' EQUITY: 307,262 302,196 297,757 291,806 287,502 Tota	Time Deposits	118,839	53	0.18	123,193	57	0.18	129,927	62	0.19	134,171	61	0.18	140,359	64	0.18
Subordinated Notes Payable 52,887 608 4.60 52,887 572 4.23 52,887 568 4.20 52,887 552 4.13 52,887 475 5 Other Long-Term Borrowings 8,199 72 3.55 9,918 85 3.40 12,729 92 2.87 13,151 94 2.88 13,787 100 100 Total Interest Bearing Liabilities 1,679,879 \$ 2,814 0.68 1,545,856 \$ 2,022 0.54 % 1,549,020 \$ 1,769 0.47 % 1,603,984 \$ 1,649 0.43 % 1,669,640 \$ 1,451 0 Noninterest Bearing Deposits 957,300 944,748 921,817 900,643 862,009 0.41 72,969 72,969 72,969 704 1.603,984 \$ 1,649 0.43 % 1,669,640 \$ 1,451 0 Noninterest Bearing Deposits 957,300 944,748 921,817 900,643 862,009 72,969 704 72,969 704 72,969 704 72,969 704 72,969 704 72,969 704 <t< td=""><td>Total Interest Bearing Deposits</td><td>1,607,415</td><td>2,099</td><td>0.53%</td><td>1,467,627</td><td>1,312</td><td>0.37%</td><td>1,470,455</td><td>1,068</td><td>0.30%</td><td>1,531,313</td><td>995</td><td>0.27%</td><td>1,594,097</td><td>868</td><td>0.23%</td></t<>	Total Interest Bearing Deposits	1,607,415	2,099	0.53%	1,467,627	1,312	0.37%	1,470,455	1,068	0.30%	1,531,313	995	0.27%	1,594,097	868	0.23%
Other Long-Term Borrowings 8,199 72 3.55 9,918 85 3.40 12,729 92 2.87 13,151 94 2.88 13,787 100 2 Total Interest Bearing Liabilities 1,679,879 \$ 2,814 0.68 % 1,545,856 \$ 2,022 0.54 % 1,549,020 \$ 1,769 0.47 % 1,603,984 \$ 1,649 0.43 % 1,669,640 \$ 1,451 0 Noninterest Bearing Deposits 957,300 944,748 921,817 900,643 862,009 0ther Liabilities 2,689,249 2,547,049 2,529,167 2,569,298 2,604,618 SHAREOWNERS' EQUITY: 307,262 302,196 297,757 291,806 287,502 Total Liabilities and Shareowners' Equity \$ 2,996,511 \$ 2,849,245 \$ 2,826,924 \$ 2,861,104 \$ 2,892,120 Interest Rate Spread \$ 22,042 3.49 % \$ 24,513 3.58 % \$ 23,785 3.53 % \$ 22,917 3.41 % \$ 21,943 3 Interest Income and Rate Earned ⁽¹⁾ 27,856 4.17 26,535 4.12 25,554 4.00 24,566	Short-Term Borrowings	11,378	35	1.26%	15,424	53	1.36%	12,949	41	1.24%	6,633	8	0.49%	8,869	8	0.37%
Description Description <thdescription< th=""> <thdescription< th=""></thdescription<></thdescription<>	Subordinated Notes Payable	52,887	608	4.60	52,887	572	4.23	52,887	568	4.20	52,887	552	4.13	52,887	475	3.60
Noninterest Bearing Deposits 957,300 944,748 921,817 900,643 862,009 Other Liabilities 52,070 56,445 58,330 64,671 72,969 Total Liabilities 2,689,249 2,547,049 2,529,167 2,569,298 2,604,618 SHAREOWNERS' EQUITY: 307,262 302,196 297,757 291,806 287,502 Total Liabilities and Shareowners' Equity \$ 2,996,511 \$2,849,245 \$2,826,924 \$2,861,104 \$2,892,120 Interest Rate Spread \$25,042 3.49 % \$24,513 3.58 % \$23,785 3.53 % \$22,917 3.41 % \$21,943 3 Interest Income and Rate Earned ⁽¹⁾ 27,856 4.17 26,535 4.12 25,554 4.00 24,566 3.84 23,394 52,394 <td< td=""><td>Other Long-Term Borrowings</td><td>8,199</td><td>72</td><td>3.55</td><td>9,918</td><td>85</td><td>3.40</td><td>12,729</td><td>92</td><td>2.87</td><td>13,151</td><td>94</td><td>2.88</td><td>13,787</td><td>100</td><td>2.93</td></td<>	Other Long-Term Borrowings	8,199	72	3.55	9,918	85	3.40	12,729	92	2.87	13,151	94	2.88	13,787	100	2.93
Other Liabilities 52,070 56,445 58,330 64,671 72,969 Total Liabilities 2,689,249 2,547,049 2,529,167 2,569,298 2,604,618 SHAREOWNERS' EQUITY: 307,262 302,196 297,757 291,806 287,502 Total Liabilities and Shareowners' Equity \$ 2,996,511 \$2,849,245 \$2,826,924 \$2,861,104 \$2,892,120 Interest Rate Spread \$25,042 3.49 % \$24,513 3.58 % \$23,785 3.53 % \$22,917 3.41 % \$21,943 3 Interest Income and Rate Earned ⁽¹⁾ 27,856 4.17 26,535 4.12 25,554 4.00 24,566 3.84 23,394 32,394 32,394 32,394 32,394 33,384 33,384 33,384 33,384 33,384 33,384 33,384 33,394 33,394 33,394 33,394 33,384 33,394 33,394 33,394 33,394 33,394 33,394 33,394 33,394 33,394 33,394 33,394 33,394 33,394 33,394 <	Total Interest Bearing Liabilities	1,679,879	\$ <u>2,814</u>	0.68 %	1,545,856	\$ <u>2,022</u>	0.54 %	1,549,020	\$ <u>1,769</u>	0.47 %	1,603,984	\$ <u>1,649</u>	0.43 %	1,669,640	\$ <u>1,451</u>	0.37 %
Other Liabilities 52,070 56,445 58,330 64,671 72,969 Total Liabilities 2,689,249 2,547,049 2,529,167 2,569,298 2,604,618 SHAREOWNERS' EQUITY: 307,262 302,196 297,757 291,806 287,502 Total Liabilities and Shareowners' Equity \$ 2,996,511 \$2,849,245 \$2,826,924 \$2,861,104 \$2,892,120 Interest Rate Spread \$25,042 3.49 % \$24,513 3.58 % \$23,785 3.53 % \$22,917 3.41 % \$21,943 3 Interest Income and Rate Earned ⁽¹⁾ 27,856 4.17 26,535 4.12 25,554 4.00 24,566 3.84 23,394 32,394 32,394 32,394 32,394 33,384 33,384 33,384 33,384 33,384 33,384 33,384 33,394 33,394 33,394 33,394 33,384 33,394 33,394 33,394 33,394 33,394 33,394 33,394 33,394 33,394 33,394 33,394 33,394 33,394 33,394 <	Noninterest Bearing Deposits	957 300			944 748			921 817			900 643			862.009		
SHAREOWNERS' EQUITY: 307,262 302,196 297,757 291,806 287,502 Total Liabilities and Shareowners' Equity \$ 2,996,511 \$2,849,245 \$2,826,924 \$2,861,104 \$2,892,120 Interest Rate Spread \$25,042 3.49 % \$24,513 3.58 % \$23,785 3.53 % \$22,917 3.41 % \$21,943 3 Interest Income and Rate Earned ⁽¹⁾ 27,856 4.17 26,535 4.12 25,554 4.00 24,566 3.84 23,394 3					. ,			.)			,					
SHAREOWNERS' EQUITY: 307,262 302,196 297,757 291,806 287,502 Total Liabilities and Shareowners' Equity \$ 2,996,511 \$2,849,245 \$2,826,924 \$2,861,104 \$2,892,120 Interest Rate Spread \$25,042 3.49 % \$24,513 3.58 % \$23,785 3.53 % \$22,917 3.41 % \$21,943 3 Interest Income and Rate Earned ⁽¹⁾ 27,856 4.17 26,535 4.12 25,554 4.00 24,566 3.84 23,394 3	Total Liabilities	2.689.249	_	_	2.547.049		_	2.529.167		_	2.569.298			2.604.618	-	
Total Liabilities and Shareowners' Equity \$ 2,996,511 \$ 2,849,245 \$ 2,826,924 \$ 2,861,104 \$ 2,892,120 Interest Rate Spread \$ 25,042 3.49 % \$ 24,513 3.58 % \$ 23,785 3.53 % \$ 22,917 3.41 % \$ 21,943 3 Interest Income and Rate Earned ⁽¹⁾ 27,856 4.17 26,535 4.12 25,554 4.00 24,566 3.84 23,394 3					, <u>,</u>											
Interest Rate Spread \$25,042 3.49 % \$24,513 3.58 % \$23,785 3.53 % \$22,917 3.41 % \$21,943 3 Interest Income and Rate Earned ⁽¹⁾ 27,856 4.17 26,535 4.12 25,554 4.00 24,566 3.84 23,394 3	SHAREOWNERS EQUILI:	307,202	-	-	302,190		_	291,131		_	291,800		_	287,302	-	
Interest Income and Rate Earned ⁽¹⁾ 27,856 4.17 26,535 4.12 25,554 4.00 24,566 3.84 23,394	Total Liabilities and Shareowners' Equi	ty \$ 2,996,511	_		\$2,849,245			\$2,826,924			\$2,861,104		\$	52,892,120	-	
	Interest Rate Spread		\$25,042	3.49 %		\$24,513	3.58 %		\$23,785	3.53 %		\$22,917	3.41 %		\$21,943	3.29 %
	Interest Income and Rate Earned ⁽¹⁾		27,856	4.17		26,535	4.12		25,554	4.00		24,566	3.84		23,394	3.66
				0.42									0.26			0.23
Net Interest Margin \$25,042 3.75 % \$24,513 3.81 % \$23,785 3.72 % \$22,917 3.58 % \$21,943 3	Net Interest Margin		\$25.042	3.75 %		\$24,513	3.81 %		\$23.785	3.72 %		\$22.917	3.58 %		\$21,943	3.43 %

(1) Interest and average rates are calculated on a tax-equivalent basis using a 25% Federal tax rate.
 (2) Rate calculated based on average earning assets.