COLONY BANKCORP INC
Form 10-Q
August 06, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

# FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR QUARTER ENDED JUNE 30, 2012 COMMISSION FILE NUMBER 0-12436

COLONY BANKCORP, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

| | |
|---|---|
| GEORGIA | 58-1492391 |
| (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION) | (I.R.S. EMPLOYER IDENTIFICATION NUMBER) |

115 SOUTH GRANT STREET, FITZGERALD, GEORGIA 31750
ADDRESS OF PRINCIPAL EXECUTIVE OFFICES

229/426-6000
REGISTRANT'S TELEPHONE NUMBER INCLUDING AREA CODE

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED REPORTS REQUIRED TO BE FILED BY SECTIONS 13 OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.

YES x NO o

INDICATE BY CHECK MARK WHETHER THE REGISTRANT HAS SUBMITTED ELECTRONICALLY AND POSTED ON ITS CORPORATE WEB SITE, IF ANY, EVERY INTERACTIVE DATA FILE REQUIRED TO BE SUBMITTED AND POSTED PURSUANT TO RULE 405 OF REGULATION S-T (§232.405 OF THIS CHAPTER) DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO SUBMIT AND POST SUCH FILES).

YES x NO o

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS A LARGE ACCELERATED FILER, AN ACCELERATED FILER, A NON-ACCELERATED FILER OR A SMALLER REPORTING COMPANY. SEE DEFINITIONS OF “ACCELERATED FILER”, “LARGE ACCELERATED FILER” AND “SMALLER REPORTING COMPANY” IN RULE 12b-2 OF THE EXCHANGE ACT.

| | |
|---|---|
| LARGE ACCELERATED FILER o | ACCELERATED FILER o |
| NON-ACCELERATED FILER o (DO NOT CHECK IF A SMALLER REPORTING COMPANY) | SMALLER REPORTING COMPANY x |

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.

| CLASS | OUTSTANDING AT AUG 6, 2012 |
|---|---|
| COMMON STOCK, $1 PAR VALUE | 8,439,258 |

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Forward Looking Statement Disclosure

Certain statements contained in this Quarterly Report that are not statements of historical fact constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the Act), not withstanding that such statements are not specifically identified. In addition, certain statements may be contained in the Company’s future filings with the SEC, in press releases, and in oral and written statements made by or with the approval of the Company that are not statements of historical fact and constitute forward-looking statements within the meaning of the Act. Examples of forward-looking statements include, but are not limited to: (i) projections of revenues, income or loss, earnings or loss per share, the payment or nonpayment of dividends, capital structure and other financial items; (ii) statements of plans and objectives of Colony Bankcorp, Inc. or its management or Board of Directors, including those relating to products or services; (ii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as “believes,” “anticipates,” “expects,” “intends,” “targete and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve risks and uncertainties that may cause actual results to differ materially from those in such statements. Factors that could cause actual results to differ from those discussed in the forward-looking statements include, but are not limited to:

- Loss and regional economic conditions and the impact they may have on the Company and its customers and the Company’s assessment of that impact.

- Changes in estimates of future reserve requirements based upon the periodic review thereof under relevant regulatory and accounting requirements.

- The effects of and changes in trade, monetary and fiscal policies and laws, including interest rate policies of the Federal Reserve Board.

- Inflation, interest rate, market and monetary fluctuations.

- Political instability.

- Acts of war or terrorism.

- The timely development and acceptance of new products and services and perceived overall value of these products and services by users.

- Changes in consumer spending, borrowings and savings habits.

- Technological changes.

- Acquisitions and integration of acquired businesses.

- The ability to increase market share and control expenses.

- The effect of changes in laws and regulations (including laws and regulations concerning taxes, banking, securities and insurance) with which the Company and its subsidiary must comply.

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The effect of changes in accounting policies and practices, as may be adopted by the regulatory agencies, as well as the Financial Accounting Standards Board and other accounting standard setters.

- Changes in the Company's organization, compensation and benefit plans.
- The costs and effects of litigation and of unexpected or adverse outcomes in such litigation.
- Greater than expected costs or difficulties related to the integration of new lines of business.
- The Company's success at managing the risks involved in the foregoing items.
- Restrictions or conditions imposed by our regulators on our operations, including the terms of our Memorandum of Understanding.

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Forward-looking statements speak only as of the date on which such statements are made. The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events.

Readers should carefully review all disclosures we file from time to time with the Securities and Exchange Commission (SEC).

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PART 1. FINANCIAL INFORMATION
ITEM 1

FINANCIAL STATEMENTS

THE FOLLOWING FINANCIAL STATEMENTS ARE PROVIDED FOR COLONY BANKCORP, INC. AND ITS WHOLLY-OWNED SUBSIDIARY BANK, COLONY BANK

A. CONSOLIDATED BALANCE SHEETS – JUNE 30, 2012 (UNAUDITED) AND DECEMBER 31, 2011.

B. CONSOLIDATED STATEMENTS OF INCOME – FOR THE THREE MONTHS ENDED JUNE 30, 2012 AND 2011 AND FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (UNAUDITED).

C. CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME – FOR THE THREE MONTHS ENDED JUNE 30, 2012 AND 2011 AND FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (UNAUDITED).

D. CONSOLIDATED STATEMENTS OF CASH FLOWS – FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011 (UNAUDITED).

THE CONSOLIDATED FINANCIAL STATEMENTS FURNISHED HAVE NOT BEEN AUDITED BY INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS, BUT REFLECT, IN THE OPINION OF MANAGEMENT, ALL ADJUSTMENTS (CONSISTING SOLELY OF NORMAL RECURRING ADJUSTMENTS) NECESSARY FOR A FAIR PRESENTATION OF THE RESULTS OF OPERATIONS FOR THE PERIODS PRESENTED.

THE RESULTS OF OPERATIONS FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2012 ARE NOT NECESSARILY INDICATIVE OF THE RESULTS TO BE EXPECTED FOR THE FULL YEAR.

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Part I (Continued)
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COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2012 AND DECEMBER 31, 2011
(DOLLARS IN THOUSANDS)

| ASSETS | June 30, 2012 (Unaudited) | December 31, 2011 (Audited) |
|---|---|---|
| Cash and Cash Equivalents | | |
| Cash and Due from Banks | $ 21,770 | $ 28,380 |
| Federal Funds Sold | 40,836 | 54,992 |
| | 62,606 | 83,372 |
| Interest-Bearing Deposits | 3,369 | 28,957 |
| Investment Securities | | |
| Available for Sale, at Fair Value | 294,945 | 303,891 |
| Held to Maturity, at Cost (Fair Value of $45 and $46, as of June 30, 2012 and December 31, 2011, Respectively) | 44 | 46 |
| | 294,989 | 303,937 |
| | | |
| Federal Home Loan Bank Stock, at Cost | 4,159 | 5,398 |
| Loans | 716,361 | 716,321 |
| Allowance for Loan Losses | (15,293) | (15,650) |
| Unearned Interest and Fees | (151) | (57) |
| | 700,917 | 700,614 |
| Premises and Equipment | 25,474 | 25,750 |
| Other Real Estate | 17,915 | 20,445 |
| Other Intangible Assets | 241 | 259 |
| Other Assets | 23,500 | 26,644 |
| Total Assets | $ 1,133,170 | $ 1,195,376 |
| | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Deposits | | |
| Noninterest-Bearing | $ 103,709 | $ 94,269 |
| Interest-Bearing | 868,426 | 905,716 |
| | 972,135 | 999,985 |
| Borrowed Money | | |
| Subordinated Debentures | 24,229 | 24,229 |
| Other Borrowed Money | 35,000 | 71,000 |
| | 59,229 | 95,229 |
| | | |
| Other Liabilities | 4,797 | 3,549 |
| Commitments and Contingencies | | |
| Stockholders' Equity | | |
| Preferred Stock, Stated Value $1,000 a Share; Authorized 10,000,000 Shares, Issued 28,000 Shares | 27,744 | 27,663 |

| | | | | |
|---|---|---|---|---|
| Common Stock, Par Value $1 a Share; Authorized 20,000,000 Shares, Issued 8,439,258 and 8,439,258 Shares as of June 30, 2012 and December 31, 2011, Respectively | | 8,439 | | 8,439 |
| Paid-In Capital | | 29,145 | | 29,145 |
| Retained Earnings | | 29,967 | | 29,456 |
| Accumulated Other Comprehensive Income, Net of Tax | | 1,714 | | 1,910 |
| | | 97,009 | | 96,613 |
| Total Liabilities and Stockholders' Equity | $ | 1,133,170 | $ | 1,195,376 |

The accompanying notes are an integral part of these statements.

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COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED JUNE 30, 2012 AND 2011
AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(UNAUDITED)
(DOLLARS IN THOUSANDS)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | 6/30/2012 | 6/30/2011 | 6/30/2012 | 6/30/2011 |
| Interest Income | | | | |
| Loans, Including Fees | $ 10,433 | $ 11,135 | $ 20,853 | $ 22,703 |
| Federal Funds Sold | 30 | 38 | 56 | 72 |
| Deposits with Other Banks | 10 | 8 | 30 | 26 |
| Investment Securities | | | | |
| U.S. Government Agencies | 1,390 | 1,851 | 3,009 | 3,694 |
| State, County and Municipal | 65 | 29 | 131 | 58 |
| Corporate Obligations and Asset-Backed Securities | 25 | 22 | 48 | 45 |
| Dividends on Other Investments | 20 | 12 | 37 | 24 |
| | 11,973 | 13,095 | 24,164 | 26,622 |
| Interest Expense | | | | |
| Deposits | 2,253 | 3,450 | 4,723 | 7,104 |
| Federal Funds Purchased | -- | 171 | -- | 338 |
| Borrowed Money | 629 | 893 | 1,466 | 1,781 |
| | 2,882 | 4,514 | 6,189 | 9,223 |
| | | | | |
| Net Interest Income | 9,091 | 8,581 | 17,975 | 17,399 |
| Provision for Loan Losses | 1,943 | 2,250 | 3,885 | 3,750 |
| Net Interest Income After Provision for Loan Losses | 7,148 | 6,331 | 14,090 | 13,649 |
| | | | | |
| Noninterest Income | | | | |
| Service Charges on Deposits | 814 | 800 | 1,610 | 1,556 |
| Other Service Charges, Commissions and Fees | 328 | 330 | 747 | 645 |
| Mortgage Fee Income | 112 | 42 | 193 | 104 |
| Securities Gains | 743 | 736 | 880 | 1,132 |
| Other | 377 | 763 | 758 | 1,338 |
| | 2,374 | 2,671 | 4,188 | 4,775 |
| Noninterest Expenses | | | | |
| Salaries and Employee Benefits | 3,833 | 3,570 | 7,653 | 7,139 |
| Occupancy and Equipment | 963 | 1,028 | 1,901 | 2,044 |
| Other | 3,609 | 3,620 | 6,834 | 6,974 |
| | 8,405 | 8,218 | 16,388 | 16,157 |
| | | | | |
| Income Before Income Taxes | 1,117 | 784 | 1,890 | 2,267 |

| | | | | |
|---|---|---|---|---|
| Income Taxes (Benefits) | 357 | 245 | 589 | 672 |
| Net Income | 760 | 539 | 1,301 | 1,595 |
| Preferred Stock Dividends | 357 | 350 | 709 | 700 |
| Net Income Available to Common Stockholders | $ 403 | $ 189 | $ 592 | $ 895 |
| Net Income Per Share of Common Stock | | | | |
| Basic | $ 0.05 | $ 0.02 | $ 0.07 | $ 0.11 |
| Diluted | $ 0.05 | $ 0.02 | $ 0.07 | $ 0.11 |
| Cash Dividends Declared Per Share of Common Stock | $ 0.00 | $ 0.00 | $ 0.00 | $ 0.00 |
| Weighted Average Basic Shares Outstanding | 8,439,258 | 8,441,712 | 8,439,258 | 8,440,466 |
| Weighted Average Diluted Shares Outstanding | 8,439,258 | 8,441,712 | 8,439,258 | 8,440,466 |

The accompanying notes are an integral part of these statements.

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Item 1 (Continued)

COLONY BANKCORP INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED JUNE 30, 2012 AND 2011
AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(UNAUDITED)
(DOLLARS IN THOUSANDS)

| | Three Months Ended | | Six Months Ended | |
|---|---|---|---|---|
| | 06/30/12 | 06/30/11 | 06/30/12 | 06/30/11 |
| Net Income | $ 760 | $ 539 | $ 1,301 | $ 1,595 |
| Other Comprehensive Income (Loss), Net of Tax | | | | |
| Gains (Losses) on Securities Arising During the Year | ( 30 ) | 3,019 | 385 | 2,465 |
| Reclassification Adjustment | (490 ) | (486 ) | (581 ) | (747 ) |
| Change in Net Unrealized Gains (Losses) on Securities Available for Sale, Net of Reclassification Adjustment and Tax Effect | (520 ) | 2,533 | (196 ) | 1,718 |
| Comprehensive Income | $ 240 | $ 3,072 | $ 1,105 | $ 3,313 |

The accompanying notes are an integral part of these statements.

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Part I (Continued)
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COLONY BANKCORP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(UNAUDITED)
(DOLLARS IN THOUSANDS)

| | 2012 | 2011 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net Income | $ 1,301 | $ 1,595 |
| Adjustments to Reconcile Net Income to Net Cash | | |
| Provided by Operating Activities: | | |
| Depreciation | 830 | 927 |
| Provision for Loan Losses | 3,885 | 3,750 |
| Securities Gains | (880) | (1,132) |
| Amortization and Accretion | 2,073 | 1,686 |
| Loss on Sale of Other Real Estate and Repossessions | 396 | 453 |
| Provision for Losses on Other Real Estate | 752 | 648 |
| Increase in Cash Surrender Value of Life Insurance | (110) | (108) |
| Other Prepaids, Deferrals and Accruals, Net | 3,817 | 1,587 |
| Gain on Sale of Equipment | -- | (2) |
| | 12,064 | 9,404 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of Investment Securities Available for Sale | (76,113) | (185,192) |
| Proceeds from Maturities, Calls, and Paydowns of | | |
| Investment Securities: | | |
| Available for Sale | 22,989 | 21,924 |
| Held for Maturity | 7 | 6 |
| Proceeds from Sale of Investment Securities | | |
| Available for Sale | 60,654 | 154,560 |
| Decrease in Interest-Bearing Deposits in Other Banks | 25,588 | 22,103 |
| Net Loans to Customers | (8,488) | 32,007 |
| Purchase of Premises and Equipment | (553) | (173) |
| Proceeds from Sale of Other Real Estate and Repossessions | 5,697 | 4,081 |
| Federal Home Loan Bank Stock | 1,239 | 329 |
| Proceeds from Sale of Premises and Equipment | -- | 2 |
| | 31,020 | 49,647 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Noninterest-Bearing Customer Deposits | 9,440 | (10,378) |
| Interest-Bearing Customer Deposits | (37,290) | (46,540) |
| Securities Sold Under Agreements to Repurchase | -- | (20,000) |
| Dividends Paid On Preferred Stock | -- | (700) |
| Principal Payments on Other Borrowed Money | (36,000) | (4,076) |
| | (63,850) | (81,694) |
| | | |
| Net Decrease in Cash and Cash Equivalents | (20,766) | (22,643) |
| Cash and Cash Equivalents at Beginning of Period | 83,372 | 54,149 |

| | | | | |
|---|---|---|---|---|
| Cash and Cash Equivalents at End of Period | $ | 62,606 | $ | 31,506 |

The accompanying notes are an integral part of these statements.

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Part I (Continued)
Item 1 (Continued)

COLONY BANKCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

Presentation

Colony Bankcorp, Inc. (the Company) is a bank holding company located in Fitzgerald, Georgia. The consolidated financial statements include the accounts of Colony Bankcorp, Inc. and its wholly-owned subsidiary, Colony Bank (which includes its wholly-owned subsidiary, Colony Mortgage Corp.), Fitzgerald, Georgia. All significant intercompany accounts have been eliminated in consolidation. The accounting and reporting policies of Colony Bankcorp, Inc. conform to generally accepted accounting principles and practices utilized in the commercial banking industry.

All dollars in notes to consolidated financial statements are rounded to the nearest thousand.

The consolidated financial statements in this report are unaudited, except for the December 31, 2011 consolidated balance sheet. All adjustments consisting of normal recurring accruals which are, in the opinion of management, necessary for fair presentation of the interim consolidated financial statements have been included and fairly and accurately present the financial position, results of operations and cash flows of the Company. The results of operations for the six months ended June 30, 2012, are not necessarily indicative of the results which may be expected for the entire year.

Nature of Operations

The Bank provides a full range of retail and commercial banking services for consumers and small- to medium-size businesses located primarily in middle and south Georgia. Colony Bank is headquartered in Fitzgerald, Georgia with banking offices in Albany, Ashburn, Broxton, Centerville, Chester, Columbus, Cordele, Douglas, Eastman, Fitzgerald, Leesburg, Moultrie, Pitts, Quitman, Rochelle, Savannah, Soperton, Sylvester, Thomaston, Tifton, Valdosta and Warner Robins. Lending and investing activities are funded primarily by deposits gathered through its retail banking office network.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the balance sheet date and revenues and expenses for the period. Actual results could differ significantly 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, the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans and the valuation of deferred tax assets.

Reclassifications

In certain instances, amounts reported in prior years' consolidated financial statements have been reclassified to conform to statement presentations selected for 2012. Such reclassifications had no effect on previously reported stockholders' equity or net income.

Concentrations of Credit Risk

Concentrations of credit risk can exist in relation to individual borrowers or groups of borrowers, certain types of collateral, certain types of industries, or certain geographic regions. The Company has a concentration in real estate loans as well as a geographic concentration that could pose an adverse credit risk, particularly with the current economic downturn in the real estate market. At June 30, 2012, approximately 85 percent of the Company’s loan portfolio was concentrated in loans secured by real estate. A substantial portion of borrowers’ ability to honor their contractual obligations is dependent upon the viability of the real estate economic sector. The continued downturn of the housing and real estate market that began in 2007 has resulted in an increase of problem loans secured by real estate. These loans are centered primarily in the Company’s larger MSA markets. Declining collateral real estate values that secure land development, construction and speculative real estate loans in the Company’s larger MSA markets have resulted in high loan loss provisions in recent years. In addition, a large portion of the Company’s foreclosed assets are also located in these same geographic markets, making the recovery of the carrying amount of foreclosed assets susceptible to changes in market conditions. Management continues to monitor these concentrations and has considered these concentrations in its allowance for loan loss analysis.

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Part I (Continued)
Item 1 (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk (Continued)

The success of the Company is dependent, to a certain extent, upon the economic conditions in the geographic markets it serves. Adverse changes in the economic conditions in these geographic markets would likely have a material adverse effect on the Company's results of operations and financial condition. The operating results of Colony depend primarily on its net interest income. Accordingly, operations are subject to risks and uncertainties surrounding the exposure to changes in the interest rate environment.

At times, the Company may have cash and cash equivalents at financial institutions in excess of federal deposit insurance limits. The Company places its cash and cash equivalents with high credit quality financial institutions whose credit rating is monitored by management to minimize credit risk.

Investment Securities

The Company classifies its investment securities as trading, available for sale or held to maturity. Securities that are held principally for resale in the near term are classified as trading. Trading securities are carried at fair value, with realized and unrealized gains and losses included in noninterest income. Currently, no securities are classified as trading. Securities acquired with both the intent and ability to be held to maturity are classified as held to maturity and reported at amortized cost. All securities not classified as trading or held to maturity are considered available for sale. Securities available for sale are reported at estimated fair value. Unrealized gains and losses on securities available for sale are excluded from earnings and are reported, net of deferred taxes, in accumulated other comprehensive income (loss), a component of stockholders' equity. Gains and losses from sales of securities available for sale are computed using the specific identification method. Securities available for sale includes securities, which may be sold to meet liquidity needs arising from unanticipated deposit and loan fluctuations, changes in regulatory capital requirements, or unforeseen changes in market conditions.

The Company evaluates each held to maturity and available for sale security in a loss position for other-than-temporary impairment (OTTI). In estimating other-than-temporary impairment losses, management considers such factors as the length of time and the extent to which the market value has been below cost, the financial condition of the issuer and the Company's intent to sell and whether it is more likely than not that the Company will be required to sell the security before anticipated recovery of the amortized cost basis. If the Company intends to sell or if it is more likely than not that the Company will be required to sell the security before recovery, the OTTI write-down is recognized in earnings. If the Company does not intend to sell the security or it is not more likely than not that it will be required to sell the security before recovery, the OTTI write-down is separated into an amount representing credit loss, which is recognized in earnings and an amount related to all other factors, which is recognized in other comprehensive income (loss).

Federal Home Loan Bank Stock

Investment in stock of a Federal Home Loan Bank (FHLB) is required for every federally insured institution that utilizes its services. FHLB stock is considered restricted, as defined in the accounting standards. The FHLB stock is reported in the consolidated financial statements at cost. Dividend income is recognized when earned.

Loans

Loans that the Company has the ability and intent to hold for the foreseeable future or until maturity are recorded at their principal amount outstanding, net of unearned interest and fees. Loan origination fees, net of certain direct origination costs, are deferred and amortized over the estimated terms of the loans using the straight-line method. Interest income on loans is recognized using the effective interest method.

A loan is considered to be delinquent when payments have not been made according to contractual terms, typically evidenced by nonpayment of a monthly installment by the due date.

When management believes there is sufficient doubt as to the collectibility of principal or interest on any loan or generally when loans are 90 days or more past due, the accrual of applicable interest is discontinued and the loan is designated as nonaccrual, unless the loan is well secured and in the process of collection. Interest payments received on nonaccrual loans are either applied against principal or reported as income, according to management's judgment as to the collectibility of principal. Loans are returned to an accrual status when factors indicating doubtful collectibility on a timely basis no longer exist.

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Part I (Continued)
Item 1 (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Loans Modified in a Troubled Debt Restructuring (TDR)

Loans are considered to have been modified in a TDR when due to a borrower's financial difficulty, the Company makes certain concessions to the borrower that it would not otherwise consider for new debt with similar risk characteristics. Modifications may include interest rate reductions, principal or interest forgiveness, forbearance, and other actions intended to minimize economic loss and to avoid foreclosure or repossession of the collateral. Generally, a non-accrual loan that has been modified in a TDR remains on non-accrual status for a period of 6 months to demonstrate that the borrower is able to meet the terms of the modified loan. However, performance prior to the modification, or significant events that coincide with the modification, are included in assessing whether the borrower can meet the new terms and may result in the loan being returned to accrual status at the time of loan modification or after a shorter performance period. If the borrower's ability to meet the revised payment schedule is uncertain, the loan remains on non-accrual status. Once a loan is modified in a troubled debt restructuring it is accounted for as an impaired loan, regardless of its accrual status, until the loan is paid in full, sold or charged off.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revisions as more information becomes available.

The allowance consists of specific, historical and general components. The specific component relates to loans that are classified as either doubtful, substandard or special mention. For such loans that are also classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The historical component covers nonclassified loans and is based on historical loss experience adjusted for qualitative factors. A general component is maintained to cover uncertainties that could affect management's estimate of probable losses. The general component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and historical losses in the portfolio. General valuation allowances are based on internal and external qualitative risk factors such as (i) changes in the composition of the loan portfolio, (ii) the extent of loan concentrations within the portfolio, (iii) the effectiveness of the Company's lending policies, procedures and internal controls, (iv) the experience, ability and effectiveness of the Company's lending management and staff, and (v) national and local economics and business conditions.

Loans identified as losses by management, internal loan review and/or regulatory agencies are charged off.

In 2012, the Company refined its methodology used in estimating the amount of the Allowance for Loan and Lease Losses (ALLL). As discussed in Note 4 to the financial statements, the allowance for loan losses resulted in a reduction of $1,530 due to a change in methodology in the current year. Refer to the financial statements for more information on this topic.

A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the contractual 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. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent.

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Part I (Continued)
Item 1 (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Premises and Equipment

Premises and equipment are recorded at acquisition cost net of accumulated depreciation.

Depreciation is charged to operations over the estimated useful lives of the assets. The estimated useful lives and methods of depreciation are as follows:

| Description | Life in Years | Method |
| --- | --- | --- |
| Banking Premises | 15-40 | Straight-Line and Accelerated |
| Furniture and Equipment | 5-10 | Straight-Line and Accelerated |

Expenditures for major renewals and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. When property and equipment are retired or sold, the cost and accumulated depreciation are removed from the respective accounts and any gain or loss is reflected in other income or expense.

Intangible Assets

Intangible assets consist of core deposit intangibles acquired in connection with a business combination. The core deposit intangible is initially recognized based on a valuation performed as of the consummation date. The core deposit intangible is amortized by the straight-line method over the average remaining life of the acquired customer deposits.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Statement of Cash Flows

For reporting cash flows, cash and cash equivalents include cash on hand, noninterest-bearing amounts due from banks and federal funds sold. Cash flows from demand deposits, NOW accounts, savings accounts, loans and certificates of deposit are reported net.

Advertising Costs

The Company expenses the cost of advertising in the periods in which those costs are incurred.

Income Taxes

The provision for income taxes is based upon income for financial statement purposes, adjusted for nontaxable income and nondeductible expenses. Deferred income taxes have been provided when different accounting methods have been used in determining income for income tax purposes and for financial reporting purposes.

Deferred tax assets and liabilities are recognized based on future tax consequences attributable to differences arising from the financial statement carrying values of assets and liabilities and their tax bases. The differences relate primarily to depreciable assets (use of different depreciation methods for financial statement and income tax purposes) and allowance for loan losses (use of the allowance method for financial statement purposes and the direct write-off method for tax purposes). In the event of changes in the tax laws, deferred tax assets and liabilities are adjusted in the period of the enactment of those changes, with effects included in the income tax provision. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company and its subsidiary file a consolidated federal income tax return. The subsidiary pays its proportional share of federal income taxes to the Company based on its taxable income.

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Part I (Continued)
Item 1 (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

Positions taken in the Company's tax returns may be subject to challenge by the taxing authorities upon examination. Uncertain tax positions are initially recognized in the consolidated financial statements when it is more likely than not the position will be sustained upon examination by the tax authorities. Such tax positions are both initially and subsequently measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon settlement with the tax authority, assuming full knowledge of the position and all relevant facts. The Company provides for interest and, in some cases, penalties on tax positions that may be challenged by the taxing authorities. Interest expense is recognized beginning in the first period that such interest would begin accruing. Penalties are recognized in the period that the Company claims the position in the tax return. Interest and penalties on income tax uncertainties are classified within income tax expense in the consolidated statement of income.

Other Real Estate

Other real estate generally represents real estate acquired through foreclosure and is initially recorded at estimated fair value at the date of acquisition less the cost of disposal. Losses from the acquisition of property in full or partial satisfaction of debt are recorded as loan losses. Properties are evaluated regularly to ensure the recorded amounts are supported by current fair values, and valuation allowances are recorded as necessary to reduce the carrying amount to fair value less estimated cost of disposal. Routine holding costs and gains or losses upon disposition are included in foreclosed property expense.

Comprehensive Income

Accounting principles generally require that recognized revenue, expenses, gains and losses be included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on securities available for sale, represent equity changes from economic events of the period other than transactions with owners and are not reported in the consolidated statements of operations but as a separate component of the equity section of the consolidated balance sheets. Such items are considered components of other comprehensive income (loss). Accounting standards codification requires the presentation in the consolidated financial statements of net income and all items of other comprehensive income (loss) as total comprehensive income (loss).

Off-Balance Sheet Credit Related Financial Instruments

In the ordinary course of business, the Company has entered into commitments to extend credit, commercial letters of credit and standby letters of credit. Such financial instruments are recorded when they are funded.

Accounting Standards Updates

ASU No. 2011-03, "Transfers and Servicing (Topic 860) – Reconsideration of Effective Control for Repurchase Agreements." ASU 2011-03 is intended to improve financial reporting of repurchase agreements and other agreements that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. ASU 2011-03 removes from the assessment of effective control (i) the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and (ii) the collateral maintenance guidance related to that criterion. ASU 2011-03 became effective for the Company on January 1, 2012 and did not have a significant impact on the Company's financial statements.

ASU No. 2011-04, "Fair Value Measurement (Topic 820) – Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs." ASU 2011-04 amends Topic 820, "Fair Value Measurements and Disclosures," to converge the fair value measurement guidance in U.S. generally accepted accounting principles and International Financial Reporting Standards. ASU 2011-04 clarifies the application of existing fair value measurement requirements, changes certain principles in Topic 820 and requires additional fair value disclosures. ASU 2011-04 became effective for the Company on January 1, 2012 and, aside from new disclosures, did not have a significant impact on the Company's financial statements.

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Part I (Continued)
Item 1 (Continued)

(1) Summary of Significant Accounting Policies (Continued)

Accounting Standards Updates (Continued)

ASU No. 2011-05, “Comprehensive Income (Topic 220) – Presentation of Comprehensive Income.” ASU 2011-05 amends Topic 220, “Comprehensive Income,” to require that all non-owner changes in stockholders’ equity be presented in either a single continuous statement of comprehensive income or in two separate but consecutive statements. Additionally, ASU 2011-05 requires entities to present, on the face of the financial statements, reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement or statements where the components of net income and the components of other comprehensive income are presented. The option to present components of other comprehensive income as part of the statement of changes in stockholders’ equity was eliminated. ASU 2011-05 became effective for the Company on January 1, 2012; however, certain provisions related to the presentation of reclassification adjustments have been deferred by ASU 2011-12 “Comprehensive Income (Topic 220) – Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05,”. The adoption of ASU 2011-05 did not have a significant impact on the Company’s financial statements.

ASU No. 2011-11, “Balance Sheet (Topic 210) – “Disclosures about Offsetting Assets and Liabilities.” ASU 2011-11 amends Topic 210, “Balance Sheet,” to require an entity to disclose both gross and net information about financial instruments, such as sales and repurchase agreements and reverse sale and repurchase agreements and securities borrowing/lending arrangements, and derivative instruments that are eligible for offset in the statement of financial position and/or subject to a master netting arrangement or similar agreement. ASU 2011-11 is effective for annual and interim periods beginning on January 1, 2013, and is not expected to have a significant impact on the Company’s financial statements.

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Part I (Continued)
Item 1 (Continued)

(2) Investment Securities

Investment securities as of June 30, 2012 are summarized as follows:

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|---|---|---|---|---|
| Securities Available for Sale: | | | | |
| U.S. Government Agencies | | | | |
| Mortgage-Backed | $ 283,292 | $ 2,665 | $ (226 ) | $ 285,731 |
| State, County & Municipal | 7,689 | 279 | (1 ) | 7,967 |
| Corporate Obligations | 1,000 | 115 | -- | 1,115 |
| Asset-Backed Securities | 367 | -- | (235 ) | 132 |
| | $ 292,348 | $ 3,059 | $ (462 ) | $ 294,945 |
| Securities Held to Maturity: | | | | |
| State, County and Municipal | $ 44 | $ 1 | $ -- | $ 45 |

The amortized cost and fair value of investment securities as of June 30, 2012, by contractual maturity, are shown hereafter. Expected maturities will differ from contractual maturities because issuers have the right to call or prepay obligations with or without call or prepayment penalties.

| | Securities | | | |
|---|---|---|---|---|
| | Available for Sale | | Held to Maturity | |
| | Amortized Cost | Fair Value | Amortized Cost | Fair Value |
| Due Less Than One Year | $ 125 | $ 127 | $ -- | $ -- |
| Due After One Year Through Five Years | 2,351 | 2,495 | 44 | 45 |
| Due After Five Years Through Ten Years | 5,690 | 5,925 | -- | -- |
| Due After Ten Years | 890 | 667 | -- | -- |
| | 9,056 | 9,214 | 44 | 45 |
| Mortgage-Backed Securities | 283,292 | 285,731 | -- | -- |
| | $ 292,348 | $ 294,945 | $ 44 | $ 45 |

Investment securities as of December 31, 2011 are summarized as follows:

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|---|---|---|---|---|
| Securities Available for Sale: | | | | |
| U.S. Government Agencies | | | | |
| Mortgage-Backed | $ 291,097 | $ 3,152 | $ (188 ) | $ 294,061 |
| State, County & Municipal | 7,475 | 132 | (23 ) | 7,584 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Corporate Obligations | | 2,000 | | 124 | | (10 | ) | | 2,114 |
| Asset-Backed Securities | | 426 | | -- | | (294 | ) | | 132 |
| | $ | 300,998 | $ | 3,408 | $ | (515 | ) | $ | 303,891 |
| Securities Held to Maturity: | | | | | | | | | |
| State, County and Municipal | $ | 46 | $ | -- | $ | -- | | $ | 46 |

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Part I (Continued)
Item 1 (Continued)

Proceeds from the sale of investments available for sale during first six months of 2012 totaled $60,654 compared to $154,560 for the first six months of 2011. The sale of investments available for sale during 2012 resulted in gross realized gains of $990 and losses of $(110). This was offset by other than temporary impairment charges of $(60). The sale of investments available for sale during 2011 resulted in gross realized gain of $1,133 and losses of $(1).

(2) Investment Securities (Continued)

Nonaccrual securities are securities for which principal and interest are doubtful of collection in accordance with original terms and for which accruals of interest have been discontinued due to payment delinquency. Fair value of securities on nonaccrual status totaled $132 and $132 as of June 30, 2012 and December 31, 2011, respectively.

Investment securities having a carry value approximating $105,336 and $136,838 as of June 30, 2012 and December 31, 2011, respectively, were pledged to secure public deposits and for other purposes.

Information pertaining to securities with gross unrealized losses at June 30, 2012 and December 31, 2011 aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows:

| | Less Than 12 Months | | 12 Months or Greater | | Total | |
|---|---|---|---|---|---|---|
| | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| June 30, 2012 | | | | | | |
| U.S. Government Agencies Mortgage-Backed | $ 59,875 | $ (226) | $ -- | $ -- | $ 59,875 | $ (226) |
| State, County and Municipal | 206 | (1) | 75 | -- | 281 | (1) |
| Corporate Obligations | -- | -- | -- | -- | -- | -- |
| Asset-Backed Securities | -- | -- | 132 | (235) | 132 | (235) |
| | $ 60,081 | $ (227) | $ 207 | $ (235) | $ 60,288 | $ (462) |
| December 31, 2011 | | | | | | |
| U.S. Government Agencies Mortgage-Backed | $ 26,440 | $ (188) | $ -- | $ -- | $ 26,440 | $ (188) |
| State, County and Municipal | 1,224 | (21) | 73 | (2) | 1,297 | (23) |
| Corporate Obligations | -- | -- | 990 | (10) | 990 | (10) |
| Asset-Backed Securities | -- | -- | 132 | (294) | 132 | (294) |
| | $ 27,664 | $ (209) | $ 1,195 | $ (306) | $ 28,859 | $ (515) |

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

At June 30, 2012, the debt securities with unrealized losses have depreciated 0.76 percent from the Company's amortized cost basis. These securities are guaranteed by either the U.S. Government, other governments or U.S. corporations, except for asset-backed securities. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred and the results of reviews of the issuer's financial condition. The unrealized losses are largely due to increases in market interest rates over the yields available at the time the underlying securities were purchased. As management has the ability to hold debt securities until maturity, or for the foreseeable future if classified as available-for-sale, no declines are deemed to be other than temporary. However, the Company did own one asset-backed security at June 30, 2012 which has been in a continuous unrealized loss position for more than twelve months. This investment is comprised of one issuance of a trust preferred security, has a book value of $367 and an unrealized loss of $235. Management evaluates this investment on a quarterly basis utilizing a third-party valuation model. The results of this model revealed other-than-temporary impairment and as a result, $60 was written off during the first quarter ended March 31, 2012. The Company does not intend to sell this investment, nor does the Company consider it likely that it will be required to sell the investment prior to recovery of the remaining fair value.

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Part I (Continued)
Item 1 (Continued)

(3) Loans

The following table presents the composition of loans segregated by class of loans, as of June 30, 2012 and December 31, 2011.

| | June 30, 2012 | December 31, 2011 |
|---|---|---|
| Commercial and Industrial | | |
| Commercial | $ 55,274 | $ 48,986 |
| Industrial | 11,284 | 8,422 |
| | | |
| Real Estate | | |
| Commercial Construction | 56,368 | 58,546 |
| Residential Construction | 4,169 | 3,530 |
| Commercial | 308,936 | 315,281 |
| Residential | 193,190 | 193,638 |
| Farmland | 48,748 | 48,225 |
| | | |
| Consumer and Other | | |
| Consumer | 29,652 | 30,449 |
| Other | 8,740 | 9,244 |
| | | |
| Total Loans | $ 716,361 | $ 716,321 |

Commercial and industrial loans are extended to a diverse group of businesses within the Company's market area. These loans are often underwritten based on the borrower's ability to service the debt from income from the business. Real estate construction loans often require loan funds to be advanced prior to completion of the project. Due to uncertainties inherent in estimating construction costs, changes in interest rates and other economic conditions, these loans often pose a higher risk than other types of loans. Consumer loans are originated at the bank level. These loans are generally smaller loan amounts spread across many individual borrowers to help minimize risk.

Credit Quality Indicators. As part of the ongoing monitoring of the credit quality of the loan portfolio, management tracks certain credit quality indicators including trends related to (i) the risk grade assigned to commercial and consumer loans, (ii) the level of classified commercial loans, (iii) net charge-offs, (iv) nonperforming loans, and (v) the general economic conditions in the Company's geographic markets.

The Company uses a risk grading matrix to assign a risk grade to each of its loans. Loans are graded on a scale of 1 to 8. A description of the general characteristics of the grades is as follows:

- Grades 1 and 2 – Borrowers with these assigned grades range in risk from virtual absence of risk to minimal risk. Such loans may be secured by Company-issued and controlled certificates of deposit or properly margined equity securities or bonds. Other loans comprising these grades are made to companies that have been in existence for a long period of time with many years of consecutive profits and strong equity, good liquidity, excellent debt service ability and unblemished past performance, or to exceptionally strong individuals with collateral of unquestioned value that fully secures the loans. Loans in this category fall into the "pass" classification.

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Grades 3 and 4 – Loans assigned these “pass” risk grades are made to borrowers with acceptable credit quality and risk. The risk ranges from loans with no significant weaknesses in repayment capacity and collateral protection to acceptable loans with one or more risk factors considered to be more than average.

- Grade 5 – This grade includes “special mention” loans on management’s watch list and is intended to be used on a temporary basis for pass grade loans where risk-modifying action is intended in the short-term.

- Grade 6 – This grade includes “substandard” loans in accordance with regulatory guidelines. This category includes borrowers with well-defined weaknesses that jeopardize the payment of the debt in accordance with the agreed terms. Loans considered to be impaired are assigned this grade, and these loans often have assigned loss allocations as part of the allowance for loan and lease losses. Generally, loans on which interest accrual has been stopped would be included in this grade.

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Part I (Continued)
Item 1 (Continued)

(3) Loans (Continued)

- Grades 7 and 8 – These grades correspond to regulatory classification definitions of “doubtful” and “loss,” respectively. In practice, any loan with these grades would be for a very short period of time, and generally the Company has no loans with these assigned grades. Management manages the Company’s problem loans in such a way that uncollectible loans or uncollectible portions of loans are charged off immediately with any residual, collectible amounts assigned a risk grade of 6.

The following table presents the loan portfolio by credit quality indicator (risk grade) as of June 30, 2012 and December 31, 2011. Those loans with a risk grade of 1, 2, 3 or 4 have been combined in the pass column for presentation purposes.

June 30, 2012

| | Pass | Special Mention | Substandard | Total Loans |
|---|---|---|---|---|
| Commercial and Industrial | | | | |
| Commercial | $ 48,827 | $ 2,050 | $ 4,397 | $ 55,274 |
| Industrial | 11,224 | -- | 60 | 11,284 |
| | | | | |
| Real Estate | | | | |
| Commercial Construction | 29,788 | 1,930 | 24,650 | 56,368 |
| Residential Construction | 3,861 | 103 | 205 | 4,169 |
| Commercial | 267,537 | 14,556 | 26,843 | 308,936 |
| Residential | 173,328 | 9,939 | 9,923 | 193,190 |
| Farmland | 44,892 | 1,169 | 2,687 | 48,748 |
| | | | | |
| Consumer and Other | | | | |
| Consumer | 28,737 | 336 | 579 | 29,652 |
| Other | 8,632 | 13 | 95 | 8,740 |
| | | | | |
| Total Loans | $ 616,826 | $ 30,096 | $ 69,439 | $ 716,361 |

December 31, 2011

| | Pass | Special Mention | Substandard | Total Loans |
|---|---|---|---|---|
| Commercial and Industrial | | | | |
| Commercial | $ 42,586 | $ 1,481 | $ 4,919 | $ 48,986 |
| Industrial | 8,153 | -- | 269 | 8,422 |
| | | | | |
| Real Estate | | | | |
| Commercial Construction | 28,746 | 2,814 | 26,986 | 58,546 |
| Residential Construction | 3,227 | 303 | -- | 3,530 |
| Commercial | 272,062 | 14,790 | 28,429 | 315,281 |
| Residential | 175,100 | 8,343 | 10,195 | 193,638 |
| Farmland | 43,664 | 1,413 | 3,148 | 48,225 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Consumer and Other | | | | | | | | |
| Consumer | | 29,372 | | 362 | | 715 | | 30,449 |
| Other | | 9,029 | | 99 | | 116 | | 9,244 |
| | | | | | | | | |
| Total Loans | $ | 611,939 | $ | 29,605 | $ | 74,777 | $ | 716,321 |

A loan's risk grade is assigned at the inception of the loan and is based on the financial strength of the borrower and the type of collateral.  Loan risk grades are subject to reassessment at various times throughout the year as part of the Company's ongoing loan review process.  Loans with an assigned risk grade of 6 or below and an outstanding balance of $50,000 or more are reassessed on a quarterly basis.  During this reassessment process individual reserves may be identified and placed against certain loans which are not considered impaired.

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Part I (Continued)
Item 1 (Continued)

(3) Loans (Continued)

In assessing the overall economic condition of the markets in which it operates, the Company monitors the unemployment rates for its major service areas. The unemployment rates are reviewed on a quarterly basis as part of the allowance for loan loss determination.

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Generally, loans are placed on nonaccrual status if principal or interest payments become 90 days past due or when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provision. Loans may be placed on nonaccrual status regardless of whether or not such loans are considered past due. Nonaccrual loans totaled $35,474 and $38,822 as of June 30, 2012 and December 31, 2011, respectively, and total recorded investment in loans past due 90 days or more and still accruing interest approximated $213 and $15, respectively. During its review of impaired loans, the company determined the majority of its exposures on these loans were known losses. As a result, the exposures were charged off, reducing the specific allowances on impaired loans.

The following table represents an age analysis of past due loans and nonaccrual loans, segregated by class of loans, as of June 30, 2012 and December 31, 2011:

June 30, 2012

| | 30-89 Days Past Due | Accruing Loans 90 Days or More Past Due | Total Accruing Loans Past Due | Nonaccrual Loans | Current Loans | Total Loans |
|---|---|---|---|---|---|---|
| Commercial and Industrial | | | | | | |
| Commercial | $ 1,002 | $ -- | $ 1,002 | $ 330 | $ 53,942 | $ 55,274 |
| Industrial | -- | -- | -- | 45 | 11,239 | 11,284 |
| | | | | | | |
| Real Estate | | | | | | |
| Commercial Construction | 66 | 182 | 248 | 22,659 | 33,461 | 56,368 |
| Residential Construction | -- | -- | -- | -- | 4,169 | 4,169 |
| Commercial | 2,769 | -- | 2,769 | 6,639 | 299,528 | 308,936 |
| Residential | 2,340 | 31 | 2,371 | 3,231 | 187,588 | 193,190 |
| Farmland | 626 | -- | 626 | 2,297 | 45,825 | 48,748 |
| | | | | | | |
| Consumer and Other | | | | | | |
| Consumer | 297 | -- | 297 | 237 | 29,118 | 29,652 |
| Other | 20 | -- | 20 | 36 | 8,684 | 8,740 |
| | | | | | | |
| Total Loans | $ 7,120 | $ 213 | $ 7,333 | $ 35,474 | $ 673,554 | $ 716,361 |

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Part I (Continued)
Item 1 (Continued)

(3) Loans (Continued)

December 31, 2011

| | 30-89 Days Past Due | Accruing Loans 90 Days or More Past Due | Total Accruing Loans Past Due | Nonaccrual Loans | Current Loans | Total Loans |
|---|---|---|---|---|---|---|
| Commercial and Industrial | | | | | | |
| Commercial | $ 645 | $ -- | $ 645 | $ 2,103 | $ 46,238 | $ 48,986 |
| Industrial | -- | -- | -- | 86 | 8,336 | 8,422 |
| | | | | | | |
| Real Estate | | | | | | |
| Commercial Construction | 514 | -- | 514 | 23,578 | 34,454 | 58,546 |
| Residential Construction | 33 | -- | 33 | -- | 3,497 | 3,530 |
| Commercial | 2,931 | -- | 2,931 | 9,194 | 303,156 | 315,281 |
| Residential | 2,251 | 15 | 2,266 | 3,110 | 188,262 | 193,638 |
| Farmland | 376 | -- | 376 | 487 | 47,362 | 48,225 |
| | | | | | | |
| Consumer and Other | | | | | | |
| Consumer | 410 | -- | 410 | 221 | 29,818 | 30,449 |
| Other | -- | -- | -- | 43 | 9,201 | 9,244 |
| | | | | | | |
| Total Loans | $ 7,160 | $ 15 | $ 7,175 | $ 38,822 | $ 670,324 | $ 716,321 |

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Part I (Continued)
Item 1 (Continued)

(3) Loans (Continued)

The following table details impaired loan data as of June 30, 2012:

June 30, 2012

| | Unpaid Contractual Principal Balance | Impaired Balance | Related Allowance | Average Recorded Investment | Interest Income Recognized | Interest Income Collected |
|---|---|---|---|---|---|---|
| With No Related Allowance Recorded | | | | | | |
| Commercial | $1,546 | $1,456 | $-- | $1,568 | $49 | $40 |
| Agricultural | 45 | 45 | -- | 42 | -- | -- |
| Commercial Construction | 11,998 | 9,694 | -- | 11,079 | (7) | 4 |
| Commercial Real Estate | 33,857 | 28,254 | -- | 30,136 | 358 | 325 |
| Residential Real Estate | 2,748 | 2,152 | -- | 2,280 | 46 | 42 |
| Farmland | 2,340 | 2,297 | -- | 2,297 | 32 | 44 |
| Consumer | 256 | 237 | -- | 225 | 3 | 5 |
| Other | 38 | 36 | -- | 40 | -- | -- |
| | 52,828 | 44,171 | -- | 47,667 | 481 | 460 |
| With An Allowance Recorded | | | | | | |
| Commercial | 290 | 290 | 300 | 300 | 2 | 5 |
| Agricultural | -- | -- | -- | -- | -- | -- |
| Commercial Construction | 17,961 | 12,966 | 2,111 | 11,954 | -- | -- |
| Commercial Real Estate | 5,163 | 5,141 | 1,462 | 4,394 | 55 | 53 |
| Residential Real Estate | 4,852 | 4,139 | 868 | 4,092 | 46 | 45 |
| Farmland | -- | -- | -- | 130 | -- | -- |
| Consumer | -- | -- | -- | -- | -- | -- |
| Other | -- | -- | -- | -- | -- | -- |
| | 28,266 | 22,536 | 4,741 | 20,870 | 103 | 103 |
| Total | | | | | | |
| Commercial | 1,836 | 1,746 | 300 | 1,868 | 51 | 45 |
| Agricultural | 45 | 45 | -- | 42 | -- | -- |
| Commercial Construction | 29,959 | 22,660 | 2,111 | 23,033 | (7) | 4 |
| Commercial Real Estate | 39,020 | 33,395 | 1,462 | 34,530 | 413 | 378 |
| Residential Real Estate | 7,600 | 6,291 | 868 | 6,372 | 92 | 87 |
| Farmland | 2,340 | 2,297 | -- | 2,427 | 32 | 44 |
| Consumer | 256 | 237 | -- | 225 | 3 | 5 |
| Other | 38 | 36 | -- | 40 | -- | -- |
| | $81,094 | $66,707 | $4,741 | $68,537 | $584 | $563 |

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Part I (Continued)
Item 1 (Continued)

(3) Loans (Continued)

The following table details impaired loan data as of December 31, 2011:

| December 31, 2011 | Unpaid Contractual Principal Balance | Impaired Balance | Related Allowance | Average Recorded Investment | Interest Income Recognized | Interest Income Collected |
|---|---|---|---|---|---|---|
| Allowance Recorded With No Related | | | | | | |
| Commercial | $1,743 | $1,580 | $-- | $947 | $60 | $65 |
| Agricultural | 86 | 86 | -- | 208 | (4) | -- |
| Commercial Construction | 17,699 | 12,799 | -- | 13,310 | 116 | 144 |
| Commercial Real Estate | 34,686 | 29,385 | -- | 27,027 | 833 | 834 |
| Residential Real Estate | 2,601 | 1,934 | -- | 3,176 | 88 | 80 |
| Farmland | 278 | 227 | -- | 342 | 66 | 66 |
| Consumer | 229 | 216 | -- | 184 | 11 | 12 |
| Other | 52 | 43 | -- | 40 | 1 | 2 |
| | 57,374 | 46,270 | -- | 45,234 | 1,171 | 1,203 |
| With An Allowance Recorded | | | | | | |
| Commercial | 775 | 776 | 308 | 214 | 15 | 19 |
| Commercial Construction | 14,036 | 11,489 | 2,693 | 10,470 | 14 | 61 |
| Commercial Real Estate | 6,430 | 6,430 | 2,061 | 6,557 | 182 | 197 |
| Residential Real Estate | 4,772 | 4,042 | 675 | 3,859 | 97 | 97 |
| Farmland | 299 | 260 | 12 | 65 | (18) | -- |
| Consumer | 5 | 5 | 2 | 4 | 1 | 1 |
| Other | -- | -- | -- | 19 | -- | -- |
| | 26,317 | 23,002 | 5,751 | 21,188 | 291 | 375 |
| Total | | | | | | |
| Commercial | 2,518 | 2,356 | 308 | 1,161 | 75 | 84 |
| Agricultural | 86 | 86 | -- | 208 | (4) | -- |
| Commercial Construction | 31,735 | 24,288 | 2,693 | 23,780 | 130 | 205 |
| Commercial Real Estate | 41,116 | 35,815 | 2,061 | 33,584 | 1,015 | 1,031 |
| Residential Real Estate | 7,373 | 5,976 | 675 | 7,035 | 185 | 177 |
| Farmland | 577 | 487 | 12 | 407 | 48 | 66 |
| Consumer | 234 | 221 | 2 | 188 | 12 | 13 |
| Other | 52 | 43 | -- | 59 | 1 | 2 |
| | $83,691 | $69,272 | $5,751 | $66,422 | $1,462 | $1,578 |

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Part I (Continued)
Item 1 (Continued)

(3) Loans (Continued)

The following table details impaired loan data as of June 30, 2011:

June 30, 2011

| | Impaired Balance | Related Allowance | Average Recorded Investment | Interest Income Recognized | Interest Income Collected |
|---|---|---|---|---|---|
| With No Related Allowance Recorded | | | | | |
| Commercial | $373 | $-- | $282 | $7 | $14 |
| Agricultural | 196 | -- | 254 | (28) | -- |
| Commercial Construction | 13,485 | -- | 10,642 | 41 | 67 |
| Commercial Real Estate | 28,744 | -- | 23,436 | 251 | 261 |
| Residential Real Estate | 4,277 | -- | 3,517 | 32 | 49 |
| Farmland | 211 | -- | 328 | 66 | 66 |
| Consumer | 158 | -- | 181 | 3 | 4 |
| Other | 43 | -- | 33 | 1 | 1 |
| | 47,487 | -- | 38,673 | 373 | 462 |
| With An Allowance Recorded | | | | | |
| Commercial | -- | -- | 10 | -- | -- |
| Commercial Construction | 12,418 | 2,965 | 10,198 | 58 | 101 |
| Commercial Real Estate | 7,072 | 1,473 | 8,372 | 114 | 151 |
| Residential Real Estate | 5,488 | 512 | 3,024 | 125 | 124 |
| Other | -- | -- | 39 | -- | -- |
| | 24,978 | 4,950 | 21,643 | 297 | 376 |
| Total | | | | | |
| Commercial | 373 | -- | 292 | 7 | 14 |
| Agricultural | 196 | -- | 254 | (28) | -- |
| Commercial Construction | 25,903 | 2,965 | 20,840 | 99 | 168 |
| Commercial Real Estate | 35,816 | 1,473 | 31,808 | 365 | 412 |
| Residential Real Estate | 9,765 | 512 | 6,541 | 157 | 173 |
| Farmland | 211 | -- | 328 | 66 | 66 |
| Consumer | 158 | -- | 181 | 3 | 4 |
| Other | 43 | -- | 72 | 1 | 1 |
| | $72,465 | $4,950 | $60,316 | $670 | $838 |

Troubled Debt Restructurings (TDRs) are troubled loans on which the original terms of the loan have been modified in favor of the borrower due to deterioration in the borrower's financial condition. Each potential loan modification is reviewed individually and the terms of the loan are modified to meet the borrower's specific circumstances at a point in time. Not all loan modifications are TDRs. Loan modifications are reviewed and approved by the Company's senior lending staff, who then determine whether the loan meets the criteria for a TDR. Generally, the types of concessions granted to borrowers that are evaluated in determining whether a loan is classified as a TDR include:

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Part I (Continued)
Item 1 (Continued)

(3) Loans (Continued)

- Interest rate reductions – Occur when the stated interest rate is reduced to a nonmarket rate or a rate the borrower would not be able to obtain elsewhere under similar circumstances.

- Amortization or maturity date changes – Result when the amortization period of the loan is extended beyond what is considered a normal amortization period for loans of similar type with similar collateral.

- Principal reductions – These are often the result of commercial real estate loan workouts where two new notes are created. The primary note is underwritten based upon our normal underwriting standards and is structured so that the projected cash flows are sufficient to repay the contractual principal and interest of the newly restructured note. The terms of the secondary note vary by situation and often involve that note being charged-off, or the principal and interest payments being deferred until after the primary note has been repaid. In situations where a portion of the note is charged-off during modification there is often no specific reserve allocated to those loans. This is due to the fact that the amount of the charge-off usually represents the excess of the original loan balance over the collateral value and the Company has determined there is no additional exposure on those loans.

As discussed in Note 1, Summary of Significant Accounting Policies, once a loan is identified as a TDR, it is accounted for as an impaired loan. The Company had no unfunded commitments to lend to a customer that has a troubled debt restructured loan as of June 30, 2012. The following tables present the number of loan contracts restructured during the three and six month periods ended June 30, 2012. It shows the pre- and post-modification recorded investment as well as the number of contracts and the recorded investment for those TDRs modified during the previous twelve months which subsequently defaulted during the period. The Company did not have any loans modified as a troubled debt restructured loan in the three month period ending June 30, 2012. Loans modified in a troubled debt restructuring are considered to be in default once the loan becomes 90 days past due.

| Troubled Debt Restructurings | Three Months Ending June 30, 2012 | | | Six Months Ending June 30, 2012 | | |
|---|---|---|---|---|---|---|
| | # of Contracts | Pre-Modification | Post-Modification | # of Contracts | Pre-Modification | Post-Modification |
| Commercial RE | ---- | $ ---- | $ ---- | 1 | $ 57 | $ 57 |
| Residential RE | ---- | ---- | ---- | 1 | 227 | 224 |
| | | | | | | |
| Total Loans | ---- | $ ---- | $ ---- | 2 | $ 284 | $ 281 |

| Troubled Debt Restructurings That Subsequently Defaulted | Three Months Ending June 30, 2012 | | Six Months Ending June 30, 2012 | |
|---|---|---|---|---|
| | # of Contracts | Recorded Investment | # of Contracts | Recorded Investment |
| Commercial Construction | ---- | $ ---- | 1 | $ 64 |
| Residential RE | ---- | ---- | 1 | 50 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Total Loans | ---- | $ | ---- | 2 | $ | 114 |

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Item 1 (Continued)

(4) Allowance for Loan Losses

The following tables detail activity in the allowance for loan losses, segregated by class of loan, for the six month period ended June 30, 2012. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other loan categories and periodically may result in reallocation within the provision categories.

June 30, 2012

| | Beginning Balance | Charge-Offs | Recoveries | Provision | Ending Balance |
|---|---|---|---|---|---|
| Commercial and Industrial | | | | | |
| Commercial | $ 1,071 | $ (230) | $ 96 | $ 105 | $ 1,042 |
| Industrial | 297 | -- | -- | -- | 297 |
| | | | | | |
| Real Estate | | | | | |
| Commercial Construction | 3,123 | (474) | 35 | 578 | 3,262 |
| Residential Construction | 138 | -- | -- | -- | 138 |
| Commercial | 6,448 | (3,397) | 18 | 2,876 | 5,945 |
| Residential | 3,695 | (275) | 5 | 285 | 3,710 |
| Farmland | 365 | (39) | 5 | -- | 331 |
| | | | | | |
| Consumer and Other | | | | | |
| Consumer | 205 | (41) | 48 | 41 | 253 |
| Other | 308 | -- | 7 | -- | 315 |
| | | | | | |
| | $ 15,650 | $ (4,456) | $ 214 | $ 3,885 | $ 15,293 |

The following table details activity in the allowance for loan losses, segregated by class of loan, for the six month period ended June 30, 2011. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other loan categories and periodically may result in reallocation within the provision categories.

June 30, 2011

| | Beginning Balance | Charge-Offs | Recoveries | Provision | Ending Balance |
|---|---|---|---|---|---|
| Commercial and Industrial | | | | | |
| Commercial | $ 4,415 | $ (703) | $ 120 | $ (1,187) | $ 2,645 |
| Industrial | 698 | (455) | -- | (178) | 65 |
| | | | | | |
| Real Estate | | | | | |
| Commercial Construction | 4,126 | (4,062) | 26 | 1,886 | 1,976 |
| Residential Construction | 520 | -- | -- | (144) | 376 |
| Commercial | 8,030 | (10,890) | 160 | 6,086 | 3,386 |
| Residential | 5,942 | (751) | 41 | (1,234) | 3,998 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Farmland | | 944 | | (21 | ) | | -- | | (300 | ) | | 623 |
| | | | | | | | | | | | | |
| Consumer and Other | | | | | | | | | | | | |
| Consumer | | 3,074 | | (125 | ) | | 87 | | (905 | ) | | 2,131 |
| Other | | 531 | | (69 | ) | | 6 | | (274 | ) | | 194 |
| | | | | | | | | | | | | |
| | $ | 28,280 | $ | (17,076 | ) | $ | 440 | $ | 3,750 | | $ | 15,394 |

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Part I (Continued)
Item 1 (Continued)

(4) Allowance for Loan Losses (Continued)

In 2012, the Company refined its methodology used in estimating the amount of the Allowance for Loan and Lease Losses (ALLL). Management has been proactive in identifying problem loans, assessing exposure, and providing sufficient reserves to cover the exposures. The ALLL was increased in anticipation of identified exposures resulting in confirmed losses. When losses were confirmed, they were promptly charged off. As a result, losses over the last three years have been very high. During this time, newer loans granted were made subject to higher underwriting standards and more conservative appraisals. Because of the prompt recognition of losses that drove the excessive charge-off history, management now believes the remaining losses incurred in the current portfolio, including newer loans made, will be less than unadjusted loss history factors will suggest. Considering the major losses taken, along with organizational and staffing changes, the validity of qualitative factors in determining adjustments of loss history needed to be reviewed. Recognizing the importance of credit administration and the role of personnel involved in granting, approving, administering, monitoring, and collecting loans, management concluded that greater weight should be placed on factors associated with those activities. The effect of these changes on the ALLL resulted in a reduction in the ALLL estimate of $1,530. Management believes the adjustments made will result in a better estimation of losses incurred in the portfolio.

The Company determines its individual reserves during its quarterly review of substandard loans. This process involves reviewing all loans with a risk grade of 6 or below and an outstanding balance of $50,000 or more. At June 30, 2012 and 2011, impaired loans totaling $748 and $796 were below the $50,000 review threshold and were not individually reviewed for impairment. Those loans were subject to the bank's general loan loss reserve methodology and are included in the "Collectively Evaluated for Impairment" column of the following tables. Since not all loans in the substandard category are considered impaired, this quarterly assessment often results in the identification of individual reserves which are placed against certain loans as part of management's allowance for loan loss calculation. The total of these loans and the related reserves are presented in the column titled "Substandard Loans Individually Reviewed for Impairment" in the following tables. The following tables present breakdowns of the allowance for loan losses, segregated by impairment methodology for June 30, 2012 and 2011:

June 30, 2012

| | Ending Allowance Balance | | | | |
|---|---|---|---|---|---|
| | Nonaccrual/TDR Individually Evaluated for Impairment | Substandard Individually Evaluated for Impairment | Total Individually Evaluated for Impairment | Collectively Evaluated for Impairment | Total |
| Commercial and Industrial | | | | | |
| Commercial | $ 300 | $ 220 | $ 520 | $ 522 | 1,042 |
| Industrial | -- | -- | -- | 297 | 297 |
| | | | | | |
| Real Estate | | | | | |
| Commercial Construction | 2,111 | 165 | 2,276 | 986 | 3,262 |
| Residential Construction | -- | -- | -- | 138 | 138 |
| Commercial | 1,462 | 190 | 1,652 | 4,293 | 5,945 |
| Residential | 868 | 700 | 1,568 | 2,142 | 3,710 |
| Farmland | -- | -- | -- | 331 | 331 |

| | | | | | |
|---|---|---|---|---|---|
| Consumer and Other | | | | | |
| Consumer | -- | -- | -- | 253 | 253 |
| Other | -- | -- | -- | 315 | 315 |
| Total End of Period Allowance Balance | $ 4,741 | $ 1,275 | $ 6,016 | $ 9,277 | $ 15,293 |

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Part I (Continued)
Item 1 (Continued)

(4) Allowance for Loan Losses (Continued)

June 30, 2012

| | Ending Loan Balance | | | | |
|---|---|---|---|---|---|
| | Nonaccrual/TDR Individually Evaluated for Impairment | Substandard Individually Evaluated for Impairment | Total Individually Evaluated for Impairment | Collectively Evaluated for Impairment | Total |
| Commercial and Industrial | | | | | |
| Commercial | $ 1,721 | $ 2,410 | $ 4,131 | $ 51,143 | 55,274 |
| Industrial | -- | -- | -- | 11,284 | 11,284 |
| | | | | | |
| Real Estate | | | | | |
| Commercial Construction | 22,595 | 1,889 | 24,484 | 31,884 | 56,368 |
| Residential Construction | -- | 204 | 204 | 3,965 | 4,169 |
| Commercial | 33,395 | 5,524 | 38,919 | 270,017 | 308,936 |
| Residential | 5,951 | 4,304 | 10,255 | 182,935 | 193,190 |
| Farmland | 2,277 | 266 | 2,543 | 46,205 | 48,748 |
| | | | | | |
| Consumer and Other | | | | | |
| Consumer | 20 | 7 | 27 | 29,625 | 29,652 |
| Other | -- | 20 | 20 | 8,720 | 8,740 |
| | | | | | |
| Total End of Period Loan Balance | $ 65,959 | $ 14,624 | $ 80,583 | $ 635,778 | $ 716,361 |

June 30, 2011

| | Ending Allowance Balance | | | | |
|---|---|---|---|---|---|
| | Nonaccrual/TDR Individually Evaluated for Impairment | Substandard Individually Evaluated for Impairment | Total Individually Evaluated for Impairment | Collectively Evaluated for Impairment | Total |
| Commercial and Industrial | | | | | |
| Commercial | $ -- | $ 606 | $ 606 | $ 2,039 | $ 2,645 |
| Industrial | -- | 7 | 7 | 58 | 65 |
| | | | | | |
| Real Estate | | | | | |
| Commercial Construction | 1,421 | 390 | 1,811 | 165 | 1,976 |
| Residential Construction | -- | -- | -- | 376 | 376 |
| Commercial | 1,453 | 605 | 2,058 | 1,328 | 3,386 |
| Residential | 1,967 | 964 | 2,931 | 1,067 | 3,998 |
| Farmland | -- | 51 | 51 | 572 | 623 |
| | | | | | |
| Consumer and Other | | | | | |
| Consumer | -- | 63 | 63 | 2,068 | 2,131 |

| | | | | | |
|---|---|---|---|---|---|
| Other | -- | -- | -- | 194 | 194 |
| Total End of Period Allowance Balance | $ 4,841 | $ 2,686 | $ 7,527 | $ 7,867 | $ 15,394 |

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Part I (Continued)
Item 1 (Continued)

(4) Allowance for Loan Losses (Continued)

June 30, 2011

| | Ending Loan Balance | | | | |
|---|---|---|---|---|---|
| | Nonaccrual/TDR Individually Evaluated for Impairment | Substandard Individually Evaluated for Impairment | Total Individually Evaluated for Impairment | Collectively Evaluated for Impairment | Total |
| Commercial and Industrial | | | | | |
| Commercial | $ 256 | $ 1,751 | $ 2,007 | $ 46,459 | $ 48,466 |
| Industrial | 149 | 221 | 370 | 11,595 | 11,965 |
| | | | | | |
| Real Estate | | | | | |
| Commercial Construction | 35,781 | 5,020 | 40,801 | 27,625 | 68,426 |
| Residential Construction | -- | -- | -- | 4,046 | 4,046 |
| Commercial | 25,803 | 6,219 | 32,022 | 298,170 | 330,192 |
| Residential | 9,456 | 5,298 | 14,754 | 186,365 | 201,119 |
| Farmland | 212 | 691 | 903 | 47,107 | 48,010 |
| | | | | | |
| Consumer and Other | | | | | |