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## Section 1: 8-K (FORM 8-K)

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

Current Report  
Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

January 25, 2019

Date of Report  
(Date of earliest event reported)

**Access National Corporation**

(Exact name of registrant as specified in its charter)

Virginia  
(State or other  
jurisdiction of incorporation)

000-49929  
(Commission  
File Number)

82-0545425  
(IRS Employer Identification No.)

1800 Robert Fulton Drive, Suite 300, Reston, VA 20191

(Address of principal executive offices) (Zip Code)

(703) 871-2100

(Registrant's telephone number, including area code)

n/a

(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 provided pursuant to Section 13(a) of the Exchange Act.

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## **Item 2.02 Results of Operations and Financial Condition.**

Access National Corporation (the “Company” or “Access”) (Nasdaq: ANCX) issued a press release (the “Press Release”) announcing its unaudited financial results on January 25, 2019 for the quarter and year ended December 31, 2018. A copy of the press release detailing the summary results is attached hereto as Exhibit 99.1.

## **Item 7.01 Regulation FD Disclosure.**

The Company also announced on January 25, 2019 that the Board of Directors of Union Bankshares Corporation (“Union”) declared a cash dividend of \$0.23 per share to shareholders of record as of February 8, 2019, for payment on February 22, 2019. At the exchange rate of 0.75 shares of Union common stock for each share of Company common stock in the acquisition of the Company by Union, which is expected to close on February 1, 2019, the Union dividend equates to \$0.1725 per share of Company common stock. A copy of the press release including the announcement is attached hereto as Exhibit 99.1.

## **Forward-Looking Statements**

Certain statements in this Form 8-K may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, projections, predictions, expectations, or beliefs about future events or results and are not statements of historical fact. Such statements also include statements as to the anticipated impact of the proposed Union acquisition of Access, including future financial and operating results, ability to successfully integrate the combined businesses, the amount of cost savings, overall operational efficiencies and enhanced revenues and the expected closing date, as well as other statements regarding the acquisition. Such forward-looking statements are based on various assumptions as of the time they are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements are often accompanied by words that convey projected future events or outcomes such as “expect,” “believe,” “estimate,” “plan,” “project,” “anticipate,” “intend,” “will,” “may,” “view,” “opportunity,” “potential,” or words of similar meaning or other statements concerning opinions or judgment of Access or its management about future events. Although Access believes that its expectations with respect to forward-looking statements are based upon reasonable assumptions within the bounds of its existing knowledge of its business and operations, there can be no assurance that actual results, performance, or achievements of Access will not differ materially from any projected future results, performance, or achievements expressed or implied by such forward-looking statements. Actual future results, performance or achievements may differ materially from historical results or those anticipated depending on a variety of factors, including but not limited to, economic and financial market conditions in the United States generally and particularly in the markets in which Access operates and which its loans are concentrated including declines in real estate values, the effects an increase in unemployment levels, slowdowns in economic growth, and a prolonged federal government shutdown, changes in asset quality and credit risk, changes in interest rates and capital markets, competitive conditions, the quality or composition of the loan or investment portfolio, the fact that the businesses of Access and Union may not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected, expected revenue synergies and cost savings from the proposed acquisition may not be fully realized or realized within the expected time frame, revenues following the proposed acquisition may be lower than expected, customer and employee relationships and business operations may be disrupted by the proposed acquisition, the diversion of management time on acquisition-related issues, changes in Union’s share price before closing, risks relating to the potential dilutive effect of shares of Union common stock to be issued in the proposed transaction, the ability to close the proposed acquisition on the expected timeframe, or at all, and that closing may be more difficult, time-consuming or costly than expected, the reaction to the proposed acquisition of the companies’ customers, employees and counterparties, and other risk factors, many of which are beyond the control of Access. We refer you to the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of Access’s Annual Report on Form 10-K for the year ended December 31, 2017 and comparable “risk factors” sections of Access’s Quarterly Reports on Form 10-Q and other filings, which have been filed with the Securities and Exchange Commission (the “SEC”) and are available on the SEC’s website at [www.sec.gov](http://www.sec.gov). All of the forward-looking statements made in this Form 8-K are expressly qualified by the cautionary statements contained or referred to herein. The actual results or developments anticipated may not be realized or, even if substantially realized, they may not have the expected consequences to or effects on Access or its business or operations. Readers are cautioned not to rely too heavily on the forward-looking statements contained in this Form 8-K. Forward-looking statements speak only as of the date they are made and Access does not undertake any obligation to update, revise or clarify these forward-looking statements, whether as a result of new information, future events or otherwise.

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**Item 9.01 Financial Statements and Exhibits.**

- (a) - Not applicable.
- (b) - Not applicable.
- (c) - Not applicable.
- (d) - Exhibits.

| <u>Exhibit Number</u>        | <u>Description</u>   |
|------------------------------|--|
| <a href="#">Exhibit 99.1</a> | <a href="#">Press Release, dated January 25, 2019 announcing unaudited financial results for the quarter and year ended December 31, 2018 and declaration of quarterly dividend.</a> |

**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.

**ACCESS NATIONAL CORPORATION**  
**(Registrant)**

Date: January 25, 2019

By: /s/ Michael W. Clarke  
Name: Michael W. Clarke  
Title: President & Chief Executive Officer

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## Section 2: EX-99.1 (EXHIBIT 99.1)

Exhibit 99.1



# PRESS RELEASE

CONTACT: Michael W. Clarke  
CEO  
703-871-2100

FOR IMMEDIATE RELEASE: January 25, 2019

### ACCESS NATIONAL FINISHES YEAR WITH EXCEPTIONAL LOAN GROWTH

**Reston, Virginia.** Access National Corporation (NASDAQ: ANCX) (the “Corporation” or “Access”), parent company for Access National Bank (the “Bank”) and Middleburg Investment Group, reported fourth quarter 2018 net income of \$8.7 million, or \$0.41 per diluted share. This represents the Corporation’s 74<sup>th</sup> consecutive quarterly profit over its 76 quarter history. Due to the timing of the pending merger with Union Bankshares (“Union”), the Access Board of Directors did not declare a dividend for this reporting period.

On January 24, 2019, the Union Board of Directors declared a \$0.23 per share dividend for Union common shareholders of record as of February 8, 2019 and payable on February 22, 2019. At the exchange rate of 0.75 for Access shares to Union shares, which will occur on February 1, 2019, the dividend to be paid equates to a \$0.1725 per share dividend for Access common shareholders.

#### Highlights

- All shareholder and regulatory approvals are in place for the Union merger to close as expected in February, 2019;
- For the three month period ended December 31, 2018, net income increased 186.6% compared to the same period of the prior year;
- Gross loans held for investment increased \$196.5 million during the twelve-month period ended December 31, 2018, inclusive of a growth

of \$81.2 million in the fourth quarter 2018;

- Customer deposits increased \$26.6 million during the twelve month period ended December 31, 2018 to \$2.3 billion;
- Demand deposits of \$1.2 billion at December 31, 2018 comprised 53.3% of total deposits, inclusive of \$731.4 million of non-interest bearing demand deposits or 32.4% of the deposit portfolio;
- Merger related expenses totaled \$1.5 million during the fourth quarter of 2018 accounting for a \$0.07 decrease in fourth quarter earnings per share; and
- Tangible book value<sup>1</sup> per common share was \$12.88 at December 31, 2018, an increase of \$1.36 from the prior year ended December 31, 2017.

According to CEO Michael Clarke, “For the second consecutive quarter, net loan growth exceeded our stated goal of annualized growth of \$200 million per annum. On a linked quarter basis, net loans grew at an annualized pace of 15.5% compared to an annualized rate of 22% in the period ended September 30, 2018. The exceptional growth evidences the enthusiasm our relationship managers and their clients have concerning our pending combination with Union. Mr. Clarke continued, “The convincing approval of the merger by our shareholders on January 15, 2019 made an equally strong statement concerning the anticipated benefits of investing with Union to create Virginia’s regional bank.”

Gross loans held for investment increased \$81.2 million during the quarter to \$2.2 billion at December 31, 2018 resulting in a total growth of \$196.5 million in 2018. As of December 31, 2018, commercial and industrial loans as well as owner occupied commercial real estate loans combined to account for 51.2% of the loan portfolio, reflecting the Corporation’s continued focus on lower-middle-market businesses. The Corporation’s priority focus remains on expanding borrowers in these portfolios as a driver of future growth in the loan portfolio, along with related core deposits.

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<sup>1</sup> Non-GAAP financial information. See “Reconciliation of Non-GAAP Financial Measures” at end of release.

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Noninterest-bearing deposits at December 31, 2018 were \$731.4 million, a decrease of \$13.5 million compared to December 31, 2017 and remain the largest and most attractive source of funding for the Corporation, comprising 32.4% of the deposit portfolio. When combined with interest-bearing demand deposit accounts, total transaction accounts comprise 53.3% of the total deposit portfolio, reducing reliance of non-core and more price sensitive funding. Total deposits grew \$26.6 million from December 31, 2017 to December 31, 2018 ending the year at \$2.3 billion.

The net interest margin on a fully tax equivalent (non-GAAP) basis was 3.69% at December 31, 2018 compared to 3.88% at December 31, 2017. Net purchase mark accretion included in net interest income was \$504 thousand for the fourth quarter 2018 and \$2.7 million for the year.

Non-performing assets (“NPAs”) increased to \$7.1 million at December 31, 2018 from \$6.1 million at September 30, 2018, representing 0.23% and 0.20% of total assets, respectively. Included in the NPA total is \$585 thousand in other real estate owned. The provision for loan loss was \$1.5 million during the fourth quarter 2018 and was due mainly to the growth in the loan portfolio. The allowance for loan loss represented 0.84% of total loans held for investment at December 31, 2018.

Tangible book value<sup>2</sup> per common share increased to \$12.88 at December 31, 2018 from \$12.33 at September 30, 2018 and \$11.52 at December 31, 2017. The tangible common equity ratio for Access National Corporation and its subsidiary bank was 9.51% at December 31, 2018, at the top of the Corporation’s target range of 8.50% to 9.50%.

Access National Corporation is the parent company of Access National Bank and Middleburg Investment Group serving Northern and Central Virginia. Additional information is available on our website at [www.AccessNationalBank.com](http://www.AccessNationalBank.com). Shares of Access National Corporation are traded on the NASDAQ Global Market under the symbol "ANCX".

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<sup>2</sup> Non-GAAP financial information. See “Reconciliation of Non-GAAP Financial Measures” at end of release.

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*Access National Corporation*  
*Consolidated Balance Sheet - Unaudited*

| (In Thousands Except for Share and Per Share Data)   | December 31,<br>2018 | December 31,<br>2017 |
|--|----------------------|----------------------|
| <b>ASSETS</b>  |                      |                      |
| Cash and due from banks  | \$ 18,591            | \$ 29,855            |
| Interest-bearing balances and federal funds sold   | 66,756               | 92,458               |
| Investment securities:   |                      |                      |
| Available-for-sale, at fair value  | 423,760              | 406,067              |
| Marketable equity, at fair value   | -                    | 1,379                |
| Held-to-maturity, amortized cost (fair value of \$ 22,474 and \$16,379, respectively)                                    | 22,465               | 15,721               |
| Total investment securities  | 446,225              | 423,167              |
| Restricted Stock, at amortized cost  | 22,935               | 16,572               |
| Loans held for sale - at fair value  | 20,537               | 31,999               |
| Loans held for investment<br>net of allowance for loan losses of \$18,181 and \$15,805, respectively                     | 2,157,273            | 1,963,104            |
| Premises, equipment and land, net  | 27,432               | 27,797               |
| Goodwill and intangible assets, net  | 183,218              | 185,161              |
| Other assets   | 96,193               | 103,781              |
| Total assets   | <u>\$ 3,039,160</u>  | <u>\$ 2,873,894</u>  |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                      |                      |
| <b>LIABILITIES</b>   |                      |                      |
| Noninterest-bearing deposits   | \$ 731,449           | \$ 744,960           |
| Interest-bearing demand deposits   | 502,539              | 496,677              |
| Savings and interest-bearing deposits  | 682,317              | 623,889              |
| Time deposits  | 344,445              | 368,622              |
| Total deposits   | 2,260,750            | 2,234,148            |
| Short-term borrowings  | 286,930              | 145,993              |
| Long-term borrowings   | 10,000               | 40,000               |
| Trust preferred debentures   | 3,962                | 3,883                |
| Other liabilities and accrued expenses   | 22,706               | 28,246               |
| Total Liabilities  | <u>2,584,348</u>     | <u>2,452,270</u>     |
| <b>SHAREHOLDERS' EQUITY</b>  |                      |                      |
| Common stock \$0.835 par value; 60,000,000 authorized;<br>issued and outstanding, 21,078,433 and 20,534,163 respectively | 17,600               | 17,146               |
| Additional paid in capital   | 321,278              | 307,670              |
| Retained earnings  | 121,141              | 98,584               |
| Accumulated other comprehensive income (loss), net   | (5,207)              | (1,776)              |
| Total shareholders' equity   | <u>454,812</u>       | <u>421,624</u>       |
| Total liabilities and shareholders' equity   | <u>\$ 3,039,160</u>  | <u>\$ 2,873,894</u>  |

**Access National Corporation**  
**Consolidated Statement of Operations - Unaudited**

| (In Thousands Except for Share and Per Share Data)  | Three Months Ended |                   | Twelve Months Ended |                   |
|---|--------------------|-------------------|---------------------|-------------------|
|   | December 31, 2018  | December 31, 2017 | December 31, 2018   | December 31, 2017 |
| <b>INTEREST INCOME</b>                              |                    |                   |                     |                   |
| Interest and fees on loans                          | \$ 26,783          | \$ 24,321         | \$ 100,024          | \$ 84,572         |
| Interest on federal funds sold and bank balances    | 432                | 453               | 1,964               | 1,199             |
| Interest and dividends on securities                | 3,286              | 2,321             | 11,655              | 9,709             |
| Total interest income                               | 30,501             | 27,095            | 113,643             | 95,480            |
| <b>INTEREST EXPENSE</b>                             |                    |                   |                     |                   |
| Interest on deposits                                | 4,468              | 2,714             | 14,185              | 9,274             |
| Interest on other borrowings                        | 1,410              | 468               | 4,510               | 1,834             |
| Total interest expense                              | 5,878              | 3,182             | 18,695              | 11,108            |
| Net interest income                                 | 24,623             | 23,913            | 94,948              | 84,372            |
| Provision for loan losses                           | 1,500              | 3,719             | 3,602               | 6,919             |
| Net interest income after provision for loan losses | 23,123             | 20,194            | 91,346              | 77,453            |
| <b>NONINTEREST INCOME</b>                           |                    |                   |                     |                   |
| Service charges and fees                            | 487                | 489               | 1,943               | 1,998             |
| Gain on sale of loans                               | 3,161              | 5,095             | 14,614              | 20,080            |
| Other Income  | 2,524              | 3,097             | 13,544              | 10,014            |
| Total noninterest income                            | 6,172              | 8,681             | 30,101              | 32,092            |
| <b>NONINTEREST EXPENSE</b>                          |                    |                   |                     |                   |
| Salaries and benefits                               | 10,016             | 12,115            | 45,386              | 43,915            |
| Occupancy and equipment                             | 1,699              | 1,058             | 7,580               | 6,878             |
| Other operating expense                             | 6,931              | 6,681             | 25,046              | 30,275            |
| Total noninterest expense                           | 18,646             | 19,854            | 78,012              | 81,068            |
| Income before income tax                            | 10,649             | 9,021             | 43,435              | 28,477            |
| Income tax expense                                  | 1,923              | 5,976             | 8,051               | 11,977            |
| <b>NET INCOME</b>                                   | <b>8,726</b>       | <b>3,045</b>      | <b>35,384</b>       | <b>16,500</b>     |
| <b>Earnings per common share:</b>                   |                    |                   |                     |                   |
| Basic   | \$ 0.42            | \$ 0.15           | \$ 1.70             | \$ 0.92           |
| Diluted   | \$ 0.41            | \$ 0.15           | \$ 1.69             | \$ 0.92           |
| <b>Average outstanding shares:</b>                  |                    |                   |                     |                   |
| Basic   | 20,990,926         | 20,485,116        | 20,798,697          | 17,988,670        |
| Diluted   | 21,046,839         | 20,601,740        | 20,877,532          | 18,076,304        |



**Performance and Capital Ratios - Unaudited**

| (Dollars In Thousands)                              | Three Months<br>Ended<br>December 31,<br>2018 | Three Months<br>Ended<br>September 30,<br>2018 | Three Months<br>Ended<br>June 30,<br>2018 | Three Months<br>Ended<br>March 31,<br>2018 | Twelve Months<br>Ended<br>December 31,<br>2018 | Twelve Months<br>Ended<br>December 31<br>2017 |
|---|---|--|---|--|--|---|
| Return on average assets (annualized)               | 1.17%   | 1.30%  | 1.26%                                     | 1.13%                                      | 1.21%  | 0.67%   |
| Return on average tangible equity (annualized)      |   |  |   |  |  |   |
| (1)   | 13.35%  | 15.20%   | 14.73%                                    | 13.57%                                     | 14.21%   | 8.15%   |
| Net interest margin - fully tax equivalent basis    |   |  |   |  |  |   |
| (1)   | 3.69%   | 3.67%  | 3.67%                                     | 3.70%                                      | 3.69%  | 3.88%   |
| Net interest margin                                 | 3.64%   | 3.62%  | 3.62%                                     | 3.65%                                      | 3.63%  | 3.81%   |
| Cost of funds                                       | 1.29%   | 1.17%  | 0.98%                                     | 0.79%                                      | 1.06%  | 0.73%   |
| Access National Bank efficiency ratio (2)           | 50.06%  | 53.14%   | 57.36%                                    | 59.65%                                     | 54.80%   | 55.72%  |
| Access National Corporation efficiency ratio (2)    | 60.55%  | 60.19%   | 63.62%                                    | 65.19%                                     | 62.39%   | 69.61%  |
| Total average equity to earning assets              | 16.46%  | 16.47%   | 16.86%                                    | 16.59%                                     | 16.59%   | 14.82%  |
| Tangible common equity ratio (1)                    | 9.51%   | 9.09%  | 9.12%                                     | 9.10%                                      | 9.51%  | 8.79%   |
| <b>Averages</b>                                     |   |  |   |  |  |   |
| Assets  | \$ 2,995,148                                  | \$ 2,953,987                                   | \$ 2,848,307                              | \$ 2,856,201                               | \$ 2,913,778                                   | \$ 2,453,894                                  |
| Loans held for investment, gross                    | 2,113,576                                     | 2,038,292                                      | 1,935,422                                 | 1,950,077                                  | 2,009,865                                      | 1,704,040                                     |
| Loans held for sale                                 | 30,191  | 36,672   | 41,515                                    | 21,257                                     | 32,445   | 27,881  |
| Interest-bearing deposits & federal funds sold      | 79,542  | 110,140  | 110,800                                   | 136,969                                    | 109,208  | 104,566                                       |
| Investment securities and restricted stock          | 469,844                                       | 461,708  | 444,779                                   | 434,003                                    | 452,707  | 362,614                                       |
| Earning assets                                      | 2,705,299                                     | 2,656,213                                      | 2,541,454                                 | 2,548,836                                  | 2,613,494                                      | 2,212,020                                     |
| Interest-bearing deposits                           | 1,543,921                                     | 1,502,982                                      | 1,440,998                                 | 1,517,030                                  | 1,501,334                                      | 1,327,262                                     |
| Total deposits                                      | 2,246,993                                     | 2,201,473                                      | 2,114,617                                 | 2,215,222                                  | 2,194,722                                      | 1,922,249                                     |
| Repurchase agreements & federal funds purchased     | 45,390  | 50,135   | 56,693                                    | 57,344                                     | 52,351   | 48,378  |
| FHLB short term borrowings                          | 201,680                                       | 193,784  | 180,348                                   | 91,002                                     | 167,081  | 67,907  |
| FHLB long-term borrowings                           | 27,935  | 45,000   | 42,088                                    | 40,000                                     | 38,740   | 66,329  |
| Trust Preferred debt                                | 3,950   | 3,930  | 3,911                                     | 3,891                                      | 3,921  | 2,691   |
| Equity  | 445,254                                       | 437,398  | 428,590                                   | 422,780                                    | 433,577  | 327,738                                       |
| Tangible equity (1)                                 | \$ 261,518                                    | \$ 252,864                                     | \$ 243,232                                | \$ 238,381                                 | \$ 249,065                                     | \$ 202,408                                    |
| Allowance for loan losses                           | \$ 18,181                                     | \$ 17,349                                      | \$ 16,543                                 | \$ 15,928                                  | \$ 18,181                                      | \$ 15,805                                     |
| Allowance for loan losses/loans held for investment | 0.84%   | 0.83%  | 0.83%                                     | 0.83%                                      | 0.84%  | 0.80%   |
| Remaining purchase marks on performing loans        | \$ 8,353                                      | \$ 8,838                                       | \$ 9,615                                  | \$ 10,415                                  | \$ 8,353                                       | \$ 11,241                                     |
| Purchased credit impaired loans                     | \$ 4,077                                      | \$ 4,509                                       | \$ 4,632                                  | \$ 4,702                                   | \$ 4,077                                       | \$ 4,969                                      |
| Remaining purchase marks on credit impaired loans   | \$ 1,573                                      | \$ 1,592                                       | \$ 1,720                                  | \$ 1,749                                   | \$ 1,573                                       | \$ 1,175                                      |
| Total NPA   | \$ 7,074                                      | \$ 6,106                                       | \$ 6,049                                  | \$ 7,453                                   | \$ 7,074                                       | \$ 5,270                                      |
| NPA to total assets                                 | 0.23%   | 0.20%  | 0.21%                                     | 0.26%                                      | 0.23%  | 0.18%   |
| Mortgage loan originations and brokered loans       | \$ 69,028                                     | \$ 85,087                                      | \$ 123,157                                | \$ 84,411                                  | \$ 361,683                                     | \$ 432,678                                    |
| Gain on sale of mortgage loans net hedging activity | \$ 3,434                                      | \$ 4,137                                       | \$ 4,251                                  | \$ 3,273                                   | \$ 15,095                                      | \$ 19,192                                     |
| Allowance for losses on mortgage loans sold         | \$ 916  | \$ 953   | \$ 953                                    | \$ 953                                     | \$ 916   | \$ 953  |
| Wealth Services segment - assets under management   | \$ 1,810,173                                  | \$ 2,012,526                                   | \$ 1,949,992                              | \$ 1,942,526                               | \$ 1,810,173                                   | \$ 1,955,720                                  |
| Book value per common share                         | \$ 21.58                                      | \$ 21.13                                       | \$ 20.88                                  | \$ 20.62                                   | \$ 21.58                                       | \$ 20.53                                      |
| Tangible book value per common share (1)            | \$ 12.88                                      | \$ 12.33                                       | \$ 11.99                                  | \$ 11.65                                   | \$ 12.88                                       | \$ 11.52                                      |

(1) Non-GAAP financial information. See "Reconciliation of Non-GAAP Financial Measures" at end of release.

(2) Efficiency ratio is non-interest expense divided by the sum of net interest income and non-interest income

### Composition of Loan Portfolio - Unaudited

| (Dollars In<br>Thousands)                   | December 31, 2018  |                        | September 30, 2018 |                        | June 30, 2018      |                        | March 31, 2018     |                        | December 31, 2017  |                        |
|---|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|
|   | Amount             | Percentage<br>of Total | Amount             | Percentage<br>of Total | Amount             | Percentage<br>of Total | Amount             | Percentage<br>of Total | Amount             | Percentage<br>of Total |
| Commercial real estate - owner occupied     | \$ 547,817         | 25.18%                 | \$ 525,047         | 25.07%                 | \$ 478,928         | 24.13%                 | \$ 462,298         | 24.02%                 | \$ 467,082         | 23.60%                 |
| Commercial real estate - non-owner occupied | 480,783            | 22.10                  | 467,495            | 22.32                  | 457,940            | 23.08                  | 419,139            | 21.77                  | 436,083            | 22.04                  |
| Residential real estate                     | 454,910            | 20.91                  | 459,989            | 21.96                  | 460,269            | 23.20                  | 476,366            | 24.75                  | 489,669            | 24.74                  |
| Commercial                                  | 565,086            | 25.98                  | 507,269            | 24.22                  | 464,270            | 23.40                  | 437,287            | 22.72                  | 463,652            | 23.43                  |
| Real estate construction                    | 107,939            | 4.96                   | 113,790            | 5.43                   | 99,164             | 5.00                   | 104,528            | 5.43                   | 97,481             | 4.93                   |
| Consumer                                    | 18,919             | 0.87                   | 20,680             | 1.00                   | 23,618             | 1.19                   | 25,293             | 1.31                   | 24,942             | 1.26                   |
| <b>Total loans</b>                          | <b>\$2,175,454</b> | <b>100.00%</b>         | <b>\$2,094,270</b> | <b>100.00%</b>         | <b>\$1,984,189</b> | <b>100.00</b>          | <b>\$1,924,911</b> | <b>100.00%</b>         | <b>\$1,978,909</b> | <b>100.00%</b>         |
| Less allowance for loan losses              | 18,181             |                        | 17,349             |                        | 16,543             |                        | 15,928             |                        | 15,805             |                        |
|   | <u>\$2,157,273</u> |                        | <u>\$2,076,921</u> |                        | <u>\$1,967,646</u> |                        | <u>\$1,908,983</u> |                        | <u>\$1,963,104</u> |                        |

### Composition of Deposits - Unaudited

| (Dollars In<br>Thousands)        | December 31, 2018  |                        | September 30, 2018 |                        | June 30, 2018      |                        | March 31, 2018     |                        | December 31, 2017  |                        |
|----------------------------------|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|--------------------|------------------------|
|                                  | Amount             | Percentage<br>of Total | Amount             | Percentage<br>of Total | Amount             | Percentage<br>of Total | Amount             | Percentage<br>of Total | Amount             | Percentage<br>of Total |
| Demand deposits                  | \$ 731,449         | 32.35%                 | \$ 757,900         | 33.03%                 | \$ 719,873         | 33.85%                 | \$ 706,128         | 32.14%                 | \$ 744,960         | 33.34%                 |
| Interest-bearing demand deposits | 473,222            | 20.93                  | 455,769            | 19.86                  | 462,355            | 21.74                  | 501,745            | 22.84                  | 486,621            | 21.78                  |
| Savings and money market         | 640,724            | 28.34                  | 670,497            | 29.22                  | 585,673            | 27.54                  | 616,879            | 28.08                  | 580,827            | 26.00                  |
| CDARS time deposits              | 17,366             | 0.77                   | 17,050             | 0.74                   | 13,666             | 0.64                   | 17,247             | 0.78                   | 21,582             | 0.97                   |
| CDARS/ICS non-maturity deposits  | 70,857             | 3.13                   | 66,604             | 2.90                   | 53,233             | 2.50                   | 50,233             | 2.29                   | 48,011             | 2.15                   |
| Brokered deposits                | 53,997             | 2.39                   | 53,900             | 2.35                   | 17,590             | 0.83                   | 23,244             | 1.06                   | 51,028             | 2.28                   |
| Time deposits                    | <u>273,135</u>     | <u>12.09</u>           | <u>273,144</u>     | <u>11.90</u>           | <u>274,330</u>     | <u>12.90</u>           | <u>281,452</u>     | <u>12.81</u>           | <u>301,119</u>     | <u>13.48</u>           |
| Total Deposits                   | <u>\$2,260,750</u> | <u>100.00%</u>         | <u>\$2,294,864</u> | <u>100.00%</u>         | <u>\$2,126,720</u> | <u>100.00%</u>         | <u>\$2,196,928</u> | <u>100.00%</u>         | <u>\$2,234,148</u> | <u>100.00%</u>         |

**Yield on Average Earning Assets and Rates on Average Interest-Bearing Liabilities**  
**Three Months Ended - Unaudited**

| (Dollars In Thousands)   | December 31, 2018          |                      |                     | December 31, 2017          |                      |                     |
|--|----------------------------|----------------------|---------------------|----------------------------|----------------------|---------------------|
|  | Average<br>Balance         | Income /<br>Expense  | Yield /<br>Rate     | Average<br>Balance         | Income /<br>Expense  | Yield /<br>Rate     |
| <b>Assets:</b>   |                            |                      |                     |                            |                      |                     |
| <b>Interest-earning assets:</b>  |                            |                      |                     |                            |                      |                     |
| Investment securities and restricted stock                                 | \$ 481,990                 | \$ 3,286             | 2.73%               | \$ 438,290                 | \$ 2,321             | 2.12%               |
| Loans held for sale  | 30,191                     | 377                  | 5.00%               | 30,006                     | 297                  | 3.96%               |
| Loans <sup>(1)</sup>   | 2,113,576                  | 26,406               | 5.00%               | 1,965,608                  | 24,024               | 4.89%               |
| Interest-bearing balances and federal funds sold                           | 79,542                     | 432                  | 2.17%               | 102,095                    | 453                  | 1.77%               |
| <b>Total interest-earning assets</b>                                       | <b><u>2,705,299</u></b>    | <b><u>30,501</u></b> | <b>4.51%</b>        | <b><u>2,535,999</u></b>    | <b><u>27,095</u></b> | <b>4.27%</b>        |
| <b>Noninterest-earning assets:</b>   |                            |                      |                     |                            |                      |                     |
| Cash and due from banks  | 14,330                     |                      |                     | 18,784                     |                      |                     |
| Premises, land and equipment   | 27,652                     |                      |                     | 26,156                     |                      |                     |
| Other assets   | 265,480                    |                      |                     | 272,877                    |                      |                     |
| Less: allowance for loan losses  | (17,613)                   |                      |                     | (15,982)                   |                      |                     |
| <b>Total noninterest-earning assets</b>                                    | <b><u>289,849</u></b>      |                      |                     | <b><u>301,835</u></b>      |                      |                     |
| <b>Total Assets</b>  | <b><u>\$ 2,995,148</u></b> |                      |                     | <b><u>\$ 2,837,834</u></b> |                      |                     |
| <b>Liabilities and Shareholders' Equity:</b>                               |                            |                      |                     |                            |                      |                     |
| <b>Interest-bearing deposits:</b>  |                            |                      |                     |                            |                      |                     |
| Interest-bearing demand deposits   | \$ 500,836                 | \$ 948               | 0.76%               | \$ 480,147                 | \$ 499               | 0.42%               |
| Money market deposit accounts  | 539,267                    | 1,717                | 1.27%               | 483,416                    | 691                  | 0.57%               |
| Savings accounts   | 160,073                    | 265                  | 0.66%               | 175,123                    | 322                  | 0.74%               |
| Time deposits  | 343,745                    | 1,538                | 1.79%               | 389,447                    | 1,202                | 1.23%               |
| <b>Total interest-bearing deposits</b>                                     | <b><u>1,543,921</u></b>    | <b><u>4,468</u></b>  | <b>1.16%</b>        | <b><u>1,528,133</u></b>    | <b><u>2,714</u></b>  | <b>0.71%</b>        |
| <b>Borrowings:</b>   |                            |                      |                     |                            |                      |                     |
| FHLB short-term borrowings   | 201,680                    | 1,227                | 2.43%               | 68,300                     | 231                  | 1.35%               |
| Securities sold under agreements to repurchase and federal funds purchased | 45,390                     | 13                   | 0.11%               | 54,702                     | 10                   | 0.07%               |
| Subordinated debentures  | 3,950                      | 89                   | 9.06%               | 3,871                      | 73                   | 7.54%               |
| FHLB long-term borrowings  | 27,935                     | 81                   | 1.16%               | 46,304                     | 154                  | 1.33%               |
| <b>Total borrowings</b>  | <b><u>278,955</u></b>      | <b><u>1,410</u></b>  | <b>2.02%</b>        | <b><u>173,177</u></b>      | <b><u>468</u></b>    | <b>1.08%</b>        |
| <b>Total interest-bearing deposits and borrowings</b>                      | <b><u>1,822,876</u></b>    | <b><u>5,878</u></b>  | <b>1.29%</b>        | <b><u>1,701,310</u></b>    | <b><u>3,182</u></b>  | <b>0.75%</b>        |
| <b>Noninterest-bearing liabilities:</b>                                    |                            |                      |                     |                            |                      |                     |
| Demand deposits  | 703,072                    |                      |                     | 719,093                    |                      |                     |
| Other liabilities  | 23,946                     |                      |                     | 23,112                     |                      |                     |
| <b>Total liabilities</b>   | <b><u>2,549,894</u></b>    |                      |                     | <b><u>2,443,515</u></b>    |                      |                     |
| Shareholders' Equity   | 445,254                    |                      |                     | 394,319                    |                      |                     |
| <b>Total Liabilities and Shareholders' Equity</b>                          | <b><u>\$ 2,995,148</u></b> |                      |                     | <b><u>\$ 2,837,834</u></b> |                      |                     |
| <b>Interest Spread<sup>(2)</sup></b>                                       |                            |                      |                     |                            |                      |                     |
|  |                            |                      | <b><u>3.22%</u></b> |                            |                      | <b><u>3.52%</u></b> |
| <b>Net Interest Margin<sup>(3)</sup></b>                                   |                            |                      |                     |                            |                      |                     |
|  | <b><u>\$ 24,623</u></b>    |                      | <b><u>3.64%</u></b> | <b><u>\$ 23,913</u></b>    |                      | <b><u>3.77%</u></b> |

(1) Loans placed on nonaccrual status are included in loan balances.

(2) Interest spread is the average yield earned on earning assets, less the average rate incurred on interest-bearing liabilities.

(3) Net interest margin is net interest income, expressed as a percentage of average earning assets.

**Yield on Average Earning Assets and Rates on Average Interest-Bearing Liabilities**  
**Twelve Months Ended - Unaudited**

| (Dollars In Thousands)   | December 31, 2018          |                       |                     | December 31, 2017          |                      |                     |
|--|----------------------------|-----------------------|---------------------|----------------------------|----------------------|---------------------|
|  | Average<br>Balance         | Income /<br>Expense   | Yield /<br>Rate     | Average<br>Balance         | Income /<br>Expense  | Yield /<br>Rate     |
| <b>Assets:</b>   |                            |                       |                     |                            |                      |                     |
| <b>Interest-earning assets:</b>  |                            |                       |                     |                            |                      |                     |
| Investment securities and restricted stock                                 | \$ 461,976                 | \$ 11,655             | 2.52%               | \$ 375,533                 | \$ 9,709             | 2.59%               |
| Loans held for sale  | 32,445                     | 1,531                 | 4.72%               | 27,881                     | 1,143                | 4.10%               |
| Loans <sup>(1)</sup>   | 2,009,865                  | 98,493                | 4.90%               | 1,704,040                  | 83,429               | 4.90%               |
| Interest-bearing balances and federal funds sold                           | 109,208                    | 1,964                 | 1.80%               | 104,565                    | 1,199                | 1.15%               |
| <b>Total interest-earning assets</b>                                       | <b><u>2,613,494</u></b>    | <b><u>113,643</u></b> | <b>4.35%</b>        | <b><u>2,212,019</u></b>    | <b><u>95,480</u></b> | <b>4.32%</b>        |
| <b>Noninterest-earning assets:</b>   |                            |                       |                     |                            |                      |                     |
| Cash and due from banks  | 15,885                     |                       |                     | 20,859                     |                      |                     |
| Premises, land and equipment   | 28,015                     |                       |                     | 22,683                     |                      |                     |
| Other assets   | 273,098                    |                       |                     | 213,337                    |                      |                     |
| Less: allowance for loan losses  | (16,714)                   |                       |                     | (15,004)                   |                      |                     |
| <b>Total noninterest-earning assets</b>                                    | <b><u>300,284</u></b>      |                       |                     | <b><u>241,875</u></b>      |                      |                     |
| <b>Total Assets</b>  | <b><u>\$ 2,913,778</u></b> |                       |                     | <b><u>\$ 2,453,894</u></b> |                      |                     |
| <b>Liabilities and Shareholders' Equity:</b>                               |                            |                       |                     |                            |                      |                     |
| <b>Interest-bearing deposits:</b>  |                            |                       |                     |                            |                      |                     |
| Interest-bearing demand deposits   | \$ 497,136                 | \$ 3,015              | 0.61%               | \$ 386,046                 | \$ 1,409             | 0.36%               |
| Money market deposit accounts  | 502,241                    | 5,177                 | 1.03%               | 386,786                    | 2,335                | 0.60%               |
| Savings accounts   | 168,437                    | 949                   | 0.56%               | 153,769                    | 714                  | 0.46%               |
| Time deposits  | 333,520                    | 5,044                 | 1.51%               | 400,660                    | 4,816                | 1.20%               |
| <b>Total interest-bearing deposits</b>                                     | <b><u>1,501,334</u></b>    | <b><u>14,185</u></b>  | <b>0.94%</b>        | <b><u>1,327,261</u></b>    | <b><u>9,274</u></b>  | <b>0.70%</b>        |
| <b>Borrowings:</b>   |                            |                       |                     |                            |                      |                     |
| FHLB short-term borrowings   | 167,081                    | 3,419                 | 2.05%               | 67,907                     | 822                  | 1.21%               |
| Securities sold under agreements to repurchase and federal funds purchased | 52,351                     | 54                    | 0.10%               | 48,378                     | 68                   | 0.14%               |
| Subordinated debentures  | 3,921                      | 335                   | 8.56%               | 2,692                      | 221                  | 8.21%               |
| FHLB long-term borrowings  | 38,740                     | 702                   | 1.81%               | 66,329                     | 723                  | 1.09%               |
| <b>Total borrowings</b>  | <b><u>262,093</u></b>      | <b><u>4,510</u></b>   | <b>1.72%</b>        | <b><u>185,306</u></b>      | <b><u>1,834</u></b>  | <b>0.99%</b>        |
| <b>Total interest-bearing deposits and borrowings</b>                      | <b><u>1,763,427</u></b>    | <b><u>18,695</u></b>  | <b>1.06%</b>        | <b><u>1,512,567</u></b>    | <b><u>11,108</u></b> | <b>0.73%</b>        |
| <b>Noninterest-bearing liabilities:</b>                                    |                            |                       |                     |                            |                      |                     |
| Demand deposits  | 693,388                    |                       |                     | 594,987                    |                      |                     |
| Other liabilities  | 23,386                     |                       |                     | 18,602                     |                      |                     |
| <b>Total liabilities</b>   | <b><u>2,480,201</u></b>    |                       |                     | <b><u>2,126,156</u></b>    |                      |                     |
| Shareholders' Equity   | 433,577                    |                       |                     | 327,738                    |                      |                     |
| <b>Total Liabilities and Shareholders' Equity</b>                          | <b><u>\$ 2,913,778</u></b> |                       |                     | <b><u>\$ 2,453,894</u></b> |                      |                     |
| <b>Interest Spread<sup>(2)</sup></b>                                       |                            |                       |                     |                            |                      |                     |
|  |                            |                       | <b><u>3.29%</u></b> |                            |                      | <b><u>3.59%</u></b> |
| <b>Net Interest Margin<sup>(3)</sup></b>                                   |                            |                       |                     |                            |                      |                     |
|  | <b><u>\$ 94,948</u></b>    |                       | <b><u>3.63%</u></b> | <b><u>\$ 84,372</u></b>    |                      | <b><u>3.81%</u></b> |

(1) Loans placed on nonaccrual status are included in loan balances.

(2) Interest spread is the average yield earned on earning assets, less the average rate incurred on interest-bearing liabilities.

(3) Net interest margin is net interest income, expressed as a percentage of average earning assets.

Segment Reporting - Unaudited

| Three Months Ended<br>December 31, 2018  | Commercial<br>Banking | Mortgage<br>Banking | Trust & Wealth<br>Management | Other             | Eliminations       | Consolidated<br>Totals |
|--|-----------------------|---------------------|------------------------------|-------------------|--------------------|------------------------|
| (In Thousands)                           |                       |                     |                              |                   |                    |                        |
| <b>Revenues:</b>                         |                       |                     |                              |                   |                    |                        |
| Interest income                          | \$ 30,179             | \$ 376              | \$ 3                         | \$ 12             | \$ (69)            | \$ 30,501              |
| Gain on sale of loans                    | -                     | 3,161               | -                            | -                 | -                  | 3,161                  |
| Other revenues                           | 1,646                 | (334)               | 1,618                        | 398               | (317)              | 3,011                  |
| <b>Total revenues</b>                    | <b>31,825</b>         | <b>3,203</b>        | <b>1,621</b>                 | <b>410</b>        | <b>(386)</b>       | <b>36,673</b>          |
| <b>Expenses:</b>                         |                       |                     |                              |                   |                    |                        |
| Interest expense                         | 5,800                 | -                   | -                            | 147               | (69)               | 5,878                  |
| Salaries and employee benefits           | 7,122                 | 2,048               | 846                          | -                 | -                  | 10,016                 |
| Other expenses                           | 7,408                 | 548                 | 558                          | 1,933             | (317)              | 10,130                 |
| <b>Total operating expenses</b>          | <b>20,330</b>         | <b>2,596</b>        | <b>1,404</b>                 | <b>2,080</b>      | <b>(386)</b>       | <b>26,024</b>          |
| <b>Income (loss) before income taxes</b> | <b>\$ 11,495</b>      | <b>\$ 607</b>       | <b>\$ 217</b>                | <b>\$ (1,670)</b> | <b>\$ -</b>        | <b>\$ 10,649</b>       |
| <b>Total assets</b>                      | <b>\$ 3,012,742</b>   | <b>\$ 24,014</b>    | <b>\$ 13,289</b>             | <b>\$ 29,319</b>  | <b>\$ (40,204)</b> | <b>\$ 3,039,160</b>    |

| Three Months Ended<br>December 31, 2017  | Commercial<br>Banking | Mortgage<br>Banking | Trust & Wealth<br>Management | Other            | Eliminations       | Consolidated<br>Totals |
|--|-----------------------|---------------------|------------------------------|------------------|--------------------|------------------------|
| (In Thousands)                           |                       |                     |                              |                  |                    |                        |
| <b>Revenues:</b>                         |                       |                     |                              |                  |                    |                        |
| Interest income                          | \$ 26,837             | \$ 295              | \$ -                         | \$ 8             | \$ (45)            | \$ 27,095              |
| Gain on sale of loans                    | 136                   | 4,959               | -                            | -                | -                  | 5,095                  |
| Other revenues                           | 1,825                 | (1)                 | 1,793                        | 478              | (509)              | 3,586                  |
| <b>Total revenues</b>                    | <b>28,798</b>         | <b>5,253</b>        | <b>1,793</b>                 | <b>486</b>       | <b>(554)</b>       | <b>35,776</b>          |
| <b>Expenses:</b>                         |                       |                     |                              |                  |                    |                        |
| Interest expense                         | 3,116                 | (24)                | -                            | 135              | (45)               | 3,182                  |
| Salaries and employee benefits           | 8,116                 | 2,836               | 1,163                        | -                | -                  | 12,115                 |
| Other expenses                           | 8,825                 | 1,092               | 919                          | 1,131            | (509)              | 11,458                 |
| <b>Total operating expenses</b>          | <b>20,057</b>         | <b>3,904</b>        | <b>2,082</b>                 | <b>1,266</b>     | <b>(554)</b>       | <b>26,755</b>          |
| <b>Income (loss) before income taxes</b> | <b>\$ 8,741</b>       | <b>\$ 1,349</b>     | <b>\$ (289)</b>              | <b>\$ (780)</b>  | <b>\$ -</b>        | <b>\$ 9,021</b>        |
| <b>Total assets</b>                      | <b>\$ 2,827,041</b>   | <b>\$ 31,999</b>    | <b>\$ 10,967</b>             | <b>\$ 21,727</b> | <b>\$ (17,840)</b> | <b>\$ 2,873,894</b>    |

Segment Reporting - Unaudited

| Twelve Months Ended<br>December 31, 2018 | Commercial<br>Banking | Mortgage<br>Banking | Trust & Wealth<br>Management | Other             | Eliminations       | Consolidated<br>Totals |
|--|-----------------------|---------------------|------------------------------|-------------------|--------------------|------------------------|
| <b>Revenues:</b>                         |                       |                     |                              |                   |                    |                        |
| Interest income                          | \$ 112,264            | \$ 1,531            | \$ 12                        | \$ 33             | \$ (197)           | \$ 113,643             |
| Gain on sale of loans                    | -                     | 14,614              | -                            | -                 | -                  | 14,614                 |
| Other revenues                           | 6,937                 | 566                 | 7,773                        | 1,525             | (1,314)            | 15,487                 |
| Total revenues                           | <u>119,201</u>        | <u>16,711</u>       | <u>7,785</u>                 | <u>1,558</u>      | <u>(1,511)</u>     | <u>143,744</u>         |
| <b>Expenses:</b>                         |                       |                     |                              |                   |                    |                        |
| Interest expense                         | 18,393                | (72)                | -                            | 571               | (197)              | 18,695                 |
| Salaries and employee benefits           | 31,174                | 10,339              | 3,848                        | -                 | 25                 | 45,386                 |
| Other expenses                           | 27,669                | 3,043               | 2,252                        | 4,603             | (1,339)            | 36,228                 |
| Total operating expenses                 | <u>77,236</u>         | <u>13,310</u>       | <u>6,100</u>                 | <u>5,174</u>      | <u>(1,511)</u>     | <u>100,309</u>         |
| Income (loss) before income taxes        | <u>\$ 41,965</u>      | <u>\$ 3,401</u>     | <u>\$ 1,685</u>              | <u>\$ (3,616)</u> | <u>\$ -</u>        | <u>\$ 43,435</u>       |
| Total assets                             | <u>\$ 3,012,742</u>   | <u>\$ 24,014</u>    | <u>\$ 13,289</u>             | <u>\$ 29,319</u>  | <u>\$ (40,204)</u> | <u>\$ 3,039,160</u>    |

| Twelve Months Ended<br>December 31, 2017 | Commercial<br>Banking | Mortgage<br>Banking | Trust & Wealth<br>Management | Other             | Eliminations       | Consolidated<br>Totals |
|--|-----------------------|---------------------|------------------------------|-------------------|--------------------|------------------------|
| <b>Revenues:</b>                         |                       |                     |                              |                   |                    |                        |
| Interest income                          | \$ 94,577             | \$ 1,141            | \$ 7                         | \$ 25             | \$ (270)           | \$ 95,480              |
| Gain on sale of loans                    | 136                   | 19,944              | -                            | -                 | -                  | 20,080                 |
| Other revenues                           | 6,270                 | (307)               | 5,988                        | 1,453             | (1,392)            | 12,012                 |
| Total revenues                           | <u>100,983</u>        | <u>20,778</u>       | <u>5,995</u>                 | <u>1,478</u>      | <u>(1,662)</u>     | <u>127,572</u>         |
| <b>Expenses:</b>                         |                       |                     |                              |                   |                    |                        |
| Interest expense                         | 10,912                | (6)                 | -                            | 472               | (270)              | 11,108                 |
| Salaries and employee benefits           | 28,108                | 11,958              | 3,849                        | -                 | -                  | 43,915                 |
| Other expenses                           | 28,998                | 4,338               | 3,460                        | 8,668             | (1,392)            | 44,072                 |
| Total operating expenses                 | <u>68,018</u>         | <u>16,290</u>       | <u>7,309</u>                 | <u>9,140</u>      | <u>(1,662)</u>     | <u>99,095</u>          |
| Income (loss) before income taxes        | <u>\$ 32,965</u>      | <u>\$ 4,488</u>     | <u>\$ (1,314)</u>            | <u>\$ (7,662)</u> | <u>\$ -</u>        | <u>\$ 28,477</u>       |
| Total assets                             | <u>\$ 2,827,041</u>   | <u>\$ 31,999</u>    | <u>\$ 10,967</u>             | <u>\$ 21,727</u>  | <u>\$ (17,840)</u> | <u>\$ 2,873,894</u>    |

## Reconciliation of Non-GAAP Financial Measures - Unaudited

The press release contains certain financial information determined by methods other than in accordance with generally accepted accounting policies in the United States (GAAP). These non-GAAP financial measures are “tangible book value per common shares”, “tangible common equity ratio”, and “net interest margin on a fully tax equivalent basis.” This non-GAAP disclosure has limitations as an analytical tool and should not be considered in isolation or as a substitute for analysis of the Corporation’s results as reported under GAAP, nor is it necessarily comparable to non-GAAP performance measures that may be presented by other companies. Management uses these non-GAAP measures in its analysis of our performance because it believes these measures are material and will be used as a measure of our performance by investors.

| (Dollars In Thousands)                           | Three Months<br>Ended<br>December 31,<br>2018 | Three Months<br>Ended<br>September 30,<br>2018 | Three Months<br>Ended<br>June 30,<br>2018 | Three Months<br>Ended<br>March 31,<br>2018 | Twelve Months<br>Ended<br>December 31,<br>2018 | Twelve Months<br>Ended<br>December 31,<br>2017 |
|--|---|--|---|--|--|--|
| Book value per common share                      | \$ 21.57                                      | \$ 21.13                                       | \$ 20.88                                  | \$ 20.62                                   | \$ 21.57                                       | \$ 20.53                                       |
| Effect of intangible assets                      | \$ (8.69)                                     | \$ (8.80)                                      | \$ (8.89)                                 | \$ (8.97)                                  | \$ (8.69)                                      | \$ (9.01)                                      |
| Tangible book value per common share             | \$ 12.88                                      | \$ 12.33                                       | \$ 11.99                                  | \$ 11.65                                   | \$ 12.88                                       | \$ 11.52                                       |
| Common equity ratio                              | 14.97%  | 14.63%   | 14.87%                                    | 15.06%                                     | 14.97%   | 14.68%   |
| Effect of intangible assets                      | -5.46%  | -5.54%   | -5.75%                                    | -5.96%                                     | -5.46%   | -5.89%   |
| Tangible common equity ratio                     | 9.51%   | 9.09%  | 9.12%                                     | 9.10%                                      | 9.51%  | 8.79%  |
| Net interest margin                              | 3.64%   | 3.62%  | 3.62%                                     | 3.65%                                      | 3.63%  | 3.81%  |
| Effect of tax exempt securities and loans        | 0.05%   | 0.05%  | 0.05%                                     | 0.05%                                      | 0.06%  | 0.07%  |
| Net interest margin - fully tax equivalent basis | 3.69%   | 3.67%  | 3.67%                                     | 3.70%                                      | 3.69%  | 3.88%  |
| Return on average equity                         | 8.02%   | 8.79%  | 8.36%                                     | 7.65%                                      | 8.21%  | 5.03%  |
| Effect of intangible assets                      | 5.33%   | 6.41%  | 6.37%                                     | 5.92%                                      | 6.00%  | 3.12%  |
| Return on average tangible equity                | 13.35%  | 15.20%   | 14.73%                                    | 13.57%                                     | 14.21%   | 8.15%  |
| Average equity                                   | \$ 445,254                                    | \$ 437,398                                     | \$ 428,590                                | \$ 422,780                                 | \$ 433,577                                     | \$ 327,738                                     |
| Effect of average intangible assets              | \$ 183,736                                    | \$ 184,534                                     | \$ 185,358                                | \$ 184,399                                 | \$ 184,512                                     | \$ 125,330                                     |
| Average tangible equity                          | \$ 261,518                                    | \$ 252,864                                     | \$ 243,232                                | \$ 238,381                                 | \$ 249,065                                     | \$ 202,408                                     |

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