# **OUR BEST DAYS ARE AHEAD**

#### **Board of Directors**

Mark N. Rosborough Chairman of the Board Katherine M. Boyd Robert B. Gregory Renee W. Kelly Tony C. McKim Cornelius J. Russell Stuart G. Smith Bruce B. Tindal F. Stephen Ward

#### **Executive Officers**

Tony C. McKim President & Chief Executive Officer Richard M. Elder Executive Vice President & Chief Financial Officer Charles A. Wootton Executive Vice President & Clerk

### **Corporate Counsel**

Pierce Atwood Portland, Maine

## **Independent Auditors**

Berry, Dunn, McNeil & Parker Portland, Maine

#### The First Bancorp

P.O. Box 940, Damariscotta, Maine 04543 207.563.3195





## **Fourth Quarter 2019 Financial Results**



January 31, 2020

Dear First Bancorp Shareholders:

The First Bancorp ended the decade with a sixth consecutive year of record earnings, and closed out 2019 with a record quarter. Our earnings strength continues to be keved off earning asset growth, and was supplemented nicely in 2019 by growth in noninterest income. Earning assets were up \$125.2 million or 6.7% for the year leading to a \$2.3 million, or 4.5% increase in net interest income. Non-interest income was up \$1.6 million or 12.6% from 2018, led by a 22.0% increase in mortgage banking revenue. Non-interest expenses were controlled, with an increase of 5.1% from 2018. Based upon the strength of the Company's earnings, we declared a dividend of 30 cents per share in the fourth quarter, representing a payout to our shareholders of 48.39% of net income for the period. Total assets at December 31, 2019 were \$2.07 billion, up \$35.6 million from the quarter ended September 30, 2019 and up \$124.2 million from a year ago.

Total deposits at December 31, 2019 were \$1.65 billion, up \$123.4 million or 8.1% from December 31, 2018. Low-cost deposits increased \$15.9 million year-over-year, and certificates of deposit increased \$98.6 million. Deposit growth allowed for a \$25.4 million year-over-year reduction in borrowed funds.

Dare to dream

The Company's capital position remained strong as of December 31, 2019, with total risk-based capital ratio of 15.27%, and leverage capital ratio of 8.88%. These measures compare favorably to 15.19% and 8.60% respectively as of December 31, 2018, and are well in excess of regulatory requirements.

Asset quality is stable and solid. As of December 31, 2019, non-performing assets as a percentage of total assets were 0.82%,

up marginally from 0.79% a year earlier. Past due loans were 1.16% of total loans at December 31, 2019, up marginally from 1.08% of total loans at December 31, 2018. Net Together we will charge-offs as a percentage of loans were 0.07% as of December 31, 2019, down from 0.08% in 2018 and 0.12% in 2017.

> Net Income for the year ended December 31, 2019 was \$25.5 million, up \$2.0 million or 8.5% from the year ended December 31, 2018. On a fully diluted earnings per share

basis, 2019 earnings were \$2.34, up \$0.17 or 7.8% from the prior year. The Company's Return on Average Assets of 1.27% for the year ended December 31, 2019 was up from 1.23% for the year ended December 31, 2018. Return on Average Tangible Common Equity was 14.66% and 15.18% respectively for the same periods, reflecting a higher level of capital being held.

On December 19, 2019 the Company's Board of Directors declared a dividend for the fourth quarter of \$0.30 per share, payable on January 17, 2020 to shareholders of record as of January 7, 2020. The company's stock closed at \$30.23 per share on December 31, 2019, up from \$26.30 at the prior year-end. With dividends re-invested, shares of The First Bancorp provided shareholders with a total annualized return of 20.13% for the year ended December 31, 2019, and 103.04% over the five years then ended.

I can't say enough about our outstanding team of customer-focused banking professionals who are committed to building our business each and every day. We look forward to 2020!

Best always,

President & Chief Executive Officer

## Consolidated Balance Sheets (Unaudited)

Assets         \$14,433         \$19,134           Cash and due from banks         \$1,300         12,079           Securities available for sale         360,520         317,416           Securities to be held to maturity         281,666         255,663           Sestricted equity securities, at cost         8,982         11,586           Loans held for sale         154         -           Loans         1,297,075         1,238,283           Less allowance for loan losses         11,639         11,232           Net Loans         1,285,436         1,227,051           Accrued interest receivable         7,167         6,660           Premises and equipment         21,305         22,056           Other cal estate owned         279         584           Goodwill         29,805         50,945,570           Other assets         47,799         42,536           Total assets         \$2,068,796         \$1,944,570           Uabilities         \$169,777         \$163,575           NOW deposits         \$68,979         \$2,043           Money market deposits         \$16,000         152,043           Sorings deposits         236,141         237,135           Certificates of deposit	In thousands of dollars, except per share data	12/31/2019	12/31/2018
Interest-bearing deposits in other banks         11,310         12,079           Securities available for sale         360,520         317,416           Securities to be held to maturity         8,982         11,586           Restricted equity securities, at cost         8,982         11,586           Loans held for sale         1,297,55         1,238,283           Loans held for sale         1,639         11,232           Net loans         1,285,436         1,227,051           Net loans         1,285,436         1,227,051           Net cloans         21,305         22,056           Other active interest receivable         21,305         22,056           Other assets decouned         279         584           Goodwill         29,805         29,805           Other assets         47,799         42,536           Itabilities         29,805         519,44,570           Demand deposits         \$169,777         \$163,575           NOW deposits         393,569         382,923           Savings deposits         16,504,60         152,043           Servings deposits         16,504,60         152,043           Sorrowed funds         18,055,60         152,043           Borrowed fund		•	
Securities available for sale         360,520         317,46           Securities to be held to maturity         281,666         255,663           Restricted equity securities, at cost         8,982         11,586           Loans held for sale         1,53         1,230,705         1,238,283           Loans         1,639         1,230,205         1,220,505           Less allowance for loan losses         1,163         1,220,505           Act underst receivable         7,167         6,660           Permises and equipment         2,980         29,805           Other real estate owned         29,805         29,805           Other assets         47,799         42,536           Other assets         2,087,909         42,536           Other assets         3,087,909         3,456,709           Other assets         3,087,909         3,456,709           Other assets         3,087,909         3,456,709           Other assets         3,087,909         3,456,709           Other assets         3,087,909         3,455,709           Other assets         3,087,909         3,456,709           NOW deposits         3,087,909         3,250,309           Solidational positis         1,650,466         <	Cash and due from banks	\$14,433	\$19,134
Securities to be held to maturity         281,606         255,663           Restricted equity securities, at cost         8,982         11,586           Loans held for sale         154         -           Loans         1,297,075         1,238,283           Less allowance for loan losses         11,639         11,239           Net loans         1,885,436         1,270,51           Accrued interest receivable         7,167         6,660           Other real estate owned         279         58.60           Goodwill         29,805         29,805           Other assets         47,799         42,536           Other assets         47,799         42,536           Other assets         47,799         42,536           Other assets         47,799         42,536           Demand deposits         \$169,777         \$163,575           NOW deposits         393,569         382,923           Money market deposits         161,000         152,043           Savings deposits         1,659,466         1,527,085           Borrowed funds         1,650,466         1,527,085           Borrowed funds         1,650,466         1,527,085           Shareholders' equity         2,067	Interest-bearing deposits in other banks	11,310	12,079
Restricted equity securities, at cost         8,982         11,586           Loans held for sale         154         1,288,28           Loans         1,297,075         1,238,28           Less allowance for loan losses         11,639         11,227,025           Net Joans         1,285,436         1,227,051           Accrued interest receivable         7,166         6,660           Premises and equipment         21,305         22,055           Obodwill         29,805         29,805           Obodwill         29,805         29,805           Other assets         47,999         42,536           Othal assets         \$169,777         \$163,575           Demand deposits         \$169,777         \$163,575           NOW deposits         393,569         382,923           Money market deposits         16,000         152,043           Savings deposits         16,000         152,043           Gertificates of deposit         689,799         591,405           Borrowed funds         1,650,466         1,527,085           Borrowed funds         1,650,466         1,527,085           Borrowed funds         1,650,466         1,527,085           Borrowed funds         1,650,466	Securities available for sale	360,520	317,416
Loans Income         154         1-29075         1,238,283           Less allowance for loan losses         11,639         11,239         11,239           Net loans         1,285,436         1,227,051           Actrued interest receivable         7,167         6,660           Premises and equipment         279         584           Other real estate owned         279         584           Goodwill         29,805         29,805           Other assets         47,799         42,536           Otal assets         5,067,797         5163,575           Noal deposits         \$169,777         \$163,575           NOW deposits         393,569         382,923           Money market deposits         161,000         152,043           Savings deposits         236,141         237,135           Certificates of deposit         88,979         591,049           Total Labilities         1,650,466         1,527,085           Borrowed funds         184,955         210,317           Ottal Liabilities         20,867         15,262           Total Liabilities         1,856,248         17,502           Ottal Liabilities         1,856,248         17,502           Total Liabilities	Securities to be held to maturity	281,606	255,663
Loans         1,297,075         1,238,283           Less allowance for loan losses         11,639         11,232           Net loans         1,285,436         1,227,057           Accrued interest receivable         7,167         6,660           Premises and equipment         21,305         22,056           Other real estate owned         279         5.84           Goodwill         29,805         29,805           Other assets         47,799         42,536           Other assets         47,799         42,536           Total assets         \$169,777         \$163,575           NOW deposits         \$169,777         \$163,575           NOW deposits         393,569         382,923           Money market deposits         161,000         152,043           Savings deposits         236,111         237,313           Certificates of deposit         689,979         \$91,409           Borrowed funds         1,650,466         1,527,081           Other liabilities         1,850,466         1,527,081           Other liabilities         1,850,468         1,753,026           Other liabilities         1,850,488         1,753,026           Other liabilities         1,850,488	Restricted equity securities, at cost	8,982	11,586
Less allowance for loan losses         11,639         11,232           Net loans         1,285,436         1,227,051           Accrued interest receivable         7,167         6,660           Premises and equipment         21,305         22,055           Other real estate owned         279         584           Goodwill         29,805         29,805           Other assets         47,799         42,536           Otal assets         \$169,777         \$163,575           Demand deposits         \$169,777         \$163,575           NOW deposits         393,569         382,293           Money market deposits         161,000         152,043           Savings deposits         236,141         237,135           Certificates of deposit         689,799         591,409           Borrowed funds         184,955         210,317           Otal Liabilities         1,650,466         1,527,085           Borrowed funds         184,955         210,317           Other liabilities         1,850,466         1,530,288           Borrowed funds         184,955         210,317           Other liabilities         1,650,466         1,552,066           Otal Liabilities         1,650,466	Loans held for sale	154	-
Net loans         1,285,436         1,227,051           Accrued interest receivable         7,167         6,660           Premises and equipment         27,95         5.84           Other real estate owned         279         5.84           Goodwill         29,805         29,805           Other assets         47,799         42,536           Ioal assets         \$169,777         \$163,675           Ioal assets         \$169,777         \$163,575           NOW deposits         \$169,777         \$163,575           NOW deposits         \$169,777         \$163,575           NOW deposits         \$169,777         \$163,575           NOW deposits         \$169,777         \$163,575           Savings deposits         \$236,141         237,315           Certificates of deposit         689,979         591,409           Total deposits         1,650,466         1,527,085           Borrowed funds         1,650,466         1,527,085           Other liabilities         1,856,288         1,753,028           Borrowed funds         1,856,288         1,753,028           Other liabilities         3,657         5,626           Total Liabilities         3,657         5,626 </td <td>Loans</td> <td>1,297,075</td> <td>1,238,283</td>	Loans	1,297,075	1,238,283
Accrued interest receivable         7,167         6,660           Premises and equipment         21,305         22,056           Other real estate owned         279         584           Goodwill         29,805         29,805           Other assets         47,799         42,536           Iotal assets         \$2,068,796         \$19,44570           Liabilities         \$169,777         \$163,575           Demand deposits         \$16,007         \$15,204           NOW deposits         393,569         382,223           Money market deposits         16,000         152,043           Savings deposits         236,141         237,135           Certificates of deposit         689,979         591,409           Iotal deposits         1,650,466         1,527,085           Borrowed funds         184,955         20,317           Other liabilities         20,867         15,626           Iotal deposits         1,856,288         1,753,028           Borrowed funds         184,955         20,317           Other liabilities         10,967         15,626           Iotal deposits         10,967         15,626           Total deposits         184,622         10,317 <td>Less allowance for loan losses</td> <td>11,639</td> <td>11,232</td>	Less allowance for loan losses	11,639	11,232
Premises and equipment         21,305         22,056           Other real estate owned         279         584           Goodwill         29,805         29,805           Other assets         47,799         42,536           Total assets         \$2,068,796         \$19,44,570           Liabilities         \$169,777         \$163,575           NOW deposits         393,569         382,925           NOW deposits         161,000         152,043           Savings deposits         161,000         152,043           Savings deposits         236,141         237,135           Certificates of deposit         689,979         591,409           Total deposits         1,650,466         1,522,085           Borrowed funds         184,955         210,317           Other liabilities         20,867         15,626           Total Liabilities         186,288         1,753,028           Shareholders' equity         20,867         1,627           Common stock         109         109           Additional paid-in capital         63,964         62,746           Retained earnings         144,839         132,460           Net unrealized gain (loss) on securities available-for-sale         3,65	Net loans	1,285,436	1,227,051
Other real estate owned         279         584           Goodwill         29,805         29,805           Other assets         47,799         42,536           Total assets         \$2,068,796         \$19,44,570           Liabilities         \$169,777         \$163,575           Demand deposits         \$169,777         \$163,575           NOW deposits         393,569         382,923           Money market deposits         161,000         152,043           Savings deposits         236,141         237,135           Certificates of deposit         689,799         591,409           Total deposits         1,650,466         1,527,085           Borrowed funds         184,955         210,317           Other liabilities         18,862,88         1,753,085           Borrowed funds         184,955         210,317           Other liabilities         186,628         1,527,085           Borrowed funds         184,955         210,317           Other liabilities         186,628         1,522,085           Borrowed funds         18,062         1,522,085           Borrowed funds         18,062         1,522,085           Borrowed funds         18,062         1,522,085	Accrued interest receivable	7,167	6,660
Goodwill         29,805         29,805           Other assets         47,799         42,536           Itabilities         *2,068,796         \$1,944,570           Demand deposits         \$169,777         \$163,575           NOW deposits         393,569         382,923           Money market deposits         161,000         152,043           Savings deposits         236,141         237,135           Certificates of deposit         689,979         591,409           Total deposits         1,650,466         1,527,085           Borrowed funds         184,955         210,317           Other liabilities         20,867         15,626           Iotal Liabilities         1,856,288         1,752,085           Shareholders' equity         20,867         15,626           Other inabilities         109         109           Additional paid-in capital         63,964         62,746           Retained earnings         109         109           Additional paid-in capital         63,964         62,746           Retained earnings         14,833         132,406           Net unrealized gain (loss) on securities available-for-sale         1,825         1,937           Net unrealized gain on ca	Premises and equipment	21,305	22,056
Other assets         47,799         42,586           Intal assets         \$2,068,796         \$1,944,570           Liabilities         \$169,777         \$163,575           Demand deposits         \$169,777         \$163,575           NOW deposits         393,569         382,923           Money market deposits         161,000         152,043           Savings deposits         236,141         237,135           Certificates of deposit         689,979         591,409           Total deposits         1,650,466         1,527,085           Borrowed funds         184,955         210,317           Other liabilities         20,867         15,626           Intel iabilities         1,856,288         1,753,028           Shareholders' equity         109         109           Additional paid-in capital         63,964         62,746           Net unrealized gain (loss) on securities available-for-sale         3,657         (5,051)           Net unrealized gain (loss) on securities available-for-sale         3,657         (5,051)           Net unrealized gain (loss) on postretirement benefit cots         24         37           Intel unrealized gain (loss) on postretirement benefit cots         24         37           Intel liabilit	Other real estate owned	279	584
Iotal assets         \$2,068,796         \$1,944,570           Liabilities         \$169,777         \$163,575           Demand deposits         \$169,777         \$163,575           NOW deposits         393,569         382,923           Money market deposits         161,000         152,043           Savings deposits         236,141         237,135           Certificates of deposit         689,979         591,409           Total deposits         1,650,466         1,527,085           Borrowed funds         184,955         210,317           Other liabilities         20,867         15,626           Total Liabilities         1,856,288         1,753,028           Shareholders' equity         109         109           Additional paid-in capital         63,964         62,746           Retained earnings         144,839         132,460           Net unrealized gain (loss) on securities available-for-sale         3,657         (5,051)           Net unrealized gain on cash flow hedging derivatives         97         1,438           Net unrealized gain (loss) on postretirement benefit costs         24         37           Total shareholders' equity         212,508         191,542           Total liabilities & shareholders' equity	Goodwill	29,805	29,805
Iotal assets         \$2,068,796         \$1,944,570           Liabilities         \$169,777         \$163,575           Demand deposits         \$169,777         \$163,575           NOW deposits         393,569         382,923           Money market deposits         161,000         152,043           Savings deposits         236,141         237,135           Certificates of deposit         689,979         591,409           Total deposits         1,650,466         1,527,085           Borrowed funds         184,955         210,317           Other liabilities         20,867         15,626           Total Liabilities         1,856,288         1,753,028           Shareholders' equity         109         109           Additional paid-in capital         63,964         62,746           Retained earnings         144,839         132,460           Net unrealized gain (loss) on securities available-for-sale         3,657         (5,051)           Net unrealized gain on cash flow hedging derivatives         97         1,438           Net unrealized gain (loss) on postretirement benefit costs         24         37           Total shareholders' equity         212,508         191,542           Total liabilities & shareholders' equity	Other assets	47,799	42,536
Liabilities         \$169,777         \$163,575           Demand deposits         \$393,569         382,923           Money market deposits         161,000         152,043           Savings deposits         236,141         237,135           Certificates of deposit         689,979         591,409           Total deposits         1,650,466         1,527,085           Borrowed funds         184,955         210,317           Other liabilities         20,867         15,626           Total Liabilities         1,856,288         1,753,028           Shareholders' equity         109         109           Additional paid-in capital         63,964         62,746           Retained earnings         144,839         132,460           Net unrealized gain (loss) on securities available-for-sale         3,657         (5,051)           Net unrealized gain (loss) on ransferred securities         97         1,438           Net unrealized gain (loss) on postretirement benefit costs         24         37           Total shareholders' equity         212,508         191,542           Total liabilities & shareholders' equity         \$2,068,796         \$1,944,570           Common Stock         18,000,000         18,000,000           Number o			
NOW deposits         393,569         382,923           Money market deposits         161,000         152,043           Savings deposits         236,141         237,135           Certificates of deposit         689,979         591,409           Total deposits         1,650,466         1,527,085           Borrowed funds         184,955         210,317           Other liabilities         20,867         15,626           Total Liabilities         1,856,288         1,753,028           Shareholders' equity           Common stock         109         109           Additional paid-in capital         63,964         62,746           Retained earnings         144,839         132,460           Net unrealized goin (loss) on securities available-for-sale         3,657         (5,051)           Net unrealized goin (loss) on securities         182         (197)           Net unrealized goin on cash flow hedging derivatives         97         1,438           Net unrealized goin (loss) on postretirement benefit costs         24         37           Total liabilities & shareholders' equity         \$2,068,796         \$1,944,570           Common Stock         18,000,000         18,000,000         18,000,000           Number of shar	Liabilities		
Money market deposits         161,000         152,043           Savings deposits         236,141         237,135           Certificates of deposit         689,979         591,409           Total deposits         1,650,466         1,527,085           Borrowed funds         184,955         210,317           Other liabilities         20,867         15,626           Total Liabilities         1,856,288         1,753,028           Shareholders' equity         109         109           Common stock         109         109           Additional paid-in capital         63,964         62,746           Retained earnings         144,839         132,460           Net unrealized gain (loss) on securities available-for-sale         3,657         (5,051)           Net unrealized gain (loss) on securities         97         1,438           Net unrealized gain on cash flow hedging derivatives         97         1,438           Net unrealized gain (loss) on postretirement benefit costs         24         37           Total shareholders' equity         212,508         19,542           Total liabilities & shareholders' equity         \$2,068,796         \$1,944,570           Common Stock         18,000,000         18,000,000	Demand deposits	\$169,777	\$163,575
Savings deposits         236,141         237,135           Certificates of deposit         689,979         591,409           Total deposits         1,650,466         1,527,085           Borrowed funds         184,955         210,317           Other liabilities         20,867         15,626           Total Liabilities         1,856,288         1,753,028           Shareholders' equity           Common stock         109         109           Additional paid-in capital         63,964         62,746           Retained earnings         144,839         132,460           Net unrealized gain (loss) on securities available-for-sale         3,657         (5,051)           Net unrealized gain on cash flow hedging derivatives         97         1,438           Net unrealized gain (loss) on postretirement benefit costs         24         37           Total shareholders' equity         212,508         191,542           Total liabilities & shareholders' equity         \$2,068,796         \$1,944,570           Total liabilities & shareholders' equity         \$2,068,796         \$1,944,570           Total shares issued and outstanding         18,000,000         18,000,000           Number of shares sissued and outstanding         10,899,210         10,862,651	NOW deposits	393,569	382,923
Certificates of deposit         689,979         591,409           Total deposits         1,650,466         1,527,085           Borrowed funds         184,955         210,317           Other liabilities         20,867         15,626           Total Liabilities         1,856,288         1,753,028           Shareholders' equity           Common stock         109         109           Additional paid-in capital         63,964         62,746           Retained earnings         144,839         132,460           Net unrealized gain (loss) on securities available-for-sale         3,657         (5,051)           Net unrealized gain on cash flow hedging derivatives         97         1,438           Net unrealized gain (loss) on postretirement benefit costs         24         37           Total shareholders' equity         212,508         191,542           Total liabilities & shareholders' equity         \$2,068,796         \$1,944,570           Common Stock         18,000,000         18,000,000           Number of shares authorized         18,000,000         10,862,651           Tangible book value per common share         \$16.75         \$14.87           Leverage capital ratio         8.88%         8.60%	Money market deposits	161,000	152,043
Total deposits         1,650,466         1,527,085           Borrowed funds         184,955         210,317           Other liabilities         20,867         15,626           Total Liabilities         1,856,288         1,753,028           Shareholders' equity           Common stock         109         109           Additional paid-in capital         63,964         62,746           Retained earnings         144,839         132,460           Net unrealized gain (loss) on securities available-for-sale         3,657         (5,051)           Net unrealized loss on transferred securities         (182)         (197)           Net unrealized gain (loss) on postretirement benefit costs         97         1,438           Net unrealized gain (loss) on postretirement benefit costs         24         37           Total shareholders' equity         212,508         191,542           Total liabilities & shareholders' equity         \$2,068,796         \$1,944,570           Common Stock         10,800,000         10,800,000           Number of shares authorized         18,000,000         10,862,651           Tangible book value per common share         \$16.75         \$14.87           Leverage capital ratio         8.88%         8.60%	Savings deposits	236,141	237,135
Borrowed funds         184,955         210,317           Other liabilities         20,867         15,626           Iotal Liabilities         1,856,288         1,753,028           Shareholders' equity           Common stock         109         109           Additional paid-in capital         63,964         62,746           Retained earnings         144,839         132,460           Net unrealized gain (loss) on securities available-for-sale         3,657         (5,051)           Net unrealized loss on transferred securities         (182)         (197)           Net unrealized gain on cash flow hedging derivatives         97         1,438           Net unrealized gain (loss) on postretirement benefit costs         24         37           Total shareholders' equity         212,508         191,542           Total liabilities & shareholders' equity         \$2,068,796         \$1,944,570           Common Stock         Number of shares authorized         18,000,000         18,000,000           Number of shares issued and outstanding         10,899,210         10,862,651           Tangible book value per common share         \$16.75         \$14.87           Leverage capital ratio         8.88%         8.60%	Certificates of deposit	689,979	591,409
Other liabilities         20,867         15,626           Total Liabilities         1,856,288         1,753,028           Shareholders' equity         109         109           Common stock         109         109           Additional paid-in capital         63,964         62,746           Retained earnings         144,839         132,460           Net unrealized gain (loss) on securities available-for-sale         3,657         (5,051)           Net unrealized loss on transferred securities         (182)         (197)           Net unrealized gain on cash flow hedging derivatives         97         1,438           Net unrealized gain (loss) on postretirement benefit costs         24         37           Total shareholders' equity         212,508         191,542           Total liabilities & shareholders' equity         \$2,068,796         \$1,944,570           Common Stock         10,899,210         10,862,651           Number of shares authorized         10,899,210         10,862,651           Tangible book value per common share         \$16.75         \$14.87           Leverage capital ratio         8.88%         8.60%	·	1,650,466	1,527,085
Total Liabilities         1,856,288         1,753,028           Shareholders' equity         Common stock         109         109           Additional paid-in capital         63,964         62,746           Retained earnings         144,839         132,460           Net unrealized gain (loss) on securities available-for-sale         3,657         (5,051)           Net unrealized loss on transferred securities         (182)         (197)           Net unrealized gain on cash flow hedging derivatives         97         1,438           Net unrealized gain (loss) on postretirement benefit costs         24         37           Total shareholders' equity         212,508         191,542           Total liabilities & shareholders' equity         \$2,068,796         \$1,944,570           Common Stock           Number of shares authorized         18,000,000         18,000,000           Number of shares issued and outstanding         10,899,210         10,862,651           Tangible book value per common share         \$16.75         \$14.87           Leverage capital ratio         8.88%         8.60%		184,955	210,317
Shareholders' equityCommon stock109109Additional paid-in capital63,96462,746Retained earnings144,839132,460Net unrealized gain (loss) on securities available-for-sale3,657(5,051)Net unrealized loss on transferred securities(182)(197)Net unrealized gain on cash flow hedging derivatives971,438Net unrealized gain (loss) on postretirement benefit costs2437Total shareholders' equity212,508191,542Total liabilities & shareholders' equity\$2,068,796\$1,944,570Common StockNumber of shares authorized18,000,00018,000,000Number of shares issued and outstanding10,899,21010,862,651Tangible book value per common share\$16.75\$14.87Leverage capital ratio8.88%8.60%		20,867	15,626
Common stock         109         109           Additional paid-in capital         63,964         62,746           Retained earnings         144,839         132,460           Net unrealized gain (loss) on securities available-for-sale         3,657         (5,051)           Net unrealized loss on transferred securities         (182)         (197)           Net unrealized gain on cash flow hedging derivatives         97         1,438           Net unrealized gain (loss) on postretirement benefit costs         24         37           Total shareholders' equity         212,508         191,542           Total liabilities & shareholders' equity         \$2,068,796         \$1,944,570           Common Stock           Number of shares authorized         18,000,000         18,000,000           Number of shares issued and outstanding         10,899,210         10,862,651           Tangible book value per common share         \$16.75         \$14.87           Leverage capital ratio         8.88%         8.60%		1,856,288	1,753,028
Additional paid-in capital         63,964         62,746           Retained earnings         144,839         132,460           Net unrealized gain (loss) on securities available-for-sale         3,657         (5,051)           Net unrealized loss on transferred securities         (182)         (197)           Net unrealized gain on cash flow hedging derivatives         97         1,438           Net unrealized gain (loss) on postretirement benefit costs         24         37           Total shareholders' equity         \$2,068,796         \$1,944,570           Common Stock         \$2,068,796         \$1,944,570           Number of shares authorized         18,000,000         18,000,000           Number of shares issued and outstanding         10,899,210         10,862,651           Tangible book value per common share         \$16.75         \$14.87           Leverage capital ratio         8.88%         8.60%			
Retained earnings144,839132,460Net unrealized gain (loss) on securities available-for-sale3,657(5,051)Net unrealized loss on transferred securities(182)(197)Net unrealized gain on cash flow hedging derivatives971,438Net unrealized gain (loss) on postretirement benefit costs2437Total shareholders' equity212,508191,542Total liabilities & shareholders' equity\$2,068,796\$1,944,570Common Stock\$1,944,570Number of shares authorized18,000,00018,000,000Number of shares issued and outstanding10,899,21010,862,651Tangible book value per common share\$16.75\$14.87Leverage capital ratio8.88%8.60%			
Net unrealized gain (loss) on securities available-for-sale3,657(5,051)Net unrealized loss on transferred securities(182)(197)Net unrealized gain on cash flow hedging derivatives971,438Net unrealized gain (loss) on postretirement benefit costs2437Total shareholders' equity212,508191,542Total liabilities & shareholders' equity\$2,068,796\$1,944,570Common Stock\$18,000,00018,000,000Number of shares authorized10,899,21010,862,651Tangible book value per common share\$16.75\$14.87Leverage capital ratio8.88%8.60%			
Net unrealized loss on transferred securities(182)(197)Net unrealized gain on cash flow hedging derivatives971,438Net unrealized gain (loss) on postretirement benefit costs2437Total shareholders' equity212,508191,542Total liabilities & shareholders' equity\$2,068,796\$1,944,570Common Stock18,000,00018,000,000Number of shares authorized10,899,21010,862,651Tangible book value per common share\$16.75\$14.87Leverage capital ratio8.88%8.60%	<u> </u>		
Net unrealized gain on cash flow hedging derivatives971,438Net unrealized gain (loss) on postretirement benefit costs2437Total shareholders' equity212,508191,542Total liabilities & shareholders' equity\$2,068,796\$1,944,570Common Stock18,000,00018,000,000Number of shares authorized10,899,21010,862,651Tangible book value per common share\$16.75\$14.87Leverage capital ratio8.88%8.60%			, ,
Net unrealized gain (loss) on postretirement benefit costs2437Total shareholders' equity212,508191,542Total liabilities & shareholders' equity\$2,068,796\$1,944,570Common StockNumber of shares authorized18,000,00018,000,000Number of shares issued and outstanding10,899,21010,862,651Tangible book value per common share\$16.75\$14.87Leverage capital ratio8.88%8.60%			
Total shareholders' equity212,508191,542Total liabilities & shareholders' equity\$2,068,796\$1,944,570Common StockNumber of shares authorized18,000,00018,000,000Number of shares issued and outstanding10,899,21010,862,651Tangible book value per common share\$16.75\$14.87Leverage capital ratio8.88%8.60%			
Total liabilities & shareholders' equity\$2,068,796\$1,944,570Common Stock18,000,00018,000,000Number of shares authorized10,899,21010,862,651Tangible book value per common share\$16.75\$14.87Leverage capital ratio8.88%8.60%			
Common StockNumber of shares authorized18,000,00018,000,000Number of shares issued and outstanding10,899,21010,862,651Tangible book value per common share\$16.75\$14.87Leverage capital ratio8.88%8.60%			
Number of shares authorized18,000,00018,000,000Number of shares issued and outstanding10,899,21010,862,651Tangible book value per common share\$16.75\$14.87Leverage capital ratio8.88%8.60%		<del>+</del> 2/000/110	<i>ψ.ι/Σ.ι.ι/Σ.ι.υ</i>
Number of shares issued and outstanding10,899,21010,862,651Tangible book value per common share\$16.75\$14.87Leverage capital ratio8.88%8.60%		18,000.000	18,000.000
Tangible book value per common share\$16.75\$14.87Leverage capital ratio8.88%8.60%			
Leverage capital ratio 8.88% 8.60%	3		
	3	•	
	Total risk-based capital ratio	15.27%	15.19%

# **Consolidated Statements of Income and Comprehensive Income** (Unaudited)

	For the years ended		For the quarters ended	
In thousands of dollars, except per share data	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Interest income				
Interest and fees on loans	\$59,239	\$53,548	\$14,789	\$14,384
Interest on deposits with other banks	188	242	43	110
Interest and dividends on investments	19,224	16,753	4,825	4,307
Total interest income	78,651	70,543	19,657	18,801
Interest expense				
Interest on deposits	23,268	15,970	5,529	4,839
Interest on borrowed funds	2,890	4,364	710	967
Total interest expense	26,158	20,334	6,239	5,806
Net interest income	52,493	50,209	13,418	12,995
Provision for loan losses	1,250	1,500	375	167
Net interest income after provision for loan losses	51,243	48,709	13,043	12,828
Non-interest income				
Investment management and fiduciary income	3,318	3,030	859	745
Service charges on deposit accounts	2,330	2,194	583	570
Net securities gains	224	137	209	-
Mortgage origination and servicing income	1,909	1,565	682	523
Other operating income	6,408	5,674	1,575	1,415
Total non-interest income	14,189	12,600	3,908	3,253
Non-interest expense				
Salaries and employee benefits	18,396	17,641	4,698	4,411
Occupancy expense	2,558	2,435	627	564
Furniture and equipment expense	3,990	3,924	1,021	1,108
FDIC insurance premiums	439	1,226	-	276
Amortization of identified intangibles	43	43	11	11
Other operating expense	9,746	8,198	2,647	2,126
Total non-interest expense	35,172	33,467	9,004	8,496
Income before income taxes	30,260	27,842	7,947	7,585
Applicable income taxes	4,735	4,306	1,261	1,222
Net income	\$25,525	\$23,536	\$6,686	\$6,363
Basic earnings per common share	\$2.36	\$2.18	\$0.62	\$0.59
Diluted earnings per common share	\$2.34	\$2.17	\$0.61	\$0.59
Net unrealized gain (loss) on securities available for sale	8,708	(2,150)	(29)	4,082
Net unrealized gain (loss) on transferred securities	15		7	
Net unrealized gain (loss) on hedging derivatives	(1,341)		362	
Net unrealized gain (loss) on postretirement benefit costs	(13)	184	(13)	184
Other comprehensive income gain (loss)	7,369	(2,095)	327	3,419
Comprehensive income	\$32,894	\$21,441	\$7,013	\$9,782
Financial Ratios				
	14.66%	15.18%	14.63%	16.00%
Net interest margin, tax equivalent	2.89%	2.91%		
Net securities gains  Mortgage origination and servicing income Other operating income Total non-interest income  Non-interest expense Salaries and employee benefits Occupancy expense Furniture and equipment expense FUIC insurance premiums Amortization of identified intangibles Other operating expense Total non-interest expense Income before income taxes Applicable income taxes Net income Basic earnings per common share Diluted earnings per common share Net unrealized gain (loss) on securities available for sale Net unrealized gain (loss) on hedging derivatives Net unrealized gain (loss) on postretirement benefit costs Other comprehensive income gain (loss) Comprehensive income Financial Ratios Return on average tangible common equity	224 1,909 6,408 14,189 18,396 2,558 3,990 439 43 9,746 35,172 30,260 4,735 \$25,525 \$2.36 \$2.34 8,708 15 (1,341) (13) 7,369 \$32,894	137 1,565 5,674 12,600 17,641 2,435 3,924 1,226 43 8,198 33,467 27,842 4,306 \$23,536 \$2.18 \$2.17 (2,150) (23) (106) 184 (2,095) \$21,441	209 682 1,575 3,908 4,698 627 1,021 	523 1,415 3,253 4,411 564 1,108 276 11 2,126 8,496 7,585 1,222 \$6,363 \$0.59 \$0.59 \$0.59 4,082 (3) (844) 184 3,419 \$9,782