CAPITAL CITY BANK GROUP INC
Form 10-Q
May 04, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

[x] **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2018

OR

[ ] **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________ to ____________

Commission File Number: 0-13358

(Exact name of registrant as specified in its charter)

Florida	**59-2273542**

(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
217 North Monroe Street, Tallahassee, Florida	**32301**
(Address of principal executive office)	(Zip Code)

(850) 402-7821
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer [ ]	Accelerated filer [X]	Non-accelerated filer [ ] (Do not check if smaller reporting company)	Smaller reporting company [ ] Emerging growth company [ ]

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

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

At April 30, 2018, 17,044,066 shares of the Registrant's Common Stock, $.01 par value, were outstanding.

CAPITAL CITY BANK GROUP, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE PERIOD ENDED MARCH 31, 2018

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INTRODUCTORY NOTE

Caution Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, among others, statements about our beliefs, plans, objectives, goals, expectations, estimates and intentions that are subject to significant risks and uncertainties and are subject to change based on various factors, many of which are beyond our control. The words “may,” “could,” “should,” “would,” “believe,” “anticipate,” “estimate,” “expect,” “intend,” “plan,” “target,” “goal,” and similar expressions are identify forward-looking statements.

All forward-looking statements, by their nature, are subject to risks and uncertainties. Our actual future results may differ materially from those set forth in our forward-looking statements.

Our ability to achieve our financial objectives could be adversely affected by the factors discussed in detail in Part I, Item 2. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Part II, Item 1A. “Risk Factors” in this Quarterly Report on Form 10-Q and the following sections of our Annual Report on Form 10-K for the year ended December 31, 2017 (the “2017 Form 10-K”): (a) “Introductory Note” in Part I, Item 1. “Business”; (b) “Risk Factors” in Part I, Item 1A, as updated in our subsequent quarterly reports filed on Form 10-Q; and (c) “Introduction” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” in Part II, Item 7, as well as:

- our ability to successfully manage interest rate risk, liquidity risk, and other risks inherent to our industry;
- legislative or regulatory changes, including the Dodd-Frank Act, Basel III, and the ability to repay and qualified mortgage standards;
- the effects of security breaches and computer viruses that may affect our computer systems or fraud related to debit card products;
- the accuracy of our financial statement estimates and assumptions, including the estimates used for our loan loss provision, deferred tax asset valuation and pension plan;
- the frequency and magnitude of foreclosure of our loans;
- the effects of our lack of a diversified loan portfolio, including the risks of geographic and industry concentrations;
- the strength of the United States economy in general and the strength of the local economies in which we conduct operations;
- our ability to declare and pay dividends, the payment of which is now subject to our compliance with heightened capital requirements;

- changes in the securities and real estate markets;
- changes in monetary and fiscal policies of the U.S. Government;
- inflation, interest rate, market and monetary fluctuations;
- the effects of harsh weather conditions, including hurricanes, and man-made disasters;
- our ability to comply with the extensive laws and regulations to which we are subject, including the laws for each jurisdiction where we operate;
- the willingness of clients to accept third-party products and services rather than our products and services and vice versa;
- increased competition and its effect on pricing;
- technological changes;
- negative publicity and the impact on our reputation;
- changes in consumer spending and saving habits;
- growth and profitability of our noninterest income;
- changes in accounting principles, policies, practices or guidelines;
- the limited trading activity of our common stock;
- the concentration of ownership of our common stock;
- anti-takeover provisions under federal and state law as well as our Articles of Incorporation and our Bylaws;
- other risks described from time to time in our filings with the Securities and Exchange Commission; and
- our ability to manage the risks involved in the foregoing.

However, other factors besides those listed in *Item 1A Risk Factors* or discussed in this Form 10-Q also could adversely affect our results, and you should not consider any such list of factors to be a complete set of all potential risks or uncertainties. Any forward-looking statements made by us or on our behalf speak only as of the date they are made. We do not undertake to update any forward-looking statement, except as required by applicable law.

PART I. FINANCIAL INFORMATION
Item 1.

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

(Dollars in Thousands)	**(Unaudited) March 31, 2018**	**December 31, 2017**
ASSETS		
Cash and Due From Banks	$ 47,804	$ 58,419
Federal Funds Sold and Interest Bearing Deposits	250,821	227,023
Total Cash and Cash Equivalents	298,625	285,442
Investment Securities, Available for Sale, at fair value	471,836	480,911
Investment Securities, Held to Maturity, at amortized cost (fair value of $222,210 and $215,007)	225,552	216,679
Total Investment Securities	697,388	697,590
Loans Held For Sale	4,845	4,817
Loans, Net of Unearned Income	1,661,895	1,653,492
Allowance for Loan Losses	(13,258)	(13,307)
Loans, Net	1,648,637	1,640,185
Premises and Equipment, net	90,939	91,698
Goodwill	84,811	84,811
Other Real Estate Owned	3,330	3,941
Other Assets	96,257	90,310
Total Assets	$ 2,924,832	$ 2,898,794
LIABILITIES		
Deposits:		
Noninterest Bearing Deposits	$ 890,482	$ 874,583
Interest Bearing Deposits	1,608,402	1,595,294
Total Deposits	2,498,884	2,469,877
Short-Term Borrowings	4,893	7,480
Subordinated Notes Payable	52,887	52,887
Other Long-Term Borrowings	13,333	13,967
Other Liabilities	66,475	70,373
Total Liabilities	2,636,472	2,614,584
SHAREOWNERS' EQUITY		
Preferred Stock, $.01 par value; 3,000,000 shares authorized; no shares issued and outstanding	-	-
Common Stock, $.01 par value; 90,000,000 shares authorized; 17,044,066 and 16,988,951 shares	171	170

issued and outstanding at March 31, 2018 and December 31, 2017, respectively		
Additional Paid-In Capital	37,343	36,674
Retained Earnings	283,990	279,410
Accumulated Other Comprehensive Loss, net of tax	(33,144)	(32,044)
Total Shareowners’ Equity	288,360	284,210
Total Liabilities and Shareowners' Equity	$ 2,924,832	$ 2,898,794

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CAPITAL CITY BANK GROUP, INC.

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(Dollars in Thousands, Except Per Share Data)	Three Months Ended March 31, 2018	2017
INTEREST INCOME		
Loans, including Fees	$ 19,535	$ 18,005
Investment Securities:		
Taxable Securities	2,523	1,783
Tax Exempt Securities	239	259
Federal Funds Sold and Interest Bearing Deposits	917	493
Total Interest Income	23,214	20,540
INTEREST EXPENSE		
Deposits	868	281
Short-Term Borrowings	8	45
Subordinated Notes Payable	475	379
Other Long-Term Borrowings	100	99
Total Interest Expense	1,451	804
NET INTEREST INCOME	21,763	19,736
Provision for Loan Losses	745	310
Net Interest Income After Provision For Loan Losses	21,018	19,426
NONINTEREST INCOME		
Deposit Fees	4,872	5,090
Bank Card Fees	2,811	2,803
Wealth Management Fees	2,173	1,842
Mortgage Banking Fees	1,057	1,308
Other	1,564	1,675
Total Noninterest Income	12,477	12,718
NONINTEREST EXPENSE		
Compensation	15,911	15,859
Occupancy, net	4,551	4,381
Other Real Estate Owned, net	626	583
Other	6,818	7,099
Total Noninterest Expense	27,906	27,922
INCOME BEFORE INCOME TAXES	5,589	4,222
Income Tax (Benefit) Expense	(184)	1,478
NET INCOME	$ 5,773	$ 2,744
BASIC NET INCOME PER SHARE	$ 0.34	$ 0.16
DILUTED NET INCOME PER SHARE	$ 0.34	$ 0.16
Average Basic Shares Outstanding	17,028	16,919

Average Diluted Shares Outstanding	17,073	16,944

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CAPITAL CITY BANK GROUP, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended March 31,	
(Dollars in Thousands)	**2018**	**2017**
NET INCOME	$ 5,773	$ 2,744
Other comprehensive income (loss), before tax:		
Change in net unrealized gain/loss on securities available for sale	(1,488)	505
Amortization of unrealized losses on securities transferred from available for sale to held to maturity	15	20
Total Investment Securities	(1,473)	525
Other comprehensive income (loss), before tax	(1,473)	525
Deferred tax (benefit) expense related to other comprehensive income	(373)	(204)
Other comprehensive income (loss), net of tax	(1,100)	321
TOTAL COMPREHENSIVE INCOME	$ 4,673	$ 3,065

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CAPITAL CITY BANK GROUP, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREOWNERS' EQUITY
(Unaudited)

(Dollars In Thousands, Except Share Data)	**Shares Outstanding**	**Common Stock**	**Additional Paid-In Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss, Net of Taxes**	**Total**
Balance, January 1, 2017	16,844,698	$ 168	$ 34,188	$ 267,037	$ (26,225)	$ 275,168
Net Income	-	-	-	2,744	-	2,744
Other Comprehensive Income, net of tax	-	-	-	-	321	321
Cash Dividends ($0.0500 per share)	-	-	-	(847)	-	(847)
Stock Based Compensation	-	-	408	-	-	408
Impact of Transactions Under Compensation Plans, net	109,351	2	263	-	-	265
Balance, March 31, 2017	16,954,049	$ 170	$ 34,859	$ 268,934	$ (25,904)	$ 278,059
Balance, January 1, 2018	16,988,951	$ 170	$ 36,674	$ 279,410	$ (32,044)	$ 284,210
Net Income	-	-	-	5,773	-	5,773
Other Comprehensive Income, net of tax	-	-	-	-	(1,100)	(1,100)
Cash Dividends ($0.0700 per share)	-	-	-	(1,193)	-	(1,193)
Stock Based Compensation	-	-	331	-	-	331
Impact of Transactions Under Compensation Plans, net	55,115	1	338	-	-	339
Balance, March 31, 2018	17,044,066	$ 171	$ 37,343	$ 283,990	$ (33,144)	$ 288,360

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CAPITAL CITY BANK GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended March 31,	
(Dollars in Thousands)	**2018**	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 5,773	$ 2,744
Adjustments to Reconcile Net Income to		
Cash Provided by Operating Activities:		
Provision for Loan Losses	745	310
Depreciation	1,605	1,735
Amortization of Premiums, Discounts, and Fees, net	1,723	1,575
Net (Increase) Decrease in Loans Held-for-Sale	(28)	3,388
Stock Compensation	331	408
Net Tax Benefit From Stock-Based Compensation	(41)	-
Deferred Income Taxes	1,407	1,174
Net Loss on Sales and Write-Downs of Other Real Estate Owned	554	490
Net (Increase) Decrease in Other Assets	(6,173)	7,926
Net (Decrease) Increase in Other Liabilities	(3,706)	4,168
Net Cash Provided By Operating Activities	2,190	23,918
CASH FLOWS FROM INVESTING ACTIVITIES		
Securities Held to Maturity:		
Purchases	(35,953)	(10,738)
Payments, Maturities, and Calls	26,696	29,338
Securities Available for Sale:		
Purchases	(49,749)	(50,022)
Payments, Maturities, and Calls	55,221	30,732
Purchases of Loans Held for Investment	(3,965)	(18,513)
Net Increase in Loans	(5,514)	(6,099)
Proceeds From Sales of Other Real Estate Owned	364	2,114
Purchases of Premises and Equipment	(847)	(923)
Net Cash Used In Investing Activities	(13,747)	(24,111)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Increase in Deposits	29,007	47,019
Net Decrease in Short-Term Borrowings	(2,587)	(2,146)
Repayment of Other Long-Term Borrowings	(634)	(1,421)
Dividends Paid	(1,193)	(847)
Issuance of Common Stock Under Compensation Plans	147	88
Net Cash Provided By Financing Activities	24,740	42,693
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,183	42,500
Cash and Cash Equivalents at Beginning of Period	285,442	296,047
Cash and Cash Equivalents at End of Period	$ 298,625	$ 338,547

Supplemental Cash Flow Disclosures:

Interest Paid	$	1,451	$	808
Income Taxes Paid	$	-	$	691
Noncash Investing and Financing Activities:				
Loans and Premises Transferred to Other Real Estate Owned	$	307	$	1,541

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CAPITAL CITY BANK GROUP, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations. Capital City Bank Group, Inc. ("CCBG" or the "Company") provides a full range of banking and banking-related services to individual and corporate clients through its subsidiary, Capital City Bank, with banking offices located in Florida, Georgia, and Alabama. The Company is subject to competition from other financial institutions, is subject to regulation by certain government agencies and undergoes periodic examinations by those regulatory authorities.

Basis of Presentation. The consolidated financial statements in this Quarterly Report on Form 10-Q include the accounts of CCBG and its wholly-owned subsidiary, Capital City Bank ("CCB" or the "Bank"). All material inter-company transactions and accounts have been eliminated. Certain previously reported amounts have been reclassified to conform to the current year's presentation.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included.

The consolidated statement of financial condition at December 31, 2017 has been derived from the audited consolidated financial statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2017.

Accounting Changes

Revenue Recognition. Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers ("ASC 606"), establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts to provide goods or services to customers. The core principle requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The majority of the Company’s revenue-generating transactions are not subject to ASC 606, including revenue generated from financial instruments, such as our loans, letters of credit, and investment securities, and revenue related to the sale of residential mortgages in the secondary market, as these activities are subject to other GAAP discussed elsewhere within our disclosures. Descriptions of the major revenue-generating activities that are within the scope of ASC 606, which are presented in the accompanying statements of income as components of non-interest income are as follows:

Deposit Fees - these represent general service fees for monthly account maintenance and activity- or transaction-based fees and consist of transaction-based revenue, time-based revenue (service period), item-based revenue or some other individual attribute-based revenue. Revenue is recognized when the Company’s performance obligation is completed which is generally monthly for account maintenance services or when a transaction has been completed. Payment for such performance obligations are generally received at the time the performance obligations are satisfied.

Wealth Management - trust fees and retail brokerage fees – trust fees represent monthly fees due from wealth management customers as consideration for managing the customer’s assets. Trust services include custody of assets, investment management, fees for trust services and similar fiduciary activities. Revenue is recognized when the Company’s performance obligation is completed each month or quarter, which is the time that payment is received. Also, retail brokerage fees are received from a third party broker-dealer, for which the Company acts as an agent, as part of a revenue-sharing agreement for fees earned from customers that are referred to the third party. These fees are for transactional and advisory services and are paid by the third party on a monthly basis and recognized ratably throughout the quarter as the Company’s performance obligation is satisfied.

Bank Card Fees – bank card related fees primarily includes interchange income from client use of consumer and business debit cards. Interchange income is a fee paid by a merchant bank to the card-issuing bank through the interchange network. Interchange fees are set by the credit card associations and are based on cardholder purchase volumes. The Company records interchange income as transactions occur.

Gains and Losses from the Sale of Bank Owned Property – the performance obligation in the sale of other real estate owned typically will be the delivery of control over the property to the buyer. If the Company is not providing the financing of the sale, the transaction price is typically identified in the purchase and sale agreement. However, if the Company provides seller financing, the Company must determine a transaction price, depending on if the sale contract is at market terms and taking into account the credit risk inherent in the arrangement.

Other non-interest income primarily includes items such as mortgage banking fees (gains from the sale of residential mortgage loans held for sale), bank-owned life insurance, and safe deposit box fees none of which are subject to the requirements of ASC 606.

The Company has made no significant judgments in applying the revenue guidance prescribed in ASC 606 that affects the determination of the amount and timing of revenue from the above-described contracts with customers.

The Company has applied ASC 606 using the modified retrospective approach effective on January 1, 2018 to all existing contracts with customers covered under the scope of the standard. The Company did not have an aggregate effect of modification resulting from adoption of ASC 606, and no financial statement line items were affected by this change in accounting standard.

Equity Securities. Beginning January 1, 2018, upon adoption of ASU 2016-01, equity securities with readily determinable fair values are stated at fair value with realized and unrealized gains and losses reported in income. For periods prior to January 1, 2018, equity securities were classified as available-for-sale and stated at fair value with unrealized gains and losses reported as a separate component of AOCI, net of tax. Equity securities without readily determinable fair values are recorded at cost less any impairment, if any. At March 31, 2018, the Company reclassified one security in the amount of $0.8 million to other assets in accordance with this accounting standard.

Employee Benefit Plans. Accounting Standards Update (“ASU”) 2017-07, Compensation – Retirement Benefits (Topic 715) requires that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented. If a separate line item or items are used to present the other components of net benefit cost, that line item or items must be appropriately described. If a separate line item or items are not used, the line item or items used in the income statement to present the other components of net benefit cost must be disclosed. In accordance with this accounting standard, the Company reclassified the non-service cost components of its net periodic benefit cost to other noninterest expense in the accompanying statements of income (See Note 5 – Employee Benefit Plans). Prior year amounts were retrospectively adjusted in accordance with the accounting standard. The effects on the statements of income were as follows:

Period Presented	Line Item	
(Dollars in Thousands)	Compensation	Other Expense
Three Months Ended March 31, 2018	($455)	$455
Three Months Ended December 31, 2017	($637)	$637
Three Months Ended March 31, 2017	($637)	$637

NOTE 2 – INVESTMENT SECURITIES

Investment Portfolio Composition. The amortized cost and related market value of investment securities available-for-sale and
held-to-maturity were as follows:

	March 31, 2018				December 31, 2017			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Market Value	Amortized Cost	Unrealized Gain	Unrealized Losses	Market Value
Available for Sale								
U.S. Government Treasury	$240,933	$ 5	$ 3,361	$237,577	$237,505	$ -	$ 2,164	$235,341
U.S. Government Agency	149,074	667	670	149,071	144,324	727	407	144,644
States and Political Subdivisions	76,486	-	343	76,143	91,533	2	378	91,157
Mortgage-Backed Securities	1,082	77	-	1,159	1,102	83	-	1,185
Equity Securities[(1)]	7,886	-	-	7,886	8,584	-	-	8,584
Total	$475,461	$ 749	$ 4,374	$471,836	$483,048	$ 812	$ 2,949	$480,911
Held to Maturity								
U.S. Government Treasury	$ 78,184	$ -	$ 664	$ 77,520	$ 98,256	$ -	$ 441	$ 97,815
States and Political Subdivisions	6,940	-	42	6,898	6,996	-	41	6,955
Mortgage-Backed Securities	140,428	39	2,675	137,792	111,427	22	1,212	110,237
Total	$225,552	$ 39	$ 3,381	$222,210	$216,679	$ 22	$ 1,694	$215,007
Total Investment Securities	$701,013	$ 788	$ 7,755	$694,046	$699,727	$ 834	$ 4,643	$695,918

(1) *Includes Federal Home Loan Bank and Federal Reserve Bank stock, recorded at cost of $3.1 million, $4.8 million, respectively, at March 31, 2018 and includes Federal Home Loan Bank, Federal Reserve Bank and FNBB Inc. stock recorded at cost of $3.1 million, $4.8 million, and $0.8 million, respectively, at December 31, 2017. The FNBB, Inc. equity investment was reclassified to other assets at March 31, 2018 in accordance with ASU 2016-01, which was adopted prospectively as allowed by the standard.*

Securities with an amortized cost of $328.3 million and $328.1 million at March 31, 2018 and December 31, 2017, respectively, were pledged to secure public deposits and for other purposes.

The Bank, as a member of the Federal Home Loan Bank of Atlanta ("FHLB"), is required to own capital stock in the FHLB based generally upon the balances of residential and commercial real estate loans, and FHLB advances. FHLB stock which is included in equity securities is pledged to secure FHLB advances. No ready market exists for this stock, and it has no quoted market value; however, redemption of this stock has historically been at par value.

As a member of the Federal Reserve Bank of Atlanta, the Bank is required to maintain stock in the Federal Reserve Bank of Atlanta based on a specified ratio relative to the Bank's capital. Federal Reserve Bank stock is carried at cost.

Maturity Distribution. At March 31, 2018, the Company's investment securities had the following maturity distribution based on contractual maturity. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations. Mortgage-backed securities and certain amortizing U.S. government agency securities are shown separately because they are not due at a certain maturity date.

	Available for Sale		Held to Maturity	
(Dollars in Thousands)	**Amortized Cost**	**Market Value**	**Amortized Cost**	**Market Value**
Due in one year or less	$ 85,838	$ 85,522	$ 43,838	$ 43,763
Due after one through five years	265,050	261,329	41,286	40,655
Mortgage-Backed Securities	1,082	1,159	140,428	137,792
U.S. Government Agency	115,605	115,940	-	-
Equity Securities	7,886	7,886	-	-
Total	$ 475,461	$ 471,836	$	