



Carter Bank & Trust

CARTER BANK & TRUST CONSOLIDATED FINANCIAL DATA BALANCE SHEET

(Unaudited)

(dollars in thousands, except per share data)

	December 31, 2017	September 30, 2017	December 31, 2016
ASSETS			
Cash and Due From Banks	\$ 58,533	\$ 38,866	\$ 45,211
Interest-Bearing Deposits in Other Financial Institutions	58,365	53,739	42,662
Federal Reserve Bank Excess Reserves	151,715	327,193	606,904
Total Cash and Cash Equivalents	\$ 268,613	\$ 419,798	\$ 694,777
Securities, Available for Sale, at Fair Value	947,201	882,997	-
Securities, Held-to-Maturity, at Cost (Fair Value \$885,167 at December 31, 2016)	-	-	879,694
Loans Held for Sale	517	48,476	-
Portfolio Loans, net of Unearned Income	2,684,445	2,636,050	2,731,783
Allowance for Loan Losses	(35,318)	(35,645)	(34,500)
Portfolio Loans, net	\$ 2,649,127	\$ 2,600,405	\$ 2,697,283
Bank Premises and Equipment, net	77,273	94,420	96,606
Other Real Estate Owned, net	39,793	27,170	23,558
Goodwill	59,762	59,762	59,762
Other Intangibles	122	113	33
Other Assets	69,884	56,437	53,816
TOTAL ASSETS	\$ 4,112,292	\$ 4,189,578	\$ 4,505,529
LIABILITIES			
Deposits			
Noninterest-Bearing Demand	\$ 530,242	\$ 567,348	\$ 534,923
Interest-Bearing Demand	260,979	226,166	259,942
Money Market	102,686	115,976	182,579
Savings	721,459	736,662	704,147
Certificates of Deposits	2,054,249	2,097,378	2,382,248
Total Deposits	\$ 3,669,615	\$ 3,743,530	\$ 4,063,839
Other Liabilities	10,551	5,876	7,040
TOTAL LIABILITIES	\$ 3,680,166	\$ 3,749,406	\$ 4,070,879
SHAREHOLDERS' EQUITY			
Common Stock, Par Value \$1.00 Per Share, Authorized 100,000,000 Shares;			
26,257,761 outstanding in 2017 and 2016	26,258	26,258	26,258
Additional Paid-in-Capital	142,178	142,178	142,178
Retained Earnings	265,930	270,604	266,214
Accumulated Other Comprehensive (Loss) Income	(2,240)	1,132	-
TOTAL SHAREHOLDERS' EQUITY	\$ 432,126	\$ 440,172	\$ 434,650
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,112,292	\$ 4,189,578	\$ 4,505,529
PROFITABILITY RATIOS (ANNUALIZED)			
Return on Average Assets	-0.02%	0.13%	0.33%
Portfolio Loan to Deposit Ratio	73.15%	70.42%	67.22%
Allowance to Total Portfolio Loans	1.32%	1.35%	1.26%



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CONSOLIDATED FINANCIAL DATA
INCOME STATEMENT
(Unaudited)

(dollars in thousands, except per share data)

	Quarter-to-Date			Year-to-Date	
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Interest Income	\$ 36,453	\$ 34,906	\$ 35,552	\$ 143,589	\$ 147,422
Interest Expense	8,669	9,122	10,729	37,111	46,382
NET INTEREST INCOME	27,784	25,784	24,823	106,478	101,040
Provision for Loan Losses	12,685	13,890	12,553	43,197	17,717
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	15,099	11,894	12,270	63,281	83,323
NONINTEREST INCOME					
Gains on Sales of Securities, net	114	1,072	-	1,186	-
Service Charges, Commissions and Fees	717	588	708	2,974	3,139
Debit Card Interchange Fees	1,210	1,213	1,210	4,854	4,718
Insurance Fees	379	599	376	1,847	1,878
Other Real Estate Owned Income	163	79	204	448	1,261
Other	846	379	1,196	1,518	1,498
TOTAL NONINTEREST INCOME	3,429	3,930	3,694	12,827	12,494
NONINTEREST EXPENSE					
Salaries and Employee Benefits	11,597	10,986	9,851	42,711	37,527
Occupancy Expense, net	2,945	2,643	2,541	9,738	8,513
FDIC Insurance Expense	900	937	802	3,890	4,914
Other Taxes	523	482	763	1,907	1,760
Telephone Expense	460	412	406	1,699	1,615
Professional and Legal Fees	3,260	1,910	820	6,852	1,109
Data Processing License Fee	1,331	1,369	864	5,604	3,456
Losses on Sales and Writedowns of Other Real Estate Owned, net	2,515	392	6,156	4,614	10,746
Loss on Sales and Writedowns of Fixed Assets	5,295	-	-	5,583	44
Debit Card Expense	669	518	678	2,436	2,735
Other Real Estate Owned Expense	426	54	161	791	1,446
Other	5,378	1,116	727	8,495	4,328
TOTAL NONINTEREST EXPENSE	35,299	20,819	23,769	94,320	78,193
(LOSS) INCOME BEFORE INCOME TAXES	(16,771)	(4,995)	(7,805)	(18,212)	17,624
Income Tax (Benefit) Provision	(11,700)	(4,566)	(3,940)	(17,531)	1,645
NET (LOSS) INCOME	\$ (5,071)	\$ (429)	\$ (3,865)	\$ (681)	\$ 15,979
Average Shares Outstanding	26,257,761	26,257,761	26,257,761	26,257,761	26,257,761
PER SHARE DATA					
(Loss) Earnings Per Common Share- Basic and Diluted	\$ (0.19)	\$ (0.02)	\$ (0.15)	\$ (0.03)	\$ 0.61
Market Value	\$ 17.55	\$ 17.05	\$ 13.29	\$ 17.55	\$ 13.29
PROFITABILITY RATIOS					
Net Interest Margin (FTE) ²	2.98%	2.66%	2.33%	2.67%	2.31%
Core Efficiency Ratio ³	65.57%	59.81%	57.81%	59.61%	55.50%



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CARTER BANK & TRUST CONSOLIDATED SELECTED FINANCIAL DATA

(Unaudited)

DEFINITIONS AND RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES:

¹ Pre-tax pre-provision is computed as net interest income plus noninterest income minus noninterest expense before the provision for loan losses and income tax (benefit) provision.

² Net interest income has been computed on a fully taxable equivalent basis ("FTE") using the 35% federal income tax statutory rate.

Net Interest Income (FTE) (non-GAAP)

	Quarter-to-Date			Year-to-Date	
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Interest Income	\$ 36,453	\$ 34,906	\$ 35,552	\$ 143,589	\$ 147,422
Interest Expense	(8,669)	(9,122)	(10,729)	(37,111)	(46,382)
Tax Equivalent Adjustment ²	2,244	2,140	1,949	8,505	7,939
NET INTEREST INCOME (FTE) (non-GAAP)	\$ 30,028	\$ 27,924	\$ 26,772	\$ 114,983	\$ 108,979

³ Core Efficiency Ratio (non-GAAP)

	Quarter-to-Date			Year-to-Date	
	December 31, 2017	September 30, 2017	December 31, 2016	December 31, 2017	December 31, 2016
NONINTEREST EXPENSE	\$ 35,299	\$ 20,819	\$ 23,769	\$ 94,320	\$ 78,193
Less: One Time Regulatory and Compliance	(1,845)	(1,500)	-	(4,345)	-
Less: Losses on Sales and Writedowns of Other Real Estate Owned, net	(2,515)	(392)	(6,157)	(4,614)	(10,746)
Less: Loss on Sale and Writedowns of Fixed Assets	(5,295)	-	-	(5,583)	(44)
Less: Historic Tax Credits Impairment	(3,259)	-	-	(3,259)	-
Less: Regulatory Review	(521)	-	-	(521)	-
Less: Other Writedowns	-	(662)	-	(662)	-
NET NONINTEREST EXPENSE	\$ 21,864	\$ 18,265	\$ 17,612	\$ 75,336	\$ 67,403
NET INTEREST INCOME	\$ 27,784	\$ 25,784	\$ 24,823	\$ 106,478	\$ 101,040
Less: Securities Gains, net	(114)	(1,072)	-	(1,186)	-
Plus: Taxable Equivalent Adjustment	2,244	2,140	1,949	8,505	7,939
NET INTEREST INCOME (FTE) (Non-GAAP)	\$ 29,914	\$ 26,852	\$ 26,772	\$ 113,797	\$ 108,979
Less: Gain on Sales of Fixed Assets	-	(243)	-	(236)	(34)
Noninterest Income	3,429	3,930	3,694	12,827	12,494
NET INTEREST INCOME (FTE) (Non-GAAP) plus NONINTEREST INCOME	\$ 33,343	\$ 30,539	\$ 30,466	\$ 126,388	\$ 121,439
CORE EFFICIENCY RATIO	65.57%	59.81%	57.81%	59.61%	55.50%