FEDERAL DEPOSIT INSURANCE CORPORATION
Washington, D.C. 20429

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported) October 25, 2018

CARTER BANK & TRUST

(Exact name of registrant as specified in its charter)

Virginia	**N/A**	**20-5539935**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1300 KINGS MOUNTAIN ROAD MARTINSVILLE, VIRGINIA	**24112**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **(276)656-1776**

NOT APPLICABLE
(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))

Item 2.02. Results of Operations and Financial Condition

On October 25, 2018, Carter Bank & Trust announced by press release its earnings for the three and nine months ended September 30, 2018. A copy of the press release is attached hereto as Exhibit 99.1. The information contained in this Report on Form 8-K furnished pursuant to Item 2.02 shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference in any filing under the Securities Exchange Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits

Exhibit.

99.1 Press Release announcing Third Quarter 2018 Financial Results

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.

Date: October 25, 2018

Carter Bank & Trust

By: /s/ Wendy S. Bell
Wendy S. Bell
Executive Vice President &
Chief Financial Officer

Exhibit 99.1

Press Release announcing Third Quarter 2018 Financial Results

FOR IMMEDIATE RELEASE – October 25, 2018

Carter Bank & Trust Announces Third Quarter 2018 Financial Results

Martinsville, VA, October 25, 2018 – Carter Bank & Trust (the "Bank") (OTCQX:CARE) today announced a net loss of $7.5 million, or $0.29 per share, for the third quarter of 2018, as compared to a net loss of $0.4 million, or $0.02 per share, for the third quarter of 2017. Pre-tax pre-provision earnings[1] were $7.4 million in the third quarter of 2018 as compared to $8.9 million in the same period last year.

For the nine months ended September 30, 2018, net income was $8.5 million, or $0.32 earnings per share, as compared to net income of $4.4 million, or $0.17 earnings per share, in the first nine months of 2017. Pre-tax pre-provision earnings[1] were $28.0 million for the nine months ended September 30, 2018 as compared to $29.1 million for the same period of 2017.

Third Quarter 2018 Financial Highlights

- Third quarter net loss of $7.5 million, or $0.29 per share, as compared to net income of $7.2 million, or $0.27 earnings per share, in the second quarter of 2018 and a net loss of $0.4 million, or $0.02 per share, over the same quarter of 2017;
- Net interest income decreased $1.1 million, or 3.8%, to $28.1 million as compared to the linked quarter, but increased $2.2 million, or 8.5%, from September 30, 2017;
- Net interest margin, on a fully taxable equivalent basis, declined 16 basis points to 3.07% over the linked quarter and increased 30 basis points over the same quarter last year, on a $161.4 million lower asset base and despite the negative impact of a lower taxable equivalent adjustment resulting from the lower corporate income tax rate;
- Provision for loan losses increased $12.0 million as compared to the second quarter of 2018 primarily due to a $10.1 million, or $0.30 per share, charge-off of a legacy commercial real estate relationship and a specific reserve of $5.4 million, or $0.16 per share, to cover potential further impairment;
- A $2.5 million, or $0.08 per share, loss on sale of other real estate owned ("OREO") properties for one legacy commercial real estate relationship that was transferred to OREO in the first quarter of 2018;
- Solid portfolio loan growth of $54.5 million, or 7.9% on an annualized basis, despite legacy credit pay downs and charge-offs;
- Nonperforming loans declined $12.0 million from June 30, 2018 and decreased $61.3 million from September 30, 2017. Nonperforming loans as a percentage of total loans were 1.72%, 2.19% and 4.16% as of September 30, 2018, June 30, 2018 and September 30, 2017, respectively.

2018 Year-to-Date Financial Highlights

- Year-to-date net income of $8.5 million, or $0.32 earnings per share, an increase of 94% over the same period of 2017;

- Net interest margin, on a fully taxable equivalent basis, improved 35 basis points to 3.09% year-over-year;
- Net interest income increased $5.8 million, or 7.3%, to $84.8 million year-over-year;
- Provision for loan losses declined $13.5 million, or 44.3%, as compared to the same period of 2017 and
- Securities gains of $1.2 million were realized in the first nine months of 2018 to take advantage of market opportunities, as compared to securities gains of $1.1 million in the same period of 2017.

Litz H. Van Dyke, Chief Executive Officer, stated, "Our financial performance was negatively impacted this quarter by legacy credit issues including charge-offs, exiting excessive exposures and sales of OREO. Collectively, these activities, while painful in the short-term, significantly improve our credit quality metrics and our overall risk profile. These efforts also get us closer to our goals of to becoming a best-in-class performer with lower long-term credit costs. Another key to our long-term success is our IT systems upgrade, which is on target to occur in November of 2018. Testing and preparation for this upcoming conversion intensified during the third quarter. The new system will lay the foundation to provide additional products and services for our customers, operational efficiencies and cost savings throughout the organization ultimately creating value for our shareholders."

Operating Highlights

Net interest income increased $5.8 million to $84.8 million during the first nine months of 2018 as compared to the same period of 2017. The increase in net interest income was primarily driven by a $4.7 million increase in interest income and by a decrease of $1.1 million in interest expense as compared to the same period of 2017. This is a result of seven increases by the Federal Reserve in short-term interest rates since March of 2017 as well as the intentional runoff of higher cost certificates of deposit. The net interest margin, on a fully taxable equivalent basis, increased 35 basis points to 3.09% over the past twelve months due to our deployment of excess cash into higher yielding and diversified investment securities and loans as well as the aforementioned runoff of higher cost deposits despite the decreased tax benefit from our tax-exempt securities and loans due to the aforementioned decrease in the federal corporate income tax rate.

The provision for loan losses totaled $17.0 million for the nine months ended September 30, 2018, a decrease of $13.5 million as compared to the same period of 2017. At September 30, 2018, nonperforming loans were $48.2 million, a decrease of $44.7 million from December 31, 2017 and a decrease of $61.3 million from September 30, 2017. Net charge-offs were $11.9 million in the first nine months of 2018 as compared to $29.4 million of net charge-offs in the same period of 2017. The most significant loan charge-off was in the third quarter of 2018 for one legacy commercial credit relationship of $10.1 million that experienced deterioration in collateral values as a result of a new appraisal. For 2017, $29.1 million in charge-offs were directly related to three legacy commercial real estate credit relationships. As a percentage of loans, on an annualized basis, net charge-offs were 0.57%, 1.58% and 1.49% for the periods ending September 30, 2018, December 31, 2017 and September 30, 2017, respectively. Nonperforming loans as a percentage of total loans were 1.72%, 3.46% and 4.16% as of September 30, 2018, December 31, 2017 and September 30, 2017, respectively.

Noninterest income increased $3.9 million, or 48.0%, to $12.0 million, excluding net securities gains, for the nine months ending September 30, 2018 as compared to $8.1 million in the same period of 2017. The increase in noninterest income is attributable to increased service charges of $0.8 million, $0.8 million of earnings from bank owned life insurance and $2.0 million higher income from OREO due to the acquisition of several large commercial properties generating income during the first quarter of 2018. Securities gains of $1.2 million were realized during the first nine months of 2018 to take advantage of market opportunities and reduce the credit risk of the securities portfolio.

Total noninterest expense increased $10.9 million, or 18.4%, for the first nine months of 2018 to $70.0 million as compared to $59.1 million in the same period of 2017. Increases included $6.1 million in salaries and employee benefits, $0.6 million in occupancy expense, $0.5 million in other taxes, $0.7 million in telephone expense, $0.9 million in professional and legal fees, $1.5 million in OREO expenses, $3.0 million of tax credit amortization and $0.4 million in the reserve for unfunded loan commitments included in other expense. The increase in salaries and benefits was expected and planned as investments were made in the appropriate infrastructure to support the Bank in the future. The increase in professional and legal fees was related to regulatory and compliance reviews which were completed as of June 30, 2018. The increase in OREO expense is due to the aforementioned acquired properties. Offsetting these increases were decreases of $3.6 million in data processing expenses due to the write-off of expenses that were previously capitalized and were fully expensed during 2017 and a decrease of $0.8 million in FDIC insurance expense attributable to lower FDIC assessment rates and a decrease in the assessment base.

Financial Condition

Total assets were $4.0 billion at September 30, 2018 and $4.1 billion at December 31, 2017. Total portfolio loans increased $119.8 million to $2.8 billion as of September 30, 2018 even with the reduction of several large legacy credits, which partially offset new loan growth. Nonperforming loans decreased $44.7 million to $48.2 million as of September 30, 2018 from $92.9 million at December 31, 2017 and decreased $61.3 million from $109.5 million as of September 30, 2017. The decrease in nonperforming loans is primarily due to the aforementioned charge-off of a legacy credit in the third quarter of 2018 and nonperforming credits migrating to OREO during the first quarter of 2018. OREO decreased $20.7 million as compared to June 30, 2018 due to the sale of the aforementioned properties during the third quarter of 2018 and decreased only $0.5 million as compared to December 31, 2017 due to the transfer of $13.7 million of net remaining book value on branches marketed for sale in the fourth quarter of 2017.
Federal Reserve Bank excess reserves declined $62.3 million at September 30, 2018 as compared to December 31, 2017 and declined $237.8 million from the year ago period. This excess cash was deployed into higher yielding and diversified securities, funded loan growth, and also funded the planned decrease in high cost deposits during the past twelve months.

The securities portfolio declined $162.1 million and is currently 19.5% of total assets at September 30, 2018 as compared to 23.0% of total assets at December 31, 2017. The decrease is a result of active balance sheet management in calibration with loan and deposit growth. We have further diversified the securities portfolio as to bond types, maturities and interest rate structures.

Total deposits as of September 30, 2018 were $3.6 billion, essentially flat as compared to December 31, 2017. Certificates of deposits increased by $55.6 million, or 2.7%, as compared to December 31, 2017 and increased $12.5 million, or 0.6%, as compared to September 30, 2017 due to recent special rate promotions during 2018. Noninterest-bearing deposits increased by $26.3 million, or 5.0%, to $556.5 million as of September 30, 2018 as compared to $530.2 million as of December 31, 2017. Noninterest-bearing deposits comprised 15.5% and 14.4% of total deposits at September 30, 2018 and December 31, 2017.

The allowance for loan losses was 1.44% of total loans as of September 30, 2018 as compared to 1.32% as of December 31, 2017. General reserves as a percentage of non-impaired loans were 1.42% at September 30, 2018 as compared to 1.58% as of December 31, 2017. The allowance for loan losses was 83.8% of nonperforming loans as of September 30, 2018 as compared to 38.0% of nonperforming loans as of December 31, 2017. In the view of management, the allowance for loan losses is adequate to absorb probable losses inherent in the loan portfolio.

The Bank remains well capitalized. The Bank's Tier 1 Capital ratio increased to 13.43% as of September 30, 2018 as compared to 12.93% as of December 31, 2017. The Bank's leverage ratio was 9.56% at September 30, 2018 as compared to 9.33% as of December 31, 2017. The Bank's Total Risk-Based Capital ratio was 14.68% at September 30, 2018 as compared to 14.15% at December 31, 2017.

About Carter Bank & Trust

Headquartered in Martinsville, VA, Carter Bank & Trust is a state-chartered community bank in Virginia with $4.0 billion in assets and 105 branches in Virginia and North Carolina. For more information visit www.CarterBankandTrust.com.

Important Note Regarding Non-GAAP Financial Measures

Statements included in this press release include non-GAAP financial measures and should be read along with the accompanying tables in our definitions and reconciliations of GAAP to non-GAAP financial measures. This press release and the accompanying tables discuss financial measures, such as adjusted noninterest expense, adjusted efficiency ratio, and net interest income on a fully taxable equivalent basis, which are all non-GAAP measures. We believe that such non-GAAP measures are useful because they enhance the ability of investors and management to evaluate and compare the Bank's operating results from period to period in a meaningful manner. Non-GAAP measures should not be considered as an alternative to any measure of performance as promulgated under GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies. Investors should consider the Bank's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the Bank. Non-GAAP measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Bank's results or financial condition as reported under GAAP.

Important Note Regarding Forward-Looking Statements

This information contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally relate to our financial condition, results of operations, plans, objectives, outlook for earnings, revenues, expenses, capital and liquidity levels and ratios, asset levels, asset quality, financial position, and other matters regarding or affecting

Carter Bank & Trust and its future business and operations. Forward looking statements are typically identified by words or phrases such as "will likely result," "expect," "anticipate," "estimate," "forecast," "project," "intend," " believe," "assume," "strategy," "trend," "plan," "outlook," "outcome," "continue," "remain," "potential," "opportunity," "believe," "comfortable," "current," "position," "maintain," "sustain," "seek," "achieve" and variations of such words and similar expressions, or future or conditional verbs such as will, would, should, could or may. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate and the forward-looking statements based on these assumptions could be incorrect. The matters discussed in these forward-looking statements are subject to various risks, uncertainties and other factors that could cause actual results and trends to differ materially from those made, projected, or implied in or by the forward-looking statements depending on a variety of uncertainties or other factors including, but not limited to: credit losses; cyber-security concerns; rapid technological developments and changes; sensitivity to the interest rate environment including a prolonged period of low interest rates, a rapid increase in interest rates or a change in the shape of the yield curve; a change in spreads on interest-earning assets and interest-bearing liabilities; regulatory supervision and oversight; legislation affecting the financial services industry as a whole, and Carter Bank & Trust, in particular; the outcome of pending and future litigation and governmental proceedings; increasing price and product/service competition; the ability to continue to introduce competitive new products and services on a timely, cost-effective basis; managing our internal growth and acquisitions; the possibility that the anticipated benefits from acquisitions cannot be fully realized in a timely manner or at all, or that integrating the acquired operations will be more difficult, disruptive or more costly than anticipated; containing costs and expenses; reliance on significant customer relationships; general economic or business conditions; deterioration of the housing market and reduced demand for mortgages; deterioration in the overall macroeconomic conditions or the state of the banking industry that could warrant further analysis of the carrying value of goodwill and could result in an adjustment to its carrying value resulting in a non-cash charge to net income; re-emergence of turbulence in significant portions of the global financial and real estate markets that could impact our performance, both directly, by affecting our revenues and the value of our assets and liabilities, and indirectly, by affecting the economy generally and access to capital in the amounts, at the times and on the terms required to support our future businesses. Many of these factors, as well as other factors, are described in our filings with the FDIC. Forward-looking statements are based on beliefs and assumptions using information available at the time the statements are made. We caution you not to unduly rely on forward-looking statements because the assumptions, beliefs, expectations and projections about future events may, and often do, differ materially from actual results. Any forward-looking statement speaks only as to the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect developments occurring after the statement is made.

CARTER BANK & TRUST
CONSOLIDATED FINANCIAL DATA
BALANCE SHEETS
(Unaudited)

(Dollars in Thousands, except per share data)	September 30, 2018	December 31, 2017	September 30, 2017
ASSETS			
Cash and Due From Banks	$ 45,994	$ 58,533	$ 37,501
Interest-Bearing Deposits in Other Financial Institutions	39,669	58,365	55,104
Federal Reserve Bank Excess Reserves	89,373	151,715	327,193
Total Cash and Cash Equivalents	**175,036**	**268,613**	**419,798**
Securities, Available-for-Sale, at Fair Value	785,128	947,201	882,997
Loans Held-for-Sale	-	517	48,476
Portfolio Loans, net of Unearned Income	2,804,215	2,684,445	2,636,050
Allowance for Loan Losses	(40,378)	(35,318)	(35,645)
Portfolio Loans, net	**2,763,837**	**2,649,127**	**2,600,405**
Bank Premises and Equipment, net	83,035	77,273	94,420
Other Real Estate Owned, net	39,338	39,793	27,170
Goodwill	58,726	59,762	59,762
Other Intangibles	-	122	113
Bank Owned Life Insurance	50,773	-	-
Other Assets	72,315	69,884	56,437
TOTAL ASSETS	**$ 4,028,188**	**$ 4,112,292**	**$ 4,189,578**
LIABILITIES			
Deposits			
Noninterest-Bearing Demand	$ 556,505	$ 530,242	$ 567,348
Interest-Bearing Demand	211,002	260,979	226,166
Money Market	77,811	102,686	115,976
Savings	634,206	721,459	736,662
Certificates of Deposits	2,109,861	2,054,249	2,097,378
Total Deposits	**3,589,385**	**3,669,615**	**3,743,530**
Other Liabilities	11,139	10,551	5,876
TOTAL LIABILITIES	**3,600,524**	**3,680,166**	**3,749,406**
SHAREHOLDERS' EQUITY			
Common Stock, Par Value $1.00 Per Share, Authorized 100,000,000 Shares; 26,257,761 outstanding in 2018 and 2017	26,258	26,258	26,258
Additional Paid-in-Capital	142,178	142,178	142,178
Retained Earnings	274,429	265,930	270,604
Accumulated Other Comprehensive (Loss) Income	(15,201)	(2,240)	1,132
TOTAL SHAREHOLDERS' EQUITY	**427,664**	**432,126**	**440,172**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 4,028,188**	**$ 4,112,292**	**$ 4,189,578**
PROFITABILITY RATIOS (ANNUALIZED)			
Return on Average Assets	0.28%	-0.02%	0.13%
Portfolio Loan to Deposit Ratio	78.13%	73.15%	70.42%
Allowance to Total Portfolio Loans	1.44%	1.32%	1.35%

CARTER BANK & TRUST
CONSOLIDATED FINANCIAL DATA
INCOME STATEMENTS
(Unaudited)

(Dollars in Thousands, except per share data)	Quarter-to-Date			Year-to-Date	
	September 30, 2018	**June 30, 2018**	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Interest Income	$ 38,207	$ 38,362	$ 35,050	$ 112,157	$ 107,487
Interest Expense	10,079	9,111	9,122	27,341	28,442
NET INTEREST INCOME	**28,128**	**29,251**	**25,928**	**84,816**	**79,045**
Provision for Loan Losses	13,743	1,730	13,890	16,988	30,512
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	**14,385**	**27,521**	**12,038**	**67,828**	**48,533**
NONINTEREST INCOME					
Gains on Sales of Securities, net	195	132	1,072	1,195	1,072
Service Charges, Commissions and Fees	978	780	658	3,010	2,257
Debit Card Interchange Fees	1,171	1,234	1,213	3,538	3,644
Insurance Commissions	1,013	69	599	1,617	1,468
Bank Owned Life Insurance Income	380	393	-	773	-
Gains on Sales of Other Real Estate Owned, net	-	915	-	-	-
Gains on Sales of Bank Premises, net	13	-	243	-	-
Other Real Estate Owned Income	729	966	79	2,244	285
Other	131	252	66	777	429
TOTAL NONINTEREST INCOME	**4,610**	**4,741**	**3,930**	**13,154**	**9,155**
NONINTEREST EXPENSE					
Salaries and Employee Benefits	12,318	12,607	10,986	37,185	31,114
Occupancy Expense, net	2,802	2,321	2,687	7,448	6,837
FDIC Insurance Expense	749	633	937	2,220	2,990
Other Taxes	725	643	482	1,845	1,384
Telephone Expense	584	643	412	1,896	1,239
Professional and Legal Fees	870	2,402	1,910	4,482	3,592
Data Processing License Fee	255	200	1,369	723	4,273
Losses on Sales and Write-downs of Other Real Estate Owned, net	2,977	-	392	2,404	2,099
Losses on Sales and Write-downs of Bank Premises, net	-	71	-	58	45
Debit Card Expense	720	662	518	2,034	1,767
Tax Credit Amortization	1,015	1,015	-	3,045	-
Other Real Estate Owned Expense	583	707	54	1,821	365
Other	1,762	1,118	1,216	4,852	3,424
TOTAL NONINTEREST EXPENSE	**25,360**	**23,022**	**20,963**	**70,013**	**59,129**
(LOSS) INCOME BEFORE INCOME TAXES	**(6,365)**	**9,240**	**(4,995)**	**10,969**	**(1,441)**
Income Tax Provision (Benefit)	1,164	2,041	(4,566)	2,470	(5,831)
NET (LOSS) INCOME	**$ (7,529)**	**$ 7,199**	**$ (429)**	**$ 8,499**	**$ 4,390**
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	$ (0.29)	$ 0.27	$ (0.02)	$ 0.32	$ 0.17
Market Value	$ 19.40	$ 17.96	$ 17.05	$ 19.40	$ 17.05
PROFITABILITY RATIOS (non-GAAP)					
Net Interest Margin (FTE)[2]	3.07%	3.23%	2.77%	3.09%	2.74%
Core Efficiency Ratio[3]	62.37%	61.64%	60.00%	62.59%	57.63%

CARTER BANK & TRUST
CONSOLIDATED SELECTED FINANCIAL DATA

(Unaudited)

(Dollars in Thousands, except per share data)

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

[1] Pre-tax pre-provision earnings are 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 a 35% federal income tax rate for the 2017 periods and a 21% federal income tax statutory rate for the 2018 periods.

Net Interest Income (FTE) (non-GAAP)

	Quarter-to-Date			Year-to-Date	
	September 30, 2018	**June 30, 2018**	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
Interest Income	$ 38,207	$ 38,362	$ 35,050	$ 112,157	$ 107,487
Interest Expense	(10,079)	(9,111)	(9,122)	(27,341)	(28,442)
Tax Equivalent Adjustment[2]	917	973	2,139	2,977	6,260
NET INTEREST INCOME (FTE) (non-GAAP)	**$ 29,045**	**$ 30,224**	**$ 28,067**	**$ 87,793**	**$ 85,305**

[3]Core Efficiency Ratio (non-GAAP)

	Quarter-to-Date			Year-to-Date	
	September 30, 2018	**June 30, 2018**	**September 30, 2017**	**September 30, 2018**	**September 30, 2017**
NONINTEREST EXPENSE	**$ 25,360**	**$ 23,022**	**$ 20,963**	**$ 70,013**	**$ 59,129**
Less: One Time Regulatory and Compliance	-	(1,353)	(1,500)	(1,853)	(2,500)
Less: Losses on Sales and Write-downs of Other Real Estate Owned, net	(2,977)	-	(392)	(2,404)	(2,099)
Less: Losses on Sales and Write-downs of Bank Premises, net	-	(71)	-	(58)	(45)
Less: Tax Credit Amortization	(1,015)	(1,015)	-	(3,045)	-
Plus: Regulatory Review	-	323	-	323	-
Less: Contingent Liability	(331)		-	(331)	-
Less: Conversion Expense	(177)		-	(448)	-
Less: Fixed Asset Write-off	-	-	(662)	-	(662)
CORE NET NONINTEREST EXPENSE (non-GAAP)	**$ 20,860**	**$ 20,906**	**$ 18,409**	**$ 62,197**	**$ 53,823**
NET INTEREST INCOME	**$ 28,128**	**$ 29,251**	**$ 25,928**	**$ 84,816**	**$ 79,045**
Plus: Taxable Equivalent Adjustment	917	973	2,139	2,977	6,260
NET INTEREST INCOME (FTE) (Non-GAAP)	**$ 29,045**	**$ 30,224**	**$ 28,067**	**$ 87,793**	**$ 85,305**
Less: Gains on Sales of Securities, net	(195)	(132)	(1,072)	(1,195)	(1,072)
Less: Gains on Sales of Other Real Estate Owned, net	-	(915)	-	-	-
Less: Gains on Sales Bank Premises, net	(13)		(243)	-	-
Less: Other Gains	-	-	-	(374)	-
Noninterest Income	4,610	4,741	3,930	13,154	9,155
CORE NET INTEREST INCOME (FTE) (Non-GAAP) plus NONINTEREST INCOME	**$ 33,447**	**$ 33,918**	**$ 30,682**	**$ 99,378**	**$ 93,388**
[3]CORE EFFICIENCY RATIO (Non-GAAP)	**62.37%**	**61.64%**	**60.00%**	**62.59%**	**57.63%**