

Other borrowings at December 31, 2004 have maturities in future years as follows:

|             | (Dollars in Thousands) |
|-------------|------------------------|
| 2005        | \$ 15,241              |
| 2006        | 522                    |
| 2007        | -                      |
| 2008        | 2,500                  |
| 2009        | -                      |
| Later years | <u>92,103</u>          |
|             | <u>\$ 110,366</u>      |

The Company and subsidiaries have available unused lines of credit with various financial institutions totaling approximately \$86,300,000 at December 31, 2004. There were no other advances outstanding at December 31, 2004 or 2003.

NOTE 12. INCOME TAXES

The income tax expense in the consolidated statements of income consists of the following:

|          | Years Ended December 31,<br>(Dollars in Thousands) |                 |                 |
|----------|--|-----------------|-----------------|
|          | 2004   | 2003            | 2002            |
| Current  | \$ 6,378   | \$ 6,111        | \$ 5,142        |
| Deferred | <u>243</u>   | <u>(157)</u>    | <u>(65)</u>     |
|          | <u>\$ 6,621</u>                                    | <u>\$ 5,954</u> | <u>\$ 5,077</u> |

The Company's income tax expense differs from the amounts computed by applying the federal income tax statutory rates to income before income taxes. A reconciliation of the differences is as follows:

|                                     | Years Ended December 31,<br>(Dollars in Thousands) |                 |                 |
|-------------------------------------|--|-----------------|-----------------|
|                                     | 2004   | 2003            | 2002            |
| Tax at federal income tax rate      | \$ 6,705   | \$ 6,108        | \$ 5,247        |
| Increase (decrease) resulting from: |  |                 |                 |
| Tax-exempt interest                 | (209)  | (201)           | (224)           |
| Amortization of intangible assets   | 79   | 13              | 33              |
| Other                               | <u>46</u>  | <u>34</u>       | <u>21</u>       |
| Provision for income taxes          | <u>\$ 6,621</u>                                    | <u>\$ 5,954</u> | <u>\$ 5,077</u> |