



CONSOLIDATED STATEMENTS OF CONDITION

(unaudited in thousands of dollars except for share and per share data)

	9/30/2005	9/30/2004
ASSETS		
Cash & Due From Banks	\$ 55,856	\$ 46,567
Federal Funds Sold	5,700	23,500
Investment Securities:		
Available for Sale, at Fair Value	404,695	421,897
Obligations of States & Political Subdivisions	11,138	11,275
Federal Reserve Bank Stock	638	638
Federal Home Loan Bank Stock	1,930	1,823
Corporate Bonds & Other Securities	100	100
Total Investment Securities	418,501	435,733
Total Loans	883,321	816,594
Allowance for Loan Losses	9,384	7,980
Net Loans	873,937	808,614
Premises & Equipment, Net	22,609	22,781
Accrued Interest Receivable, Net	6,274	5,912
Excess of Cost Over Fair Value of Net Assets Acquired	814	814
Other Assets	16,721	20,283
TOTAL ASSETS	\$ 1,400,412	\$ 1,364,204
LIABILITIES & STOCKHOLDERS' EQUITY		
Demand Deposits	\$ 439,470	\$ 404,285
Saving, N.O.W. & Money Market Deposits	560,371	624,807
Time Certificates of \$100,000 or More	18,889	19,144
Other Time Deposits	202,034	192,799
Total Deposits	1,220,764	1,241,035
Repurchase Agreements	37,275	-
Dividend Payable on Common Stock	2,088	2,063
Accrued Interest Payable	1,276	718
Other Liabilities	19,809	16,101
TOTAL LIABILITIES	1,299,712	1,259,917
STOCKHOLDERS' EQUITY		
Common Stock (par value \$2.50; 15,000,000 shares authorized; 10,430,221 and 10,851,337 shares outstanding at September 30, 2005 and 2004, respectively)	33,884	33,884
Surplus	19,440	19,440
Treasury Stock at Par (3,123,515 and 2,702,399 shares, respectively)	(7,809)	(6,756)
Retained Earnings	55,727	54,741
	101,242	101,309
Accumulated Other Comprehensive (Loss) Income, Net of Tax	(542)	2,978
TOTAL STOCKHOLDERS' EQUITY	100,700	104,287
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 1,400,412	\$ 1,364,204

CONSOLIDATED STATEMENTS OF INCOME

(unaudited in thousands of dollars except for share and per share data)

	For the 3 Months Ended		For the 9 Months Ended	
	9/30/05	9/30/04	9/30/05	9/30/04
INTEREST INCOME				
Federal Funds Sold	\$ 29	\$ 136	\$ 80	\$ 223
United States Treasury Securities	96	104	288	312
Obligations of States & Political Subdivisions (tax exempt)	625	256	1,529	647
Mortgage-Backed Securities	2,295	2,694	7,531	7,680
U.S. Government Agency Obligations	1,222	1,095	3,667	3,139
Corporate Bonds & Other Securities	39	21	114	59
Loans	15,042	12,778	42,600	38,750
Total Interest Income	19,348	17,084	55,809	50,810
INTEREST EXPENSE				
Saving, N.O.W. & Money Market Deposits	974	724	2,663	2,034
Time Certificates of \$100,000 or more	147	88	395	270
Other Time Deposits	1,310	1,031	3,487	3,199
Federal Funds Purchased	363	-	852	-
Interest on Other Borrowings	72	-	534	40
Total Interest Expense	2,866	1,843	7,931	5,543
Net-interest Income	16,482	15,241	47,878	45,267
Provision for Loan Losses	450	225	1,125	1,748
Net-interest Income After Provision for Loan Losses	16,032	15,016	46,753	43,519
OTHER INCOME				
Service Charges on Deposit Accounts	1,429	1,412	4,199	4,239
Other Service Charges, Commissions & Fees	657	698	1,885	1,916
Fiduciary Fees	297	303	858	924
Net Securities Gains	-	-	-	1,219
Other Operating Income	145	201	413	542
Total Other Income	2,528	2,614	7,355	8,840
OTHER EXPENSE				
Salaries & Employee Benefits	5,516	5,358	16,595	16,206
Net Occupancy Expense	911	669	2,779	2,351
Equipment Expense	478	537	1,577	1,617
Other Operating Expense	2,273	2,426	6,984	7,126
Total Other Expense	9,178	8,990	27,935	27,300
Income Before Provision for Income Taxes	9,382	8,640	26,173	25,059
Provision for Income Taxes	3,537	3,433	9,871	9,955
NET INCOME	\$ 5,845	\$ 5,207	\$ 16,302	\$ 15,104
Average: Common Shares Outstanding				
	10,494,505	10,867,334	10,624,175	10,894,156
Dilutive Stock Options				
	28,388	30,892	28,762	33,539
Average Total Common Shares and Dilutive Options				
	10,522,893	10,898,226	10,652,937	10,927,695
EARNINGS PER COMMON SHARE: Basic				
	\$ 0.56	\$ 0.48	\$ 1.53	\$ 1.39
Diluted				
	\$ 0.56	\$ 0.48	\$ 1.53	\$ 1.38

BOARD OF DIRECTORS

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FINANCIAL SUMMARY OF THE LAST 12 MONTHS

(unaudited, in thousands of dollars except for share and per share data)

	Last 12 Months	QUARTERS ENDED			
		9/30/2005	6/30/2005	3/31/2005	12/31/2004
EARNINGS AND PER SHARE DATA					
Net Income	22,073	5,845	5,325	5,132	5,771
Net Interest Income	63,216	16,482	15,902	15,494	15,338
Earnings Per Share	2.07	0.56	0.50	0.48	0.53
Cash Dividends Per Share	0.78	0.20	0.20	0.19	0.19
Shares Outstanding at End of Period	10,615,967	10,430,221	10,552,571	10,638,537	10,842,537
Book Value Per Common Share	9.62	9.65	9.72	9.31	9.80
AVERAGE BALANCES					
Assets	1,386,900	1,402,183	1,390,939	1,376,604	1,377,873
Net Loans	838,300	858,713	859,067	829,335	806,086
Investment Securities	433,826	427,191	431,714	440,559	435,841
Deposits	1,215,003	1,233,442	1,205,108	1,189,761	1,231,702
Equity	100,706	98,820	99,365	102,074	102,566
RATIOS					
Return on Average Equity	21.93%	23.66%	21.44%	20.11%	22.51%
Return on Average Assets	1.59%	1.67%	1.53%	1.49%	1.68%
Average Equity/Assets	7.26%	7.05%	7.14%	7.41%	7.44%
Total Risk-based Capital Ratio	11.19%	10.79%	10.90%	11.12%	11.94%
Net Interest Margin (Tax Equivalent)	5.01%	5.21%	4.98%	4.93%	4.92%
Efficiency Ratio	50.36%	48.28%	51.46%	52.11%	49.60%
ASSET QUALITY					
Net Charge-offs	(55)	(47)	(70)	67	(5)
Net Charge-offs to Average Net Loans	(0.01%)	(0.02%)	(0.03%)	0.03%	(0.00%)
Allowance/Non-accrual, Restructured, and Other Real Estate Owned	170.46%	181.58%	183.96%	163.23%	153.06%
Allowance for Loan Losses/Net Loans	1.01%	1.06%	1.01%	0.98%	0.99%

FINANCIAL SUMMARY OF THE LAST 5 YEARS

(unaudited, in thousands of dollars except for share and per share data)

	December 31, 2004	2003	2002	2001	2000
EARNINGS					
Net Income	20,875	21,336	21,269	18,685	16,232
Net Interest Income	60,605	61,194	62,340	55,223	52,505
Earnings Per Share	1.92	1.92	1.82	1.58	1.35
Cash Dividends Per Share	0.76	0.76	0.68	0.56	0.46
BALANCES AT DECEMBER 31st					
Assets	1,348,218	1,328,757	1,272,717	1,164,947	1,049,580
Net Loans	817,220	830,510	779,862	787,285	768,248
Investment Securities	442,139	390,830	376,886	254,620	165,971
Deposits	1,197,592	1,187,496	1,142,582	1,051,712	942,436
Equity	106,212	100,170	108,793	96,837	88,053
Shares Outstanding	10,842,537	10,949,283	11,489,481	11,770,596	11,919,928
Book Value Per Common Share	9.80	9.15	9.47	8.23	7.39
RATIOS					
Return on Average Equity	20.85%	21.93%	21.12%	20.55%	20.42%
Return on Average Assets	1.53%	1.64%	1.72%	1.73%	1.60%
Average Capital Ratio	7.35%	7.50%	8.13%	8.41%	7.86%
Net Interest Margin (Tax Equivalent)	4.90%	5.13%	5.45%	5.62%	5.84%
Net Charge-offs to Average Net Loans	0.28%	0.13%	0.19%	0.06%	0.10%
Efficiency Ratio	50.24%	49.91%	49.36%	49.88%	53.04%

Dear Shareholder:

Over the past several years, I have emphasized the importance of long-term managerial discipline to shareholder value. This quarter, even more than last, the results of that discipline are discernable in our financial results. Our strategy to build commercial and residential lending has more than offset diminishing balances of indirect retail paper. This resulted from structural changes in the market for automobile finance, the effect of which we have anticipated for some years. Net loans were up 8.2 percent even allowing for indirect run-off, and taking that segment of the portfolio out of the equation, the remainder of the portfolio was up by 16.6 percent. Our earlier commitment to resist the lure of easy profits in our investment portfolio has also continued to support our net interest margin, which amounted to 5.21 percent during the most recent quarter.

Funding has presented something of a challenge during the past quarter, as we try to moderate the rate of increase in the interest we pay for deposits. We have been able to increase demand deposits by 8.7 percent, year to year, while nonmaturity time deposits have decreased by 10.3 percent. We have turned to the wholesale money markets to make up the difference as long as the yield curve remains unusually flat, and hope to reemphasize deposits as it steepens to provide a more normal spread between short and long term rates. Non-interest income declined 3.3 percent in response to intense competition from new entrants in the market offering 'free' services. Non-interest expense rose by 2.1 percent, but that remained slightly below the rate of growth in assets.

The final component of our balance sheet is equity, our shareholders' investment in our company. We consider its proper management to be among our first priorities. Over time, we have generated capital internally at a rate in excess of the growth of the kind of business that will sustain returns on equity and assets well above industry averages. We were among the first in the industry to manage capital to the risk-based standard of 'well-capitalized' as a matter of formal policy, and we continue, on a daily basis, to match our shareholders' capital account to the high-quality business available to us. My colleagues and I remain aware of our obligation to our shareholders. We hope that this quarter's results will reinforce investors' confidence in our focus on creating long-term shareholder value.



Thomas S. Kohlmann
Chairman, President and Chief Executive Officer



THIRD QUARTERLY REPORT TO THE SHAREHOLDERS

September 30, 2005