Operator: Greetings and welcome to the Southwest Georgia Financial Corporation Second Quarter 2018 Financial Results. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. If anyone should require Operator assistance during the conference, please press star, zero on your telephone keypad. As a reminder, this conference is being recorded. I would now like to turn the conference over to your host, Craig Mychajluk.

Craig Mychajluk: Thank you and good afternoon, everyone. We certainly appreciate your time today, as well as your interest in Southwest Georgia Financial Corporation. Joining me on the call is DeWitt Drew, our President and CEO, and Karen Boyd, our Senior Vice President and Treasurer.

We'll start with DeWitt's formal remarks on the second quarter and then open up the call for Q&A. You should have a copy of our financial results that were released this morning, and if not, you can find them on our website at sgb.bank.

As you are aware, we may make some forward-looking statements during the formal discussion as well as during the Q&A. These statements apply to future events that are subject to risks and uncertainties as well as other factors that could cause actual results to differ materially from what is stated on today's call. These risks and uncertainties and other factors are provided in the earnings release as well as with other documents filed by the Company with the Securities and Exchange Commission. You can find these documents on our website or at www.sec.gov.

With that, I'll turn the call over to DeWitt to begin the discussion.

DeWitt Drew: Thank you, Craig. Good afternoon, everyone, and thank you for being with us today. SGB's results continue the trend seen in recent years with improved earnings, solid balance sheet growth and sound asset quality. Our second quarter earnings increased 7% to $1.15 million. On a per diluted share, earnings were $0.45, up $0.03 over the second quarter of 2017 but down slightly from the trailing first quarter. Given the investments we continue to make, we're particularly pleased with our year-to-date earnings of $0.94 a share. That represents a 12% increase compared with first half of last year.

We did see some contraction in the net interest margin. It decreased 9 basis points to 3.96%. All of that decrease can be attributed to a decrease in the tax equivalency adjustment to our tax free bond portfolio necessitated by lower tax rates. That 9 basis points on average earning assets of $442 million was $199,000 for the first six months of this year. The raw yield on the bond portfolio was up 14 basis points over this time last year; however, that tax equivalency adjustment was down $213,000.

Net interest income increased over 5%, or $235,000, to $4.6 million in the quarter and was up 7% for the six-month period. Strong loan growth drove higher net interest income.

Our overall noninterest income was relatively flat quarter-over-quarter; however, absent gains or losses on the sale of securities and the change from closing our mortgage banking subsidiary, the rest of our core noninterest income performed well, increasing 5%. This was led by higher insurance revenue of 10% or $39,000. For the year-to-date period, core noninterest income was flat at $2.1 million.

Total noninterest expense was up 4% in the quarter and 3% for the six-month period. That was attributable to our continued investment in people, infrastructure and technology, both back office and customer facing.

The loan growth was broad-based and reflects the continued successes of strategic initiatives to increase and diversify our geographic footprint to both Valdosta and Tifton. At quarter-end, loans of $346 million were up 7% from this time last year, and the loan mix was stable and relatively unchanged, with it centered in real estate at about 75% of loans. Average total loans in the second quarter increased more than $24 million, or almost 8%, compared with last year's second quarter. Our loan pipeline continues to be strong, with contributions coming from our entire footprint.

The balance sheet grew 8% to $508 million. Asset growth was funded primarily by deposit growth, with the balance funded by a $12.6 million increase in Federal Home Loan Bank debt.

Most of our loan growth was funded by a 6%, or $24 million, increase in deposits. The mix of deposits has changed, as expected, given the interest rate environment, but also as we introduced new products. Noninterest-bearing deposits declined $35 million, while interest-bearing deposits increased $59 million. We have made some recent changes to our deposit offerings to stay ahead of competition, and they appear to be well received by our customers. We have had positive customer response with a new interest bearing business checking product, which we think will be a strong customer retention tool. In fact, customers moved $16 million into that offering at initiation and have since moved another $13 million into those accounts. Of the $415 million in total deposits at quarter-end, transaction accounts made up more than half of the balance.

It's important to note that we are holding higher levels of liquidity due to our strong loan pipeline, as well as concerns about higher interest rates causing disintermediation.

Given our steady loan growth, we nearly doubled our loan loss provision to $140,000. If the growth is sustained at current levels we may continue to have higher provisions for the remainder of the year.

Credit quality continues to be in line with our expectations and reflects strong underwriting. Nonperforming loans to total loans were 0.50% in the quarter, and net charge-offs to average total loans were 12 basis points year-to-date.

Building out our new full-service banking center in Tifton has been an adventure, to say the least, given significant weather and construction delays. But we continue to forge ahead and are fairly optimistic we will open during the latter part of this summer.

In June, we increased the dividend 9% to $0.12 per common share. The increase reflects the confidence we have in our prospects and our commitment to return capital to our shareholders. We've now paid a cash dividend for 90 consecutive years, an accomplishment we're quite proud of.

The successful execution of our strategies and our commitment to providing an exceptional customer experience has put us in what we believe is a very good position and gives us confidence that 2018 will be another successful year.

That does conclude my formal remarks, but before we open for any questions I wanted to mention for those in the New York City area that we will be available for investor meetings and presenting at the Sidoti Fall Conference on September 27. So please, feel free to reach out to us if you're interested in meeting with us one-on-one. With that Operator, we'd like to open the call for any questions.

Operator: At this time, we will be conducting a question-and-answer session. If you would like to ask a question, please press star, one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star, two if you would like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing the star key. One moment please while we poll for questions.

Once again, that is star, one if you would like to ask a question.

There are no questions at this time. I would like to turn the call back to management for closing remarks.

DeWitt Drew: Thank you all for joining us on the call and we certainly appreciate your continued interest and support and look forward to talking with you all again after our third quarter results. Again, thank you for participating and have a great day.

Operator: This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation.