

SECOND BANCORP INC
Form 8-K
July 26, 2001

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

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

Date of Report: July 25, 2001

Second Bancorp Incorporated
(Exact name of registrant as specified in its charter)

Ohio	0-15624	34-1547453
(State of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

108 Main Avenue S.W., Warren, Ohio	44482-1311
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 330-841-0123

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Item 5. Other Events

On July 19, 2001, the Company issued the following press release:

SECOND BANCORP
REPORTS STRONG SECOND QUARTER

Warren, Ohio, July 19, 2001 **SECOND BANCORP INCORPORATED (Nasdaq SECD)** reported second quarter 2001 net income of \$4,258,000, up 14.7% from the \$3,713,000 earned during the same period last year. Year-to-date earnings were \$8.45 million, an increase of 10.4% over net income reported for the first six months of 2000. Diluted earnings for the quarter were \$.42 per share, 16.7% higher than the \$.36 reported last year and, for the first half of the year, were \$.84 per share or 13.5% higher than the \$.74 reported a year ago.

The Company's key ratios for the second quarter and first half of 2001 were similarly improved over the same periods last year. Return on average assets (ROA) for both the quarter and year-to-date were 1.08% (compared to .93% and .97% respectively last year) and return on average equity (ROE) was 13.98% for the quarter and 14.03% for the first six months of 2001 (compared to 13.01% and 13.36% respectively last year). The Company's efficiency ratio for the quarter also showed dramatic improvement falling to 56.00% from 63.48% a year ago as a combined result of fee income growth and effective cost controls. Second Bancorp's net interest margin, though minimally higher quarter-to-quarter, was substantially unchanged from year-ago levels at 3.47%.

Second Bancorp President and Chief Executive Officer R. L. (Rick) Blossom indicated "Our strong earnings performance this year is, we believe, particularly noteworthy because it has been achieved during a period when net interest margins continue to be squeezed. Though our lending function will certainly continue to be our primary revenue business for the foreseeable future, we are aggressively pursuing fee income opportunities as we diversify our earnings stream and reduce our reliance on interest rate spreads. That is key to consistent, long-term improvement in our earnings.

Non-interest income (excluding security and trading activity) for the quarter was \$4.63 million, 26.2% ahead of results for the same period last year and \$8.60 million for the first half of 2001, 13.5% better than the \$7.58 million reported for the first two quarters last year. Income categories particularly strong during the second quarter and year-to-date were deposit service charges which were 18% and 19% ahead of results for the same periods last year and gains on sale of loans which were \$1.11 million for the quarter compared to \$309,000 a year ago. The 258% increase in gains on loan sales reflected strong real estate loan refinancing activity and the Company's planned shift toward more aggressive use of the secondary mortgage markets as the Company manages its balance sheet.

Cost controls also continued to make significant contributions to Second Bancorp's improving profitability with the second quarter of 2001 representing the third consecutive reporting period during which the Company recorded a net reduction in operating costs over the prior year. Non-interest expenses for the quarter were \$9.805 million, a full 6% below the \$10.431 million reported for the same period last year. Virtually every non-interest expense categories contributed to the drop in operating costs with salaries, professional services and other operating expenses leading the way. The Company's success in managing to a strictly controlled expense budget has been demonstrated by its dramatically improved net overhead ratio which measures the Company's net non-interest operating costs as a percentage of earning assets. Excluding the impact of the Company's major balance sheet restructuring during last year's third quarter, the Company's net overhead ratio has steadily fallen to 1.39% for the current quarter from 1.91% a year ago.

Credit quality remains a focal point for Second Bancorp with the national and local economies continuing to demonstrate some weakness. Quarter-end non-accrual loans and 90-days past due but accruing loans were, in the aggregate, 11.9% higher than at the end of the prior quarter. Net charge-offs for the second quarter were \$1,511,000 or an annualized 0.56% of average loans and were .32% for the year-to-date. The Company's loan loss reserve was steady at a solid 1.45% of period-end loans.

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The Company also reported that its Board of Directors declared a seventeen cent (\$.17) per share common dividend payable July 31, 2001 to shareholders of record on July 13. That dividend is unchanged from the first quarter of this year and is 6.25% higher than the dividend paid for the second quarter last year.

Second Bancorp also noted that its stock was added to the broad market Russell 3000 and the small cap Russell 2000 Indexes at the end of June. Those indexes reflect general market trends by tracking the performance of the largest publicly traded companies in the United States as determined by market capitalization. Second Bancorp's market capitalization exceeded \$225 million at the end of the quarter.

This announcement contains forward-looking statements that involve risk and uncertainties, including changes in general economic and financial market conditions and the Company's ability to execute its business plans. Although management believes the expectations reflected in such forward-looking statements are reasonable, actual results may differ materially.

Second Bancorp is a \$1.6 billion financial holding company providing a full range of commercial and consumer banking, trust, insurance and investment products and services to communities in a nine county area of Northeastern and East-Central Ohio through subsidiary Second National Bank's network of 34 retail banking centers.

Additional information about Second Bancorp and information about products and services offered by Second National Bank can be found on the World Wide Web at www.secondnationalbank.com.

CONTACT: Christopher Stanitz, Executive Vice President and Secretary, at 330.841.0234 (phone), 330.841.0489 (fax), or cstanitz@secondnationalbank.com.

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**Second Bancorp Incorporated and Subsidiary
Financial Highlights
Quarterly Data**

(Dollars in thousands, except per share data)

	June 2001	March 2001	Dec. 2000	Sept. 2000	June 2000
Earnings:					
Net interest					
income	\$12,298	\$11,916	\$12,708	\$11,606	\$12,645
Provision for loan losses	1,342	761	903	4,843	3,696
Non-interest income	4,630	3,972	3,776	(28)	3,671
Security (losses) gains	(12)	52	99	8	206
Trading account	1,358	10	(28)	(43)	1
Non-interest expense	9,805	10,051	10,345	13,140	10,431
Federal income taxes	1,524	1,475	1,314	(3,690)	1,251

Income before accounting
change 4,258,188,4,030 (5,545) 3,713 Cumulative
effect of accounting change, net of tax 0 (101) 000

Net income \$4,258,188,4,030 (\$5,545) \$3,713

Per share: Basic earnings before accounting
change \$0.42 \$0.42 \$0.40 (\$0.55) \$0.36 Basic
earnings 0.42 0.41 0.40 (0.55) 0.36 Diluted earnings
before accounting
change 0.42 0.42 0.40 (0.55) 0.36 Diluted
earnings 0.42 0.41 0.40 (0.55) 0.36 Common
dividends 0.17 0.17 0.16 0.16 0.16 Book
value 12.29 12.20 11.65 11.05 11.31 Tangible book
value 12.15 12.04 11.49 10.88 11.12 Market
value 22.90 17.50 14.50 14.13 15.19 **Weighted
average shares**
outstanding: Basic 10,007,904 10,020,097 10,050,177 10,161,386 10,318,828 Diluted 10,103,060 10,046,562 10,069,215 10,161,386 10,340,082 **Period
end balance**
sheet: Assets \$1,578,370 \$1,571,831 \$1,546,290 \$1,561,617 \$1,632,913 Securities 380,262 377,323 382,098 400,176 370,250 Total
loans 1,075,039 1,076,284 1,070,089 1,059,530 1,157,123 Reserve
for loan
losses 15,609 15,778 15,217 15,040 11,378 Deposits 1,059,758 1,061,556 1,036,135 1,084,377 1,105,449 Total
shareholders
equity 123,107 121,968 117,197 112,019 115,368 Tier
I
capital 119,857 117,497 115,315 114,158 122,595 Tier
I ratio 10.4% 10.3% 10.3% 10.2% 10.8% Total
capital 134,302 131,768 129,366 128,193 133,452 Total
capital
ratio 11.6% 11.5% 11.5% 11.4% 11.8% Total
risk-adjusted
assets 1,155,561 1,141,685 1,124,076 1,122,803 1,133,429 Tier
I leverage
ratio 7.6% 7.5% 7.5% 7.3% 7.5% **Average balance**
sheet: Assets \$1,570,016 \$1,544,368 \$1,541,049 \$1,650,501 \$1,603,540 Earning
assets 1,483,598 1,453,969 1,452,756 1,552,441 1,504,564 Loans 1,074,936 1,072,460 1,061,023 1,173,799 1,125,998 Deposits 1,063,415 1,046,349 1,053,740 1,110,000
equity 121,840 118,879 112,892 116,702 114,132

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**Second Bancorp Incorporated and Subsidiary
Financial Highlights
Quarterly Data**

(Dollars in thousands, except per share data)

Key ratios: (%) (1)

Return on average assets (ROA) 1.08 1.08 1.05 (1.34) 0.93 Return on average shareholders' equity (ROE) 13.98 14.09 14.28 (19.01) 13.01 Net interest margin 3.47 3.43 3.65 3.14 3.51 Net overhead 1.39 1.66 1.81 3.40 1.91 Efficiency ratio 56.00 60.94 60.77 108.40 63.48 **Credit quality:** Non-accrual loans \$4,666 \$5,163 \$4,699 \$3,821 \$2,987 Restructured loans 38404 3454 790 day past due and accruing 5,415 3,849 3,238 3,171 2,875 Other real estate owned 1,063 918 902 961 1,170 Charge-offs \$1,808 \$862 \$939 \$1,528 \$873 Recoveries 297 662 213 348 200

Net charge-offs \$1,511 \$200 \$726 \$1,180 \$673

Reserve for loan losses as a percent of period-end loans (%) 1.45 1.47 1.42 1.42 0.98 Net charge-offs (annualized) as a percent of average loans (%) 0.56 0.07 0.27 0.40 0.24

(1) Based on income before accounting change.

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Second Bancorp Incorporated and Subsidiary

Consolidated Statements of Income

Quarterly Data

(Dollars in thousands, except per share data)

	June 2001	March 2001	Dec. 2000	Sept. 2000	June 2000
INTEREST INCOME					
Loans (including fees): Taxable	\$21,751	\$22,101	\$23,029	\$23,367	\$22,887
Exempt from federal income					

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taxes279288276285238Securities:Taxable5,3025,1255,5815,4195,261Exempt
 from federal income
 taxes775773773777777Federal funds sold and
 other temp. investments2981911314616

Total interest
 income28,40528,47829,79029,89429,179INTEREST
 EXPENSEDeposits11,19211,46911,82912,21611,312Federal
 funds purchased and securities sold under
 agreements to
 repurchase1,0531,1871,5601,4401,356Note
 Payable1618600Other borrowed
 funds1537254658Federal Home Loan Bank
 advances3,8313,8513,6624,5863,808

Total interest
 expense16,10716,56217,08218,28816,534

Net interest
 income12,29811,91612,70811,60612,645Provision
 for loan losses1,3427619034,843696

Net interest income after provision for loan
 losses10,95611,15511,8056,76311,949NON-INTEREST
 INCOMEService charges on deposit
 accounts1,2731,2611,1101,1631,079Trust
 fees7497561,0128331,049Gain (loss) on sale
 of loans1,106783490(3,191)309Trading
 account gains
 (losses)135810(28)(431)Security
 (losses) gains(12)52998(2,802)206Other
 operating income1,5021,1721,1641,1671,234

Total non-interest
 income4,6314,5593,884(2,858)3,446NON-INTEREST

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EXPENSES
 Salaries and employee benefits 5,096,519 44,891,542 15,189
 Net occupancy 1,062,111 61,040,106 21,037
 Equipment 921,049 99,510,449 59
 Professional services 397,343 651,650 698
 Assessment on deposits and other taxes 405,401 423,423 425
 Amortization of goodwill and other intangibles 808,110 821,611 50
 Other operating expenses 1,844,186 72,237 3,324,008

Total non-interest expense 9,805,10,051 10,345 13,140 10,431

Income before federal income taxes 5,782,566 35,344 (9,235) 4,964
 Income tax expense 1,524,147 51,314 (3,690) 1,251

Income before accounting change 4,258,418 84,030 (5,545) 3,713
 Cumulative effect of accounting change, net of tax (101)

Net income \$4,258 \$4,087 \$4,030 (\$5,545) \$3,713

NET INCOME PER COMMON

SHARE: Basic before accounting change \$0.42 \$0.42 \$0.40 (\$0.55) \$0.36
 Basic \$0.42 \$0.41 \$0.40 (\$0.55) \$0.36
 Diluted before accounting change \$0.42 \$0.42 \$0.40 (\$0.55) \$0.36
 Diluted \$0.42 \$0.41 \$0.40 (\$0.55) \$0.36
 Weighted average common shares outstanding: Basic 10,007,904 10,020,097 10,050,177 10,161,386 10,318,828
 Diluted 10,103,060 10,046,562 10,069,215 10,161,386 10,340,082
 Note: Fully taxable equivalent adjustment \$568 \$571 \$540 \$547 \$547

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bearing)\$110,124\$107,260\$110,053\$112,662\$113,958Demand deposits
 (interest
 bearing)88,92083,38183,69485,43289,531Savings234,781242,120252,990265,319273,879Time
 deposits629,590613,588607,003646,781626,319

Total deposits1,063,4151,046,3491,053,7401,110,1941,103,687Federal funds
 purchased and securities sold under agreements to
 repurchase111,816109,724126,942117,645117,236Note
 payable1,0001,00029200Borrowed
 funds1,5542,2301,2512,5683,470Accrued expenses and other
 liabilities10,2239,0026,6309,0609,435Federal Home Loan Bank
 advances260,168257,184239,302294,332255,580

Total
 liabilities1,448,1761,425,4891,428,1571,533,7991,489,408Shareholders
 equity:Common stock37,04636,94536,93636,96236,955Treasury
 shares(14,739)(14,465)(13,174)(12,172)(9,931)Other comprehensive
 income2,3641,493(3,268)(6,957)(10,155)Retained
 earnings97,16994,90692,39898,86997,263

Total shareholders equity121,840118,879112,892116,702114,132

Total liabilities and shareholders
 equity\$1,570,016\$1,544,368\$1,541,049\$1,650,501\$1,603,540

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bearing\$109,477\$105,920\$110,045\$107,391\$115,380Demand
 interest
 bearing\$90,077\$86,124\$87,268\$83,991\$88,184Savings\$234,314\$239,661\$246,056\$262,024\$269,925Time
 deposits\$625,890\$629,851\$592,766\$630,971\$631,960

Total
 deposits\$1,059,758\$1,061,556\$1,036,135\$1,084,377\$1,105,449Federal
 funds purchased and securities sold under agreements to
 repurchase\$117,275\$119,684\$129,895\$116,707\$124,930Note
 payable\$1,000\$1,000\$1,000\$0Other borrowed
 funds\$4,981\$462,163\$3,622,609Federal Home Loan Bank
 advances\$261,447\$256,591\$251,733\$238,872\$276,009Accrued
 expenses and other liabilities\$10,802\$10,986\$8,167\$6,020\$8,548

Total
 liabilities\$1,455,263\$1,449,863\$1,429,093\$1,449,598\$1,517,545Shareholders
 equity:Common stock, no par value; 30,000,000 shares
 authorized;\$37,166\$36,953\$36,935\$36,952\$36,974Treasury
 stock\$(14,740)\$-(14,740)\$-(13,947)\$-(12,590)\$-(11,646)Other
 comprehensive income\$1,810\$2,950\$281\$(3,849)\$8,631Retained
 earnings\$98,871\$96,805\$93,928\$91,506\$98,671

Total shareholders equity\$123,107\$121,968\$117,197\$112,019\$115,368

Total liabilities and shareholders
 equity\$1,578,370\$1,571,831\$1,546,290\$1,561,617\$1,632,913

Miscellaneous data:Common shares
 issued\$10,802\$10,785\$10,787\$10,776\$10,776Treasury
 shares\$785,000\$785,000\$730,200\$639,920\$575,720Bank owned life
 insurance (in other
 assets)\$30,645\$30,270\$29,895\$29,527\$29,163Loans serviced for
 others\$565,044\$487,253\$472,120\$462,957\$325,012Mortgage
 servicing

rights\$5,688\$4,261\$4,065\$4,102\$3,172Goodwill1,0611,1071,1541,2131,379Other
 intangibles798789819878921

Total goodwill and intangibles
 assets\$7,547\$6,157\$6,038\$6,193\$5,472

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Second Bancorp Incorporated and Subsidiary

Financial Highlights

Year-to-Date Data

(Dollars in thousands, except per share data)

**JuneMarchDec. Sept. June
 2001 2001 2000 2000 2000**

Earnings:

Net interest income\$24,214\$11,916\$49,377\$36,669\$25,063Provision for loan
 losses2,1037617,1296,2261,383Non-interest income8,6023,97211,0097,2337,578Security gains
 (losses)517529(2,399)(2,497)(12)Trading account7158(335)(345)(317)Non-interest
 expense19,85610,05144,21333,86820,728Federal income taxes2,9991,475176(1,138)2,552

Income before accounting change8,4464,1886,1342,1047,649Cumulative effect of accounting change, net
 of tax(101)(101)000

Net income\$8,345\$4,087\$6,134\$2,104\$7,649

Per share: Basic earnings before accounting change \$0.84 \$0.42 \$0.60 \$0.20 \$0.74 Basic earnings 0.830.410.600.200.74 Diluted earnings before accounting change 0.840.420.600.200.74 Diluted earnings 0.830.410.600.200.74 Common dividends 0.340.170.640.480.32 Book value 12.2912.2011.6511.0511.31 Tangible book value 12.1512.0411.4610.8811.12 Market value 22.9017.5014.5014.1315.19 **Weighted average shares outstanding:** Basic 10,013,966 10,020,097 10,247,025 10,294,922 10,362,424 Diluted 10,079,973 10,046,562 10,271,548 10,318,413 10,396,194 **Period end balance sheet:** Assets \$1,578,370 \$1,571,831 \$1,546,290 \$1,561,617 \$1,632,913 Securities 380,262 377,323 382,098 400,176 370,250 Total loans 1,075,039 1,076,284 1,070,089 1,059,530 1,157,123 Reserve for loan losses 15,609 15,778 15,217 15,040 11,378 Deposits 1,059,758 1,061,556 1,036,135 1,084,377 1,105,449 Total shareholders equity 123,107 121,968 117,197 112,019 115,368 Tier I capital 119,857 117,497 115,315 114,158 122,074 Tier I ratio 10.4% 10.3% 10.3% 10.2% 10.8% Total capital 134,302 131,768 129,366 128,193 133,452 Total capital ratio 11.6% 11.5% 11.5% 11.4% 11.8% Total risk-adjusted assets 1,155,561 1,141,685 1,124,076 1,122,803 1,133,429 Tier I leverage ratio 7.6% 7.5% 7.5% 7.3% 7.5% **Average balance sheet:** Assets \$1,557,263 \$1,544,368 \$1,584,016 \$1,598,443 \$1,572,128 Earning assets 1,468,866 1,453,969 1,488,334 1,500,280 1,473,913 Loans 1,073,705 1,072,460 1,107,948 1,123,704 1,098,381 Deposits 1,054,929 1,046,349 1,091,441 1,101,441 1,101,441 equity 120,368 118,879 114,652 115,243 114,506 **Key ratios: (%) (1)** Return on average assets (ROA) 1.08 1.08 0.39 0.18 0.97 Return on average shareholders equity (ROE) 14.03 14.09 5.35 2.43 13.36 Net interest margin 3.45 3.43 3.46 3.41 3.56 Net overhead 1.52 1.66 2.23 2.37 1.87 Efficiency ratio 58.36 60.94 70.67 74.31 62.54 **Credit quality:** Non-accrual loans \$4,666 \$5,163 \$4,699 \$3,821 \$2,987 Restructured loans 384 0 434 54 790 day past due and accruing 5,415 3,849 3,238 3,171 2,875 Other real estate owned 1,063 918 902 961 1,170 Charge-offs \$2,670 \$862 \$4,059 \$3,120 \$1,592 Recoveries 959 662 978 765 417

Net charge-offs \$1,711 \$200 \$3,081 \$2,355 \$1,175

Reserve for loan losses as a percent of period-end loans (%) 1.45 1.47 1.42 1.42 0.98 Net charge-offs (annualized) as a percent of average loans (%) 0.32 0.07 0.28 0.28 0.21

(1) Based on income before accounting change.

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Second Bancorp Incorporated and Subsidiary

Consolidated Statements of Income

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fees 1,505,756,898,886,053 Gain (loss) on
 sale of
 loans 1,889,783(2,001)(2,491)700 Trading
 account gains
 (losses) 7158(335)(345)(317) Security gains
 (losses) 517529(2,399)(2,497)305 Other
 operating income 2,6741,1724,7063,5422,375

Total non-interest
 income 9,1904,5598,2754,3917,249 NON-INTEREST
 EXPENSES Salaries and employee
 benefits 10,2905,19420,81715,92610,505 Net
 occupancy 2,1781,1164,1913,1512,089 Equipment 1,9701,0493,9852,9901,946 Professional
 services 7403433,4762,8251,175 Assessment
 on deposits and other
 taxes 8064011,6841,261838 Amortization of
 goodwill and other
 intangibles 16181555447231 Other operating
 expenses 3,7111,8679,5057,2683,944

Total non-interest
 expense 19,85610,05144,21333,86820,728

Income before federal income
 taxes 11,4455,6636,31096610,201 Income tax
 expense 2,9991,475176(1,138)2,552

Income before accounting
 change 8,4464,1886,1342,1047,649 Cumulative
 effect of accounting change, net of
 tax (101)(101)

Net income \$8,345\$4,087\$6,134\$2,104\$7,649

NET INCOME PER COMMON
 SHARE:Basic before accounting
 change\$0.84\$0.42\$0.60\$0.20\$0.74Basic\$0.83\$0.41\$0.60\$0.20\$0.74Diluted
 before accounting
 change\$0.84\$0.42\$0.60\$0.20\$0.74Diluted\$0.83\$0.41\$0.60\$0.20\$0.74Weighted
 average common shares
 outstanding:Basic10,013,96610,020,09710,247,02510,294,92210,362,424Diluted10,079,97310,046,56210,271,54810,318,41310,396,194Note:
 Fully taxable equivalent
 adjustment\$1,139\$571\$2,175\$1,635\$1,137

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Second Bancorp Incorporated and Subsidiary

Consolidated Average Balance Sheets

For the Year-to-date period ended:

(Dollars in Thousands)

	June 2001	March 2001	Dec. 2000	Sept. 2000	June 2000
ASSETS					
Cash and demand balances due from banks	\$32,453	\$33,942	\$33,787	\$34,676	\$34,796
Federal funds sold	19,726	12,146	4,682	3,575	3,992
Trading Account	153,165	75,495	31,025	375,282	369,198
Securities estate	374,950	372,048	370,515	429,812	425,127
Commercial Loans	408,163	404,376	400,342	Consumer	329,830
Other	338,198	440,938	472,690	464,384	
<hr/>					
Total loans	1,073,705	1,072,460	1,107,948	1,123,704	1,098,381
Reserve for loan losses	15,669	15,594	12,398	11,481	11,432
<hr/>					
<hr/>					
<hr/>					
<hr/>					
Net loans	1,058,036	1,056,866	1,095,550	1,112,223	1,086,949
Premises and equipment	17,684	17,923	18,272	18,408	18,598
Goodwill and intangible assets	6,270	6,067	5,739	5,614	5,714
Other	47,659	48,061	50,282	50,946	50,539

Total assets \$1,557,263 \$1,544,368 \$1,584,016 \$1,598,443 \$1,572,128

LIABILITIES AND SHAREHOLDERS EQUITY Liabilities: Demand deposits (non-interest bearing) \$108,700 \$107,260 \$112,185 \$112,901 \$113,022 Demand deposits (interest bearing) 86,166 83,381 86,818 87,867 89,098 Savings deposits 238,430 242,120 266,863 271,521 274,656 Time deposits 621,633 613,588 625,575 631,811 624,244

Total deposits 1,054,929 1,046,349 1,091,441 1,104,100 1,101,020 Federal funds purchased and securities sold under agreements to repurchase 110,776 109,724 118,070 115,091 113,800 Note payable 1,000 1,000 292 293 440 Borrowed funds 1,890 2,230 2,532 2,961 3,161 Accrued expenses and other liabilities 9,616 9,002 8,381 8,969 8,922 Federal Home Loan Bank advances 258,684 257,184 248,648 251,786 230,279

Total liabilities 1,436,895 1,425,489 1,469,364 1,483,200 1,457,622 Shareholders equity: Common stock 36,996 36,945 36,957 36,964 36,965 Treasury shares (14,603) (14,465) (10,878) (10,107) (9,063) Net unrealized holding gains 1,931 1,493 (7,354) (8,726) (9,620) Retained earnings 96,044 94,906 95,927 97,112 96,224

Total shareholders equity 120,368 118,879 114,652 115,243 114,506

Total liabilities and shareholders equity \$1,557,263 \$1,544,368 \$1,584,016 \$1,598,443 \$1,572,128

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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: July 25, 2001

Second Bancorp Incorporated

/s/ David L. Kellerman

David L. Kellerman, Treasurer

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