



**20 | ANNUAL**  
**16 | REPORT**



**SAVANNAH**



**ADAMSVILLE**



**PICKWICK  
COUNCE**



The Hardin County Bank, a subsidiary of Hardin County Bancshares, Inc., in 2016 experienced another year of solid growth in assets and profitability. The year ended with total assets of \$442,047,084.40 producing net income of \$5.2 million. This represents a Return on Assets (ROA) of 1.16% and a Return on Equity (ROE) of 13.65%. The loan portfolio declined by \$9.259 million which was offset by securities growth of \$14.252 million, resulting in Earning Asset growth of \$4.992 million. 2016 represents another year of well managed growth, a continued emphasis on asset quality and capital improvement, which positions the bank well for years to come. The Directors, Officers and Staff at The Hardin County Bank are pleased to report another year of exceptional operating results.

The Net Income of \$5.2 million dollars represents the most profitable year in the history of The Hardin County Bank. As stated in the 2015 annual report, this remarkable achievement in profitability is not the result of a single year's effort but is the result of our commitment to long term strategy for over a decade.

Loan production during 2016 proved to be a challenge. The previously mentioned decline in total loans represented the first in some 15 years. The problem was two pronged. On one hand, our local economy failed to produce the volume of loans necessary to grow our portfolio. Our "out of area" markets experienced a more vibrant economy. However, competition was intense. Regional banks have returned to Commercial and Residential market for the first time since the 2008

recession. As you are aware, they compete primarily on price and in many cases their pricing is below market. We are, as I have said many times in the past, a "Relationship Lender" and compete on service. In many cases, even in our "out of market" areas, we are successful in our approach. Serious customers prefer the one on one support we provide, thus we had an excellent year of lending and did not, and will never sacrifice Net Interest Margin or Asset Quality for volume. We proudly pursue and continue to earn the title of "Trusted Advisor".

Earning assets increased by just under \$5 million during 2016 as a result of substantial adjustments to the portfolio. Efficient cash management minimized the effect that loan pay downs had on interest income, as the proceeds were used to purchase select securities delivering returns that had negligible effect on spread and interest income. The relatively low level of securities in our portfolio at the beginning of the year afforded us the opportunity to make this move which more closely aligns our portfolio with peer banks of similar size. We are well positioned for future growth and have the ability to respond to loan demand when the opportunity arises.

When we face a year of challenging revenue growth, it is important that we manage all aspects of our business. I am very proud to say that the HCB team rose to the challenge in many ways, but none more evident than the area of expense control. Non-interest Expense decreased by almost \$300 thousand as compared to 2015. The ability of our employees to control expenses without compromising quality of service is an incredible accomplishment that by the extremely talented and fully committed team that has been assembled at your bank.

The team also demonstrated discipline in regard to loan quality. It would have been easy to abandon our relentless commitment to credit quality in order to pursue volume. I can state with confidence that credit quality is higher than ever before in our history and our portfolio quality is rock-solid. The benefits we enjoy today from the past decade's commitment to quality are

measured by increased profitability and more time dedicated to value added activities that benefit both the customer and HCB.

Customer service preferences are rapidly evolving from our branches to on-line and mobile banking activities. Over the past several years, substantial investment has been made in technology to accommodate this shift without sacrificing our impeccable customer service. This new multi-channel business model is complex and demands that employees have the skills to meet the customer wherever they choose to bank. Education is the cornerstone to ensure that we have a team in place that can respond and evolve on a daily basis. I am thankful that we have one of the most educated teams in our industry, and we will work relentlessly to continually raise the bar in the future. A culture has been created at HCB which challenges employees and encourages them to take responsibility. Empowerment and delegation are the keys to providing the level of service our customers have come to expect while delivering the financial results that you our stockholder deserve.

I am very proud of the financial results that your bank posted in 2016. The level of profitability allowed for the payment of a dividend that represents an above market value return on your investment. The Board of Directors and the management of HCB realize the importance of providing this return and do not take the responsibility lightly. We fully understand that the growth and prosperity that we enjoy is because of the faith and trust you place in The Hardin County Bank. I would like to thank our Board of Directors for the guidance they have provided for many years. I want to thank the dedicated staff of HCB for their commitment to ensuring the success and continued growth of your bank. I whole heartedly want to thank you, our shareholder, for your investment in The Hardin County Bank.

Gordon Majors  
President

# BANK OFFICERS and STAFF



## MAIN OFFICE

<b>GORDON MAJORS</b> <i>President and Chief Executive Officer</i>	<b>ASHLEY DENNIS</b> <i>Chief Financial Officer</i>	<b>BILLIE DELANEY</b> <i>Teller</i>	<b>LAURIE WILLOUGHBY</b> <i>VP/Human Resource Manager</i>	<b>JOHN SMOTHERMAN</b> <i>Loan Accounting</i>
<b>VICKIE ROSE</b> <i>Senior Vice President</i>	<b>PAT EKLUND</b> <i>Customer Service</i>	<b>EMILY WINBORN</b> <i>Teller</i>	<b>ASHLEE SWEARINGEN</b> <i>Director of Marketing</i>	<b>ESTHELEE WRIGHT</b> <i>Loan Accounting</i>
<b>BRUCE W. WILLIAMS</b> <i>Senior Vice President</i>	<b>MELISSA SEATON</b> <i>Customer Service &amp; Receptionist</i>	<b>SUE BRYANT</b> <i>Teller</i>	<b>JO WARRINGTON</b> <i>Administrative Assistant</i>	<b>CHARLES CROMWELL</b> <i>Property Evaluator</i>
<b>DAN ADKISSON</b> <i>Senior Vice President</i>	<b>SHERRY PATRICK</b> <i>Customer Service</i>	<b>JO ANN WESSON</b> <i>Teller</i>	<b>APRIL HALL</b> <i>Administrative Assistant</i>	<b>SHIRLEY BARRON</b> <i>Evaluation Processor</i>
<b>STEPHEN GOBBELL</b> <i>Senior Vice President</i>	<b>PAM WOLFE</b> <i>CSR/Teller Training Coordinator</i>	<b>PAM GRAY</b> <i>Teller</i>	<b>LYNETTE LINAM</b> <i>Executive Administrative Assistant</i>	<b>JANET JERROLDS</b> <i>Head Bookkeeper</i>
<b>EMILY B. GRAY</b> <i>Senior Vice President</i>	<b>GENEVRA BROWN</b> <i>Customer Service</i>	<b>DAPHNE CUPPLES</b> <i>Teller</i>	<b>JENNIFER LAMBERT</b> <i>Administrative Assistant</i>	<b>SANDRA CREEKMORE</b> <i>Bookkeeping</i>
<b>DAVID VAUGHN</b> <i>Senior Vice President</i>	<b>CHRISTY SHELBY</b> <i>Customer Service</i>	<b>STEFANI GUTHRIE</b> <i>Teller</i>	<b>ALLISON WINTERS</b> <i>Loan Administration</i>	<b>WENDY QUALLS</b> <i>Bookkeeping</i>
<b>LARRY HIGGINS</b> <i>Senior Vice President</i>	<b>TINA WHITE</b> <i>Call Center</i>	<b>BETSY WHITLOW</b> <i>Vice President</i>	<b>LAURA GALBRAITH</b> <i>Assistant Vice President</i>	<b>ANN GARRARD</b> <i>Savings/Accounts Payable Processor</i>
<b>ROBERT JONES</b> <i>Vice President</i>	<b>JESSICA PILKINTON</b> <i>Call Center</i>	<b>TABITHA PETTY</b> <i>BSA &amp; Deposit Compliance Officer</i>	<b>ALTHEA FLEEMAN</b> <i>Assistant Vice President</i>	<b>JEFF CUMMINGS</b> <i>Senior Vice President/I.T.</i>
<b>JENNIFER WILLIAMS</b> <i>Vice President</i>	<b>ANGIE SMITH</b> <i>Deposit Operations</i>	<b>KARINA SIMON</b> <i>BSA &amp; Loan Compliance Officer</i>	<b>MICHAEL PRENTICE</b> <i>Assistant Vice President</i>	<b>LYNN McCORMICK</b> <i>Information Technology</i>
<b>DERRICK WHITTEN</b> <i>Vice President</i>	<b>KELLIE BATTLES</b> <i>Deposit Operations</i>	<b>MORGAN CUPPLES</b> <i>BSA Review Analyst</i>	<b>ELAINE CONAWAY</b> <i>Loan Accounting</i>	<b>PATRICK ADKINS</b> <i>Information Technology</i>
<b>LISA QUALLS</b> <i>Vice President</i>	<b>JESSICA TERRY</b> <i>File Maintenance</i>	<b>PATSY CHANDLER</b> <i>AVP/Loan Review Analyst</i>	<b>KELLY BRASHER</b> <i>Loan Accounting</i>	<b>RONALD HARDIN</b> <i>Building &amp; Grounds</i>
<b>KELLY DUNN</b> <i>Vice President</i>	<b>STACI HARRIS</b> <i>Lead Teller</i>	<b>JANE TYLER</b> <i>Loan Quality Assurance</i>	<b>KATIE HARRIS</b> <i>Loan Accounting</i>	
	<b>DIANE ALLEN</b> <i>Teller</i>			

## PICKWICK STREET OFFICE

<b>CHARLES BEVIS</b> <i>Senior Vice President</i>	<b>JUDY SPELLINGS</b> <i>Customer Service</i>	<b>TAMMY DORAN</b> <i>Customer Service</i>	<b>PATRICIA MELSON</b> <i>Loan Administration</i>	<b>DEE SHANNON</b> <i>Lead Teller</i>
<b>CATHY SHUTT</b> <i>Teller</i>	<b>STACY CARMAN</b> <i>Teller</i>	<b>BETHANY RAINEY</b> <i>Teller</i>	<b>SUSAN VICKERY</b> <i>Teller</i>	

## PICKWICK/COUNCE OFFICE

<b>RANDY WHEELER</b> <i>Vice President</i>	<b>CINDY SWEAT</b> <i>Loan Administration</i>	<b>SHARON KEYMON</b> <i>Customer Service</i>
<b>ELLA MAE NEILL</b> <i>Lead Teller</i>	<b>SHERRY ADAMS</b> <i>Teller</i>	<b>DANIEL GORDON</b> <i>Teller</i>

## ADAMSVILLE OFFICE

<b>GINGER ERWIN</b> <i>AVP/Branch Coordinator</i>	<b>PATTY STEWART</b> <i>Customer Service</i>	<b>ANGIE McKEE</b> <i>Lead Teller</i>
<b>KELLIE HUNT</b> <i>Teller</i>	<b>TINA ADAMS</b> <i>Teller</i>	

## WAYNE ROAD DRIVE-THRU

<b>SARAH JO HARDIN</b> <i>Teller</i>	<b>CONNIE DESHAZIER</b> <i>Teller</i>
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## WEALTH MANAGEMENT DIVISION

<b>DOUGLAS W. GEORGE</b> <i>Senior Vice President</i>	<b>COSMIN MAJORS</b> <i>Financial Advisor</i>	<b>MINDY WILSON</b> <i>Financial Advisor</i>
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## HARDIN COUNTY BANK INSURANCE AGENCY, INC.

<b>JAMIE WILLIAMS</b> <i>Senior Vice President</i>	<b>JILL BACHUSS</b> <i>Agent</i>	<b>DEBBIE ROSE</b> <i>Agent</i>	<b>LYNDIE CUMMINGS</b> <i>Agent</i>	<b>ALICE WHITLOW</b> <i>Agent</i>	<b>APRIL ASHE</b> <i>Customer Service</i>
<b>JUANITA YOUNG</b> <i>Customer Service</i>	<b>TORREY TEMPLETON</b> <i>Accounting</i>	<b>KELLY LINAM</b> <i>Customer Service</i>	<b>ANDREA PYRON</b> <i>Customer Service</i>	<b>LINDSAY PINCKNEY</b> <i>Customer Service</i>	<b>BRITTANY BROWDER</b> <i>Customer Service</i>



**CONDENSED STATEMENT OF CONDITION  
For the years ended December 31, 2016 and December 31, 2015**

**ASSETS**

	<b>YEAR ENDED <u>12/31/2016</u></b>	<b>YEAR ENDED <u>12/31/2015</u></b>
<b><u>CURRENT ASSETS</u></b>		
Cash	\$ 1,059,950.89	\$ 1,263,917.54
<b><u>TOTAL CURRENT ASSETS</u></b>	<b>\$ 1,059,950.89</b>	<b>\$ 1,263,917.54</b>

**INVESTMENTS**

Investment in Commercial Bank	\$ 35,631,560.56	\$ 36,357,329.16
<b><u>TOTAL INVESTMENTS</u></b>	<b>\$ 35,631,560.56</b>	<b>\$ 36,357,329.16</b>

**OTHER ASSETS**

Other Assets	\$ 997,374.00	\$ 860,151.00
<b><u>TOTAL OTHER ASSETS</u></b>	<b>\$ 997,374.00</b>	<b>\$ 860,151.00</b>
<b><u>TOTAL ASSETS</u></b>	<b>\$ 37,688,885.45</b>	<b>\$ 38,481,397.70</b>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**CURRENT LIABILITIES**

Note Payable	\$ 4,127,709.00	\$ 5,948,923.00
Other Current Liabilities	2,947,002.65	2,594,748.61
<b><u>TOTAL CURRENT LIABILITIES</u></b>	<b>\$ 7,074,711.65</b>	<b>\$ 8,543,671.61</b>

**SHAREHOLDERS' EQUITY**

Common Stock	\$ 1,527,697.78	\$ 1,472,911.62
Treasury Stock - Restricted	(2,947,002.15)	(2,590,580.31)
Paid-In Capital	27,596,913.81	25,891,801.07
Retained Earnings	6,842,975.26	5,105,315.09
Unrealized Gain/Loss on AFS Valuation	(2,406,410.90)	58,278.62
<b><u>TOTAL SHAREHOLDERS' EQUITY</u></b>	<b>\$ 30,614,173.80</b>	<b>\$ 29,937,726.09</b>
<b><u>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>	<b>\$ 37,688,885.45</b>	<b>\$ 38,481,397.70</b>

**HARDIN COUNTY BANCSHARES, INC.**



**CONDENSED STATEMENT OF CONDITION**  
**For the years ended December 31, 2016 and December 31, 2015**

<b><u>ASSETS</u></b>	<b><u>12/31/2016</u></b>	<b><u>12/31/2015</u></b>
Cash and Due from Banks	\$ 7,187,351.27	\$ 7,661,537.20
U. S. Agency Securities	24,584,747.19	18,009,817.65
State, County, and Municipal Securities	33,920,991.06	26,558,234.34
Other Securities	1,709,750.00	1,395,500.00
Interest Earned - Not Collected	2,452,697.57	2,347,345.54
Loans (NET)	347,306,565.86	356,566,242.72
Fixed Assets (NET)	15,700,194.45	17,411,259.48
Other Assets	9,602,915.09	9,703,152.24
Deferred Tax Asset	3,157,808.28	1,596,998.75
Reserve for Taxes	434,748.46	1,798,547.80
Unrealized Gain (Loss) on Securities	<u>(4,010,684.83)</u>	<u>97,131.02</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 442,047,084.40</u></b>	<b><u>\$ 443,145,766.74</u></b>
 <b><u>LIABILITIES</u></b>		
Demand Deposits	\$ 104,713,161.38	\$ 102,919,129.35
Time Deposits	<u>276,184,532.87</u>	<u>284,257,535.40</u>
<b><u>TOTAL DEPOSITS</u></b>	<b><u>\$ 380,897,694.25</u></b>	<b><u>\$ 387,176,664.75</u></b>
Accrued Interest Payable	\$ 389,475.46	\$ 359,812.18
Other Liabilities	5,128,354.13	4,751,960.65
Federal Funds Borrowed	0.00	0.00
Federal Home Loan Bank	<u>20,000,000.00</u>	<u>14,500,000.00</u>
<b><u>TOTAL OTHER LIABILITIES</u></b>	<b><u>\$ 25,517,829.59</u></b>	<b><u>\$ 19,611,772.83</u></b>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 406,415,523.84</u></b>	<b><u>\$ 406,788,437.58</u></b>
 <b><u>CAPITAL AND SURPLUS</u></b>		
Capital	\$ 1,025,000.00	\$ 1,025,000.00
Surplus	9,450,000.00	9,450,000.00
Undivided Profits	27,562,971.46	25,824,050.54
Unrealized Gain (Loss) on AFS Valuation	<u>(2,406,410.90)</u>	<u>58,278.62</u>
<b><u>TOTAL CAPITAL &amp; SURPLUS</u></b>	<b><u>\$ 35,631,560.56</u></b>	<b><u>\$ 36,357,329.16</u></b>
<b><u>TOTAL LIABILITIES, CAPITAL &amp; SURPLUS</u></b>	<b><u>\$ 442,047,084.40</u></b>	<b><u>\$ 443,145,766.74</u></b>



**JOHN H. GALLIEN, D.D.S.**  
Chairman of the Board

**GORDON MAJORS**  
President & Chief Executive Officer

**DANIEL L. SMITH**  
Attorney at Law

**LARRY ROSER**  
Businessman

**JOHN H. WHITE, III**  
Businessman

**C. THOMAS TALLENT**  
Hunter, Smith & Tallent Furniture Co., Inc.

**RITA SHAW MAXEDON**  
Businesswoman





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Wayne Road Drive-Thru  
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