

Condensed Income Statement:

	As of and for the six months ended		As of and for the three months ended	
	June 30,		Jun 30,	Mar 31,
	(Dollars in thousands)		(Dollars in thousands)	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2014</u>
Net interest income	\$ 11,344	\$ 10,745	\$ 5,722	\$ 5,622
Less: Provision for loan losses	<u>375</u>	<u>225</u>	<u>225</u>	<u>150</u>
Net interest income after provision for loan losses	\$ 10,969	\$ 10,520	\$ 5,497	\$ 5,472
Gains on sales of securities	76	422	26	50
Gains on sales of loans	433	585	251	182
Noninterest income	3,016	2,591	1,533	1,483
Noninterest expense	<u>9,709</u>	<u>9,024</u>	<u>4,833</u>	<u>4,876</u>
Income before income taxes	\$ 4,785	\$ 5,094	\$ 2,474	\$ 2,311
Income taxes	<u>1,267</u>	<u>1,383</u>	<u>653</u>	<u>614</u>
Net income	<u>\$ 3,518</u>	<u>\$ 3,711</u>	<u>\$ 1,821</u>	<u>\$ 1,697</u>

Share and Per Share Data

Average common shares outstanding (basic)	1,491,662	1,487,870	1,492,145	1,491,173
Average common shares outstanding (dilutive)	1,597,214	1,593,422	1,597,697	1,596,725
Period-end common shares outstanding (common)	1,491,426	1,488,827	1,491,426	1,491,405
Period-end common shares outstanding (dilutive)	1,596,978	1,594,379	1,596,978	1,596,957
Net income per common share (basic)	\$ 2.36	\$ 2.49	\$ 1.22	\$ 1.14
Net income per common share (dilutive)	\$ 2.24	\$ 2.36	\$ 1.16	\$ 1.08
Cash dividend declared	\$ 0.66	\$ 0.62	\$ 0.33	\$ 0.33
Book value per common share	\$ 34.17	\$ 29.91	\$ 34.17	\$ 32.89
Last stock trade @ period end	\$ 40.00	\$ 38.00	\$ 40.00	\$ 38.26

Period-end balances

Assets	\$ 774,318	\$ 693,077	\$ 774,318	\$ 758,095
Earning assets	\$ 726,562	\$ 656,719	\$ 726,562	\$ 715,756
Loans	\$ 519,900	\$ 471,718	\$ 519,900	\$ 510,219
Allowance for loan losses	\$ 7,441	\$ 6,981	\$ 7,441	\$ 7,265
Deposits	\$ 702,619	\$ 609,179	\$ 702,619	\$ 688,936
Shareholders' equity	\$ 50,958	\$ 44,536	\$ 50,958	\$ 49,056

Average Balances

Assets	\$ 749,822	\$ 686,167	\$ 760,123	\$ 739,407
Earning assets	\$ 708,542	\$ 646,889	\$ 718,702	\$ 698,268
Loans	\$ 508,437	\$ 451,860	\$ 513,556	\$ 503,260
Allowance for loan losses	\$ 7,279	\$ 7,005	\$ 7,367	\$ 7,189
Deposits	\$ 674,310	\$ 614,624	\$ 689,801	\$ 658,645
Shareholders' equity	\$ 50,007	\$ 46,406	\$ 50,830	\$ 49,176

Key Ratios

Earnings:

Return on average assets	0.95%	1.09%	0.96%	0.93%
Return on average equity	14.19%	16.13%	14.37%	14.00%
Net interest margin	3.23%	3.35%	3.19%	3.27%
Net interest margin (T/E)	3.34%	3.47%	3.30%	3.37%
Efficiency ratio*	67.61%	67.67%	66.62%	68.63%

Asset quality

Net loan charge-offs to average loans	0.01%	0.05%	0.01%	0.00%
Allowance for loan losses to period-end loans	1.43%	1.48%	1.43%	1.42%
Non-performing loans to period-end loans	0.75%	0.22%	0.75%	0.80%

* Calculated by dividing total noninterest expense by net interest income plus noninterest income (adjusted for certain items).