

Condensed Income Statement:

	As of and for the nine months ended		As of and for the three months ended	
	September 30,		Sept 30,	June 30,
	(Dollars in thousands)		(Dollars in thousands)	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2014</u>
Net interest income	\$ 17,234	\$ 16,352	\$ 5,890	\$ 5,722
Less: Provision for loan losses	<u>600</u>	<u>375</u>	<u>225</u>	<u>225</u>
Net interest income after provision for loan losses	\$ 16,634	\$ 15,977	\$ 5,665	\$ 5,497
Gains on sales of securities	89	429	13	26
Gains on sales of loans	627	755	194	251
Noninterest income	4,624	4,010	1,608	1,533
Noninterest expense	<u>14,719</u>	<u>13,662</u>	<u>5,010</u>	<u>4,833</u>
Income before income taxes	\$ 7,255	\$ 7,509	\$ 2,470	\$ 2,474
Income taxes	<u>1,917</u>	<u>1,987</u>	<u>650</u>	<u>653</u>
Net income	<u>\$ 5,338</u>	<u>\$ 5,522</u>	<u>\$ 1,820</u>	<u>\$ 1,821</u>

Share and Per Share Data

Average common shares outstanding (basic)	1,491,004	1,488,431	1,489,709	1,492,145
Average common shares outstanding (dilutive)	1,596,556	1,593,983	1,595,261	1,597,697
Period-end common shares outstanding (common)	1,489,435	1,489,630	1,489,435	1,491,426
Period-end common shares outstanding (dilutive)	1,594,987	1,595,182	1,594,987	1,596,978
Net income per common share (basic)	\$ 3.58	\$ 3.71	\$ 1.22	\$ 1.22
Net income per common share (dilutive)	\$ 3.40	\$ 3.51	\$ 1.16	\$ 1.16
Cash dividend declared	\$ 1.04	\$ 0.95	\$ 0.38	\$ 0.33
Book value per common share	\$ 35.18	\$ 30.37	\$ 35.18	\$ 34.17
Last stock trade @ period end	\$ 40.98	\$ 37.00	\$ 40.98	\$ 40.00

Period-end balances

Assets	\$ 803,608	\$ 720,980	\$ 803,608	\$ 774,318
Earning assets	\$ 757,686	\$ 680,992	\$ 757,686	\$ 726,562
Loans	\$ 538,452	\$ 489,441	\$ 538,452	\$ 519,900
Allowance for loan losses	\$ 7,605	\$ 7,113	\$ 7,605	\$ 7,441
Deposits	\$ 715,892	\$ 622,417	\$ 715,892	\$ 702,619
Shareholders' equity	\$ 52,404	\$ 45,234	\$ 52,404	\$ 50,958

Average Balances

Assets	\$ 761,143	\$ 691,437	\$ 783,416	\$ 760,123
Earning assets	\$ 719,374	\$ 653,690	\$ 740,681	\$ 718,702
Loans	\$ 514,927	\$ 461,351	\$ 527,695	\$ 513,556
Allowance for loan losses	\$ 7,363	\$ 7,020	\$ 7,528	\$ 7,367
Deposits	\$ 686,239	\$ 613,677	\$ 709,708	\$ 689,801
Shareholders' equity	\$ 50,782	\$ 45,977	\$ 52,306	\$ 50,830

Key Ratios

Earnings:

Return on average assets	0.94%	1.07%	0.92%	0.96%
Return on average equity	14.05%	16.06%	13.80%	14.37%
Net interest margin	3.20%	3.34%	3.15%	3.19%
Net interest margin (T/E)	3.35%	3.46%	3.25%	3.30%
Efficiency ratio*	67.34%	67.10%	66.82%	66.62%

Asset quality

Net loan charge-offs to average loans	0.02%	0.06%	0.01%	0.01%
Allowance for loan losses to period-end loans	1.41%	1.45%	1.41%	1.43%
Non-performing loans to period-end loans	0.68%	0.21%	0.68%	0.75%

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