

Condensed Income Statement:

	As of and for the three months ended		As of and for the three months ended	
	March 31,		Mar 31,	Dec 31,
	(Dollars in thousands)		(Dollars in thousands)	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Net interest income	\$ 5,622	\$ 5,293	\$ 5,622	\$ 5,659
Less: Provision for loan losses	<u>150</u>	<u>75</u>	<u>150</u>	<u>150</u>
Net interest income after provision for loan losses	\$ 5,472	\$ 5,218	\$ 5,472	\$ 5,509
Gains on sales of securities	50	231	50	0
Gains on sales of loans	182	360	182	119
Noninterest income	1,483	1,270	1,483	1,480
Noninterest expense	<u>4,876</u>	<u>4,454</u>	<u>4,876</u>	<u>5,068</u>
Income before income taxes	\$ 2,311	\$ 2,625	\$ 2,311	\$ 2,040
Income taxes	<u>614</u>	<u>772</u>	<u>614</u>	<u>532</u>
Net income	<u>\$ 1,697</u>	<u>\$ 1,853</u>	<u>\$ 1,697</u>	<u>\$ 1,508</u>

Share and Per Share Data

Average common shares outstanding (basic)	1,491,173	1,486,967	1,491,173	1,490,489
Average common shares outstanding (dilutive)	1,596,725	1,592,519	1,596,725	1,596,041
Period-end common shares outstanding (common)	1,491,405	1,488,455	1,491,405	1,490,498
Period-end common shares outstanding (dilutive)	1,596,957	1,594,007	1,596,957	1,596,050
Net income per common share (basic)	\$ 1.14	\$ 1.25	\$ 1.14	\$ 1.01
Net income per common share (dilutive)	\$ 1.08	\$ 1.18	\$ 1.08	\$ 0.96
Cash dividend declared	\$ 0.33	\$ 0.31	\$ 0.33	\$ 0.36
Book value per common share	\$ 32.89	\$ 30.88	\$ 32.89	\$ 31.77
Last stock trade @ period end	\$ 38.26	\$ 40.00	\$ 38.26	\$ 35.31

Period-end balances

Assets	\$ 758,095	\$ 695,658	\$ 758,095	\$ 732,830
Earning assets	\$ 715,756	\$ 657,827	\$ 715,756	\$ 692,325
Loans	\$ 510,219	\$ 449,173	\$ 510,219	\$ 500,884
Allowance for loan losses	\$ 7,265	\$ 6,990	\$ 7,265	\$ 7,132
Deposits	\$ 688,936	\$ 632,639	\$ 688,936	\$ 627,919
Shareholders' equity	\$ 49,056	\$ 45,966	\$ 49,056	\$ 47,354

Average Balances

Assets	\$ 739,407	\$ 684,207	\$ 739,407	\$ 718,405
Earning assets	\$ 698,268	\$ 643,877	\$ 698,268	\$ 680,865
Loans	\$ 503,260	\$ 443,909	\$ 503,260	\$ 492,585
Allowance for loan losses	\$ 7,189	\$ 6,991	\$ 7,189	\$ 7,136
Deposits	\$ 658,645	\$ 616,346	\$ 658,645	\$ 628,809
Shareholders' equity	\$ 49,176	\$ 45,975	\$ 49,176	\$ 46,803

Key Ratios

Earnings:

Return on average assets	0.93%	1.10%	0.93%	0.83%
Return on average equity	14.00%	16.35%	14.00%	12.78%
Net interest margin	3.27%	3.33%	3.27%	3.30%
Net interest margin (T/E)	3.37%	3.45%	3.37%	3.40%
Efficiency ratio*	68.63%	67.87%	68.63%	70.99%

Asset quality

Net loan charge-offs to average loans	0.00%	0.00%	0.00%	0.02%
Allowance for loan losses to period-end loans	1.42%	1.56%	1.42%	1.42%
Non-performing loans to period-end loans	0.80%	0.30%	0.80%	0.82%

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