

Condensed Income Statement:

	As of and for the three months ended		As of and for the three months ended	
	March 31		March 31	December 31
	(Dollars in thousands)		(Dollars in thousands)	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Net interest income	\$ 4,628	\$ 4,127	\$ 4,628	\$ 4,585
Less: Provision for loan losses	<u>0</u>	<u>195</u>	<u>0</u>	<u>130</u>
Net interest income after provision for loan losses	\$ 4,628	\$ 3,932	\$ 4,628	\$ 4,455
Securities gains	215	0	215	0
Noninterest income	1,533	1,319	1,533	1,505
Noninterest expense	<u>4,217</u>	<u>3,894</u>	<u>4,217</u>	<u>4,127</u>
Income before income taxes	\$ 2,159	\$ 1,357	\$ 2,159	\$ 1,833
Income taxes	<u>586</u>	<u>349</u>	<u>586</u>	<u>499</u>
Net income	<u>\$ 1,573</u>	<u>\$ 1,008</u>	<u>\$ 1,573</u>	<u>\$ 1,334</u>

Share and Per Share Data

Average common shares outstanding (basic)	1,290,989	1,287,962	1,290,989	1,291,197
Average common shares outstanding (dilutive)	1,396,532	1,393,514	1,396,532	1,396,740
Period-end common shares outstanding (common)	1,291,113	1,289,669	1,291,113	1,289,922
Period-end common shares outstanding (dilutive)	1,396,656	1,395,221	1,396,656	1,395,465
Net income per common share (basic)	\$ 1.22	\$ 0.78	\$ 1.22	\$ 1.03
Net income per common share (dilutive)	\$ 1.15	\$ 0.72	\$ 1.15	\$ 0.97
Cash dividend declared	\$ 0.30	\$ 0.22	\$ 0.30	\$ 0.27
Book value per common share	\$ 28.57	\$ 25.30	\$ 28.57	\$ 27.78
Last stock trade @ period end	\$ 31.25	\$ 33.33	\$ 31.25	\$ 26.67

Period-end balances

Assets	\$ 608,372	\$ 527,727	\$ 608,372	\$ 555,451
Earning assets	\$ 567,237	\$ 495,594	\$ 567,237	\$ 516,233
Loans	\$ 374,242	\$ 312,741	\$ 374,242	\$ 359,951
Allowance for loan losses	\$ 7,014	\$ 6,555	\$ 7,014	\$ 7,001
Deposits	\$ 537,338	\$ 464,079	\$ 537,338	\$ 460,999
Shareholders' equity	\$ 36,883	\$ 32,627	\$ 36,883	\$ 35,838

Average Balances

Assets	\$ 569,609	\$ 516,384	\$ 569,609	\$ 543,953
Earning assets	\$ 532,697	\$ 484,077	\$ 532,697	\$ 509,855
Loans	\$ 363,520	\$ 313,136	\$ 363,520	\$ 351,561
Allowance for loan losses	\$ 7,012	\$ 6,565	\$ 7,012	\$ 6,921
Deposits	\$ 492,319	\$ 444,606	\$ 492,319	\$ 469,128
Shareholders' equity	\$ 37,075	\$ 32,414	\$ 37,075	\$ 37,093

Key Ratios

Earnings:

Return on average assets	1.11%	0.79%	1.11%	0.97%
Return on average equity	17.06%	12.61%	17.06%	14.27%
Net interest margin	3.49%	3.46%	3.49%	3.57%
Net interest margin (T/E)	3.62%	3.60%	3.62%	3.69%
Efficiency ratio*	72.26%	73.24%	72.26%	70.27%

Asset quality

Net loan charge-offs to average loans	0.00%	0.03%	0.00%	0.00%
Allowance for loan losses to period-end loans	1.87%	2.10%	1.87%	1.94%
Non-performing loans to period-end loans	1.55%	1.93%	1.55%	1.65%

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