

July 29, 2016

FOR IMMEDIATE RELEASE



**1st Capital Bank Announces
Second Quarter 2016 Financial Results;
Record First Half Pre-Tax Earnings**

Monterey, California – July 29, 2016. **1st Capital Bank** (OTC Pink: FISB) reported net income of \$689 thousand for the three months ended June 30, 2016, an increase of 14.7% compared to net income of \$601 thousand in the three months ended June 30, 2015 and a decrease of 2.2% compared to income of \$704 thousand in the three months ended March 31, 2016, the immediately preceding quarter. Earnings per share were \$0.17 (diluted), compared to \$0.17 (diluted) for the prior quarter.

On a year-to-date basis, net income increased 7.0% to \$1.39 million for the six months ended June 30, 2016, compared to \$1.30 million for the six months ended June 30, 2015, when operating results included \$249 thousand of non-taxable bank-owned life insurance benefits.

Net loans increased \$4 million during the second quarter, from \$374 million at March 31, 2016 to \$378 million at June 30, 2016. Growth was concentrated in commercial and industrial loans, which organically grew \$7 million, or 15.8%, in the second quarter. Commercial real estate loans increased \$5 million, or 2.8%, while the single-family loan portfolio decreased \$8 million, or 6.2%, during the second quarter. Because of the growth in the loan portfolio, the Bank recorded a provision for loan losses of \$40 thousand, whereas no provision for loan losses was required in the second quarter of 2015 or the first quarter of 2016.

“We are pleased with the continuing growth in our core commercial and industrial and commercial real estate loan portfolios in the second quarter, although that growth has led to lower reported earnings this quarter as we build our allowance for loan losses,” said Thomas E. Meyer, President and Chief Executive Officer. “We enter the third quarter of 2016 with a strong pipeline of CRE and C&I loan applications, including a substantial number of applications for Small Business Administration guaranteed loans.”

Total assets declined \$8 million in the second quarter, to \$546 million at June 30, 2016, compared to \$554 million at March 31, 2016 as a result of a decrease in deposits of \$9 million, or 1.8%, from \$507 million at March 31, 2016 to \$498 million at June 30, 2016. The Bank’s investment portfolio increased \$12 million, or 16.0%, as management sold certain monthly adjustable securities totaling \$11.7 million and invested \$25.2 million in fixed-rate mortgage-backed securities and intermediate-term municipal bonds, absorbing a portion of the cash balances on hand at the beginning of the quarter.

Net interest income before provision for loan losses for the six-month period ended June 30, 2016 was \$8.23 million, an increase of 13.6% over net interest income before provision for loan losses of \$7.25 million recognized in the six-month period ended June 30, 2015. On a sequential basis, net interest income before provision for loan losses decreased \$72 thousand, or 1.7%, to \$4.08 million in the second quarter of 2016, compared to \$4.15 million in the first quarter of 2016, primarily because of lower prepayment penalties recognized in interest income, which declined \$90 thousand. Net interest margin declined from 3.20% in the first quarter of 2016 to 2.99% in the second quarter of 2016, reflecting greater on-balance sheet liquidity driven by the robust growth in deposits in the first quarter of 2016.

“During the second quarter, we took steps to put our on-balance sheet liquidity to work, reduce the level of volatility in our investment and deposit portfolios, and enhance our leverage capital ratio,” said Michael J. Winiarski, Chief Financial Officer. “We have reduced our exposure to the prepayment risk associated with certain floating rate mortgage-backed securities with large underlying loan balances and placed more than \$8 million of customer funds into Promontory Interfinancial Network’s Insured Cash Sweep product, taking these customer deposits off our balance sheet. During July 2016, we moved additional customer deposits totaling \$25 million into this program, which provides us with an additional source of recurring fee income.”

NET INTEREST INCOME BEFORE PROVISION FOR CREDIT LOSSES

Net interest income before provision for credit losses was \$4.08 million for the second quarter of 2016, an increase of \$380 thousand, or 10.3%, compared to the second quarter of 2015 and a decrease of \$72 thousand, or 1.7%, compared to \$4.15 million for the first quarter of 2016.

Average earning assets were \$548 million during the second quarter of 2016, an increase of 5.0% compared to \$522 million in the first quarter of 2016. The yield on earning assets was 3.14% in the second quarter, compared to 3.33% in the first quarter of 2016. The average balance of the loan portfolio grew \$3 million, or 0.8% (3.2% annualized), to \$383 million, compared to the first quarter’s average balance of \$380 million, while the yield on the loan portfolio declined from 4.24% in the first quarter of 2016 to 4.13% in the second quarter of 2016, as prepayment fees included in interest income declined \$90 thousand. The average balance of investments available for sale (“AFS”) declined \$1.7 million sequentially, from \$79 million in the first quarter of 2016 to \$78 million in the second quarter of 2016. The yield on AFS investments increased 2 basis points from 0.96% in the first quarter of 2016 to 0.98% in the second quarter of 2016. Average interest-bearing cash balances increased \$25 million, from \$60 million in the first quarter to \$85 million in the second quarter of 2016, reflecting the significant increase in deposits in the first quarter.

The cost of interest-bearing liabilities was 0.26% in both the first and second quarter of 2016, while the average balance of interest-bearing liabilities increased from \$285 million in the first quarter of 2016 to \$313 million in the second quarter of 2016, as the Bank experienced a strong seasonal increase in deposits, particularly from larger depositors, during the latter part of the first quarter. The average balance of noninterest-bearing demand deposit accounts (“DDAs”) declined marginally, from \$196 million in the first quarter of 2016 to \$194 million in the second

quarter of 2016. The Bank's overall cost of funds increased one basis point, from 0.15% in the first quarter of 2016 to 0.16% in the second quarter of 2016.

Gross loans receivable increased \$4 million, or 1.2%, to \$384 million at June 30, 2016 from \$380 million at March 31, 2016 and increased \$37 million, or 10.7%, from \$347 million outstanding at June 30, 2015. During the second quarter of 2016, the Bank's commercial real estate portfolio increased 2.8%, from \$185 million to \$190 million. Within the commercial real estate portfolio, loans on multi-family residential properties increased \$6 million, from \$44 million at March 31, 2016 to \$50 million at June 30, 2016. Single-family residential loans, which were acquired or originated primarily in prior quarters through loan pool purchases, decreased \$8 million, or 6.2%, primarily as a result of normal amortization and prepayments of \$9 million. Commercial and industrial loans outstanding increased \$7 million, from \$43 million outstanding at March 31, 2016 to \$50 million at June 30, 2016. Undrawn credit lines declined from \$78 million at March 31, 2016 to \$69 million at June 30, 2016.

Non-performing loans were substantially unchanged at \$1.7 million at March 31, 2016 and June 30, 2016. Loans over 90 days past due (all of which were on non-performing status) were \$91 thousand and \$79 thousand at March 31, 2016 and June 30, 2016, respectively.

PROVISION FOR CREDIT LOSSES

The provision for credit losses is a charge against current earnings in an amount determined by management to be necessary to maintain the allowance for loan losses at a level sufficient to absorb estimated probable losses inherent in the loan portfolio in light of losses historically incurred by the Bank and adjusted for qualitative factors associated with the loan portfolio. In the second quarter of 2016, the Bank recorded a \$40 thousand provision for losses to recognize the increased exposure to credit losses associated with growth in the loan portfolio. There was no provision for loan losses in the first quarter of 2016 or the second quarter of 2015.

The increase in the provision reflects the growth of the portfolio, changes in the mix of loan types within the portfolio and their respective loss histories (including an increase in commercial and industrial loans, which generally have higher losses than real estate loans), as well as management's assessment of the amounts expected to be realized from certain loans identified as impaired. Impaired loans totaled \$9.7 million at June 30, 2016, compared to \$9.6 million at March 31, 2016, and \$9.2 million at June 30, 2015.

At June 30, 2016, non-performing loans were 0.45% of the total loan portfolio, compared to 0.44% at March 31, 2016 and 0.03% at June 30, 2015. At June 30, 2016, the allowance for loan losses was 1.56% of outstanding loans, compared to 1.56% and 1.60% at March 31, 2016 and June 30, 2015, respectively. The Bank recorded net recoveries of \$8 thousand in the second quarter of 2016, compared to net recoveries of \$19 thousand in the first quarter of 2016.

NON-INTEREST INCOME

Non-interest income recognized in the second quarter of 2016 was \$104 thousand, including \$19 thousand in gain on sale of Small Business Administration guaranteed loans, an

overall increase of \$35 thousand compared to \$69 thousand in the first quarter of 2016, and a decrease of \$8 thousand compared to the second quarter of 2015. The Bank has an active pipeline of loans that meet SBA parameters.

NON-INTEREST EXPENSES

Non-interest expenses decreased \$58 thousand, or 1.9%, to \$2.98 million in the second quarter of 2016, compared to \$3.03 million for the first quarter of 2016, and increased \$151 thousand, or 5.4%, compared to the second quarter of 2015. Salaries and benefits decreased nominally, from \$1.89 million in the first quarter of 2016 to \$1.88 million in the second quarter of 2016. The Bank recognized a credit provision for unfunded loan commitments of \$24 thousand in the second quarter of 2016, compared to a provision of \$15 thousand in the first quarter of 2016, reflecting the \$10 million decrease in unfunded loan commitments as borrowers drew on their lines of credit in the second quarter.

The efficiency ratio (non-interest expenses divided by the sum of net interest income before provision for loan losses and non-interest income) was 71.1% for the second quarter of 2016, compared to 71.9% for the first quarter of 2016 and 74.1% for the second quarter of 2015. Annualized non-interest expenses as a percent of average total assets were 2.16%, 2.29%, and 2.36% for the second quarter of 2016, the first quarter of 2016, and the second quarter of 2015, respectively.

PROVISION FOR INCOME TAXES

The Bank's effective book tax rate was 41.1% in the second quarter of 2016, compared to 40.7% for the first quarter of 2016 and 39.2% for the second quarter of 2015.

About 1st Capital Bank

The Bank's primary target markets are commercial enterprises, professionals, real estate investors, family business entities, and residents along the Central Coast Region of California. The Bank provides a wide range of credit products, including loans under various government programs such as those provided through the U.S. Small Business Administration ("SBA") and the U.S. Department of Agriculture ("USDA"). A full suite of deposit accounts is also furnished, complemented by robust cash management services. The Bank operates full service branch offices in Monterey, Salinas, King City, and San Luis Obispo. The Bank's corporate offices are located at 5 Harris Court, Building N, Monterey, California 93940. The Bank's website is www.1stCapitalBank.com. The main telephone number is 831.264.4000. The primary facsimile number is 831.264.4001.

Member FDIC / Equal Opportunity Lender / SBA Preferred Lender

Forward-Looking Statements

Certain of the statements contained herein that are not historical facts are “forward-looking statements” within the meaning of and subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements may contain words or phrases including, but not limited, to: “believe,” “expect,” “anticipate,” “intend,” “estimate,” “target,” “plans,” “may increase,” “may fluctuate,” “may result in,” “are projected,” and variations of those words and similar expressions. All such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected. Factors that might cause such a difference include, among other matters, changes in interest rates; economic conditions including inflation and real estate values in California and the Bank’s market areas; governmental regulation and legislation; credit quality; competition affecting the Bank’s businesses generally; the risk of natural disasters and future catastrophic events including terrorist related incidents and other factors beyond the Bank’s control; and other factors. The Bank does not undertake, and specifically disclaims any obligation, to update or revise any forward-looking statements, whether to reflect new information, future events, or otherwise, except as required by law.

This news release is available at the www.1stCapitalBank.com internet site for no charge.

For further information, please contact:

Thomas E. Meyer
President and Chief Executive Officer
831.264.4057 office
Tom.Meyer@1stCapitalBank.com

or

Michael J. Winiarski
Chief Financial Officer
831.264.4014 office
Michael.Winiarski@1stCapitalBank.com

--- *financial data follow* ---

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)

(Dollars in thousands, except share and per share data)

<u>Financial Condition Data</u> ¹	June 30, <u>2016</u>	March 31, <u>2016</u>	December 31, <u>2015</u>	June 30, <u>2015</u>
Assets				
Cash and due from banks	\$ 33,927	\$ 4,300	\$ 3,334	\$ 3,261
Funds held at the Federal Reserve Bank ²	32,219	84,490	42,857	23,759
Time deposits at other financial institutions	1,245	4,233	2,241	2,739
Available-for-sale securities, at fair value	89,178	76,869	84,203	98,672
Loans receivable held for investment:				
Construction / land (including farmland)	15,655	16,403	17,499	20,274
Residential 1 to 4 units	112,899	122,437	124,741	107,792
Home equity lines of credit	8,805	7,342	8,594	7,515
Multifamily	49,868	44,360	36,862	31,290
Owner occupied commercial real estate	51,419	55,450	56,046	53,848
Investor commercial real estate	88,920	85,238	83,532	75,210
Commercial and industrial	49,530	42,802	42,528	45,038
Other loans	7,263	5,791	6,909	6,264
Total loans	384,359	379,823	376,711	347,231
Allowance for loan losses	(5,987)	(5,940)	(5,921)	(5,549)
Net loans	378,373	373,883	370,790	341,682
Premises and equipment, net	1,471	1,537	1,612	1,689
Bank owned life insurance	2,380	2,365	2,350	2,321
Investment in FHLB ³ stock, at cost	2,939	2,593	2,593	2,593
Accrued interest receivable and other assets	4,313	4,089	3,970	3,950
Total assets	\$ 546,044	\$ 554,359	\$ 513,950	\$ 480,666
Liabilities and shareholders' equity				
Deposits:				
Noninterest bearing demand deposits	\$ 194,904	\$ 193,334	\$ 204,624	\$ 159,920
Interest bearing checking accounts	28,742	30,154	29,838	28,329
Money market deposits	146,228	143,616	110,490	120,449
Savings deposits	112,934	124,759	94,315	98,262
Time deposits	15,298	15,511	29,121	29,434
Total deposits	498,106	507,374	468,388	436,394
Accrued interest payable and other liabilities	1,672	1,554	1,073	1,056
Shareholders' equity	46,266	45,431	44,489	43,216
Total liabilities and shareholders' equity	\$ 546,044	\$ 554,359	\$ 513,950	\$ 480,666
Shares outstanding ⁴	4,119,026	4,090,186	4,064,485	4,035,050
Nominal and tangible book value per share	\$ 11.23	\$ 11.11	\$ 10.95	\$ 10.71
Ratio of net loans held for investment to total deposits	75.96%	73.69%	76.16%	78.30%

1 = Loans held for investment are presented according to definitions applicable to the regulatory Call Report.

2 = Includes cash letters in the process of collection settled through the Federal Reserve Bank.

3 = Federal Home Loan Bank

4 = Shares outstanding and book value per share reflect the 5% stock dividend declared July 29, 2015 and payable September 30, 2015.

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands, except share and per share data)

	Three Months Ended			
	June 30, 2016	March 31, 2016	December 31, 2015	June 30, 2015
<u>Operating Results Data</u>¹				
Interest and dividend income				
Loans	\$ 3,933	\$ 4,020	\$ 3,938	\$ 3,571
Investment securities	190	190	160	155
Federal Home Loan Bank stock	62	52	58	127
Other	100	70	23	18
Total interest and dividend income	<u>4,285</u>	<u>4,332</u>	<u>4,179</u>	<u>3,871</u>
Interest expense				
Interest bearing checking	2	3	3	2
Money market deposits	112	86	71	88
Savings deposits	82	78	72	68
Time deposits	9	13	14	12
Total interest expense on deposits	<u>205</u>	<u>180</u>	<u>160</u>	<u>170</u>
Interest expense on borrowings	--	--	2	1
Total interest expense	<u>205</u>	<u>180</u>	<u>162</u>	<u>171</u>
Net interest income	<u>4,080</u>	<u>4,152</u>	<u>4,017</u>	<u>3,700</u>
Provision for loan losses	<u>40</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net interest income after provision for loan losses	<u>4,040</u>	<u>4,152</u>	<u>4,017</u>	<u>3,700</u>
Noninterest income				
Service charges on deposits	32	35	34	29
BOLI dividend income	15	15	15	14
Gain on sale of loans	19	--	--	51
Gain on sale of securities	10	--	11	--
Other	28	19	14	18
Total noninterest income	<u>104</u>	<u>69</u>	<u>74</u>	<u>112</u>

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA, continued
(Unaudited)
(Dollars in thousands, except share and per share data)

	Three Months Ended			
	June 30, 2016	March 31, 2016	December 31, 2015	June 30, 2015
Noninterest expenses				
Salaries and benefits	1,883	1,894	1,817	1,744
Occupancy	216	222	219	198
Data and item processing	151	148	149	144
Professional services	142	82	132	151
Furniture and equipment	112	123	127	107
Provision for unfunded loan commitments	(25)	15	19	10
Other	496	549	483	470
Total noninterest expenses	2,975	3,033	2,946	2,824
Income before provision for income taxes	1,169	1,188	1,145	988
Provision for income taxes	480	484	471	387
Net income	\$ 689	\$ 704	\$ 674	\$ 601

Common Share Data²

Earnings per share				
Basic	\$ 0.17	\$ 0.17	\$ 0.17	\$ 0.15
Diluted	\$ 0.17	\$ 0.17	\$ 0.16	\$ 0.15
Weighted average shares outstanding				
Basic	4,105,826	4,072,586	4,052,646	4,028,844
Diluted	4,150,069	4,120,678	4,131,661	4,085,410

¹ = Certain reclassifications have been made to prior period financial statements to conform them to the current period presentation.

² = Earnings per share and weighted average shares outstanding have been restated to reflect the effect of the 5% stock dividend declared July 29, 2015 and payable September 30, 2015.

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands, except share and per share data)

	Six Months Ended	
	June 30, <u>2016</u>	June 30, <u>2015</u>
<u>Operating Results Data</u>¹		
Interest and dividend income		
Loans	\$ 7,953	\$ 7,076
Investment securities	380	308
Federal Home Loan Bank stock	114	160
Other	170	40
Total interest and dividend income	<u>8,617</u>	<u>7,584</u>
Interest expense		
Interest bearing checking	5	5
Money market deposits	198	170
Savings deposits	160	135
Time deposits	22	25
Total interest expense in deposits	<u>385</u>	<u>335</u>
Interest expense on borrowings	--	1
Total interest expense	<u>385</u>	<u>336</u>
Net interest income	8,232	7,248
Provision for loan losses	40	200
Net interest income after provision for loan losses	<u>8,192</u>	<u>7,048</u>
Noninterest income		
Service charges on deposits	67	60
BOLI dividend income	30	30
BOLI benefits	--	249
Gain on sale of loans	19	51
Gain on sale of securities	10	--
Other	47	39
Total noninterest income	<u>173</u>	<u>429</u>

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands, except share and per share data)

	Six Months Ended	
	June 30, 2016	June 30, 2015
Noninterest expenses		
Salaries and benefits	3,777	3,371
Occupancy	438	398
Data and item processing	299	286
Professional services	224	263
Furniture and equipment	235	205
Provision for unfunded loan commitments	(10)	18
Other	1,045	941
Total noninterest expenses	6,008	5,482
Income before provision for income taxes	2,357	1,995
Provision for income taxes	964	693
Net income	\$ 1,393	\$ 1,302
<u>Common Share Data</u> ²		
Earnings per share		
Basic	\$ 0.34	\$ 0.32
Diluted	\$ 0.34	\$ 0.32
Weighted average shares outstanding		
Basic	4,089,206	4,006,869
Diluted	4,135,373	4,060,991

¹ = Certain reclassifications have been made to prior period financial statements to conform them to the current period presentation.

² = Earnings per share and weighted average shares outstanding have been restated to reflect the effect of the 5% stock dividend declared July 29, 2015 and payable September 30, 2015.

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands)

	June 30, <u>2016</u>	March 31, <u>2016</u>	December 31, <u>2015</u>	June 30, <u>2015</u>
<u>Asset Quality</u>				
Loans past due 90 days or more and accruing interest	\$ --	\$ --	\$ --	\$ --
Nonaccrual restructured loans	1,491	1,507	1,526	92
Other nonaccrual loans	248	183	205	92
Other real estate owned	--	--	--	--
	<u>\$ 1,739</u>	<u>\$ 1,690</u>	<u>\$ 1,731</u>	<u>\$ 92</u>
Allowance for loan losses to total loans	1.56%	1.56%	1.57%	1.60%
Allowance for loan losses to nonperforming loans	344.28%	351.48%	342.06%	6,031.52%
Nonaccrual loans to total loans	0.45%	0.44%	0.46%	0.03%
Nonperforming assets to total assets	0.32%	0.30%	0.34%	0.02%

Regulatory Capital and Ratios

Common equity tier 1 capital	\$ 46,143	\$ 45,230	\$ 44,258	\$ 42,941
Tier 1 regulatory capital	\$ 46,143	\$ 45,230	\$ 44,258	\$ 42,941
Total regulatory capital	\$ 50,447	\$ 49,423	\$ 48,461	\$ 46,919
Tier 1 leverage ratio	8.33%	8.58%	8.82%	8.97%
Common equity tier 1 risk based capital ratio	13.47%	13.56%	13.24%	13.57%
Tier 1 risk based capital ratio	13.47%	13.56%	13.24%	13.57%
Total risk based capital ratio	14.73%	14.52%	14.49%	14.82%

	Three Months Ended			
	June 30, <u>2016</u>	March 31, <u>2016</u>	December 31, <u>2015</u>	June 30, <u>2015</u>
<u>Selected Financial Ratios¹</u>				
Return on average total assets	0.50%	0.54%	0.53%	0.50%
Return on average shareholders' equity	6.01%	6.24%	6.04%	5.60%
Net interest margin	2.99%	3.20%	3.21%	3.13%
Net interest income to average total assets	2.96%	3.17%	3.17%	3.10%
Efficiency ratio	71.10%	71.86%	72.03%	74.08%

¹ = All Selected Financial Ratios are annualized other than the Efficiency Ratio.

	Three Months Ended			
	June 30, <u>2016</u>	March 31, <u>2016</u>	December 31, <u>2015</u>	June 30, <u>2015</u>
<u>Selected Average Balances</u>				
Gross loans	\$ 383,020	\$ 379,982	\$ 376,956	\$ 345,008
Investment securities	77,748	79,454	86,974	101,475
Federal Home Loan Bank stock	2,848	2,593	2,593	2,445
Other interest earning assets	84,807	60,156	29,366	25,233
Total interest earning assets	<u>\$ 548,423</u>	<u>\$ 522,185</u>	<u>\$ 495,889</u>	<u>\$ 474,161</u>
Total assets	\$ 553,957	\$ 527,468	\$ 502,349	\$ 479,363
Interest bearing checking accounts	\$ 29,327	\$ 31,567	\$ 31,352	\$ 26,132
Money market deposits	146,985	123,018	114,281	125,098
Savings deposits	120,792	109,319	96,740	91,735
Time deposits	15,434	21,335	29,460	29,775
Total interest bearing deposits	<u>312,538</u>	<u>285,239</u>	<u>271,833</u>	<u>272,740</u>
Noninterest bearing demand deposits	193,762	195,684	183,569	160,349
Total deposits	<u>\$ 506,300</u>	<u>\$ 480,923</u>	<u>\$ 455,402</u>	<u>\$ 433,089</u>
Borrowings	\$ 12	\$ --	\$ 2,283	\$ 2,154
Shareholders' equity	\$ 46,071	\$ 45,405	\$ 44,308	\$ 43,013

1ST CAPITAL BANK
CONDENSED FINANCIAL DATA
(Unaudited)
(Dollars in thousands)

	Six Months Ended	
	June 30, <u>2016</u>	June 30, <u>2015</u>
<u>Selected Financial Ratios</u> ¹		
Return on average total assets	0.52%	0.55%
Return on average shareholders' equity	6.15%	6.19%
Net interest margin	3.10%	3.10%
Net interest income to average total assets	3.06%	3.07%
Efficiency ratio	71.48%	71.41%

¹ = All Selected Financial Ratios are annualized other than the Efficiency Ratio.

	Six Months Ended	
	June 30, <u>2016</u>	June 30, <u>2015</u>
<u>Selected Average Balances</u> ¹		
Gross loans	\$ 381,501	\$ 339,261
Investment securities	78,601	101,407
Federal Home Loan Bank stock	2,720	2,227
Other interest earning assets	71,250	28,306
Total interest earning assets	\$ 534,072	\$ 471,201
Total assets	\$ 540,712	\$ 476,709
Interest bearing checking accounts	\$ 30,446	\$ 24,590
Money market deposits	135,002	122,841
Savings deposits	115,055	91,078
Time deposits	18,385	30,181
Total interest bearing deposits	298,888	268,690
Noninterest bearing demand deposits	194,723	163,461
Total deposits	\$ 493,611	\$ 432,151
Borrowings	\$ 6	\$ 1,083
Shareholders' equity	\$ 45,582	\$ 42,432

¹ = Certain reclassifications have been made to prior period financial statements to conform them to the current period presentation.