



**1st Capital Bank Announces
Fourth Quarter 2019 Financial Results;
Record Annual Net Income**

Salinas, California – January 31, 2020. **1st Capital Bank** (OTC Pink: FISB) reported unaudited net income of \$1.73 million for the three months ended December 31, 2019, compared to net income of \$1.94 million for the three months ended December 31, 2018 and net income of \$1.94 million for the three months ended September 30, 2019, the immediately preceding quarter. Earnings per share were \$0.31 (diluted), compared to \$0.35 (diluted) for the prior quarter.

Unaudited net income for the year ended December 31, 2019 increased 10.2% to \$7.09 million, compared to \$6.43 million for the year ended December 31, 2018. Additionally, pre-tax income for 2019 increased to \$9.65 million, 9.0% above 2018's pre-tax income of \$8.86 million. Earnings per share were \$1.27 (diluted) for the year ended December 31, 2019, compared to \$1.17 (diluted) for the year ended December 31, 2018.

For the three months ended December 31, 2019, the Bank's return on average assets was 1.11% compared with 1.25% for the three months ended September 30, 2019, and 1.24% for the three months ended December 31, 2018. Return on average equity was 10.21% for the three months ended December 31, 2019, compared to 11.79% for the three months ended September 30, 2019, and 13.33% for the three months ended December 31, 2018.

Return on average assets and return on average equity totaled 1.15% and 11.09%, respectively for the year ended December 31, 2019, compared with 1.07% and 11.67%, respectively, for the year ended December 31, 2018.

"We are pleased to report record levels of assets and net income for 2019," said Thomas E. Meyer, president and chief executive officer. "Loan growth continued to accelerate during the fourth quarter. However, decreases in both short-term and long-term interest rates negatively impacted our loan yields," Meyer added.

Net interest margin decreased from 4.05% in the third quarter of 2019 to 3.89% in the fourth quarter of 2019. Net interest income before provision for loan losses for the three-month period ended December 31, 2019 was \$5.81 million, a decrease of \$182 thousand, or 3.0%, compared to \$5.99 million recognized in the three-month period ended September 30, 2019. On a year-over-year basis, quarterly net interest income before provision for loan losses decreased \$321 thousand, or 5.2%, from \$6.13 million recognized in the fourth quarter of 2018.

For the year ended December 31, 2019, net interest income before provision for loan losses increased 5.4%, from \$22.7 million in the year ended December 31, 2018 to \$24.0 million in the year ended December 31, 2019. The Bank's annual net interest margin expanded from 3.88% in 2018 to 4.03% in 2019. Growth in average loans outstanding, which increased \$22.4 million, or 4.8%, from \$466.6 million in 2018 to \$489.0 million in 2019, made up the bulk of growth in average interest-earning assets, which increased \$8.7 million, or 1.5%, from \$588.3 million in 2018 to \$596.9 million in 2019.

In the fourth quarter of 2019, core loan growth was concentrated in the commercial real estate portfolio, which organically grew \$18.0 million, or 6.6%, from \$271.8 million as of September 30, 2019 to \$289.8 million as of December 31, 2019, and commercial and industrial loans, which increased \$2.3 million to \$41.1 million as of December 31, 2019. Over the same period, the single-family residential portfolio, which consists primarily of purchased loans, decreased \$1.3 million, or 0.9%, from \$141.9 million as of September 30, 2019 to \$140.6 million as of December 31, 2019. Overall, the loan portfolio increased \$23.5 million, or 4.8%, on an annual basis from \$487.4 million as of December 31, 2018 to \$510.9 million as of December 31, 2019, and increased \$16.6 million or 3.4% in the fourth quarter of 2019.

Total deposits increased \$6.4 million, or 1.1%, to \$572.1 million as of December 31, 2019, from \$565.7 million as of September 30, 2019, and increased \$11.6 million, or 2.1%, from \$560.5 million as of December 31, 2018. The Bank's cost of funds increased from 0.15% for the year ended December 31, 2018 to 0.21% for the year ended December 31, 2019, reflecting increases in certificate of deposit costs during 2019.

"While our cost of funds increased during 2019, the Bank continues to benefit from our noninterest bearing deposits comprising 49% of our total deposit base," said Michael J. Winiarski, executive vice president and chief financial officer.

NET INTEREST INCOME BEFORE PROVISION FOR CREDIT LOSSES

Net interest income before provision for credit losses was \$5.81 million in the fourth quarter of 2019, a decrease of \$321 thousand, or 5.2%, compared to \$6.13 million in the fourth quarter of 2018 and a decrease of \$182 thousand, or 3.0%, compared to \$5.99 million in the third quarter of 2019.

Average earning assets were \$595.3 million during the fourth quarter of 2019, an increase of 1.05% compared to \$589.1 million in the third quarter of 2019. The yield on earning assets was 4.17% in the fourth quarter, compared to 4.22% in the third quarter of 2019, primarily due to a decrease in the yield on loans from 4.60% to 4.49%; and secondly, to a decrease in the yield on the investment portfolio from 2.54% to 2.46%. Additionally, the yield on floating rate commercial and industrial loans decreased from 5.72% during the third quarter of 2019 to 5.21% during the fourth quarter, commensurate with declines in the prime lending rate. The yield on the commercial real estate portfolio decreased to 4.87% from 4.97% the previous quarter.

The cost of interest-bearing liabilities increased to 0.45% during the fourth quarter of 2019, from 0.39% during the third quarter of 2019, and 0.36% during the fourth quarter of 2018. The average balance of interest-bearing liabilities increased from \$284.9 million in the fourth quarter of 2018 to \$286.9 million in the third quarter of 2019 and decreased to \$277.5 million in the fourth quarter of 2019. The Bank experienced normal seasonal fluctuations in deposits, particularly from larger depositors, and continued to manage its leverage ratio, primarily with Promontory Interfinancial Network's Insured Cash Sweep program, which had off-balance sheet quarter-end balances of \$61.0 million, \$81.9 million, and \$21.0 million in the fourth quarter of 2018 and the third and fourth quarters of 2019, respectively. These funds may be moved back into the Bank's deposit portfolio at the Bank's discretion. The average balance of noninterest-bearing demand deposit accounts ("DDAs") increased from \$257.0 million, or 47.3% of total deposits, in the third quarter of 2019 to \$269.6 million, or 49.3% of total deposits, in the fourth quarter of 2019. The Bank's overall cost of funds increased, from 0.18% in the fourth quarter of 2018 to 0.20% in the third quarter of 2019 and 0.23% in the fourth quarter of 2019.

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 management's estimate of probable incurred credit losses inherent in the loan portfolio as of the balance sheet date in light of losses historically incurred by the Bank and adjusted for qualitative factors associated with the loan portfolio.

For the year ended December 31, 2019, the Bank recorded no provision for loan losses, compared to a provision for loan losses of \$120 thousand in the year ended December 31, 2018.

The changes in the provision reflect the growth of the portfolio, changes in the mix of loan types within the portfolio and their respective loss histories, as well as management's assessment of the amounts expected to be realized from certain loans identified as impaired. Impaired loans totaled \$652 thousand at December 31, 2019, compared to \$181 thousand at September 30, 2019, and \$3.0 million at December 31, 2018.

At December 31, 2019, non-performing loans were 0.10% of the total loan portfolio, compared to 0% at September 30, 2019 and 0.56% at December 30, 2018. The Bank recorded net recoveries of \$12 thousand in the fourth quarter of 2019, compared to net recoveries of \$9 thousand during the third quarter of 2019 and \$13 thousand during the fourth quarter of 2018, respectively. At December 31, 2019, the allowance for loan losses was 1.29% of outstanding loans, compared to 1.33% at September 30, 2019 and 1.34% at December 31, 2018, respectively.

NON-INTEREST INCOME

Annual non-interest income decreased 3.9%, from \$1.99 million in the year ended December 31, 2018 to \$1.91 million in the year ended December 31, 2019. Non-interest income recognized in the fourth quarter of 2019 was \$305 thousand, compared to \$605 thousand in the third quarter of 2019, which included \$93 thousand in gain on sales of loans and investments. Overall, this represents a decrease of \$300 thousand, or 49.6%, compared to third quarter of 2019, and a decrease of \$236 thousand, or 43.7%, compared to the fourth quarter of 2018.

Management has been actively seeking to increase non-interest income across a range of sources, including account analysis fees, lockbox service fees, and mortgage brokerage fees. On an annual basis, the decrease in non-interest income included a 8.1% increase in service charges on deposits, including lockbox and analysis fees, from \$299 thousand to \$323 thousand, a 48.2% decrease in gain on sale of loans and investments, from \$195 thousand to \$101 thousand, and an increase in mortgage brokerage fees from \$80 thousand to \$155 thousand for 2018 and 2019, respectively.

NON-INTEREST EXPENSES

Non-interest expenses decreased \$216 thousand, or 5.5%, to \$3.75 million in the fourth quarter of 2019, compared to \$3.96 million for the third quarter of 2019, and decreased \$141 thousand, or 3.6%, compared to \$3.89 million recognized in the fourth quarter of 2018. Salaries and benefits decreased \$315 thousand, or 12.9%, from \$2.45 million in the third quarter of 2019 to \$2.14 million in the fourth quarter of 2019, reflecting certain nonrecurring expenses incurred in the third quarter.

For the year ended December 31, 2019, non-interest expenses were \$16.2 million, an increase of \$465 thousand, or 3.0%, compared to \$15.7 million recognized in the year ended December 31, 2018. Salaries and benefits decreased \$106 thousand, or 1.1%, from \$10.07 million to \$9.96 million over the same period. This decrease primarily reflect increased absorption of direct loan origination costs associated with higher lending volume and revisions to the standard costs the Bank uses to capitalize such costs. Occupancy costs as well as furniture and equipment costs increased from \$408 thousand during the fourth quarter of 2018 to \$500 thousand during the fourth quarter of 2019. This 22.8% increase is attributable to the rents and other costs incurred in establishing a new branch and loan center in Santa Cruz and branch relocation costs in San Luis Obispo.

The efficiency ratio (non-interest expenses divided by the sum of net interest income before provision for loan losses and non-interest income) was 61.3% for the fourth quarter of 2019, compared to 60.1% for the third quarter of 2019 and 58.3% for the fourth quarter of 2018. Annualized non-interest expenses as a percent of average total assets were 2.45%, 2.56%, and 2.48% for the fourth quarter of 2019, the third quarter of 2019, and the fourth quarter of 2018, respectively.

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 and a loan production office in Santa Cruz County. The Bank's corporate offices are located at 150 Main Street, Suite 150, Salinas, California 93901. The Bank's website is www.1stCapital.bank. 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.1stCapital.bank internet site for no charge.

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

<u>Financial Condition Data</u> ¹	December 31, <u>2019</u>	September 30, <u>2019</u>	June 30, <u>2019</u>	December 31, <u>2018</u>
Assets				
Cash and due from banks	\$ 6,198	\$ 5,947	\$ 5,994	\$ 6,476
Funds held at the Federal Reserve Bank ²	46,155	47,529	56,057	45,625
Available-for-sale securities, at fair value	66,095	68,386	70,396	70,263
Loans receivable held for investment:				
Construction / land (including farmland)	19,457	18,602	18,014	21,353
Residential 1 to 4 units	140,623	141,907	144,336	150,677
Home equity lines of credit	6,964	7,158	7,920	8,008
Multifamily	59,830	54,324	53,561	53,181
Owner occupied commercial real estate	70,622	63,587	61,242	62,976
Investor commercial real estate	159,350	153,849	142,533	139,261
Commercial and industrial	41,100	38,801	39,603	38,745
Other loans	12,943	16,042	14,468	13,189
Total loans	<u>510,889</u>	<u>494,270</u>	<u>481,677</u>	<u>487,390</u>
Allowance for loan losses	<u>(6,594)</u>	<u>(6,582)</u>	<u>(6,572)</u>	<u>(6,548)</u>
Net loans	504,295	487,688	475,105	480,842
Premises and equipment, net	2,102	2,131	2,192	2,087
Bank owned life insurance	8,071	8,020	7,968	7,866
Investment in FHLB ³ stock, at cost	3,501	3,501	3,501	3,163
Accrued interest receivable and other assets	8,930	14,254	9,577	5,965
Total assets	<u>\$ 645,347</u>	<u>\$ 637,456</u>	<u>\$ 630,790</u>	<u>\$ 622,287</u>
Liabilities and shareholders' equity				
Deposits:				
Noninterest bearing demand deposits	\$ 280,634	\$ 255,369	\$ 270,939	\$ 281,695
Interest bearing checking accounts	35,804	47,148	36,721	33,144
Money market deposits	128,559	140,515	134,108	129,064
Savings deposits	107,677	103,224	100,049	99,340
Time deposits	19,395	19,399	19,694	17,254
Total deposits	<u>572,069</u>	<u>565,655</u>	<u>561,511</u>	<u>560,497</u>
Accrued interest payable and other liabilities	5,263	5,466	5,305	2,625
Shareholders' equity	<u>68,015</u>	<u>66,335</u>	<u>63,974</u>	<u>59,165</u>
Total liabilities and shareholders' equity	<u>\$ 645,347</u>	<u>\$ 637,456</u>	<u>\$ 630,790</u>	<u>\$ 622,287</u>
Shares outstanding	5,520,179	5,502,514	5,483,634	5,463,189
Nominal and tangible book value per share	\$12.32	\$12.06	\$11.67	\$10.83
Ratio of net loans to total deposits	88.15%	86.22%	84.61%	85.79%

1 = Loans receivable 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 = Some items in prior periods have been reclassified to conform to the current presentation.

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

	Three Months Ended			
	December 31, <u>2019</u>	September 30, <u>2019</u>	June 30, <u>2019</u>	December 31, <u>2018</u>
<u>Operating Results Data</u>				
Interest and dividend income				
Loans	\$ 5,556	\$ 5,578	\$ 5,570	\$ 5,611
Investment securities	410	442	457	436
Federal Home Loan Bank stock	62	62	59	107
Other	91	187	166	236
Total interest and dividend income	<u>6,119</u>	<u>6,269</u>	<u>6,252</u>	<u>6,390</u>
Interest expense				
Interest bearing checking	3	3	3	4
Money market deposits	159	125	140	134
Savings deposits	93	88	85	81
Time deposits	55	62	54	41
Total interest expense	<u>310</u>	<u>278</u>	<u>282</u>	<u>260</u>
Net interest income	5,809	5,991	5,970	6,130
Provision for loan losses	-	-	-	100
Net interest income after provision for loan losses	<u>5,809</u>	<u>5,991</u>	<u>5,970</u>	<u>6,030</u>
Noninterest income				
Service charges on deposits	76	88	82	78
BOLI dividend income	50	52	52	53
Gain on sale of loans	-	33	-	59
Gain on sale of investments	-	60	-	-
Other	179	372	394	351
Total noninterest income	<u>305</u>	<u>605</u>	<u>528</u>	<u>541</u>

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

	Three Months Ended			
	December 31, 2019	September 30, 2019	June 30, 2019	December 31, 2018
Noninterest expenses				
Salaries and benefits	2,137	2,452	2,700	2,523
Occupancy	331	372	326	292
Data and item processing	231	220	284	193
Furniture and equipment	169	150	142	116
Professional services	235	143	108	119
Provision for unfunded loan commitments	12	(7)	(8)	10
Other	630	630	711	633
Total noninterest expenses	3,745	3,960	4,263	3,886
Income before provision for income taxes	2,369	2,636	2,235	2,685
Provision for income taxes	634	698	597	745
Net income	\$ 1,735	\$ 1,938	\$ 1,638	\$ 1,940

Common Share Data¹

Earnings per common share

Basic	\$0.32	\$0.35	\$0.30	\$0.36
Diluted	\$0.31	\$0.35	\$0.29	\$0.35

Weighted average common shares outstanding

Basic	5,506,349	5,492,657	5,478,457	5,436,948
Diluted	5,584,827	5,578,507	5,571,736	5,528,276

¹ = Earnings per common share and weighted average common shares outstanding have been restated to reflect the effect of the 7% stock dividend to shareholders of record November 22, 2019 and paid December 20, 2019.

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

	Twelve Months Ended	
	December 31, 2019	December 31, 2018
<u>Operating Results Data</u>		
Interest and dividend income		
Loans	\$ 22,385	\$ 20,921
Investment securities	1,765	1,590
Federal Home Loan Bank stock	239	273
Other	704	774
Total interest and dividend income	25,093	23,558
Interest expense		
Interest bearing checking	12	15
Money market deposits	554	411
Savings deposits	357	305
Time deposits	220	92
Total interest expense in deposits	1,143	823
Interest expense on borrowings	-	3
Total interest expense	1,143	826
Net interest income	23,950	22,732
Provision for loan losses	-	120
Net interest income after provision for loan losses	23,950	22,612
Noninterest income		
Service charges on deposits	323	299
BOLI dividend income	205	212
Gain on sale of loans	41	194
Gain on sale of investments	60	-
Other	1,283	1,285
Total noninterest income	1,912	1,990

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

	Twelve Months Ended	
	December 31, 2019	December 31, 2018
Noninterest expenses		
Salaries and benefits	9,963	10,069
Occupancy	1,335	1,169
Data and item processing	950	791
Furniture and equipment	617	502
Professional services	616	550
Provision for unfunded loan commitments	(18)	8
Other	2,745	2,654
Total noninterest expenses	16,208	15,743
Income before provision for income taxes	9,654	8,859
Provision for income taxes	2,567	2,428
Net income	\$ 7,087	\$ 6,431

Common Share Data¹

Earnings per common share		
Basic	\$1.29	\$1.19
Diluted	\$1.27	\$1.17
 Weighted average common shares outstanding		
Basic	5,486,515	5,394,965
Diluted	5,571,351	5,498,673

¹ = Earnings per common share and weighted average common shares outstanding have been restated to reflect the effect of the 7% stock dividend to shareholders of record November 22, 2019 and paid December 20, 2019.

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

	December 31, <u>2019</u>	September 30, <u>2019</u>	June 30, <u>2019</u>	December 31, <u>2018</u>
<u>Asset Quality</u>				
Loans past due 90 days or more and accruing interest	\$ -	\$ -	\$ -	\$ -
Nonaccrual restructured loans	-	-	-	-
Other nonaccrual loans	492	-	-	2,711
Other real estate owned	-	-	-	-
	<u>\$ 492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,711</u>
Allowance for loan losses to total loans	1.29%	1.33%	1.36%	1.34%
Allowance for loan losses to nonperforming loans	1340.24%	n/a	n/a	241.53%
Nonaccrual loans to total loans	0.10%	0.00%	0.00%	0.56%
Nonperforming assets to total assets	0.08%	0.00%	0.00%	0.44%
<u>Regulatory Capital and Ratios</u>				
Common equity tier 1 capital	\$ 67,471	\$ 65,536	\$ 63,446	\$ 59,565
Tier 1 regulatory capital	\$ 67,471	\$ 65,536	\$ 63,446	\$ 59,565
Total regulatory capital	\$ 73,487	\$ 71,377	\$ 69,077	\$ 65,177
Tier 1 leverage ratio	10.90%	10.67%	10.40%	9.55%
Common equity tier 1 risk based capital ratio	14.04%	14.05%	14.12%	13.30%
Tier 1 risk based capital ratio	14.04%	14.05%	14.12%	13.30%
Total risk based capital ratio	15.29%	15.30%	15.37%	14.55%

	Three Months Ended			
	December 31, <u>2019</u>	September 30, <u>2019</u>	June 30, <u>2019</u>	December 31, <u>2018</u>
<u>Selected Financial Ratios¹</u>				
Return on average total assets	1.11%	1.25%	1.08%	1.24%
Return on average shareholders' equity	10.21%	11.79%	10.47%	13.33%
Net interest margin ²	3.89%	4.05%	4.06%	4.03%
Net interest income to average total assets	3.72%	3.87%	3.92%	3.91%
Efficiency ratio	61.25%	60.04%	65.58%	58.26%

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

² = Net interest margin calculated on a tax equivalent yield basis. Prior periods have been updated to conform to current presentation.

	Three Months Ended			
	December 31, <u>2019</u>	September 30, <u>2019</u>	June 30, <u>2019</u>	December 31, <u>2018</u>
<u>Selected Average Balances</u>				
Gross loans	\$ 501,995	\$ 481,402	\$ 484,676	\$ 484,041
Investment securities	67,695	68,949	70,033	69,778
Federal Home Loan Bank stock	3,501	3,501	3,415	3,163
Other interest earning assets	22,071	35,220	34,233	49,212
Total interest earning assets	<u>\$ 595,262</u>	<u>\$ 589,072</u>	<u>\$ 592,357</u>	<u>\$ 606,194</u>
Total assets	\$ 620,218	\$ 614,674	\$ 610,453	\$ 622,259
Interest bearing checking accounts	\$ 38,440	\$ 42,295	\$ 36,569	\$ 36,273
Money market deposits	113,313	113,151	125,529	124,924
Savings deposits	106,293	111,502	99,517	106,889
Time deposits	19,484	19,933	18,759	16,828
Total interest bearing deposits	<u>277,530</u>	<u>286,881</u>	<u>280,374</u>	<u>284,914</u>
Noninterest bearing demand deposits	<u>269,597</u>	<u>256,989</u>	<u>262,225</u>	<u>276,866</u>
Total deposits	<u>\$ 547,127</u>	<u>\$ 543,870</u>	<u>\$ 542,599</u>	<u>\$ 561,780</u>
Borrowings	\$ -	\$ -	\$ -	\$ -
Shareholders' equity	\$ 67,381	\$ 65,219	\$ 62,740	\$ 57,751

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

	Twelve Months Ended	
	December 31, 2019	December 31, 2018
<u>Selected Financial Ratios</u>		
Return on average total assets	1.15%	1.07%
Return on average shareholders' equity	11.09%	11.67%
Net interest margin ²	4.03%	3.88%
Net interest income to average total assets	3.87%	3.77%
Efficiency ratio	62.67%	63.68%

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

2 = Net interest margin calculated on a tax equivalent yield basis. Prior periods have been updated to conform to current presentation.

	Twelve Months Ended	
	December 31, 2019	December 31, 2018
<u>Selected Average Balances</u>		
Gross loans	\$ 488,996	\$ 466,572
Investment securities	69,052	71,063
Federal Home Loan Bank stock	3,396	3,163
Other interest earning assets	35,496	47,481
Total interest earning assets	<u>\$ 596,940</u>	<u>\$ 588,279</u>
Total assets	\$ 618,384	\$ 603,319
Interest bearing checking accounts	\$ 37,916	\$ 35,258
Money market deposits	119,880	126,268
Savings deposits	106,130	116,264
Time deposits	19,075	14,352
Total interest bearing deposits	283,001	292,142
Noninterest bearing demand deposits	266,149	253,399
Total deposits	<u>\$ 549,150</u>	<u>\$ 545,541</u>
Borrowings	\$ -	\$ 230
Shareholders' equity	\$ 63,930	\$ 55,085