

October 30, 2015

FOR IMMEDIATE RELEASE



**1st Capital Bank Announces:
Third Quarter and Year to Date 2015 Financial Results;
Record Loans, Deposits, and Equity;
Assets Exceed \$500 Million**

Monterey, California – October 30, 2015. **1st Capital Bank** (OTC Pink: FISB) reported net income of \$405 thousand for the three months ended September 30, 2015, a decrease of 14.6% compared to net income of \$470 thousand in the third quarter of 2014 and a decrease of 32.4% compared to income of \$601 thousand in the second quarter of 2015, the immediately preceding quarter. Earnings per share were \$0.10 (diluted), a decrease of 16% compared to \$0.12 (diluted) for the same period a year ago.

Year-to-date earnings were \$1.71 million, or \$0.42 per share (diluted), for the nine months ended September 30, 2015, an increase of 28.1% compared to \$1.33 million, or \$0.34 per share (diluted), for the nine months ended September 30, 2014.

Total assets grew \$21 million in the third quarter, to \$502 million at September 30, 2015, compared to \$481 million at June 30, 2015. Net loans increased \$39 million during the third quarter, from \$342 million at June 30, 2015 to \$381 million at September 30, 2014 through a combination of loan pool purchases totaling \$28 million and organic growth in the portfolio. Consequently, the Bank increased its allowance for loan losses from \$5.5 million at June 30, 2015 to \$5.9 million at September 30, 2015 through a provision for credit losses of \$365 thousand recognized in third quarter earnings, compared to no provision in the second quarter of 2015. Core deposits increased modestly, by \$1 million or 0.4%, during the third quarter of 2015, from \$407 million at June 30, 2015 to \$408 million at September 30, 2015.

“Strong growth in our loan portfolio positions the Bank for increased net interest income and net interest margin in upcoming quarters,” said Thomas E. Meyer, President and Chief Executive Officer. “I am particularly pleased with the performance of our lending team, which funded more than \$33 million in new commitments in the third quarter in the course of building our core commercial & industrial and commercial real estate portfolios by more than \$15 million.”

“In the third quarter, the Bank’s asset mix shifted away from lower yielding cash and investments and into higher yielding real estate and commercial and industrial loans,” said Michael J. Winiarski, Chief Financial Officer. “At quarter end, the Bank’s loan-to-deposit ratio was 86.9%, and earning assets totaled \$496 million. This positions the Bank well for strong spread income in the fourth quarter.”

“We believe we have the strategy and management in place to capitalize on growth opportunities in our primary market areas,” said Kurt Gollnick, Chairman of the Board, “This will allow 1st Capital to increase its net interest margin through continued focus on commercial lending opportunities in our core markets.”

The Bank’s Board of Directors declared a 5.00% stock dividend on the Bank’s outstanding common stock outstanding, payable on September 30, 2015 to shareholders of record on September 9, 2015. This is the Bank’s third stock dividend, following a 2.00% stock dividend paid in April 2012 and a 5.00% stock dividend paid in June 2014.

THIRD QUARTER HIGHLIGHTS

- Net interest income before provision for credit losses was \$3.78 million for the third quarter of 2015, compared to \$3.70 million for the second quarter of 2015 and \$3.34 million for the third quarter of 2014. These results reflect increases in average earning assets from \$438 million in the third quarter of 2014 to \$474 million in the second quarter of 2015 and to \$480 million in the third quarter of 2015. Net interest margin increased from 3.03% in the third quarter of 2014 to 3.13% in the second quarter of 2015 and declined to 3.12% in the third quarter of 2015.
- Loans receivable increased \$60 million, or 20.4%, to \$387 million at September 30, 2015 from \$327 million at December 31, 2014.
- Non-performing loans increased from \$773 thousand at December 31, 2014 and \$92 thousand at June 30, 2015 to \$1.9 million at September 30, 2015. Loans over 90 days past due increased \$21 thousand, from \$0 at December 31, 2014 and June 30, 2015 to \$21 thousand at September 30, 2015, all of which was accounted for as non-performing.
- The provision for credit losses was \$365 thousand in the third quarter of 2015, compared to \$250 thousand in the third quarter of 2014 and \$0 in the second quarter of 2015.
- The allowance for loan losses decreased from 1.63% of gross loans outstanding at December 31, 2014 to 1.53% at September 30, 2015, reflecting the greater proportion of single-family and multi-family residential loans in the portfolio at September 30, 2015.
- Investments available for sale decreased \$9.7 million in the third quarter, from \$98 million at June 30, 2015 to \$89 million at September 30, 2015, freeing up funds for additional lending.
- Deposits increased \$15 million, or 3.7%, to \$438 million at September 30, 2015 from \$423 million at December 31, 2015.
- Non-interest income was \$107 thousand for the third quarter of 2015, compared to \$112 thousand for the second quarter of 2015 and \$182 thousand (including \$116 thousand gain on sale of securities) in the third quarter of 2014.
- Non-interest expenses for the third quarter of 2015 were \$2.84 million, an increase of \$13 thousand sequentially from \$2.82 million for the second quarter of 2015 and an increase of \$387 thousand from \$2.46 million recognized in the third quarter of 2014.

NET INTEREST INCOME BEFORE PROVISION FOR CREDIT LOSSES

Net interest income before provision for credit losses was \$3.78 million for the third quarter of 2015, an increase of \$80 thousand, or 2.1%, compared to \$3.70 million for the second quarter of 2015, and an increase of \$436 thousand, or 13.0%, compared to the third quarter of 2014.

Average earning assets were \$480 million during the third quarter of 2015, an increase of 1.3% compared to \$474 million in the second quarter of 2015. The yield on earning assets was 3.26% in the third quarter, compared to 3.27% in the second quarter. The average balance of the Bank's loan portfolio was \$356 million in the third quarter of 2015, compared to \$345 million in the second quarter, and the yield on the loan portfolio was 4.14% and 4.15% in the third and second quarters, respectively. In the third quarter of 2015, the average balance of investments available for sale declined \$4.4 million, from \$101 million in the second quarter of 2015 to \$97 million in the third quarter of 2015. The yield on AFS investments was 0.61% in both the third and second quarters of 2015. The cost of interest-bearing liabilities was 0.24% in both the third and second quarters of 2015, and the average balance of interest-bearing liabilities declined slightly, from \$275 million in the second quarter of 2015 to \$274 million in the third quarter of 2015.

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 probable incurred losses in the loan portfolio in light of losses historically incurred by the Bank and adjusted for qualitative factors associated with the loan portfolio. The provision for losses was \$365 thousand in the third quarter of 2015, compared to \$0 in the second quarter of 2015 and \$250 thousand in the third quarter of 2014. The increase in the provision reflects growth in the total amount of principal outstanding, which increased from \$347 million at June 30, 2015 to \$387 million at September 30, 2015. It also reflects 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 \$9.4 million at September 30, 2015, compared to \$9.2 million at June 30, 2015 and \$8.6 million at December 31, 2014.

At September 30, 2015, non-performing loans as a percentage of the total loan portfolio were 0.49%, compared to 0.03% at June 30, 2015 and 0.24% at December 31, 2014. At September 30, 2015, the allowance for loan losses was 1.53% of outstanding loans, compared to 1.60% and 1.63% at June 30, 2015 and December 31, 2014, respectively, reflecting the increasing proportion of single-family mortgages in the loan portfolio.

NON-INTEREST INCOME

Non-interest income recognized in the third quarter of 2015 was \$107 thousand, a decrease of \$5 thousand, or 4.5%, from \$112 thousand in the second quarter of 2015, and a decrease of \$75 thousand from the third quarter of 2014. Gain on sales of Small Business

Administration guaranteed loans declined \$13 thousand, from \$51 thousand in the second quarter of 2015 to \$38 thousand in the third quarter of 2015. In the third quarter of 2014, the Bank recognized gains on sales of available-for-sale securities of \$116 thousand; there were no comparable sales in the third quarter of 2015.

NON-INTEREST EXPENSES

Non-interest expenses increased \$13 thousand, or 0.5%, to \$2.84 million for the third quarter of 2015, compared to \$2.82 million for the second quarter of 2015, and increased \$377 thousand, or 15.3%, compared to the third quarter of 2014. Salaries and benefits decreased \$42 thousand, or 2.4%, from \$1.74 million in the second quarter of 2015 to \$1.70 million in the third quarter of 2015. Compared to the prior quarter, base salaries increased \$45 thousand, while stock-based compensation expense decreased \$34 thousand as a result of employee turnover, and capitalized direct loan origination costs increased \$73 thousand because of the increase in lending volume. Occupancy costs increased \$24 thousand, or 12.4%, from \$198 thousand in the second quarter of 2015 to \$224 thousand in the third quarter of 2015 as a result of the opening of the Bank's San Luis Obispo branch.

The efficiency ratio (non-interest expenses divided by the sum of net interest income before provision for loan losses and non-interest income) was 73.0% for the third quarter of 2015, compared to 74.1% for the second quarter of 2015 and 69.8% for the third quarter of 2014. Non-interest expenses as a percent of average total assets were 2.32%, 2.36%, and 2.19% for the third quarter of 2015, the second quarter of 2015, and the third quarter of 2014, respectively.

PROVISION FOR INCOME TAXES

The Bank's effective book tax rate increased from 39.2% for the second quarter of 2015 to 40.9% for the third quarter of 2015. The second quarter's provision reflects the Bank's settlement with the California Franchise Tax Board for certain Enterprise Zone deductions taken in 2009 and 2010.

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.

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--- *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	September 30, <u>2015</u>	June 30, <u>2015</u>	December 31, <u>2014</u>	September 30, <u>2014</u>
Assets				
Cash and due from banks	\$ 3,380	\$ 3,261	\$ 2,654	\$ 2,393
Funds held at the Federal Reserve Bank ²	16,004	23,759	31,598	8,693
Time deposits at other financial institutions	2,241	2,739	2,988	3,237
Available-for-sale securities, at fair value	88,891	98,672	96,807	101,625
Loans receivable held for investment:				
Construction / land (including farmland)	17,814	20,274	16,600	16,038
Residential 1 to 4 units	129,564	107,792	97,142	91,627
Home equity lines of credit	9,636	7,515	8,327	11,125
Multifamily	35,202	31,290	16,118	15,324
Owner occupied commercial real estate	55,111	53,848	60,064	53,278
Investor commercial real estate	85,766	75,210	73,095	77,873
Commercial and industrial	45,584	45,038	46,922	52,365
Other loans	8,022	6,264	8,233	5,506
Total loans	<u>386,699</u>	<u>347,231</u>	<u>326,501</u>	<u>323,136</u>
Allowance for loan losses	<u>(5,926)</u>	<u>(5,549)</u>	<u>(5,325)</u>	<u>(5,263)</u>
Net loans	380,773	341,682	321,176	317,873
Premises and equipment, net	1,679	1,689	1,423	1,497
Bank owned life insurance	2,335	2,321	2,549	2,532
Investment in FHLB ³ stock, at cost	2,593	2,593	2,007	2,007
Accrued interest receivable and other assets	<u>4,422</u>	<u>3,950</u>	<u>3,661</u>	<u>3,752</u>
Total assets	<u>\$ 502,318</u>	<u>\$ 480,666</u>	<u>\$ 464,863</u>	<u>\$ 443,609</u>
Liabilities and shareholders' equity				
Deposits:				
Noninterest bearing demand deposits	\$ 175,958	\$ 159,920	\$ 181,939	\$ 147,186
Interest bearing checking accounts	30,999	28,329	22,447	23,098
Money market deposits	104,876	120,449	103,804	109,367
Savings deposits	96,634	98,262	83,689	83,741
Time deposits	<u>29,788</u>	<u>29,434</u>	<u>30,874</u>	<u>31,083</u>
Total deposits	438,255	436,394	422,753	394,475
Borrowings	19,000	--	--	8,000
Accrued interest payable and other liabilities	1,336	1,056	929	857
Shareholders' equity	<u>43,727</u>	<u>43,216</u>	<u>41,181</u>	<u>40,277</u>
Total liabilities and shareholders' equity	<u>\$ 502,318</u>	<u>\$ 480,666</u>	<u>\$ 464,863</u>	<u>\$ 443,609</u>
Shares outstanding	4,035,417 ⁴	3,842,905	3,779,039	3,738,784
Nominal and tangible book value per share	\$ 10.84 ⁴	\$ 11.25	\$ 10.90	\$ 10.77
Ratio of net loans held for investment to total deposits	86.88%	78.30%	75.97%	80.58%

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 = September 30, 2015 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			
	September 30, 2015	June 30, 2015	December 31, 2014	September 30, 2014
<u>Operating Results Data</u>¹				
Interest and dividend income				
Loans	\$ 3,718	\$ 3,571	\$ 3,566	\$ 3,291
Investment securities	149	155	148	151
Federal Home Loan Bank stock	61	127	37	39
Other	19	18	17	21
Total interest and dividend income	<u>3,947</u>	<u>3,871</u>	<u>3,768</u>	<u>3,502</u>
Interest expense				
Interest bearing checking	3	2	6	6
Money market deposits	77	88	73	76
Savings deposits	73	68	61	61
Time deposits	13	12	14	14
Total interest expense on deposits	<u>166</u>	<u>170</u>	<u>154</u>	<u>157</u>
Interest expense on borrowings	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total interest expense	<u>167</u>	<u>171</u>	<u>155</u>	<u>158</u>
Net interest income	<u>3,780</u>	<u>3,700</u>	<u>3,613</u>	<u>3,344</u>
Provision for loan losses	<u>365</u>	<u>--</u>	<u>50</u>	<u>250</u>
Net interest income after provision for loan losses	<u>3,415</u>	<u>3,700</u>	<u>3,563</u>	<u>3,094</u>
Noninterest income				
Service charges on deposits	29	29	30	28
BOLI dividend income	15	14	17	19
Gain on sale of loans	38	51	19	--
Gain on sale of securities	--	--	--	116
Other	25	18	19	19
Total noninterest income	<u>107</u>	<u>112</u>	<u>85</u>	<u>182</u>

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

	Three Months Ended			
	September 30, <u>2015</u>	June 30, <u>2015</u>	December 31, <u>2014</u>	September 30, <u>2014</u>
Noninterest expenses				
Salaries and benefits	1,702	1,744	1,536	1,444
Occupancy	224	198	206	188
Data and item processing	161	144	138	166
Professional services	137	151	130	142
Furniture and equipment	127	107	97	88
Provision for unfunded loan commitments	(6)	10	(8)	12
Other	492	470	485	420
Total noninterest expenses	<u>2,837</u>	<u>2,824</u>	<u>2,584</u>	<u>2,460</u>
Income before provision for income taxes	685	988	1,064	816
Provision for income taxes	280	387	437	346
Net income	<u>\$ 405</u>	<u>\$ 601</u>	<u>\$ 627</u>	<u>\$ 470</u>

Common Share Data²

Earnings per share

Basic	\$ 0.10	\$ 0.15	\$ 0.16	\$ 0.12
Diluted	\$ 0.10	\$ 0.15	\$ 0.16	\$ 0.12

Weighted average shares outstanding

Basic	4,035,543	4,028,844	3,950,347	3,911,511
Diluted	4,108,966	4,085,410	4,015,706	3,997,438

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)

	9 Months Ended	
	September 30, 2015	September 30, 2014
<u>Operating Results Data</u>¹		
Interest and dividend income		
Loans	\$ 10,794	\$ 9,355
Investment securities	457	532
Federal Home Loan Bank stock	221	100
Other	59	64
Total interest and dividend income	11,531	10,051
Interest expense		
Interest bearing checking	8	21
Money market deposits	247	218
Savings deposits	208	182
Time deposits	38	44
Total interest expense in deposits	501	465
Interest expense on borrowings	2	1
Total interest expense	503	466
Net interest income	11,028	9,585
Provision for loan losses	565	525
Net interest income after provision for loan losses	10,463	9,060
Noninterest income		
Service charges on deposits	89	92
BOLI dividend income	45	61
BOLI benefits	249	--
Gain on sale of loans	89	--
Gain on sale of securities	--	162
Other	64	64
Total noninterest income	536	379

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

	9 Months Ended	
	September 30, 2015	September 30, 2014
Noninterest expenses		
Salaries and benefits	5,073	4,322
Occupancy	622	558
Data and item processing	447	426
Professional services	400	399
Furniture and equipment	332	236
Provision for unfunded loan commitments	12	5
Other	1,433	1,228
Total noninterest expenses	8,319	7,174
Income before provision for income taxes	2,680	2,265
Provision for income taxes	973	932
Net income	\$ 1,707	\$ 1,333
<u>Common Share Data</u> ²		
Earnings per share		
Basic	\$ 0.42	\$ 0.34
Diluted	\$ 0.42	\$ 0.34
Weighted average shares outstanding		
Basic	4,016,532	3,886,185
Diluted	4,077,158	3,947,024

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)

	September 30, <u>2015</u>	June 30, <u>2015</u>	December 31, <u>2014</u>	September 30, <u>2014</u>
<u>Asset Quality</u>				
Loans past due 90 days or more and accruing interest	\$ --	\$ --	\$ --	\$ --
Nonaccrual restructured loans	1,543	--	222	224
Other nonaccrual loans	358	92	551	560
Other real estate owned	--	--	--	--
	<u>\$ 1,901</u>	<u>\$ 92</u>	<u>\$ 773</u>	<u>\$ 784</u>
Allowance for loan losses to total loans	1.53%	1.60%	1.63%	1.63%
Allowance for loan losses to nonperforming loans	311.73%	6,031.52%	688.87%	671.30%
Nonaccrual loans to total loans	0.49%	0.03%	0.24%	0.24%
Nonperforming assets to total assets	0.38%	0.02%	0.17%	0.18%

Regulatory Capital and Ratios

Common equity tier 1 capital	\$ 43,437	\$ 42,941	NA	NA
Tier 1 regulatory capital	\$ 43,437	\$ 42,941	\$ 40,924	\$ 40,060
Total regulatory capital	\$ 47,745	\$ 46,919	\$ 44,692	\$ 43,789
Tier 1 leverage ratio	8.94%	8.97%	9.01%	8.99%
Common equity tier 1 risk based capital ratio	12.67%	13.57%	NA	NA
Tier 1 risk based capital ratio	12.67%	13.57%	13.66%	13.50%
Total risk based capital ratio	13.92%	14.82%	14.91%	14.76%

	Three Months Ended			
	September 30, <u>2015</u>	June 30, <u>2015</u>	December 31, <u>2014</u>	September 30, <u>2014</u>
<u>Selected Financial Ratios¹</u>				
Return on average total assets	0.33%	0.50%	0.55%	0.42%
Return on average shareholders' equity	3.68%	5.60%	6.09%	4.66%
Net interest margin	3.12%	3.13%	3.19%	3.03%
Net interest income to average total assets	3.08%	3.10%	3.15%	2.98%
Efficiency ratio	72.99%	74.08%	69.88%	69.77%

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

	Three Months Ended			
	September 30, <u>2015</u>	June 30, <u>2015</u>	December 31, <u>2014</u>	September 30, <u>2014</u>
<u>Selected Average Balances</u>				
Gross loans	\$ 355,960	\$ 345,008	\$ 326,795	\$ 302,342
Investment securities	97,070	101,475	99,588	106,885
Federal Home Loan Bank stock	2,593	2,445	2,007	2,007
Other interest earning assets	24,842	25,233	20,605	27,108
Total interest earning assets	<u>\$ 480,465</u>	<u>\$ 474,161</u>	<u>\$ 448,995</u>	<u>\$ 438,342</u>
Total assets	\$ 486,149	\$ 479,363	\$ 454,480	\$ 445,717
Interest bearing checking accounts	\$ 30,203	\$ 26,132	\$ 22,480	\$ 22,276
Money market deposits	113,377	125,098	110,179	109,478
Savings deposits	97,353	91,735	82,982	82,918
Time deposits	29,664	29,775	30,701	31,486
Total interest bearing deposits	<u>270,597</u>	<u>272,740</u>	<u>246,342</u>	<u>246,158</u>
Noninterest bearing demand deposits	166,990	160,349	161,797	157,831
Total deposits	<u>\$ 437,587</u>	<u>\$ 433,089</u>	<u>\$ 408,139</u>	<u>\$ 403,989</u>
Borrowings	\$ 3,742	\$ 2,154	\$ 4,435	\$ 870
Shareholders' equity	\$ 43,697	\$ 43,013	\$ 40,857	\$ 39,989

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

	9 Months Ended	
	September 30, 2015	September 30, 2014
<u>Selected Financial Ratios</u> ¹		
Return on average total assets	0.48%	0.42%
Return on average shareholders' equity	5.33%	4.56%
Net interest margin	3.11%	3.06%
Net interest income to average total assets	3.07%	3.00%
Efficiency ratio	71.94%	72.00%

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

	9 Months Ended	
	September 30, 2015	September 30, 2014
<u>Selected Average Balances</u> ¹		
Gross loans	\$ 344,889	\$ 284,910
Investment securities	99,946	104,554
Federal Home Loan Bank stock	2,350	1,793
Other interest earning assets	27,138	28,037
Total interest earning assets	\$ 474,323	\$ 419,294
Total assets	\$ 479,890	\$ 426,550
Interest bearing checking accounts	\$ 26,481	\$ 22,299
Money market deposits	119,652	104,863
Savings deposits	93,193	81,403
Time deposits	30,006	29,790
Total interest bearing deposits	269,332	238,355
Noninterest bearing demand deposits	164,650	147,618
Total deposits	\$ 433,982	\$ 385,973
Borrowings	\$ 1,979	\$ 643
Shareholders' equity	\$ 42,858	\$ 39,050

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