



April 14, 2014

Dear Shareholder,

I am pleased to report that the Board of Directors declared the enclosed dividend of \$0.23 per share on March 11, 2014 for holders of record as of March 31, 2014. Adjusted for the two-for-one stock split of October 23, 2013 this quarterly dividend reflects an increase of 24.3% from the April 2013 payment.

Earnings for the quarter ended March 31, 2014 were \$3.9 million, or \$1.11 per share, while earnings for the first quarter of 2013 were \$4.0 million, or \$1.14 per share. The decline was primarily attributable to lower gains on the sale of loans. Comparatively, loan sales gains declined to \$0.4 million during the quarter ended March 31, 2014 from record levels of \$1.8 million during the quarter ended March 31, 2013. Between years, first quarter operating revenues declined \$0.6 million to \$13.2 million, operating expenses increased \$0.5 million to \$7.4 million, and the provision for credit losses fell \$0.6 million to \$0.5 million. For the first quarter of 2014 returns on average assets and average equity were 1.28% and 15.76%, respectively.

Average assets increased to \$1.24 billion during the quarter ended March 31, 2014, an increase of \$102.3 million, or 9.0% compared to the same quarter in 2013. Total loans, net of the allowance for loan and lease losses increased to \$905.8 million as of March 31, 2014, an increase of \$79.3 million, or 9.6%, over the past twelve months. Deposits increased \$5.0 million during the quarter to \$1.017 billion as of March 31, 2014 while they have increased \$82.0 million, or 8.8%, over the course of the prior twelve months. Book equity increased 11.9% to \$101.9 million, or \$28.61 per share, over the past 12 months.

As always, we appreciate your business and support.

A handwritten signature in black ink, appearing to read 'Gene Miles'.

Gene Miles
President & CEO