

Consolidated Statements of Operations

(\$ in thousands, except share data)

(unaudited)

	Three months ended			Six months ended		
	June 30,		% change	June 30,		% change
	2016	2015		2016	2015	
Total interest income	\$ 3,570	\$ 3,113	15%	\$ 6,928	\$ 6,131	13%
Total interest expense	735	657	12%	1,427	1,239	15%
Net interest income	2,835	2,456	15%	5,501	4,892	12%
Provision for loan losses	160	75	113%	210	150	40%
Net interest income after provision for loan losses	2,675	2,381	12%	5,291	4,742	12%
Noninterest income						
Service charges on deposit accounts	198	116	71%	371	232	60%
Net gain on sales of loans	23	209	-89%	51	293	-83%
Net gain on sale of securities	-	-	n/m	-	(12)	n/m
Other	69	139	-50%	172	306	-44%
Noninterest income	290	464	-38%	594	819	-27%
Noninterest expense						
Salaries and employee benefits	1,175	1,217	-3%	2,327	2,437	-5%
Occupancy and equipment	149	134	11%	283	273	4%
Data processing	267	268	0%	542	517	5%
Franchise and other taxes	88	81	9%	176	161	9%
Professional fees	300	202	49%	624	446	40%
Director fees	58	33	76%	105	66	59%
Postage, printing and supplies	41	58	-29%	95	130	-27%
Advertising and promotion	18	45	-60%	35	90	-61%
Telephone	27	31	-13%	58	56	4%
Loan expenses	12	6	100%	43	43	0%
Foreclosed assets, net	16	28	-43%	49	74	-34%
Depreciation	54	52	4%	107	104	3%
FDIC premiums	20	103	-81%	134	207	-35%
Regulatory assessment	28	47	-40%	56	98	-43%
Other insurance	27	31	-13%	58	61	-5%
Other	59	42	40%	101	80	26%
Noninterest expense	2,339	2,378	-2%	4,793	4,843	-1%

Income before income taxes	626	467	34%	1,092	718	52%
Income tax expense	204	-	n/m	354	-	n/m
Net Income	<u>\$ 422</u>	<u>\$ 467</u>	-10%	<u>\$ 738</u>	<u>\$ 718</u>	3%
Dividends on Series B preferred stock and accretion of discount	(215)	(215)	0%	(429)	(429)	0%
Earnings attributable to common stockholders	<u><u>\$ 207</u></u>	<u><u>\$ 252</u></u>	-18%	<u><u>\$ 309</u></u>	<u><u>\$ 289</u></u>	7%

Share Data

Basic earnings (loss) per common share	\$ 0.01	\$ 0.02		\$ 0.02	\$ 0.02
Diluted earnings (loss) per common share	\$ 0.01	\$ 0.02		\$ 0.02	\$ 0.02
Average common shares outstanding - basic	16,017,997	15,823,710		16,021,103	15,823,710
Average common shares outstanding - diluted	16,028,990	15,836,192		16,029,576	15,833,673

n/m - not meaningful