



NEWS RELEASE

Equity Bancshares, Inc. Reports Results for Q4 and 2016

1/26/2017

WICHITA, Kan., Jan. 26, 2017 (GLOBE NEWSWIRE) -- Equity Bancshares, Inc. (NASDAQ:EQBK), ("Equity", "we", "us", "our"), the Wichita-based holding company of Equity Bank, reported its unaudited results for the year ended December 31, 2016, including net income allocable to common stockholders of \$9.4 million.

Brad Elliott, Chairman and CEO of Equity, said, "Our Equity Bank markets and team members have grown during 2016 as a result of continued opportunities to expand into vibrant, diverse markets like our Ozark Mountain region in Arkansas, and upcoming additions to our Western Kansas market. Our results and success directly reflect talent, commitment, and collaboration of Equity Bank employees and their work to deliver the best banking experience to consumer, commercial, and community customers throughout our region. In 2017, we'll continue to be innovative with our processes, products, and delivery to customers, and we'll continue to search for partnerships that are a fit with our culture and communities."

Equity announced today the 2017 relocation of its Equity Bank location at 225 West Central in Andover, Kansas, to a nearby facility serving Andover. Equity will break ground on the new bank location in the first quarter of 2017, and expects to complete construction late in 2017. Equity's Andover branch was the first bank location in Equity's three-state footprint. Following formation of Equity in 2002, the company acquired the National Bank of Andover in 2003 and renamed it Equity Bank.

Equity also received regulatory approval on January 5, 2017, for its definitive merger agreement to acquire all the common stock of Prairie State Bancshares, Inc. ("Prairie"), originally announced October 20, 2016. Following the consummation of the transaction in the first quarter of 2017, Equity Bank will operate branch locations in Hoxie, Grinnell and Quinter, Kansas, bringing its branch total to 37.

Equity closed a private placement of 770,000 shares of its Class A common stock at \$32.50 per share on December 20, 2016. The net proceeds of \$23.6 million, after offering costs of \$1.4 million, were used to pay off Equity's \$6.0 million line of credit and will provide working capital for Equity's continuing growth strategies.

Equity completed its acquisition of Community First Bancshares, Inc. ("Community") of Harrison, Arkansas on November 10, 2016. The merger added five branch locations in Berryville, Eureka Springs, Harrison and Pea Ridge, Arkansas to the Equity footprint, and marked the company's expansion into Arkansas. At acquisition, Community had assets of \$462.9 million, net loans of \$354.1 million, and total deposits of \$375.4 million. Results of operations of Community were included in Equity's results of operations beginning November 11, 2016.

Highlights of Equity's growth include:

- Total loans held for investment of \$1.38 billion at December 31, 2016, as compared to total loans held for investment of \$960.4 million at December 31, 2015. The increase of \$423.3 million includes \$354.1 million of

loans added in the Community merger.

- Total deposits were \$1.63 billion at December 31, 2016, and \$1.22 billion at December 31, 2015. Signature Deposits, or core deposits comprised of checking accounts, savings accounts, and money market accounts, were \$1.08 billion at December 31, 2016, compared to \$777.3 million at December 31, 2015. The Community merger added total deposits of \$375.4 million, including core deposits of \$278.0 million.
- Total assets of \$2.19 billion at December 31, 2016, compared to \$1.59 billion at December 31, 2015. The Community merger added total assets of \$462.9 million.
- Private placement of 770,000 shares at \$32.50 per share added \$23.6 million, net of offering costs of \$1.4 million, to total stockholders' equity.
- Book value per common share of \$22.09 at December 31, 2016 and \$18.37 at December 31, 2015. Tangible book value per common share of \$16.64 at December 31, 2016 and \$15.97 at December 31, 2015.

Financial Results For Year and Quarter Ended December 31, 2016

Net income allocable to common stockholders was \$9.4 million for the year ended December 31, 2016, as compared to \$10.1 million for the year ended December 31, 2015, a decrease of \$750 thousand or 7.4%. Beginning October 10, 2015, financial results reflect the merger of First Independence Corporation and its subsidiary, First Federal Savings & Loan of Independence, Kansas, collectively referred to as "First Independence." The merger of First Independence added four branch locations in southeast Kansas with total assets of \$135.0 million. Results of operations of Community were included in Equity's results of operations beginning November 11, 2016. Merger expenses of \$5.3 million, \$3.9 million after tax, are included in 2016 results. These costs were incurred in connection with the Community merger and pending Prairie merger. Merger expenses associated with the First Independence acquisition totaled \$1.7 million, \$1.1 million after tax, are included in 2015 results.

Diluted earnings per share were \$1.07 for the year ended December 31, 2016, as compared to \$1.54 for the comparable period of 2015. Weighted average fully diluted shares were 8,755,526 and 6,560,021 for the years ended December 31, 2016 and 2015. The increase in weighted average fully diluted shares reflect the issuance of 1,941,000 shares in connection with Equity's November 2015 initial public offering, the issuance of 2,689,690 shares in connection with the November 2016 merger of Community, and 770,000 shares issued on December 20, 2016 in a private placement.

Net interest income was \$52.6 million for the year ended December 31, 2016 as compared to \$46.3 million for the year ended December 31, 2015, a \$6.3 million or 13.7% increase. The increase in net interest income was primarily driven by growth in loan and securities balances, partially offset by an increase in interest expense as we funded the increase in earning assets with increased deposits and borrowings.

Our net interest margin was 3.30% for the year ended December 31, 2016 as compared to 3.65% for the year ended December 31, 2015. The decrease in net interest margin was primarily due to the decrease in overall yield on interest-earning assets and the utilization of our "leverage" or "spread" opportunity. The decrease in yield on interest-earning assets is primarily due to growth in a continually low interest rate environment and the pay down of older higher yielding assets. Our spread opportunity, as more fully discussed in our Annual Report on Form 10-K, positively impacts net income but negatively impacts net interest margin due to investing in lower yielding interest-earning assets. Net interest margin excluding this spread opportunity was approximately 3.51% for the twelve months ended December 31, 2016 and approximately 3.75% for the same time period in 2015. Equity suspended the utilization of this strategy effective October 1, 2016.

The provision for loan losses was \$2.1 million for the year ended December 31, 2016 as compared to \$3.0 million for the year ended December 31, 2015. Net charge-offs for the twelve months ended December 31, 2016 were \$1.2 million compared to net charge-offs of \$3.5 million for the comparable period of 2015.

Total non-interest income was \$10.5 million for the year ended December 31, 2016 as compared to \$9.8 million for the year ended December 31, 2015. Increases in service charges and fees and in debit card income are principally

attributable to the addition of accounts and higher transaction volumes associated with the First Independence merger and to a lesser extent the November 2016 Community merger. Non-interest income includes net gain from securities transactions of \$479 thousand and \$756 thousand for the twelve-month periods ended December 31, 2016 and 2015.

Total non-interest expense was \$47.1 million for the year ended December 31, 2016 as compared to \$38.6 million for the year ended December 31, 2015. These results reflect the full-year effect of the First Independence merger, the November 2016 addition of five locations in Arkansas, as well as additions to lending, customer service, and operations staff and increased data processing costs principally associated with increased debit card volumes. Non-interest expense also includes merger expenses of \$5.3 million for the year ended December 31, 2016. These costs were incurred in connection with the Community merger and pending Prairie merger. Merger expenses for the year ended December 31, 2015 were associated with the First Independence merger and totaled \$1.7 million.

Equity's effective tax rate for the twelve-month period ended December 31, 2016 was 32.4% as compared to 28.7% for the comparable period ended December 31, 2015. The effective tax rates for each of the comparable periods reflect the levels of tax-exempt interest income, non-taxable life insurance income, non-deductible facilitative merger expenses, and other non-deductible expenses included in income before income taxes as well as federal income tax credits in Equity's financial results for the respective periods. The lower effective tax rate in 2015 was principally due to the benefit of increased income tax credits from investments in qualified affordable housing projects, including an additional project acquired in the First Independence acquisition.

Fourth Quarter Financial Results

Net income allocable to common stockholders was \$417 thousand for the three months ended December 31, 2016, as compared to \$2.5 million for the three months ended December 31, 2015. Diluted earnings per share were \$0.04 for the three-month period ended December 31, 2016, as compared to \$0.34 for the comparable period of 2015. Weighted average fully diluted shares were 10,012,395 and 7,360,898 for the three-month periods ended December 31, 2016 and 2015.

Net interest income for the quarter ended December 31, 2016 was \$15.7 million as compared to \$12.3 million for the quarter ended December 31, 2015. Growth in loan and securities balances, partially offset by the increased deposits and borrowings required to fund that growth resulted in the increased net interest income.

Our net interest margin was 3.60% for the quarter ended December 31, 2016 and 3.26% for the comparable quarter of the prior year.

The provision for loan losses was \$760 thousand for the quarter ended December 31, 2016 as compared to \$1.2 million for the quarter ended December 31, 2015. Net charge-offs for the three months ended December 31, 2016 were \$405 thousand compared to net charge-offs of \$712 thousand for the comparable period of 2015.

Total non-interest income for the quarter ended December 31, 2016 was \$2.8 million, compared to \$3.3 million for the quarter ended December 31, 2015. Non-interest income in the fourth quarter of 2015 included a net gain of \$682 thousand on the acquisition of First Independence and net gain from securities transactions of \$386 thousand.

Total non-interest expense for the quarter ended December 31, 2016 was \$16.7 million, compared to \$11.7 million for the quarter ended December 31, 2015. Non-interest expense includes merger expenses of \$5.1 million for the three-months ended December 31, 2016, compared to \$1.6 million for the comparable period of 2015. Increased non-interest expense reflects the effect of the Community merger, as well as additions to lending, customer service, and operations staff and increased data processing costs principally associated with increased debit card volumes.

Equity's provision for income taxes was \$564 thousand for the quarter ended December 31, 2016, as compared to

provision for income taxes of \$240 thousand for the quarter ended December 31, 2015.

Loans, Deposits, And Total Assets

Loans held for investment were \$1.38 billion at December 31, 2016, compared to \$960.4 million at December 31, 2015, an increase of \$423.3 million. The year-over-year increase in loans held for investment includes \$354.1 million of net loans acquired in the Community merger in the fourth quarter of 2016 and \$69.2 million, or 7.2%, of other loan growth.

As of December 31, 2016, Equity's allowance for loan losses to total loans was 0.46%, compared to 0.57% at December 31, 2015. Total reserves, including purchase discounts, to total loans were approximately 1.37% as of December 31, 2016, compared to 0.81% at December 31, 2015. Nonperforming assets of \$31.3 million as of December 31, 2016 were 1.43% to total assets, and include \$20.5 million of nonperforming assets acquired in the Community merger. Nonperforming assets at December 31, 2015 were \$14.0 million or 0.89% of total assets.

Total deposits were \$1.63 billion at December 31, 2016, as compared to \$1.22 billion at December 31, 2015. Total deposits increased \$414.5 million between December 31, 2015 and December 31, 2016, including \$375.4 million of deposits assumed in the Community merger and \$39.1 million, or 3.2%, of non-acquisition related deposit growth. Signature Deposits were \$1.08 billion at December 31, 2016, as compared to \$777.3 million at December 31, 2015.

At December 31, 2016, Equity had consolidated total assets of \$2.19 billion, compared to \$1.59 billion at December 31, 2015, an increase of \$606.5 million. The increase in total assets includes \$462.9 million of total assets acquired in the Community merger.

Capital and Borrowings

On November 16, 2015, Equity completed our initial public offering ("IPO") of 1,941,000 shares. In January 2016, a portion of the IPO net proceeds of \$38.9 million were used to retire our Small Business Lending Fund obligation of \$16.4 million and repay our bank stock loan of \$18.6 million.

In connection with the Community merger, Equity issued 2,689,690 shares valued at \$27.62 per share, Equity's closing price on November 10, 2016. Net of \$549 thousand of stock issuance costs, the Community merger added \$73.7 million to stockholders' equity.

Total stockholders' equity also increased \$23.6 million in connection with the private placement of 770,000 shares on December 20, 2016. The net proceeds of the private placement were used to pay off Equity's \$6.0 million line of credit and will provide working capital for Equity's continuing growth strategies.

At December 31, 2016, common stockholders' equity totaled \$258.0 million, \$22.09 per common share, compared to \$167.2 million, \$18.37 per common share, at December 31, 2015. Tangible common equity was \$194.4 million and tangible book value per common share was \$16.64 at December 31, 2016. Tangible common equity was \$131.2 million and tangible book value per common share was \$15.97 at December 31, 2015. The ratio of common equity tier 1 capital to risk-weighted assets was approximately 13.34% and the total capital to risk-weighted assets was approximately 14.67% at December 31, 2016.

Non-GAAP Financial Measures

This press release includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of non-GAAP financial measures to GAAP financial measures are provided at the end of this press release.

Conference Call and Webcast

Equity Bancshares will host a conference call and webcast to review these results on Friday, January 27, 2017 at 9:00 a.m. central time. Investors, news media, and others may dial into the call toll-free at (844) 534-7311 from anywhere in the U.S. or (574) 990-1419 internationally, using conference ID no. 82330056. Participants are encouraged to dial into the call or access the webcast approximately 10 minutes prior to the start time. Presentation slides to pair with the call or webcast will be posted one hour prior to the call at investor.equitybank.com.

A replay of the call and webcast will be available two hours following the close of the call until February 3, 2017, accessible at (855) 859-2056 with conference ID no. 82330056 or investor.equitybank.com.

[About Equity Bancshares, Inc.](#)

Equity Bancshares, Inc. is the holding company for Equity Bank, offering a full range of financial solutions, including commercial loans, consumer banking, mortgage loans, and treasury management services. As of December 31, 2016, Equity had \$2.19 billion in consolidated total assets, with 34 locations throughout Kansas, Missouri, and Arkansas, including corporate headquarters in Wichita and branches throughout the Kansas City metropolitan area. Learn more at www.equitybank.com.

Equity seeks to provide an enhanced banking experience for customers by providing a suite of sophisticated banking products and services tailored to their needs, while delivering the high-quality, relationship-based customer service of a community bank. Equity's common stock is traded on the NASDAQ Global Select Market under the symbol "EQBK."

[Special Note Concerning Forward-Looking Statements](#)

This press release contains "forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements reflect the current views of Equity's management with respect to, among other things, future events and Equity's financial performance. These statements are often, but not always, made through the use of words or phrases such as "may," "should," "could," "predict," "potential," "believe," "will likely result," "expect," "continue," "will," "anticipate," "seek," "estimate," "intend," "plan," "project," "forecast," "goal," "target," "would" and "outlook," or the negative variations of those words or other comparable words of a future or forward-looking nature. These forward-looking statements are not historical facts, and are based on current expectations, estimates and projections about Equity's industry, management's beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond Equity's control. Accordingly, Equity cautions you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although Equity believes that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements. Factors that could cause actual results to differ materially from Equity's expectations include competition from other financial institutions and bank holding companies; the effects of and changes in trade, monetary and fiscal policies and laws, including interest rate policies of the Federal Reserve Board; changes in the demand for loans; fluctuations in value of collateral and loan reserves; inflation, interest rate, market and monetary fluctuations; changes in consumer spending, borrowing and savings habits; and acquisitions and integration of acquired businesses, and similar variables. The foregoing list of factors is not exhaustive.

For discussion of these and other risks that may cause actual results to differ from expectations, please refer to "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" in Equity's Annual Report on Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 17, 2016 and any updates to those risk factors set forth in Equity's subsequent Quarterly Reports on Form 10-Q or Current Reports on Form 8-K, Form S-3 or Form S-4. If one or more events related to these or other risks or uncertainties materialize, or if Equity's underlying assumptions prove to be incorrect, actual results may differ materially from what Equity anticipates.

Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and Equity does not undertake any obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise. New risks and uncertainties arise from time to time, and it is not possible for us to predict those events or how they may affect us. In addition, Equity cannot assess the impact of each factor on Equity's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. All forward-looking statements, expressed or implied, included in this press release are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that Equity or persons acting on Equity's behalf may issue.

Important Additional Information

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities. Investors and security holders are urged to carefully review and consider Equity's public filings with the SEC, including but not limited to its Annual Report on Form 10-K, its proxy statement, its Current Reports on Form 8-K and its Quarterly Reports on Form 10-Q. The documents filed by Equity with the SEC may be obtained free of charge at Equity's investor relations website at investor.equitybank.com or at the SEC's website at www.sec.gov. Alternatively, these documents, when available, can be obtained free of charge from Equity upon written request to Equity Bancshares, Inc., Attn: Investor Relations, 7701 East Kellogg Drive, Suite 300, Wichita, Kansas 67207 or by calling (316) 612-6000.

In connection with the proposed transaction between Equity and Prairie State Bancshares, Inc. ("Prairie"), Equity filed a registration statement on Form S-4 with the SEC on December 27, 2016, which included a proxy statement of Prairie and a prospectus of Equity, and will file other documents regarding the proposed transaction with the SEC. BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, INVESTORS AND SECURITY HOLDERS OF PRAIRIE ARE URGED TO CAREFULLY READ THE ENTIRE REGISTRATION STATEMENT AND PROXY STATEMENT/PROSPECTUS, WHEN THEY BECOME AVAILABLE, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. A proxy statement/prospectus will be sent to the stockholders of Prairie seeking the required stockholder approvals. Investors and security holders will be able to obtain the registration statement and the joint proxy statement/prospectus free of charge from the SEC's website or from Equity by writing to the address provided above.

Equity and Prairie and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the Prairie stockholders in connection with the proposed transaction. Information about Equity's participants may be found in the definitive proxy statement of Equity relating to its 2016 Annual Meeting of Stockholders filed with the SEC on March 28, 2016. The definitive proxy statement can be obtained free of charge from the sources indicated above. Additional information regarding the interests of such participants will be included in the proxy statement and other relevant documents regarding the proposed merger transaction filed with the SEC when they become available, copies of which may also be obtained free of charge from the sources indicated above.

Unaudited Financial Tables

- Table 1. Selected Financial Highlights
- Table 2. Consolidated Balance Sheets
- Table 3. Consolidated Statements of Income
- Table 4. Non-GAAP Financial Measures

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TABLE 1. SELECTED FINANCIAL HIGHLIGHTS (Unaudited)
(Dollars in thousands, except per share data)

	As of and for the three months ended December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015		
Statement of Income Data							
Net interest income	\$ 15,663	\$ 11,982	\$ 12,194	\$ 12,758	\$ 12,313		
Provision for loan losses	760	104	532	723	1,180		
Net gain on acquisition	—	—	—	—	682		
Net gains from securities transactions	—	—	59	420	386		
Total non-interest income	2,789	2,527	2,452	2,698	3,325		
Merger expenses	5,057	237	—	—	1,614		
Total non-interest expense	16,711	10,734	9,941	9,689	11,664		
Income before income taxes	981	3,671	4,173	5,044	2,794		
Provision for income taxes	564	1,000	1,327	1,604	240		
Net income	417	2,671	2,846	3,440	2,554		
Dividends and discount accretion on preferred stock	—	—	—	(1)	(48)		
Net income allocable to common stockholders	417	2,671	2,846	3,439	2,506		
Basic earnings per share	0.04	0.32	0.35	0.42	0.35		
Diluted earnings per share	0.04	0.32	0.34	0.41	0.34		
Balance Sheet Data (at period end)							
Securities available-for-sale	\$ 95,732	\$ 102,391	\$ 74,976	\$ 113,821	\$ 130,810		
Securities held-to-maturity	465,709	349,915	317,509	301,931	310,539		
Gross loans held for investment	1,383,605	956,070	980,110	938,055	960,355		
Allowance for loan losses	6,432	6,080	6,030	5,980	5,506		
Goodwill and core deposit intangibles, net	63,589	19,419	19,506	19,592	19,679		
Total assets	2,192,192	1,557,082	1,544,857	1,528,729	1,585,727		
Total deposits	1,630,451	1,177,732	1,196,767	1,234,165	1,215,914		
Non-time deposits	1,077,293	740,623	753,168	803,653	777,302		
Borrowings	293,909	203,569	179,801	130,651	194,064		
Total liabilities	1,934,228	1,395,834	1,386,669	1,373,637	1,418,494		
Total stockholders' equity	257,964	161,248	158,188	155,092	167,233		
Tangible common equity*	194,352	141,804	138,656	135,472	131,153		
Selected Average Balance Sheet Data (quarterly average)							
Total gross loans receivable	\$ 1,175,300	\$ 968,402	\$ 950,243	\$ 944,366	\$ 921,312		
Investment securities	516,988	414,376	412,095	425,434	425,434		
Interest-earning assets	1,729,927	1,555,511	1,541,405	1,542,794	1,499,139		
Total assets	1,886,002	1,668,534	1,655,317	1,657,655	1,613,499		
Interest-bearing deposits	1,210,571	1,022,155	1,045,784	1,060,618	991,109		
Borrowings	256,330	314,181	284,631	280,097	311,871		
Total interest-bearing liabilities	1,466,900	1,336,336	1,330,415	1,340,715	1,302,980		
Total deposits	1,412,587	1,184,717	1,204,861	1,214,738	1,151,932		
Total liabilities	1,681,226	1,508,647	1,498,914	1,503,726	1,473,292		
Total stockholders' equity	204,773	159,887	156,403	153,929	140,207		
Tangible common equity	148,287	136,771	135,094	133,313	110,893		
Performance ratios							
Return on average assets (ROAA) annualized	0.09	% 0.64	% 0.69	% 0.83	% 0.63		%
Return on average equity (ROAE) annualized	0.81	% 6.65	% 7.32	% 8.99	% 7.23		%
Return on average tangible common equity (ROATCE) annualized*	1.39	% 7.94	% 8.64	% 10.55	% 9.18		%
Yield on loans annualized	5.21	% 4.72	% 4.89	% 5.04	% 4.95		%
Cost of interest-bearing deposits annualized	0.68	% 0.66	% 0.64	% 0.61	% 0.61		%
Cost of total deposits annualized	0.58	% 0.57	% 0.56	% 0.53	% 0.52		%
Net interest margin annualized	3.60	% 3.06	% 3.18	% 3.33	% 3.26		%
Efficiency ratio ¹	63.16	% 72.35	% 68.15	% 64.05	% 68.98		%
Non-interest income / average assets	0.59	% 0.60	% 0.60	% 0.65	% 0.82		%
Non-interest expense / average assets	3.52	% 2.56	% 2.42	% 2.35	% 2.87		%
Capital Ratios							
Tier 1 Leverage Ratio	11.80	% 9.42	% 9.32	% 9.10	% 9.47		%
Common Equity Tier 1 Capital Ratio	13.34	% 13.57	% 13.04	% 13.13	% 12.35		%
Tier 1 Risk Based Capital Ratio	14.25	% 14.45	% 13.90	% 14.01	% 13.85		%
Total Risk Based Capital Ratio	14.67	% 15.02	% 14.45	% 14.57	% 14.35		%
Total stockholders' equity to total assets	11.77	% 10.36	% 10.24	% 10.15	% 10.55		%
Tangible common equity to tangible assets*	9.13	% 9.22	% 9.09	% 8.98	% 8.37		%
Book value per share	\$ 22.09	\$ 19.62	\$ 19.25	\$ 18.89	\$ 18.37		
Tangible common book value per share*	\$ 16.64	\$ 17.25	\$ 16.87	\$ 16.50	\$ 15.97		
Tangible book value per diluted common share*	\$ 16.37	\$ 16.95	\$ 16.64	\$ 16.29	\$ 15.74		

* The value noted is considered a Non-GAAP financial measure. For a reconciliation of Non-GAAP financial measures, see Table 4. Non-GAAP Financial Measures.

TABLE 2. CONSOLIDATED BALANCE SHEETS (Unaudited)
(Dollars in thousands)

	December 31, 2016	December 31, 2015
ASSETS		
Cash and due from banks	\$ 34,137	\$ 36,276
Federal funds sold	958	20,553
Cash and cash equivalents	35,095	56,829
Interest-bearing time deposits in other banks	3,750	5,245
Available-for-sale securities	95,732	130,810
Held-to-maturity securities, fair value of \$352,768 and \$312,802	465,709	310,539
Loans held for sale	4,830	3,504
Loans, net of allowance for loan losses of \$6,432 and \$5,506	1,377,173	954,849
Other real estate owned, net	8,656	5,811
Premises and equipment, net	50,515	39,147
Bank owned life insurance	48,055	32,555
Federal Reserve Bank and Federal Home Loan Bank stock	16,652	11,013
Interest receivable	6,991	4,540
Goodwill	58,874	18,130
Core deposit intangible, net	4,715	1,549
Other	15,445	11,206

Total assets	\$ 2,192,192	\$ 1,585,727
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Demand	\$ 207,668	\$ 157,834
Total non-interest bearing deposits	207,668	157,834
Savings, NOW, and money market	869,625	619,468
Time	553,158	438,612
Total interest-bearing deposits	1,422,783	1,058,080
Total deposits	1,630,451	1,215,914
Federal funds purchased and retail repurchase agreements	20,637	20,762
Federal Home Loan Bank advances	259,588	145,439
Bank stock loan	—	18,612
Subordinated debentures	13,684	9,251
Contractual obligations	2,504	3,093
Interest payable and other liabilities	7,364	5,423
Total liabilities	1,934,228	1,418,494
Stockholders' equity		
Preferred stock, Series C (liquidation preference of \$16,372)	—	16,372
Common stock	132	97
Additional paid-in capital	236,103	138,077
Retained earnings	44,328	34,955
Accumulated other comprehensive loss	(2,702)	(2,371)
Employee stock loans	(242)	(242)
Treasury stock	(19,655)	(19,655)
Total stockholders' equity	257,964	167,233
Total liabilities and stockholders' equity	\$ 2,192,192	\$ 1,585,727

TABLE 3. CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(Dollars in thousands, except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Interest and dividend income				
Loans, including fees	\$ 15,387	\$ 11,499	\$ 50,272	\$ 43,361
Securities, taxable	2,060	2,193	8,111	7,634
Securities, nontaxable	611	311	1,654	1,057
Federal funds sold and other	249	427	1,762	976
Total interest and dividend income	18,307	14,430	61,799	53,028
Interest expense				
Deposits	2,058	1,517	7,042	4,926
Federal funds purchased and retail repurchase agreements	16	14	58	61
Federal Home Loan Bank advances	337	228	1,400	495
Bank stock loan	31	195	31	641
Subordinated debentures	202	163	671	643
Total interest expense	2,644	2,117	9,202	6,766
Net interest income	15,663	12,313	52,597	46,262
Provision for loan losses	760	1,180	2,119	3,047
Net interest income after provision for loan losses	14,903	11,133	50,478	43,215
Non-interest income				
Service charges and fees	1,115	885	3,552	2,708
Debit card income	771	624	2,898	2,161
Mortgage banking	375	233	1,394	1,088
Increase in value of bank owned life insurance	254	257	1,000	957
Net gain from acquisition	—	682	—	682
Net gain from securities transactions	—	386	479	756
Other	274	258	1,143	1,450
Total non-interest income	2,789	3,325	10,466	9,802
Non-interest expense				
Salaries and employee benefits	6,102	4,959	21,951	19,202
Net occupancy and equipment	1,265	1,077	4,586	4,155
Data processing	978	812	3,568	2,939
Professional fees	531	676	2,075	2,086
Advertising and business development	297	336	1,198	1,199
Telecommunications	298	229	1,101	811
FDIC insurance	141	272	894	840
Courier and postage	201	169	683	544
Free nation-wide ATM cost	184	136	672	468
Amortization of core deposit intangible	153	93	413	275
Loan expense	186	116	599	388
Other real estate owned	222	113	386	287
Loss on debt extinguishment	—	—	58	316
Merger expenses	5,057	1,614	5,294	1,691
Other	1,096	1,062	3,597	3,374
Total non-interest expense	16,711	11,664	47,075	38,575
Income before income taxes	981	2,794	13,869	14,442
Provision for income taxes	564	240	4,495	4,142
Net income	417	2,554	9,374	10,300
Dividends and discount accretion on preferred stock	—	(48)	(1)	(177)
Net income allocable to common stockholders	\$ 417	\$ 2,506	\$ 9,373	\$ 10,123
Basic earnings per share	\$ 0.04	\$ 0.35	\$ 1.09	\$ 1.55
Diluted earnings per share	\$ 0.04	\$ 0.34	\$ 1.07	\$ 1.54

TABLE 4. Non-GAAP Financial Measures (Unaudited)
(Dollars in thousands, except per share data)

	As of and for the three months ended				
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
Total stockholders' equity	\$ 257,964	\$ 161,248	\$ 158,188	\$ 155,092	\$ 167,233
Less: preferred stock	—	—	—	—	16,372
Less: goodwill	58,874	18,130	18,130	18,130	18,130
Less: core deposit intangibles, net	4,715	1,289	1,376	1,462	1,549
Less: mortgage servicing asset	23	25	26	28	29
Tangible common equity	\$ 194,352	\$ 141,804	\$ 138,656	\$ 135,472	\$ 131,153
Common shares outstanding at period end	11,680,308	8,219,415	8,219,415	8,211,727	8,211,727
Diluted common shares outstanding at period end	11,873,480	8,365,283	8,334,445	8,317,882	8,332,762
Book value per common share	\$ 22.09	\$ 19.62	\$ 19.25	\$ 18.89	\$ 18.37
Tangible book value per common share	\$ 16.64	\$ 17.25	\$ 16.87	\$ 16.50	\$ 15.97
Tangible book value per diluted common share	\$ 16.37	\$ 16.95	\$ 16.64	\$ 16.29	\$ 15.74
Total assets	\$ 2,192,192	\$ 1,557,082	\$ 1,544,857	\$ 1,528,729	\$ 1,585,727
Less: goodwill	58,874	18,130	18,130	18,130	18,130
Less: core deposit intangibles, net	4,715	1,289	1,376	1,462	1,549
Less: mortgage servicing asset	23	25	26	28	29
Tangible assets	\$ 2,128,580	\$ 1,537,638	\$ 1,525,325	\$ 1,509,109	\$ 1,566,019
Equity to assets	11.77	% 10.36	% 10.24	% 10.15	% 10.55
Tangible common equity to tangible assets	9.13	% 9.22	% 9.09	% 8.98	% 8.37
Total average stockholders' equity	\$ 204,773	\$ 159,887	\$ 156,403	\$ 153,929	\$ 140,207
Less: average intangible assets and preferred stock	56,486	23,116	21,309	20,616	29,314
Average tangible common equity	\$ 148,287	\$ 136,771	\$ 135,094	\$ 133,313	\$ 110,893
Net income allocable to common stockholders	\$ 417	\$ 2,671	\$ 2,846	\$ 3,439	\$ 2,506
Amortization of intangible assets	155	88	88	88	93
Less: Tax effect of intangible assets amortization	54	31	31	31	33
Adjusted net income allocable to common stockholders	\$ 518	\$ 2,728	\$ 2,903	\$ 3,496	\$ 2,566
Return on total average stockholders' equity (ROAE) annualized	0.81	% 6.65	% 7.32	% 8.99	% 7.23
Return on average tangible common equity (ROATCE) annualized	1.39	% 7.94	% 8.64	% 10.55	% 9.18
Non-interest expense	\$ 16,711	\$ 10,734	\$ 9,941	\$ 9,689	\$ 11,664
Less: merger expenses	5,057	237	—	—	1,614
Less: loss on debt extinguishment	—	—	—	58	—
Non-interest expense, excluding merger expenses and loss on debt extinguishment	\$ 11,654	\$ 10,497	\$ 9,941	\$ 9,631	\$ 10,050
Net interest income	\$ 15,663	\$ 11,982	\$ 12,194	\$ 12,758	\$ 12,313
Non-interest income	\$ 2,789	\$ 2,527	\$ 2,452	\$ 2,698	\$ 3,325
Less: net gain from securities transactions	—	—	59	420	386
Less: net gain on acquisition	—	—	—	—	682
Non-interest income, excluding net gains on security transactions and net gain on acquisition	\$ 2,789	\$ 2,527	\$ 2,393	\$ 2,278	\$ 2,257
Net interest income plus non-interest income, excluding net gains on security transactions and net gains on acquisition	\$ 18,452	\$ 14,509	\$ 14,587	\$ 15,036	\$ 14,570
Non-interest expense to net interest income plus non-interest income	90.56	% 73.98	% 67.88	% 62.69	% 74.59
Efficiency ratio	63.16	% 72.35	% 68.15	% 64.05	% 68.98