

**THE BANK OF FINCASTLE AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands of dollars, except share and per share data)

	<u>(Unaudited)</u> <b>March 31, 2017</b>	<u>(Audited)</u> <b>December 31, 2016</b>
<b>ASSETS</b>		
Cash and due from banks	\$ 5,217	\$ 5,034
Interest-bearing deposits with banks	12,795	4,607
Federal funds sold	68	80
Investment securities held to maturity	50,827	51,202
Restricted investment securities	251	251
Loans held for sale	542	735
Loans, net of allowance for loan losses of \$3,417 at 2017 and \$3,420 at 2016	119,070	120,948
Premises and equipment, net	6,426	6,488
Accrued interest receivable	430	410
Other real estate owned	6,585	5,801
Other assets	10,702	10,844
	<u>\$ 212,913</u>	<u>\$ 206,400</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits		
Noninterest-bearing demand deposits	\$ 67,136	\$ 63,884
Interest-bearing deposits	128,726	126,436
	<u>195,862</u>	<u>190,320</u>
Total deposits		
Accrued interest payable	61	61
Federal funds purchased	-	-
Other liabilities	4,320	863
	<u>200,243</u>	<u>191,244</u>
Total liabilities		
Stockholders' equity		
Common stock, \$0.04 par value; 10,000,000 shares authorized, 2,281,915 shares issued and outstanding	91	91
Surplus	5,058	5,058
Retained earnings	7,521	10,007
	<u>12,670</u>	<u>15,156</u>
Total stockholders' equity		
	<u>\$ 212,913</u>	<u>\$ 206,400</u>
Total liabilities and stockholders' equity		

THE BANK OF FINCASTLE AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF INCOME (LOSS)  
(In thousands of dollars, except share and per share data)

	(Unaudited)	
	3 Months Ended	
	March 31, 2017	March 31, 2016
<b>INTEREST INCOME</b>		
Interest and fees on loans	\$ 1,559	\$ 1,665
Interest on investment securities, taxable	113	74
Interest on investment securities, tax-exempt	2	3
Interest - other	44	21
	1,718	1,763
<b>INTEREST EXPENSE</b>		
Interest on deposits	172	186
Other interest expense	-	-
	172	186
Net interest income	1,546	1,577
<b>PROVISION FOR LOAN LOSSES</b>	-	1,565
Net interest income after provision for loan losses	1,546	12
<b>NONINTEREST INCOME</b>		
Service fees	71	87
Rental income	46	54
Bank card and credit card interchange fees	78	76
Other income	72	113
	267	330
<b>NONINTEREST EXPENSE</b>		
Salaries and employee benefits	822	745
Occupancy and equipment	180	200
Data processing expenses	197	174
Legal and professional fees	107	75
Postage, stationery and supplies	22	26
Real estate and other taxes	46	25
FDIC insurance assessment	114	72
Losses on other real estate owned	494	-
Expenses of adversely classified items	2,097	65
Other expenses	218	194
	4,297	1,576
<b>LOSS BEFORE INCOME TAXES</b>	(2,484)	(1,234)
<b>INCOME TAX (EXPENSE) BENEFIT</b>		
Current	(3)	2
Deferred	-	427
	(3)	429
<b>NET LOSS</b>	\$ (2,487)	\$ (805)
Per share data:		
Loss per share	\$ (1.09)	\$ (0.35)