

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

	(Unaudited) <u>September 30, 2017</u>	(Audited) <u>December 31, 2016</u>
ASSETS		
Cash and due from banks	\$ 3,527	\$ 5,034
Interest-bearing deposits with banks	5,361	4,607
Federal funds sold	72	80
Investment securities held to maturity	37,203	51,202
Restricted investment securities	241	251
Loans held for sale	6,837	735
Loans, net of allowance for loan losses of \$2,971 at 2017 and \$3,420 at 2016	122,098	120,948
Premises and equipment, net	5,876	6,488
Accrued interest receivable	486	410
Other real estate owned	6,951	5,801
Other assets	12,268	10,844
	<u>200,920</u>	<u>206,400</u>
Total assets	<u>\$ 200,920</u>	<u>\$ 206,400</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Noninterest-bearing demand deposits	\$ 58,261	\$ 63,922
Interest-bearing deposits	113,478	126,436
	<u>171,739</u>	<u>190,358</u>
Total deposits	171,739	190,358
Accrued interest payable	58	61
Federal funds purchased	-	-
Other liabilities	3,162	825
	<u>174,959</u>	<u>191,244</u>
Total liabilities	174,959	191,244
Stockholders' equity		
Common stock, \$0.04 par value; 10,000,000 shares authorized, 2,281,915 shares at 2016, 9,999,999 shares at 2017 issued and outstanding	400	91
Surplus	18,119	5,058
Retained earnings	7,442	10,007
	<u>25,961</u>	<u>15,156</u>
Total stockholders' equity	25,961	15,156
Total liabilities and stockholders' equity	<u>\$ 200,920</u>	<u>\$ 206,400</u>

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

	(Unaudited)	
	9 Months Ended	
	<u>September 30, 2017</u>	<u>September 30, 2016</u>
INTEREST INCOME		
Interest and fees on loans	\$ 4,577	\$ 4,824
Interest on investment securities, taxable	361	226
Interest on investment securities, tax-exempt	4	7
Interest - other	129	63
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Total interest income	5,071	5,120
INTEREST EXPENSE		
Interest on deposits	499	523
Other interest expense	-	-
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Total interest expense	499	523
Net interest income	4,572	4,597
PROVISION FOR LOAN LOSSES	-	4,974
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Net interest income after provision for loan losses	4,572	(377)
NONINTEREST INCOME		
Service fees	157	182
Rental income	134	155
Bank card and credit card interchange fees	254	239
Income from activities of OREO	873	-
Other income	251	426
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Total noninterest income	1,669	1,002
NONINTEREST EXPENSE		
Salaries and employee benefits	2,480	2,266
Occupancy and equipment	526	572
Data processing expenses	540	522
Legal and professional fees	364	245
Postage, stationery and supplies	87	82
Real estate and other taxes	124	76
FDIC insurance assessment	299	211
Losses on other real estate owned	437	350
Expenses of adversely classified items	3,229	175
Other expenses	704	633
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Total noninterest expense	8,790	5,132
LOSS BEFORE INCOME TAXES	<hr/>	<hr/>
	(2,549)	(4,507)
INCOME TAX (EXPENSE) BENEFIT		
Current	(16)	(4)
Deferred	-	1,566
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Total income tax (expense) benefit	(16)	1,562
NET LOSS	<hr/>	<hr/>
	\$ (2,565)	\$ (2,945)
Per share data:		
Loss per share	<hr/>	<hr/>
	\$ (0.26)	\$ (1.29)