

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

	<u>(Unaudited)</u> <u>December 31, 2017</u>	<u>(Audited)</u> <u>December 31, 2016</u>
ASSETS		
Cash and due from banks	\$ 3,725	\$ 5,034
Interest-bearing deposits with banks	3,235	4,607
Federal funds sold	1,088	80
Investment securities held to maturity	-	51,202
Investment securities available for sale	30,659	-
Restricted investment securities	241	251
Loans held for sale	10,073	735
Loans, net of allowance for loan losses of \$2,968 at 2017 and \$3,420 at 2016	130,087	120,948
Premises and equipment, net	5,808	6,488
Accrued interest receivable	555	410
Other real estate owned	5,623	5,801
Other assets	9,676	10,844
	<u>200,770</u>	<u>206,400</u>
Total assets	<u>\$ 200,770</u>	<u>\$ 206,400</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Noninterest-bearing demand deposits	\$ 59,420	\$ 63,922
Interest-bearing deposits	114,037	126,436
	<u>173,457</u>	<u>190,358</u>
Total deposits	173,457	190,358
Accrued interest payable	59	61
Federal funds purchased	-	-
Other liabilities	2,660	825
	<u>176,176</u>	<u>191,244</u>
Total liabilities	176,176	191,244
Stockholders' equity		
Common stock, \$0.04 par value; 10,000,000 shares authorized, 9,999,999 shares at 2017 and 2,281,915 shares at 2016, issued and outstanding	400	91
Surplus	18,119	5,058
Retained earnings	6,075	10,007
	<u>24,594</u>	<u>15,156</u>
Total stockholders' equity	24,594	15,156
Total liabilities and stockholders' equity	<u>\$ 200,770</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)	
	3 Months Ended	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
INTEREST INCOME		
Interest and fees on loans	\$ 1,695	\$ 1,532
Interest on investment securities, taxable	128	85
Interest on investment securities, tax-exempt	-	1
Interest - other	<u>7</u>	<u>40</u>
Total interest income	1,830	1,658
INTEREST EXPENSE		
Interest on deposits	160	181
Other interest expense	<u>8</u>	<u>-</u>
Total interest expense	168	181
Net interest income	1,662	1,477
PROVISION FOR LOAN LOSSES	-	3,117
Net interest income after provision for loan losses	<u>1,662</u>	<u>(1,640)</u>
NONINTEREST INCOME		
Service fees	46	51
Rental income	42	56
Bank card and credit card interchange fees	87	79
Other income	<u>370</u>	<u>80</u>
Total noninterest income	545	266
NONINTEREST EXPENSE		
Salaries and employee benefits	827	805
Occupancy and equipment	171	146
Data processing expenses	325	290
Legal and professional fees	175	79
Postage, stationery and supplies	30	28
Real estate and other taxes	46	51
FDIC insurance assessment	59	93
Losses on other real estate owned	(173)	950
Realized losses on available-for-sale securities	20	-
Expenses of adversely classified items	238	199
Other expenses	<u>130</u>	<u>128</u>
Total noninterest expense	1,848	2,769
LOSS BEFORE INCOME TAXES	<u>359</u>	<u>(4,143)</u>
INCOME TAX (EXPENSE) BENEFIT		
Current	67	(9)
Deferred	<u>(1,414)</u>	<u>219</u>
Total income tax (expense) benefit	(1,347)	210
NET LOSS	<u>\$ (988)</u>	<u>\$ (3,933)</u>
Per share data:		
Book Value of Stock per Share	2.46	6.64
Loss per share	<u>\$ (0.10)</u>	<u>\$ (1.72)</u>