

THE BANK OF FINCASTLE AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	(Unaudited) <u>March 31, 2018</u>	(Unaudited) <u>March 31, 2017</u>
ASSETS		
Cash and due from banks	\$ 3,304,572	\$ 5,216,565
Interest-bearing deposits with banks	7,725,377	12,795,286
Federal funds sold	76,000	68,000
Investment securities held to maturity	-	50,826,772
Investment securities available for sale	32,488,957	-
Restricted investment securities	235,450	250,950
Loans held for sale	220,915	542,100
Loans, net of allowance for loan losses of \$3,068,769 at 2018 and \$3,417,489 at 2017	141,148,802	119,069,677
Premises and equipment, net	5,335,496	6,425,740
Accrued interest receivable	543,318	430,048
Other real estate owned	4,238,854	6,585,408
Other assets	9,532,694	10,702,206
	<u>204,850,434</u>	<u>212,912,752</u>
Total assets	\$ 204,850,434	\$ 212,912,752
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Noninterest-bearing demand deposits	\$ 62,130,491	\$ 67,208,269
Interest-bearing deposits	114,938,217	128,726,163
	<u>177,068,708</u>	<u>195,934,432</u>
Total deposits	177,068,708	195,934,432
Accrued interest payable	68,467	60,718
Federal funds purchased	-	-
Reserve for losses on letters of credit	1,623,657	2,000,000
Other liabilities	1,477,180	2,247,903
	<u>180,238,013</u>	<u>200,243,053</u>
Total liabilities	180,238,013	200,243,053
Stockholders' equity		
Common stock, \$0.04 par value; 10,000,000 shares authorized, 9,999,999 shares at 2018 and 2,281,915 shares at 2017, issued and outstanding	400,000	91,277
Surplus	18,119,152	5,057,723
Retained earnings	6,560,253	7,520,700
Accumulated other comprehensive income (loss)	(466,984)	-
	<u>24,612,421</u>	<u>12,669,699</u>
Total stockholders' equity	24,612,421	12,669,699
Total liabilities and stockholders' equity	\$ 204,850,434	\$ 212,912,752

THE BANK OF FINCASTLE AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME (LOSS)

	(Unaudited) 3 Months Ended March 31, 2018	(Unaudited) 3 Months Ended March 31, 2017
INTEREST INCOME		
Interest and fees on loans	\$ 1,798,335	\$ 1,558,743
Interest on investment securities, taxable	133,472	113,285
Interest on investment securities, tax-exempt	-	1,505
Interest - other	15,148	43,883
Total interest income	1,946,954	1,717,415
INTEREST EXPENSE		
Interest on deposits	168,585	170,475
Other interest expense	5,146	-
Total interest expense	173,731	170,475
Net interest income	1,773,223	1,546,940
PROVISION FOR LOAN LOSSES		
Net interest income after provision for loan losses	-	-
NONINTEREST INCOME		
Service fees	33,261	39,777
Rental income	43,200	45,900
Debit and credit card fees	91,545	83,723
Other income	79,403	96,008
Total noninterest income	247,410	265,407
NONINTEREST EXPENSE		
Salaries and employee benefits	867,637	814,959
Occupancy and equipment	177,545	180,066
Data processing expenses	320,618	314,083
Legal and professional fees	150,991	106,913
Postage, stationery and supplies	24,841	21,789
FDIC insurance assessment	58,468	114,033
Losses (gains) on other real estate owned	(20,487)	494,031
Expenses of adversely classified items	56,603	2,096,854
Other expenses	148,930	153,127
Total noninterest expense	1,785,143	4,295,855
LOSS BEFORE INCOME TAXES	235,490	(2,483,508)
INCOME TAX EXPENSE (BENEFIT)		
Current	2,500	3,000
Deferred	42,581	-
Total income tax expense (benefit)	45,081	3,000
NET INCOME (LOSS)	\$ 190,409	\$ (2,486,508)