

THE BANK OF FINCASTLE AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	<u>(Unaudited)</u> September 30, 2018	<u>(Audited)</u> December 31, 2017
ASSETS		
Cash and due from banks	\$ 3,724,648	\$ 3,724,989
Interest-bearing deposits with banks	4,469,814	3,234,718
Federal funds sold	126,000	1,088,000
Investment securities held to maturity	-	-
Investment securities available for sale	32,194,685	32,707,371
Restricted investment securities	235,450	240,550
Loans held for sale	60,000	-
Loans, net of allowance for loan losses of \$3,037,918 at 2018 and \$2,967,670 at 2017	143,492,598	138,047,309
Premises and equipment, net	5,110,187	5,808,484
Accrued interest receivable	561,405	554,791
Other real estate owned	3,207,854	5,623,193
Other assets	9,519,431	9,663,709
Total assets	<u>\$ 202,702,072</u>	<u>\$ 200,693,114</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Noninterest-bearing demand deposits	\$ 60,856,653	\$ 59,420,025
Interest-bearing deposits	113,792,228	114,036,968
Total deposits	174,648,880	173,456,992
Accrued interest payable	87,048	59,443
Federal funds purchased	-	-
Reserve for losses on letters of credit	1,571,358	1,768,307
Other liabilities	1,396,351	896,520
Total liabilities	<u>177,703,638</u>	<u>176,181,262</u>
Stockholders' equity		
Common stock, \$0.04 par value; 10,000,000 shares authorized, 9,999,999 shares at 2018 and 9,999,999 shares at 2017, issued and outstanding	400,000	400,000
Surplus	18,119,152	18,119,152
Retained earnings	7,024,256	6,369,845
Accumulated other comprehensive income (loss)	(544,974)	(377,145)
Total stockholders' equity	<u>24,998,434</u>	<u>24,511,852</u>
Total liabilities and stockholders' equity	<u>\$ 202,702,072</u>	<u>\$ 200,693,114</u>

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

	(Unaudited)	(Unaudited)
	3 Months Ended	
	September 30, 2018	September 30, 2017
INTEREST INCOME		
Interest and fees on loans	\$ 1,766,513	\$ 1,544,837
Interest on investment securities, taxable	131,694	122,817
Interest on investment securities, tax-exempt	-	680
Interest - other	28,048	46,036
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Total interest income	1,926,255	1,714,370
INTEREST EXPENSE		
Interest on deposits	\$ 207,751	\$ 160,444
Other interest expense	-	-
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Total interest expense	207,751	160,444
Net interest income	1,718,504	1,553,926
PROVISION FOR LOAN LOSSES		
	-	-
Net interest income after provision for loan losses	<hr/>	<hr/>
	1,718,504	1,553,926
NONINTEREST INCOME		
Service fees	33,772	40,517
Rental income	40,100	43,200
Bank card and credit card interchange fees	108,449	92,848
Other income	233,166	75,426
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Total noninterest income	415,487	251,991
NONINTEREST EXPENSE		
Salaries and employee benefits	881,273	817,152
Occupancy and equipment	199,653	162,906
Data processing expenses	332,235	310,087
Legal and professional fees	67,661	127,274
Postage, stationery and supplies	21,541	43,675
FDIC insurance assessment	22,606	87,500
Losses (gains) on other real estate owned	122,890	(896,017)
Expenses of adversely classified items	40,257	1,072,137
Other expenses	157,317	172,538
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Total noninterest expense	1,845,433	1,897,252
INCOME (LOSS) BEFORE INCOME TAXES	<hr/>	<hr/>
	288,558	(91,335)
INCOME TAX EXPENSE (BENEFIT)		
Current	-	5,000
Deferred	50,725	-
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Total income tax expense (benefit)	50,725	5,000
NET INCOME (LOSS)	<hr/>	<hr/>
	\$ 237,833	\$ (96,335)