

THE BANK OF FINCASTLE AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	(Unaudited)	(Audited)
	December 31, 2018	December 31, 2017
ASSETS		
Cash and due from banks	\$ 3,305,017	\$ 3,724,989
Interest-bearing deposits with banks	4,507,162	3,234,718
Federal funds sold	132,000	1,088,000
Investment securities held to maturity	-	-
Investment securities available for sale	32,250,341	32,707,371
Restricted investment securities	235,450	240,550
Loans held for sale	573,000	-
Loans, net of allowance for loan losses of \$2,676,945 at 2018 and \$2,967,670 at 2017	148,820,724	138,047,309
Premises and equipment, net	5,099,030	5,808,484
Accrued interest receivable	600,216	554,791
Other real estate owned	2,107,010	5,623,193
Other assets	9,487,493	9,663,709
Total assets	<u>\$ 207,117,442</u>	<u>\$ 200,693,114</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits		
Noninterest-bearing demand deposits	\$ 61,018,397	\$ 59,420,025
Interest-bearing deposits	118,093,537	114,036,968
Total deposits	179,111,934	173,456,992
Accrued interest payable	111,799	59,443
Federal funds purchased	-	-
Reserve for losses on letters of credit	1,358,880	1,768,307
Other liabilities	1,208,295	896,520
Total liabilities	<u>181,790,908</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	7,245,928	6,369,845
Accumulated other comprehensive income (loss)	(438,546)	(377,145)
Total stockholders' equity	<u>25,326,534</u>	<u>24,511,852</u>
Total liabilities and stockholders' equity	<u>\$ 207,117,442</u>	<u>\$ 200,693,114</u>

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

	(Unaudited)	(Unaudited)
	3 Months Ended	
	December 31, 2018	December 31, 2017
INTEREST INCOME		
Interest and fees on loans	\$ 1,889,841	\$ 1,595,934
Interest on investment securities, taxable	131,308	162,308
Interest on investment securities, tax-exempt	-	416
Interest - other	31,581	9,061
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Total interest income	2,052,730	1,767,719
INTEREST EXPENSE		
Interest on deposits	\$ 241,742	\$ 159,115
Other interest expense	-	8,224
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Total interest expense	241,742	167,339
Net interest income	1,810,988	1,600,380
PROVISION FOR LOAN LOSSES	<hr/>	<hr/>
	220,000	-
Net interest income after provision for loan losses	<hr/>	<hr/>
	1,590,988	1,600,380
NONINTEREST INCOME		
Service fees	39,834	39,768
Rental income	34,800	41,993
Bank card and credit card interchange fees	101,309	92,068
Other income	85,105	113,052
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Total noninterest income	261,048	286,881
NONINTEREST EXPENSE		
Salaries and employee benefits	886,352	826,581
Occupancy and equipment	167,003	170,879
Data processing expenses	340,142	325,378
Legal and professional fees	112,048	191,624
Postage, stationery and supplies	25,487	30,363
FDIC insurance assessment	19,547	59,083
Losses (gains) on other real estate owned	64,600	(407,007)
Expenses of adversely classified items	(196,387)	238,158
Other expenses	223,379	177,498
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Total noninterest expense	1,642,171	1,612,557
INCOME (LOSS) BEFORE INCOME TAXES	<hr/>	<hr/>
	209,865	274,704
INCOME TAX EXPENSE (BENEFIT)		
Current	(1,378)	(67,139)
Deferred	(10,429)	1,414,048
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Total income tax expense (benefit)	(11,807)	1,346,909
NET INCOME (LOSS)	<hr/> <hr/>	<hr/> <hr/>
	\$ 221,672	\$ (1,072,205)