

THE BANK OF FINCASTLE AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS

	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,452,115	\$ 3,305,017
Interest-bearing deposits with banks	12,421,448	4,507,162
Federal funds sold	120,000	132,000
Investment securities available for sale, at fair value	28,807,095	32,250,341
Restricted investment securities	241,250	235,450
Loans held for sale	230,050	573,000
Loans, net of allowance for loan losses of \$2,530,862 at 2019 and \$2,676,945 at 2018	150,234,211	148,820,724
Premises and equipment, net	5,044,035	5,099,030
Accrued interest receivable	607,488	600,216
Other real estate owned	2,775,332	2,107,010
Bank owned life insurance	5,581,804	5,552,722
Other assets	3,991,582	3,907,183
Total assets	\$ 214,506,411	\$ 207,089,854
 <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Liabilities		
Deposits		
Noninterest-bearing demand deposits	\$ 63,958,356	\$ 61,018,397
Interest-bearing deposits	122,057,745	118,093,537
Total deposits	186,016,101	179,111,934
Accrued interest payable	128,539	111,799
Reserve for losses on letters of credit	1,348,380	1,358,880
Other liabilities	1,337,556	1,208,295
Total liabilities	188,830,576	181,790,908
Stockholders' equity		
Common stock, \$0.04 par value; 10,000,000 shares authorized, 9,999,999 shares issued and outstanding at 2019 and 2018	400,000	400,000
Surplus	18,119,152	18,119,152
Retained earnings	7,436,022	7,218,340
Accumulated other comprehensive income (loss)	(279,339)	(438,546)
Total stockholders' equity	25,675,835	25,298,946
Total liabilities and stockholders' equity	\$ 214,506,411	\$ 207,089,854

THE BANK OF FINCASTLE AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF OPERATIONS

	3 Months Ended	
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
<b>INTEREST INCOME</b>		
Interest and fees on loans	\$ 1,925,647	\$ 1,798,335
Interest on investment securities, taxable	124,262	133,472
Interest on interest bearing deposits in banks	37,339	15,148
Total interest income	2,087,248	1,946,955
<b>INTEREST EXPENSE</b>		
Interest on deposits	\$ 263,071	\$ 168,585
Interest on borrowings	1,654	5,146
Total interest expense	264,725	173,731
Net interest income	1,822,523	1,773,224
<b>PROVISION FOR LOAN LOSSES</b>		
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Net interest income after provision for loan losses	1,822,523	1,773,224
<b>NONINTEREST INCOME</b>		
Service charges on deposit accounts	28,079	33,261
Rental income	34,900	43,200
Debit and credit card fees	95,939	91,545
Other income	91,985	79,403
Total noninterest income	250,903	247,409
<b>NONINTEREST EXPENSE</b>		
Salaries and employee benefits	934,928	867,637
Occupancy and equipment	191,445	177,545
Data processing expenses	346,649	320,618
Legal and professional fees	58,637	150,991
Postage, stationery and supplies	24,746	24,841
FDIC insurance assessment	(32,356)	58,468
Losses (gains) on sale and write-downs of other real estate owned, net	873	(20,487)
Expenses of adversely classified items	84,285	56,603
Other expenses	211,081	148,930
Total noninterest expense	1,820,288	1,785,146
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	253,138	235,487
<b>INCOME TAX EXPENSE (BENEFIT)</b>	35,456	45,081
<b>NET INCOME (LOSS)</b>	\$ 217,682	\$ 190,406