

THE BANK OF FINCASTLE AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	September 30, 2019	December 31, 2018
ASSETS		
Cash and cash equivalents	\$ 3,945,406	\$ 3,305,017
Interest-bearing deposits with banks	20,943,522	4,507,162
Federal funds sold	120,000	132,000
Investment securities available for sale, at fair value	20,926,617	32,250,341
Restricted investment securities	241,350	235,450
Loans held for sale	173,500	573,000
Loans, net of allowance for loan losses of \$2,544,658 at 2019 and \$2,676,945 at 2018	158,496,634	148,820,724
Premises and equipment, net	5,246,550	5,099,030
Accrued interest receivable	581,629	600,216
Other real estate owned	2,010,458	2,107,010
Bank owned life insurance	5,641,995	5,552,722
Other assets	3,874,894	3,907,183
	\$ 222,202,556	\$ 207,089,854
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Deposits		
Noninterest-bearing demand deposits	\$ 64,225,654	\$ 61,018,397
Interest-bearing deposits	128,911,804	118,093,537
	193,137,459	179,111,934
Total deposits		
Accrued interest payable	159,609	111,799
Reserve for losses on letters of credit	999,236	1,358,880
Other liabilities	1,482,930	1,208,295
	195,779,235	181,790,908
Total liabilities		
Stockholders' equity		
Common stock, \$0.04 par value; 10,000,000 shares authorized, 9,999,999 shares at 2019 and 2018 issued and outstanding	400,000	400,000
Surplus	18,119,152	18,119,152
Retained earnings	7,945,390	7,218,340
Accumulated other comprehensive income (loss)	(41,221)	(438,546)
	26,423,322	25,298,946
Total stockholders' equity		
Total liabilities and stockholders' equity	\$ 222,202,556	\$ 207,089,854

THE BANK OF FINCASTLE AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS

	3 Months Ended	
	<u>September 30, 2019</u>	<u>September 30, 2018</u>
INTEREST INCOME		
Interest and fees on loans	\$ 2,072,535	\$ 1,766,513
Interest on investment securities, taxable	101,437	131,694
Interest on interest bearing deposits in banks	<u>106,147</u>	<u>28,048</u>
Total interest income	2,280,119	1,926,255
INTEREST EXPENSE		
Interest on deposits	\$ 332,709	\$ 207,751
Interest on borrowings	<u>-</u>	<u>-</u>
Total interest expense	332,709	207,751
Net interest income	1,947,410	1,718,504
PROVISION FOR LOAN LOSSES	<u>-</u>	<u>-</u>
Net interest income after provision for loan losses	<u>1,947,410</u>	<u>1,718,504</u>
NONINTEREST INCOME		
Service charges on deposit accounts	33,881	33,772
Rental income	36,550	40,100
Debit and credit card fees	113,384	108,449
Other income	<u>98,924</u>	<u>233,166</u>
Total noninterest income	<u>282,739</u>	<u>415,487</u>
NONINTEREST EXPENSE		
Salaries and employee benefits	916,125	881,273
Occupancy and equipment	185,280	199,653
Data processing expenses	260,268	332,235
Legal and professional fees	93,197	67,661
Postage, stationery and supplies	21,303	21,541
FDIC insurance assessment	28,647	22,606
Losses on sale and write-downs of other real estate owned, net	14,007	122,890
Expenses of adversely classified items	45,367	40,257
Other expenses	<u>285,699</u>	<u>157,317</u>
Total noninterest expense	<u>1,849,893</u>	<u>1,845,433</u>
INCOME BEFORE INCOME TAXES	<u>380,256</u>	<u>288,558</u>
INCOME TAX EXPENSE	79,573	50,725
NET INCOME	<u><u>\$ 300,683</u></u>	<u><u>\$ 237,833</u></u>