

## STATEMENTS OF CONDITION AS OF DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents:		
Cash and due from banks	\$36,583,883	\$25,904,081
Federal funds sold	1,065,026	1,683,606
	<u>37,648,909</u>	<u>27,587,687</u>
Certificates of Deposit	0	0
Held to maturity securities, at cost (market value of \$101,450,601 and \$130,575,098 in 2015 and 2014, respectively):		
Debt securities	99,812,442	127,984,337
Available for sale securities, at market (cost of \$91,336,293 and \$85,923,002 in 2015 and 2014, respectively):		
Debt securities	66,314,427	62,734,174
Marketable equity securities	36,016,560	36,213,379
Federal Home Loan Bank stock, at cost	3,569,500	3,396,900
	<u>205,712,929</u>	<u>230,328,790</u>
Total investments		
Loans Held for Sale	873,369	0
Loans		
Residential Mortgage Loans	485,691,974	454,454,980
Commercial Mortgages/Loans	205,633,329	198,564,792
Consumer Loans	7,260,795	8,053,207
	<u>698,586,099</u>	<u>661,072,980</u>
Total Loans		
Less - Allowance for possible loan losses	(6,280,797)	(6,356,987)
	<u>692,305,302</u>	<u>654,715,993</u>
Net loans		
Bank owned life insurance	32,533,132	32,028,275
Accrued interest receivable	2,493,974	2,471,127
Premises and equipment, net	15,987,915	16,059,219
Deferred income tax asset, net	5,267,092	4,934,838
Other real estate owned	868,372	755,050
Other assets	1,698,416	1,810,569
	<u>1,698,416</u>	<u>1,810,569</u>
Total assets	<u>\$995,389,410</u>	<u>\$970,691,548</u>
<b>LIABILITIES AND CAPITAL</b>		
Liabilities:		
Deposits -		
Certificates of Deposit	\$166,633,013	\$178,734,423
Savings	345,249,077	331,905,869
Checking	286,719,746	257,175,756
	<u>798,601,836</u>	<u>767,816,048</u>
Total deposits		
Mortgagors' escrow accounts	7,799,356	7,076,961
FHLB advances	24,000,000	35,000,000
Other post-retirement benefits	11,252,156	12,737,538
Supplemental executive & trustees retirement plans	6,908,450	6,697,523
Other liabilities and accrued expenses	2,284,059	2,635,468
	<u>850,845,857</u>	<u>831,963,538</u>
Total liabilities		
Capital accounts:		
Surplus	3,190,000	3,190,000
Undivided profits	136,372,093	130,876,024
Accumulated other comprehensive income	4,981,460	4,661,986
	<u>144,543,553</u>	<u>138,728,010</u>
Total capital		
Total liabilities and capital	<u>\$995,389,410</u>	<u>\$970,691,548</u>

**STATEMENTS OF OPERATIONS** FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<b>2015</b>	<b>2014</b>
<b>INTEREST AND DIVIDEND INCOME</b>		
Loans, including fees	\$26,192,713	\$24,133,738
Investment securities	4,918,555	5,740,914
Federal funds sold	32,339	25,862
	<u>31,143,607</u>	<u>29,900,514</u>
Total interest and dividend income	31,143,607	29,900,514
<b>INTEREST EXPENSE</b>		
Deposits	2,057,062	2,662,183
Borrowed funds	128,607	122,393
	<u>2,185,669</u>	<u>2,784,576</u>
Total interest expense	2,185,669	2,784,576
Net interest income	28,957,938	27,115,938
<b>PROVISION FOR POSSIBLE LOAN LOSSES</b>		
	<u>550,000</u>	<u>300,000</u>
Net interest income after provision for possible loan losses	28,407,938	26,815,938
<b>NONINTEREST INCOME</b>		
Realized securities gains (losses)	913,845	758,145
Service fee income on deposit accounts	4,570,092	4,620,170
Commissions	773,915	730,981
Increase in cash surrender value-Bank owned life insurance	959,200	927,987
Gains (losses) on sale of mortgage loans	172,256	253,702
Other	284,880	294,262
	<u>7,674,188</u>	<u>7,585,247</u>
Total noninterest income	7,674,188	7,585,247
<b>NONINTEREST EXPENSES</b>		
Salaries and employee benefits	17,718,073	17,597,370
Fees and services	4,337,339	4,105,428
Occupancy	1,837,587	1,820,816
Marketing and public relations	561,185	489,406
Furniture and equipment	978,106	946,211
FDIC assessment fee	690,403	552,477
Other	2,674,925	2,819,230
	<u>28,797,618</u>	<u>28,330,938</u>
Total noninterest expenses	28,797,618	28,330,938
Income before provision for taxes	7,284,508	6,070,247
<b>INCOME TAX PROVISION</b>		
	<u>1,788,439</u>	<u>1,385,388</u>
Net income	<u>\$5,496,069</u>	<u>\$4,684,859</u>

**NONACCRUAL LOANS**

December 31, 2015

	<u>Nonaccrual Loans</u>
Loans secured by real estate	\$14,950,707
Commercial and industrial loans	456,503
Loans to individuals for household, family and other personal expenditures	<u>88,414</u>
TOTAL	<u>\$15,495,624</u>

**CHARGE-OFFS AND RECOVERIES ON LOANS**

For the Year Ended December 31, 2015

	<u>Charge-Offs</u>	<u>Recoveries</u>
Loans secured by real estate	\$389,019	\$36,262
Commercial and industrial loans	286,493	9,060
Loans to individuals for household, family and other personal expenditures		<u>4,000</u>
TOTAL	<u>\$675,512</u>	<u>\$49,322</u>

**CHANGES IN ALLOWANCE FOR LOAN LOSSES**

For the Year Ended December 31, 2015

	<u>Allowance for Loan Losses</u>
Balance at beginning of year	\$6,356,987
Charge-offs	(675,512)
Recoveries	<u>49,322</u>
Net (Charge-offs) / Recoveries	(626,190)
Provision for loan losses	<u>550,000</u>
Balance at end of year	<u>\$6,280,797</u>

This statement has not been reviewed or confirmed for accuracy or relevance by the Federal Deposit Insurance Corporation.