2018

FIRST STATE BANCORP, INC. AND SUBSIDIARY

Consolidated Financial Statements
December 31st, 2018 and 2017 with
Independent Auditors' Report

2018 | Annual Report

You're at home with us!

Dear Shareholder:

I am pleased to report our consolidated net income for 2018 was $4,885,558 which is up 10.96% from 2017. Net interest income (up 9.61%) contributed to our success. Our allowance for loan loss as of 12/31/2018 was $4,047,332 or 1.24% of loans. Net charge offs for 2018 were $440,806 (0.14% of average loans) which is down from $622,223 (0.21%) in 2017.

Other 2018 highlights included:

- Net Loans were $321,143,853 at year-end adding $15.1 million in balances
- Deposits were $407,691,781 at year-end adding $12.5 million in balances
- First State Bank paid $982,049 in dividends for 2018 (20.10% of earnings)

Our Wilmington Loan Production Office crossed $15.8 million in loans in 2018. In September 2018, we gained approval from our regulators to begin accepting deposits. We also purchased a beautiful lot at 1584 Rombach Avenue and started construction of a new Wilmington Banking Center. We expect opening mid-summer 2019.

Our new Washington Court House Banking Center turned 2 years old in 2018 and finished the year with $46.7 million in assets. Net income from this branch was up 61% from 2017.

Our top performing office in 2018 was the Hillsboro Banking Center. After celebrating our 5-year anniversary, we finished the year with $46 million in loans and pushed net income up another 49% from 2017.

In August 2018, we opened our 13th banking center at 19575 US Highway 68, Fayetteville, Ohio. In addition, we moved our Ripley Banking Center to the former Ripley Federal Bank building in Ripley, Ohio in September 2018. This demonstrates our continued investment in Brown County.

We are pleased to report the current appraised value of First State Bancorp, Inc. stock as of 12/31/2018 is $74.50/share, up 10.4% from 12/31/2017.

We will stay focused on our vision: "To be the premier financial institution in our community, dedicated to providing exceptional customer service and high value products, while enhancing shareholder value."

Thank you for your continued support.

Sincerely,

Michael P Pell
President / CEO

First State BANK

DAVID E. RICHEY
CHIEF FINANCIAL OFFICER

2018 was another great year for First State Bancorp, Inc. We continued to move the balance sheet forward with strong loan and deposit growth. We also posted a strong earnings year with the highest Return on Asset and Return on Equity levels in the last three years. We also achieved our 14th consecutive year of improved net income.

In 2018, your investment in First State Bancorp, Inc. returned a dividend of $1.24 per share up from $1.16 one year ago. The book value of your stock ended the year at $58.75 per share, up from $55.36 one year ago.

Thank you for your role in making First State Bank a success.

Financial Highlights and Selected Financial Data

The following table sets forth certain information covering the consolidated financial position and results of operations of the Company at the dates indicted.

	As of December 31,		
	2018	2017	2016
Balance Sheet: (in thousands)			
Assets	$ 462,816	$ 448,407	$ 433,086
Loans receivable, net	321,144	305,954	281,353
Investments	97,447	104,555	114,837
Deposits	407,692	395,149	390,411
Stockholders' equity	46,531	43,845	38,693

	For the Year Ended December 31,		
	2018	2017	2016
Results of operations:			
Net income	4,885,558	4,403,050	4,087,307
Per share data (common stock):			
Basic earnings per share	6.17	5.56	5.16
Year end book value	58.75	55.36	48.85
Dividends declared (common)	982,049	918,720	887,040
Performance ratios:			
Return on average assets	1.06%	0.98%	1.01%
Return on average equity	11.05%	10.58%	10.06%
Net interest margin (for the year)	3.83%	3.64%	3.68%
Equity to assets (at year end)	10.05%	9.78%	8.93%
Allowance to gross loans	1.24%	1.23%	1.44%

We Love to Volunteer...

The annual Ohio Bankers League Fly In event.

The FSB team volunteering at the Ronald McDonald House in Cincinnati.

The FSB team representing at Music in the Park in Mt. Orab.

The Washington Court House team enjoying the annual trunk or treat.

The group is ready for the Seaman Fall Festival parade.

and Serve Our Communities!

The FSB team at the Adams County Fair.

The Hillsboro banking center supports the local softball team.

The team representing at North Adams FSB Night.

FSB attendees enjoy the annual Southern Ohio Association of Realtors event.

Enjoying FSB Basketball Night in Georgetown.

2018 was an eventful year!

Groundbreaking of future banking center in Wilmington.

Ribbon cutting of the new Fayetteville Banking Center.

Ribbon cutting of FSB shelter house at the Adams County Fairgrounds.

Ribbon cutting of the new location of the Ripley Banking Center.

TABLE OF CONTENTS

CLARK SCHAEFER HACKETT
CPAs & Advisors

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INDEPENDENT AUDITORS' REPORT

Board of Directors
First State Bancorp, Inc. and Subsidiary:

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of First State Bancorp, Inc. and Subsidiary which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the years then ended and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of First State Bancorp, Inc. and Subsidiary as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
February 19, 2019

First State Bancorp, Inc. and Subsidiary
Consolidated Balance Sheets
December 31, 2018 and 2017

	2018	2017
Assets		
Cash and due from banks:		
Cash and cash items	$ 2,432,204	2,192,278
Due from banks	16,380,008	12,462,700
Federal funds sold	1,197,000	21,000
	20,009,212	14,675,978
Investment securities, available-for-sale	96,948,775	104,554,602
Investment security, held-to-maturity	498,334	-
Loans held-for-sale	986,450	208,870
Loans receivable, net	320,157,403	305,745,268
Accrued interest receivable	1,913,893	1,817,815
Premises and equipment, net	9,628,896	8,743,660
Federal Home Loan Bank, at cost	1,078,600	1,060,300
Bank owned life insurance	6,676,544	6,521,639
Intangible assets, net	136,334	331,372
Goodwill, net	1,733,814	1,978,845
Deferred taxes	1,270,711	887,202
Other assets	1,776,772	1,881,842
Total assets	$ 462,815,738	448,407,393
Liabilities and Shareholders' Equity		
Deposits:		
Demand	$ 58,309,840	58,952,591
Savings and interest checking	209,247,260	215,796,765
Time deposits	140,134,681	120,399,476
Total	407,691,781	395,148,832
Repurchase agreements	-	1,551,138
Federal Home Loan Bank advances	5,310,889	5,327,221
Accrued interest payable	163,841	147,530
Accrued taxes and other liabilities	3,118,721	2,387,525
Total liabilities	416,285,232	404,562,246
Shareholders' equity:		
Capital stock, no par value, 2,000,000 shares authorized at December 31, 2018 and 2017, 792,000 issued and outstanding at December 31, 2018 and 2017	5,178,533	5,178,533
Additional paid-in capital	1,800,000	1,800,000
Retained earnings	41,795,095	37,891,586
Accumulated other comprehensive loss	(2,243,122)	(1,024,972)
Total shareholders' equity	46,530,506	43,845,147
Total liabilities and shareholders' equity	$ 462,815,738	448,407,393

See accompanying notes to the consolidated financial statements

		2018	2017
Interest income:			
Interest and fees on loans	$	16,113,209	13,993,569
Interest on investment securities:			
Taxable		1,040,031	857,763
Tax-exempt		1,568,378	1,742,952
Interest on federal funds sold and deposits in banks		296,705	203,121
		19,018,323	16,797,405
Interest expense:			
Savings and interest checking		816,839	493,884
Other time deposits		1,722,856	1,293,187
Federal funds purchased and FHLB advances		59,348	31,238
		2,599,043	1,818,309
Net interest income		16,419,280	14,979,096
Provision for loan losses		663,630	347,496
Net interest income after provision for loan losses		15,755,650	14,631,600
Other income (loss):			
Gain (loss) on sale of investments		(96,586)	112,505
Gain on sale of loans		261,641	290,741
Gain (loss) on sale of other real estate owned		8,131	(16,227)
Impairment loss on fixed assets		(164,975)	-
Service charges on deposit accounts		1,235,214	1,152,139
Other service charges and fees		1,711,865	1,895,952
		2,955,290	3,435,110
Other expenses:			
Salaries, directors' fees and employee benefits		6,969,758	6,351,683
Software and equipment expenses		1,162,764	1,024,571
Supplies and postage expenses		303,650	260,294
Taxes other than federal income taxes		505,291	492,070
Occupancy expenses		729,554	670,989
FDIC insurance premiums and assessments		138,000	128,250
Professional fees		346,833	250,604
Telephone and data expenses		192,556	172,526
Marketing expenses		294,170	261,563
ATM expenses		604,933	419,335
Amortization of intangible assets and goodwill		440,069	754,071
Other operating expenses		1,325,185	1,122,706
		13,012,763	11,908,662
Income before federal income taxes		5,698,177	6,158,048
Federal income taxes		812,619	1,754,998
Net income		4,885,558	4,403,050
Net income per share of common stock	$	6.17	5.56

See accompanying notes to the consolidated financial statements

	2018	2017
Net income	$ 4,885,558	4,403,050
Other comprehensive income (loss):		
Unrealized holding (losses) gains during the period on securities available-for-sale, net of deferred tax (benefit) ($596,273) and ($272,461)	(1,141,847)	1,593,860
Reclassification adjustment for gains (losses) included in net income on securities available-for-sale, net of deferred tax (benefit) expense of ($20,283) and $38,252	(76,303)	74,253
Other comprehensive income (loss)	(1,218,150)	1,668,113
Comprehensive income	$ 3,667,408	6,071,163

First State Bancorp, Inc. and Subsidiary
Consolidated Statements of Shareholders' Equity
Years Ended December 31, 2018 and 2017

	Capital Stock	Additional Paid In Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance, December 31, 2016	$ 5,178,533	1,800,000	-	34,407,256	(2,693,085)	38,692,704
Net income	-	-	-	4,403,050	-	4,403,050
Other comprehensive income, net of tax	-	-	-	-	1,668,113	1,668,113
Purchase of 9,373 shares of treasury stock	-	-	(536,088)	-	-	(536,088)
Proceeds from sale of 9,373 shares of treasury stock	-	-	536,088	-	-	536,088
Cash dividends declared ($1.16 per share)	-	-	-	(918,720)	-	(918,720)
Balance, December 31, 2017	5,178,533	1,800,000	-	37,891,586	(1,024,972)	43,845,147
Net income	-	-	-	4,885,558	-	4,885,558
Other comprehensive loss, net of tax	-	-	-	-	(1,218,150)	(1,218,150)
Purchase of 1,659 shares of treasury stock	-	-	(110,043)	-	-	(110,043)
Proceeds from sale of 1,659 shares of treasury stock	-	-	110,043	-	-	110,043
Cash dividends declared ($1.24 per share)	-	-	-	(982,049)	-	(982,049)
Balance, December 31, 2018	$ 5,178,533	1,800,000	-	41,795,095	(2,243,122)	46,530,506

See accompanying notes to the consolidated financial statements

	2018	2017
Operating activities:		
Net income	$ 4,885,558	4,403,050
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of premiums and discounts on securities, net	1,268,176	1,869,857
Loss (gain) on sale of investments	96,586	(112,505)
Change in loans held-for-sale	(777,580)	211,505
Gain on sale of mortgage loans	(261,641)	(290,741)
Proceeds from sale of mortgage loans	12,022,593	14,201,186
Loans disbursed for sale in the secondary market	(11,760,801)	(13,910,225)
Provision for loan losses	663,630	347,496
(Gain) loss on sale of other real estate owned	(8,131)	16,227
Impairment loss on fixed assets	164,975	-
Depreciation expense	646,208	652,112
Earnings on bank owned life insurance	(154,905)	(163,387)
Amortization of intangible assets, goodwill and other assets	556,480	891,239
Deferred federal income tax provision (benefit)	(59,697)	335,450
Changes in assets and liabilities:		
Accrued interest receivable	(96,078)	(58,444)
Other assets	(11,341)	(621,456)
Accrued interest payable	16,311	6,671
Accrued taxes and other liabilities	272,114	(79,630)
Net cash provided by operating activities	7,462,457	7,698,405
Investing activities:		
Net change in interest-bearing bank deposits	-	250,000
Repayment of mortgage-backed securities	7,896,723	10,770,950
Proceeds from sale, call and maturities of securities available-for-sale	11,317,643	41,020,743
Purchases of securities available-for-sale	(14,513,597)	(40,474,984)
Purchase of security held-to-maturity	(40,918)	-
Net increase in loans	(15,128,296)	(25,231,008)
Capital expenditures	(1,696,419)	(110,586)
Proceeds from sale of other real estate owned	60,511	54,064
Purchase of FHLB stock	(18,300)	(17,600)
Net cash used by investing activities	(12,122,653)	(13,738,421)
Financing activities:		
Net increase in deposits	12,542,949	4,738,193
Net change in repurchase agreements	(1,551,138)	520,023
Net proceeds from (repayments of) FHLB advances	(16,332)	4,983,737
Dividends paid	(982,049)	(918,720)
Purchase of treasury stock	(110,043)	(536,088)
Proceeds from sale of treasury stock	110,043	536,088
Net cash provided by financing activities	9,993,430	9,323,233
Change in cash and due from banks	5,333,234	3,283,217
Cash and due from banks, beginning of year	14,675,978	11,392,761
Cash and due from banks, end of year	$ 20,009,212	14,675,978
Supplemental disclosures of cash flow information:		
Change in unrealized gain (loss) on securities	$ (1,541,962)	2,782,999
Real estate owned acquired through foreclosure	$ 99,205	140,402
Cash paid during the year for:		
Federal income taxes	$ 910,000	1,290,000
Interest	$ 2,582,732	1,811,638

See accompanying notes to the consolidated financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES:

The following accounting policies are set forth to facilitate the understanding of data presented in the consolidated financial statements:

Nature of operations
First State Bancorp, Inc. (the Company) and First State Bank (the Bank) revenues, operating income and assets are primarily from the banking industry. The Bank operates thirteen branches in Adams, Brown, Highland, Fayette, Clinton, and Hamilton Counties in Ohio. The Bank generates commercial, mortgage and consumer loans and receives deposits from customers located primarily in South Central Ohio. Substantially all loans are secured by specific items of collateral including business assets, consumer assets, and commercial and residential real estate. Commercial loans are expected to be repaid from cash flow from operations or businesses. There are no significant loan concentrations of loans to any one industry or customer. However, the customers' ability to repay their loans is dependent on the real estate and general economic environment in the area.

The Bank is a state-chartered bank subject to regulation by the Ohio Department of Commerce, Division of Financial Institutions and the Federal Deposit Insurance Corporation (FDIC). The Bank is also a member of the Federal Home Loan Bank (FHLB) system, and as a member, maintains a required investment in the capital stock of the FHLB of Cincinnati.

Deposit accounts are insured within certain limitations by the Deposit Insurance Fund (DIF), which is administered by the FDIC. An annual premium is required by the DIF for insurance of such deposits.

Basis of presentation
The accounting and reporting policies of the Company conform with accounting principles generally accepted in United States of America (GAAP) as contained in the Accounting Standards Codification (ASC) issued by the Financial Accounting Standards Board (FASB) and general practices within the financial services industry.

Principles of consolidation
The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary the Bank. All significant intercompany transactions have been eliminated in consolidation.

Use of estimates
The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for loan losses. Actual results could differ from those estimates.

Cash flows
Cash and cash equivalents include deposits with other financial institutions with maturities fewer than 90 days and federal funds sold. Net cash flows are reported for customer loan and deposit transactions, interest bearing deposits in other financial institutions, and federal funds purchased and repurchase agreements.

The Company and Bank may at times maintain deposit accounts with other financial institutions in excess of FDIC limits. The Company and Bank have not experienced any losses in such accounts and do not believe they are exposed to any significant credit risk on cash.

Interest bearing deposits in other financial institutions
Interest bearing deposits in other financial institutions mature within one year and are carried at cost.

Investment securities
Investment securities are classified as held-to-maturity and carried at amortized cost when management has the positive intent and ability to hold them to maturity. Investment securities are classified as available-for-sale when they might be sold before maturity for any reason, including liquidity needs, changes in market interest rates, or asset/liability management strategies. Investment securities available-for-sale are carried at fair value with unrealized holding gains and losses reported separately in shareholders' equity, net of applicable taxes. Equity securities without readily determinable fair values are carried at cost, minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment.

Interest income includes amortization of purchase premiums or discounts. Premiums and discounts on securities are amortized on the level-yield method without anticipating prepayments, except for mortgage backed securities where prepayments are anticipated. Gains and losses on sales are recorded on the trade date and determined using the specific identification method.

Management evaluates securities for other-than-temporary impairment (OTTI) on at least a quarterly basis, and more frequently when economic or market conditions warrant such an evaluation. For securities in an unrealized loss position, management considers the extent and duration of the unrealized loss, and the financial condition and near-term prospects of the issuer. Management also assesses whether it intends to sell, or is more likely than not it will be required to sell, a security in an unrealized loss position before recovery of its amortized cost basis. If either of the criteria regarding intent or requirement to sell is met, the entire difference between amortized cost and fair value is recognized as impairment through earnings. For debt securities that do not meet the criteria, the amount of impairment is split into two components as follows: 1) OTTI related to credit loss, which is recognized in the income statement and 2) OTTI related to other factors, which is recognized in other comprehensive income. The credit loss is defined as the difference between the present value of the cash flows expected to be collected and amortized cost basis. For equity securities, the entire amount of impairment is recognized through earnings.

Loans held-for-sale
Mortgage loans originated and intended for sale in the secondary market are carried at the lower of aggregate cost or fair value, as determined by outstanding commitments from investors. Net unrealized losses, if any, are recorded as a valuation allowance and charged to earnings.

Mortgage loans held-for-sale are generally sold with servicing rights retained. The carrying value of mortgage loans sold is reduced by the amount allocated to the servicing right. Gains and losses on sales of mortgage loans are based on the difference between the selling price and the carrying value of the related loan sold.

Loans receivable
Loans which management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of deferred loans fees and costs, and an allowance for loan losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized in interest income using the level-yield method without anticipating prepayments.

Loans are placed on non-accrual status at 90 days delinquent or when management believes the borrower's financial condition, after giving consideration to economic and business conditions and collection efforts, is such that collection of interest is doubtful. Interest income is not reported when full loan repayment is in doubt, typically when payments are past due over 90 days and evaluated as such by management. Loans are charged against the allowance for loan losses when management believes that the collectability of the principal is unlikely.

All interest accrued but not received for loans placed on non-accrual is reversed against interest income. Interest received on such loans is accounted for on the cash-basis, until qualifying for return to accrual. Under the cash-basis method, interest income is recorded when the payment is received in cash. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for loan losses
The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past loan loss experience, current loan to value, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged-off.

The allowance consists of specific and general components. The specific component relates to loans individually classified as impaired or loans otherwise classified as substandard or doubtful. The general component covers non-classified loans and is based on historical loss experience adjusted for current environmental factors.

A loan is impaired when, based on current information and events, it is probable the Bank will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans, for which the terms have been modified, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and classified as impaired.

Factors considered by management in determining impairment include payment status and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all relevant circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

In situations where, for economic or legal reasons related to a borrower's financial difficulties, management may grant a concession for other than an insignificant period of time to the borrower that would not otherwise be considered, the related loan is classified as a troubled debt restructuring (TDR). These modified terms may include rate reductions, principal forgiveness, payment forbearance and other actions intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral.

Troubled debt restructurings are measured at the present value of estimated future cash flows using the loan's effective rate at inception including the probability of re-default. If a TDR is considered to be a collateral dependent loan, the loan is reported, net, at the fair value of collateral. For troubled debt restructurings that subsequently default, the Bank determines the amount of reserve in accordance with the accounting policy for the allowance for loan losses.

The general component covers non-impaired loans and is based on historical loss experience adjusted for current factors. The historical loss experience is determined by portfolio segment and is based on the actual loss history. This actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment. These economic factors include consideration of the following: current loan to value, current credit score, levels of and trends in delinquencies and impaired loans; levels of and trends in charge-offs and recoveries; trends in volume and terms of loans; effects of any changes in risk selection and underwriting standards; other changes in lending policies, procedures, and practices; experience, ability, and depth of lending management and other relevant staff; national and local economic trends and conditions; industry conditions; and effects of changes in credit concentrations. The following portfolio segments have been identified: residential real estate, commercial real estate, commercial and industrial and consumer. The Bank reviews the credit risk exposure of all its portfolio segments by internally assessing risk factors. Risk factors impacting loans in each of the portfolio segments include broad deterioration of property values, and reduced credit availability.

Servicing rights

When mortgage loans are sold with servicing retained, servicing rights are initially recorded at fair value with the income statement effect recorded in gains on sales of loans. Fair value is based on market prices for comparable mortgage servicing contracts when available, or alternatively, based on a valuation model that calculates the present value of estimated future net servicing income. All classes of servicing assets are subsequently measured using the amortization method which requires servicing rights to be amortized into non-interest income in proportion to, and over the period of, the estimated future net servicing income of the underlying loans.

Servicing rights are evaluated for impairment based upon the fair value of the rights as compared to their carrying amount. Impairment, if any, is recognized through a valuation allowance to the extent that fair value is less than the carrying amount. If the Bank later determines that all or a portion of the impairment no longer exists, a reduction of the allowance may be recorded as an increase to income. The fair values of servicing rights are subject to significant fluctuations as a result of changes in estimated and actual prepayment speeds and default rates and losses.

Servicing fee income is recorded in other service charges and fees within the income statement. The fees are based on a contractual percentage of the outstanding principal; or a fixed amount per loan and are recorded as income when earned. The amortization of mortgage servicing rights is netted against loan servicing fee income.

Other real estate owned
Other real estate owned is initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. Physical possession of real estate property collateralizing a mortgage loan occurs when legal title is obtained upon completion of foreclosure or when the borrower conveys all interest in the property to satisfy the loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. If fair value declines subsequent to foreclosure, a valuation allowance is recorded through expense. Operating costs after acquisition are expensed as incurred.

Premises and equipment
Land is carried at cost. Premises and equipment are stated at cost, less accumulated depreciation computed on straight-line and accelerated methods over the estimated useful lives of the related assets. Buildings and improvements are depreciated over useful lives ranging from 3 to 39 years. Furniture, fixtures and equipment are depreciated over useful lives ranging from 3 to 20 years. Gains and losses on dispositions are included in current operations. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized.

Federal Home Loan Bank stock
The Bank is a member of the FHLB system. Members are required to own a certain amount of stock based on the level of borrowings and other factors, and may invest in additional amounts. FHLB stock is carried at cost, classified as a restricted security, and periodically evaluated for impairment based on ultimate recovery of par value. Both cash and stock dividends are reported as income.

Bank owned life insurance
The Bank has purchased life insurance policies on certain key executives. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance sheet date, which is the cash surrender value adjusted for other charges or other amounts due which are probable at settlement.

Intangible assets
Intangible assets consist of premiums paid for core deposits. Intangible assets are stated at cost, less accumulated amortization computed on straight line and net present value methods over the estimated life of the related premium, and consist of the following:

	2018	2017
Intangible assets, net - January 1	$ 331,372	840,412
Amortization expense	(195,038)	(509,040)
Intangible assets, net - December 31	$ 136,334	331,372

Accumulated amortization was $4,155,163 and $3,960,125 at December 31, 2018 and 2017, respectively. Future amortization expense is as follows:

2019	68,653
2020	38,374
2021	18,965
2022	8,280
2023	2,062
	$ 136,334

Goodwill
Goodwill arises from business combinations and is generally determined as the excess of the fair value of the consideration transferred over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill consists of the branch acquisition of the Washington Court House branch in 2014 and the merger of First Safety Bank in 2016. The Company made the accounting policy election to test goodwill for impairment at the entity level and to amortize the goodwill on straight line basis over ten years upon acquisition.

Goodwill consists of the following:

	2018	2017
Goodwill, net - January 1	$ 1,978,845	2,223,876
Amortization expense	(245,031)	(245,031)
Goodwill, net - December 31	$ 1,733,814	1,978,845

Accumulated amortization was $716,494 and $471,193 at December 31, 2018 and 2017, respectively. Future net amortization expense is as follows:

2019	$ 245,031
2020	245,031
2021	245,031
2022	245,031
2023	245,031
Thereafter	508,659
	$ 1,733,814

Income taxes
Income tax expense is the total of the current year income tax due and the change in deferred federal income taxes. Deferred federal income taxes represent the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for federal income tax purposes. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

Net income per share of common stock
Net income per share of common stock is computed by dividing net income by the weighted average number of shares of common stock outstanding during the year. Earnings and dividends per share are restated for all stock splits and stock dividends through the date of issuance of the consolidated financial statements.

Comprehensive income (loss)
Comprehensive income (loss) consists of net income and other comprehensive income (loss). Other comprehensive income (loss) includes unrealized gains and losses on securities available-for-sale which are also recognized as separate components of equity.

The following information discloses the reclassification adjustments for each component of accumulated other comprehensive income, including the consolidated statements of income items that are affected as of December 31, 2018:

Accumulated Other Comprehensive Loss Components	Reclassification Amount	Affected Line Item in the Consolidated Statements of Income
Unrealized losses on securities available-for-sale	$ (96,586)	Net realized loss on sale of securities
	20,283	Federal income tax benefit
Total reclassifications for the period		Reclassification adjustment, net of tax
	$ (76,303)	

The following information discloses the reclassification adjustments for each component of accumulated other comprehensive income, including the income statement line items that are affected as of December 31, 2017:

Accumulated Other Comprehensive Loss Components	Reclassification Amount	Affected Line Item in the Consolidated Statements of Income
Unrealized gains on securities available-for-sale	$ 112,505	Net realized gain on sale of securities
	(38,252)	Federal income tax expense
Total reclassifications for the period	$ 74,253	Reclassification adjustment, net of tax

Dividend Restriction
Banking regulations require maintaining certain capital levels and may limit the dividends paid by the Bank to the Company or by the Company to its shareholders.

Advertising
Advertising and marketing costs are expensed as incurred. Advertising and marketing expense was $294,170 and $261,563 for the years ended December 31, 2018 and 2017 respectively.

Off-balance sheet financial instruments
In the ordinary course of business, the Company has entered into off-balance sheet financial instruments consisting of commitments to extend credit. Such financial instruments are recorded in the financial statements when they are funded.

Reclassification
Certain items in the prior year consolidated financial statements were reclassified to conform to the current year presentation. Reclassifications had no effect on prior year net income or shareholders' equity.

Subsequent events
The Company has evaluated subsequent events for recognition and disclosure through February 19, 2019, which is the date the consolidated financial statements were available to be issued.

Recent Accounting Pronouncements
In May 2014, the FASB issued ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)", and amended existing guidance related to revenue from contracts with customers. The amendment supersedes and replaces nearly all existing revenue recognition guidance, including industry-specific guidance, establishes a new control-based revenue recognition model, changes the basis for deciding when revenue is recognized over time or at a point in time, provides new and more detailed guidance on specific topics and expands and improves disclosures about revenue. In addition, the amendment specifies the accounting from some costs to obtain or fulfill a contract with a customer.

The amendments are effective for the periods beginning after December 15, 2018, including interim periods within that reporting period. The amendments allow for one of two transition methods: full retrospective or modified retrospective. The full retrospective approach requires application to all periods presented. The modified retrospective transition requires application to uncompleted contracts at the date of adoption. Periods prior to the date of adoption are not retrospectively revised, but a cumulative effect is recognized at the date of the application on uncompleted contracts.

Management is currently assessing the impact of the standard but does not expect the new standard to result in a material change for revenue because the majority of the Company's financial instruments are not within scope.

In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)", which requires lessees to recognize lease assets and liabilities on the balance sheet and requires expanded disclosure about leasing arrangements. The new standard is effective for the year ended December 31, 2020. Management is currently assessing the impact of the new standard.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments-Credit Losses: Measurement of Credit Losses on Financial Instruments (Topic 326)", which changes the impairment model for most financial assets. This ASU is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. The underlying premise of the ASU is that financial assets measured at amortized cost should be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The allowance for credit losses should reflect management's current estimate of credit losses that are expected to occur over the remaining life of a financial asset. The income statement will be affected for the measurement of credit losses for newly recognized financial assets, as well as the expected increases or decreases of expected credit losses that have taken place during the period. ASU 2016-13 is effective for annual and interim periods beginning after December 15, 2021, and early adoption is permitted for annual and interim periods beginning after December 15, 2018. With certain exceptions, transition to the new requirements will be through a cumulative effect adjustment to opening retained earnings as of the beginning of the first reporting period in which the guidance is adopted. The Company will be evaluating the impact of this ASU over the next several years.

2. INVESTMENT SECURITIES:

The following tables provide information related to investment securities by category at December 31, (in thousands):

	2018			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale:				
Mortgage-backed securities	$ 42,951	15	917	42,049
U.S. Treasuries	1,492	-	2	1,490
State and political subdivisions	55,304	91	2,041	53,354
Other	41	15	-	56
Total	$ 99,788	121	2,960	96,949
Held-to-maturity:				
Qualified Affordable Housing	$ 498	-	-	498

	2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale:				
Mortgage-backed securities	$ 48,927	47	718	48,256
State and political subdivisions	56,884	357	1,006	56,235
Other	41	23	-	64
Total	$ 105,852	427	1,724	104,555

The amortized cost and fair value of investment securities, by contractual maturity, are shown below (in thousands). Actual maturities may differ from contractual maturities when a right to call or prepay an obligation exists:

	2018		2017	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Mortgage-backed securities:				
Less than one year	$ 660	655	318	319
One to five years	32,972	32,393	36,620	36,170
Five to ten years	8,020	7,769	10,774	10,588
Over ten years	1,299	1,232	1,215	1,179
U.S. Treasuries:				
Less than one year	$ 1,492	1,490	-	-
State and political subdivisions:				
Less than one year	-	-	30	30
One to five years	5,232	5,175	2,767	2,750
Five to ten years	42,665	41,672	47,090	46,864
Over ten years	7,407	6,507	6,997	6,591
Other	41	56	41	64
Total	$ 99,788	96,949	105,852	104,555

At December 31, 2018 and 2017 investment securities with an amortized cost of $72,749,402 and $81,639,919, respectively, were pledged to secure public deposits, securities sold under repurchase agreements and for other purposes as required or permitted by law. These securities had fair values of $70,699,085 and $80,717,821 at December 31, 2018 and 2017, respectively.

The tables below indicate the length of time individual investment securities and mortgage-backed securities have been in a continuous loss position at December 31 (in thousands):

	2018					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mortgage-backed securities	$ 6,520	72	29,832	845	36,352	917
Number of Investments	8		34		42	
U.S. Treasuries	$ 1,490	2	-	-	1,490	2
Number of Investments	1		-		1	
Obligations of states and political subdivisions	8,541	65	36,590	1,976	45,131	2,041
Number of Investments	9		36		45	
Total	$ 16,551	139	66,422	2,821	82,973	2,960
Number of Investments	18		70		88	

	2017					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mortgage-backed securities	$ 20,790	326	15,363	392	36,153	718
Number of Investments	21		16		37	
Obligations of states and political subdivisions	9,503	63	22,545	943	32,048	1,006
Number of Investments	15		17		32	
Total	$ 30,293	388	37,908	1,335	68,201	1,724
Number of Investments	36		33		69	

Management does not intend to sell these securities, and it is more likely than not the Bank will retain, and not be required to sell, the securities in an unrealized loss position prior to the recovery of value. The decline in market value is due to fluctuations in market interest rates and not credit quality. The fair values are expected to recover as securities approach their maturity dates.

Qualified Affordable Housing Project Investment
The Bank invests in a qualified affordable housing project. The balance of the investment was $498,343 at December 31, 2018 ($0 at December 31, 2017). Total unfunded commitments related to the investment in the qualified affordable housing project is $459,082. The Bank expects to fulfill these commitments as scheduled until 2029 as follows:

2019	$ 96,866
2020	260,289
2021	16,538
2022	16,455
2023	16,616
Thereafter	52,318
	$ 459,082

During 2018, the Bank recognized amortization expense of $1,666. Additionally during 2018, the Bank recognized tax credits in connection with its investment in qualified affordable housing projects of $1,968.

3. LOANS RECEIVABLE:

Loans receivable consist of the following, net of unamortized loan fees (in thousands):

	2018	2017
Residential real estate:		
Construction	$ 4,220	6,644
Owner occupied	92,392	89,809
Non-owner occupied	41,989	43,175
Commercial real estate:		
Construction	6,712	3,600
Farmland	21,123	19,055
Nonfarm	77,018	77,133
Commercial and industrial	26,034	27,050
Consumer	54,414	42,802
Other	302	302
	324,204	309,570
Less allowance for loan losses	(4,047)	(3,825)
	$ 320,157	305,745

The risk characteristics applicable to each segment of the loan portfolio are described as follows:

Residential real estate loans are secured by 1-4 family residences and are generally owner-occupied. The Bank generally establishes a maximum loan-to-value ratio and requires private mortgage insurance if that ratio is exceeded. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by economic conditions in their market area, such as unemployment levels. Repayment can also be impacted by changes in property values of residential properties. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

Commercial real estate loans, including farmland and nonfarm loans, are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Commercial real estate lending typically involves larger loan principal amounts and the repayment of these loans is generally dependent on the successful operation of the property securing the loan or the business conducted on the property securing the loan. Commercial real estate loans may be more adversely affected by conditions in the real estate markets or in the general economy. The characteristics of properties securing the Bank's commercial real estate portfolio are diverse, but by geographic location are almost entirely in the Bank's market area. Management monitors and evaluates commercial real estate loans based on cash flow, collateral, geography and risk grade criteria.

Construction loans related to both residential and commercial loans are underwritten utilizing feasibility studies, independent reviews and financial analysis of the developers and property owners. Construction loans are generally based on estimates of costs and value associated with the complete project. These estimates may be inaccurate. Construction loans often involve the disbursement of substantial funds with repayment substantially dependent on the success of the ultimate project. Sources of repayment for these types of loans may be pre-committed permanent loans from approved long-term lenders, sales of developed property or an interim loan commitment from the Bank until permanent financing is obtained. These loans are closely monitored by on-site inspections and are considered to have higher risks than other real estate loans due to their ultimate repayment being sensitive to interest rate changes, governmental regulation of real property, general economic conditions and the availability of financing.

Commercial and industrial loans are primarily based on the identified cash flows of the borrower and secondarily on the underlying collateral provided by the borrower. The cash flows of borrowers, however, may not be expected and the collateral; securing these loans may fluctuate in value. Most commercial loans are secured by the assets being financed or other business assets, such as accounts receivable or inventory, and may include a personal guarantee. Short-term loans may be made on an unsecured basis. In the case of loans secured by accounts receivable, the availability of funds for the repayment of these loans may be substantially dependent on the ability of the borrowers to collect amounts due from its customers.

Consumer loans consist substantially of automobile loans. Automobile loans are generally secured by the automobile being financed or other personal assets. Repayment of these loans is primarily dependent on the personal income of the borrowers, which can be impacted by economic conditions in their market area, such as unemployment levels, and secondarily on the collateral securing the loan. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

Allowance for Loan Losses and Recorded Investment in Financing Receivables (in thousands)
December 31, 2018

		Residential Real Estate			Commercial Real Estate						
		Construction	Owner Occupied	Non-owner Occupied	Construction	Farmland	Nonfarm	Commercial and Industrial	Consumer	Other	Total
Allowance for loan losses:											
Beginning balance	$	55	1,025	431	32	165	874	319	919	5	3,825
Provision		(15)	269	(34)	27	14	(88)	(26)	451	66	664
Charge-offs		-	(136)	-	-	-	-	(9)	(308)	(80)	(533)
Recoveries		-	51	-	-	-	-	7	20	13	91
Ending balance	$	40	1,209	397	59	179	786	291	1,082	4	4,047
Ending balance: Individually evaluated for impairment	$	-	34	-	-	-	118	-	-	-	152
Ending balance: Collectively evaluated for impairment	$	40	1,175	397	59	179	668	291	1,082	4	3,895
Loans receivable:											
Ending balance	$	4,220	92,392	41,989	6,712	21,123	77,018	26,034	54,414	302	324,204
Ending balance: Individually evaluated for impairment	$	-	67	-	-	-	551	1,656	-	-	2,274
Ending balance: Collectively evaluated for impairment	$	4,220	92,325	41,989	6,712	21,123	76,467	24,378	54,414	302	321,930

Allowance for Loan Losses and Recorded Investment in Financing Receivables (in thousands)
December 31, 2017

		Residential Real Estate			Commercial Real Estate						
		Construction	Owner Occupied	Non-owner Occupied	Construction	Farmland	Nonfarm	Commercial and Industrial	Consumer	Other	Total
Beginning balance	$	60	1,203	469	34	204	1,028	258	837	6	4,099
Provision		(5)	(80)	(7)	(2)	(39)	(63)	216	280	47	347
Charge-offs		-	(107)	(31)	-	-	(107)	(155)	(218)	(57)	(675)
Recoveries		-	9	-	-	-	16	-	20	9	54
Ending balance	$	55	1,025	431	32	165	874	319	919	5	3,825
Ending balance: Individually evaluated for impairment	$	-	47	-	-	-	160	-	-	-	207
Ending balance: Collectively evaluated for impairment	$	55	978	431	32	165	714	319	919	5	3,618
Loans receivable:											
Ending balance	$	6,644	89,809	43,175	3,600	19,055	77,133	27,050	42,802	302	309,570
Ending balance: Individually evaluated for impairment	$	-	70	-	-	-	469	-	-	-	539
Ending balance: Collectively evaluated for impairment	$	6,644	89,739	43,175	3,600	19,055	76,664	27,050	42,802	302	309,031

Credit risk profile categories

The Bank assigns credit risk grades to evaluated loans using grading standards employed by regulatory agencies. The following are the bank's internally assigned grades:

Pass – loans in this category are considered satisfactory or fair. Satisfactory loans represent the Bank's standard or average loans that require a normal amount of supervision. These credits should have orderly updated credit files with borrowers/guarantors that have an acceptable net worth and sufficient income to retire debt.

Special Mention – special mention loans that do not currently expose the Bank to a sufficient degree of risk to warrant a substandard classification. However, it does possess credit deficiencies or potential weaknesses deserving management's close attention. If not corrected, such weaknesses or deficiencies may expose the Bank to an increased risk of loss in the future.

Substandard – an asset classified as substandard is inadequately protected by the current net worth and paying capacity of the borrower or the collateral pledged, if any. Assets so classified must have a well-defined weakness or weaknesses. They are characterized by the distinct possibility that the Bank will sustain some loss if the deficiencies are not corrected.

Doubtful – an asset classified as doubtful has all the weaknesses inherent in those classified Substandard with the added characteristic that the weaknesses make collection or liquidation in full, based on currently existing facts, conditions, and values, highly questionable and improbable.

Loss – the portion of a loan classified as loss is considered uncollectible and of such little value that its continuance as an asset, without establishment of a specific valuation allowance or charge-off, is not warranted. This classification does not necessarily mean that an asset has absolutely no recovery or salvage value; but rather, it is not practical or desirable to defer reserving for a basically worthless asset even though a partial recovery may occur in the future.

Credit Risk Profile by Internally Assigned Grade (in thousands)
December 31, 2018

	Residential Real Estate			Commercial Real Estate						
	Construction	Owner Occupied	Non-owner Occupied	Construction	Farmland	Nonfarm	Commercial and Industrial	Consumer	Other	Total
Grade:										
Pass	$ 3,767	91,152	41,869	6,712	20,745	69,983	25,850	54,178	188	314,444
Special mention	-	487	-	-	216	4,721	184	207	98	5,913
Substandard	453	715	120	-	162	2,314	-	29	-	3,793
Doubtful	-	38	-	-	-	-	-	-	16	54
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 4,220	92,392	41,989	6,712	21,123	77,018	26,034	54,414	302	324,204

Credit Risk Profile by Internally Assigned Grade (in thousands)
December 31, 2017

	Residential Real Estate			Commercial Real Estate						
	Construction	Owner Occupied	Non-owner Occupied	Construction	Farmland	Nonfarm	Commercial and Industrial	Consumer	Other	Total
Grade:										
Pass	$ 6,153	87,471	42,871	3,600	18,662	71,214	26,929	42,741	130	299,771
Special mention	-	821	-	-	229	3,805	121	23	62	5,061
Substandard	491	1,376	304	-	164	2,114	-	22	93	4,564
Doubtful	-	141	-	-	-	-	-	16	17	174
Loss	-	-	-	-	-	-	-	-	-	-
Total	$ 6,644	89,809	43,175	3,600	19,055	77,133	27,050	42,802	302	309,570

The following tables summarize loans by delinquency, nonaccrual status and impaired loans:

Age Analysis of Loans Receivable (in thousands)
December 31, 2018

	30-59 days past due	60-89 days past due	Greater than 90 days past due	Total past due	Total current and accruing	Total financing receivables	Nonaccrual	Recorded investment > 90 days and accruing
Residential real estate:								
Construction	$ -	-	-	-	4,220	4,220	-	-
Owner occupied	577	43	243	863	91,529	92,392	243	-
Non-owner occupied	92	-	-	92	41,897	41,989	-	-
Commercial real estate:								
Construction	-	-	-	-	6,712	6,712	-	-
Farmland	-	-	-	-	21,123	21,123	-	-
Nonfarm	190	-	-	190	76,828	77,018	-	-
Commercial and industrial	7	-	-	7	26,027	26,034	-	-
Consumer	510	61	114	685	53,729	54,414	114	-
Other	138	-	-	138	164	302	-	-
Total	$ 1,514	104	357	1,975	322,229	324,204	357	-

Age Analysis of Loans Receivable (in thousands)
December 31, 2017

	30-59 days past due	60-89 days past due	Greater than 90 days past due	Total past due	Total current and accruing	Total financing receivables	Nonaccrual	Recorded investment > 90 days and accruing
Residential real estate:								
Construction	$ -	-	-	-	6,644	6,644	-	-
Owner occupied	385	33	250	668	89,141	89,809	250	-
Non-owner occupied	3	-	-	3	43,172	43,175	-	-
Commercial real estate:								
Construction	-	-	-	-	3,600	3,600	-	-
Farmland	-	-	-	-	19,055	19,055	-	-
Nonfarm	31	-	-	31	77,102	77,133	-	-
Commercial and industrial	-	-	-	-	27,050	27,050	-	-
Consumer	381	2	-	383	42,419	42,802	-	-
Other	-	-	-	-	302	302	-	-
Total	$ 800	35	250	1,085	308,485	309,570	250	-

Impaired Loans (in thousands)
December 31, 2018

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Loans with no related allowance recorded:					
Residential real estate:					
Construction	$ -	-	-	-	-
Owner occupied	-	-	-	-	-
Non-owner occupied	-	-	-	-	-
Commercial real estate:					
Construction	-	-	-	-	-
Farmland	-	-	-	-	-
Nonfarm	356	356	-	353	-
Commercial and industrial	1,656	1,656	-	828	-
Consumer	-	-	-	-	-
Other	-	-	-	-	-
	$ 2,012	2,012	-		-
Loans with an allowance recorded:					
Residential real estate:					
Construction	$ -	-	-	-	-
Owner occupied	67	101	34	69	-
Non-owner occupied	-	-	-	-	-
Commercial real estate:					
Construction	-	-	-	-	-
Farmland	-	-	-	-	-
Nonfarm	195	313	118	157	-
Commercial and industrial	-	-	-	-	-
Consumer	-	-	-	-	-
Other	-	-	-	-	-
	$ 262	414	152		-
Total:					
Residential real estate:					
Construction	$ -	-	-		-
Owner occupied	67	101	34		-
Non-owner occupied	-	-	-		-
Commercial real estate:					
Construction	-	-	-		-
Farmland	-	-	-		-
Nonfarm	551	669	118		-
Commercial and industrial	1,656	1,656	-		-
Consumer	-	-	-		-
Other	-	-	-		-
	$ 2,274	2,274	152		-

Impaired Loans (in thousands)
December 31, 2017

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Loans with no related allowance recorded:					
Residential real estate:					
Construction	$ -	-	-	-	-
Owner occupied	-	-	-	73	-
Non-owner occupied	-	-	-	-	-
Commercial real estate:					
Construction	-	-	-	-	-
Farmland	-	-	-	-	-
Nonfarm	-	-	-	372	-
Commercial and industrial	-	-	-	-	-
Consumer	-	-	-	-	-
Other	-	-	-	-	-
	$ -	-	-		-
Loans with an allowance recorded:					
Residential real estate:					
Construction	$ -	-	-	-	-
Owner occupied	70	117	47	60	-
Non-owner occupied	-	-	-	-	-
Commercial real estate:					
Construction	-	-	-	-	-
Farmland	-	-	-	-	-
Nonfarm	469	629	160	292	-
Commercial and industrial	-	-	-	-	-
Consumer	-	-	-	-	-
Other	-	-	-	-	-
	$ 539	746	207		-
Total:					
Residential real estate:					
Construction	$ -	-	-		-
Owner occupied	70	117	47		-
Non-owner occupied	-	-	-		-
Commercial real estate:					
Construction	-	-	-		-
Farmland	-	-	-		-
Nonfarm	469	629	160		-
Commercial and industrial	-	-	-		-
Consumer	-	-	-		-
Other	-	-	-		-
	$ 539	746	207		-

The recorded investment in loans excludes accrued interest receivable and loan origination fees, net due to immateriality. For purposes of this disclosure, the unpaid principal balance is not reduced for partial charge-offs. There were no outstanding commitments to lend additional amounts to borrowers who have impaired loans at December 31, 2018.

Troubled Debt Restructurings
If a borrower is experiencing financial difficulty, the Bank may consider, in certain circumstances, modifying the terms of their loan in a troubled debt restructuring (TDR) to maximize collection of amounts due. Within each of the Company's loan classes, TDRs typically involve either a reduction of the stated interest rate of the loan or an extension of the loan's maturity date(s) with a stated rate lower than the current market rate for a new loan with similar risk. Modifying the terms of loans may result in an increase or decrease to the allowance for loan loss (ALLL) depending upon the terms modified, the method used to measure the ALLL for a loan prior to modification, and whether any charge-offs were recorded on the loan before or at the time of modification.

The following table provides a summary of loans modified in a TDR during the year:

	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment	Effect on ALLL upon Modification
		(Dollars in thousands)		
December 31, 2018:				
Troubled Debt Restructurings				
Residential real estate:				
Owner occupied	2	$ 96	93	-
Commercial real estate:				
Nonfarm	1	$ 259	259	-
		$ 355	352	-
December 31, 2017:				
Troubled Debt Restructurings				
Residential real estate:				
Owner occupied	2	$ 160	177	-

The troubled debt restructured loans shown in the table were modified during 2018 with the following terms: one loan in the amount of approximately $259,000 was converted to interest only periods for six months; and two loans in the aggregated amount of approximately $96,000 were consolidated and re-amortized based upon a lower interest rate.

At December 31, 2018 and 2017, the Bank had a recorded investment of $778,523 and $806,448 in TDRs, respectively. The Bank has not committed lend additional amounts to these borrowers. There were no troubled debt restructurings that subsequently defaulted as of December 31, 2018 and 2017, respectively.

At December 31, 2018 and 2017, $101,538 and $71,496, respectively, of overdrafts on deposit accounts have been reclassified and included in the loan receivable balance.

Loan Servicing

Mortgage loans the Bank services for others are not included in the accompanying consolidated financial statements. The Bank sells loans in the secondary market under terms of a Mortgage Purchase Program ("MPP") with the Federal Home Loan Bank ("FHLB") – Cincinnati and the Federal Home Loan Mortgage Corporation. The unpaid principal balance of loans serviced for others, including loan participations, as of December 31, 2018 and 2017 was $102,630,655 and $104,806,505, respectively. Custodial escrow balances maintained in connection with serviced loans were $838,791 and $837,942.

The following is an analysis of the activity of mortgage servicing rights for the years December 31, 2018 and 2017:

	2018	2017
Balance, beginning of the year	$ 604,345	631,988
Additions, net	106,038	109,525
Amortization	(116,411)	(137,168)
Balance, end of the year	$ 593,972	604,345

No impairment has been identified on the mortgage servicing assets and correspondingly, no valuation allowance has been recognized as of December 31, 2018 and 2017. The Bank recorded gains from sales of mortgage loans including associated servicing rights of $261,641 and $290,741 during 2018 and 2017, respectively. These gains are recorded in gain on sale of loans on the consolidated financial statements.

Under terms of the Mortgage Purchase Program, a fixed Lender Risk Account (LRA) is established and is maintained by the FHLB on behalf of the Bank and other members selling mortgages in an aggregated pool to the FHLB - Cincinnati. The Bank had on deposit in LRA with the FHLB - Cincinnati approximately $502,000 and $529,000 at December 31, 2018 and 2017, respectively. These accounts are held by the FHLB and the Bank bears the risk of receiving less than 100% of its LRA contribution in the event of losses, either by the Bank or other members selling mortgages in the aggregated pool. If losses incurred in the pool are greater than the Bank's LRA contribution, such losses will be deducted from the LRA contribution of other members. Any portion of the LRA not used to pay losses will be released over a thirty-year period starting five years after the initial pool period. The Bank included income of $57,690 and $62,268 in other income on the statements of operations during the fiscal years ended December 31, 2018 and 2017, respectively. The Bank has had minimal LRA amounts released as of December 31, 2018 and 2017.The LRA balance included in other assets on the balance sheets is $284,000 and $308,000 at December 31, 2018 and 2017, respectively. These amounts represent present values of the future cash flows. Unless the Bank is required to repurchase a loan because it did not meet the criteria under the representations and warranties to be covered as part of the aggregated pool, the credit risk on these loans is limited to the amount provided in the LRA.

4. REAL ESTATE ACQUIRED THROUGH FORECLOSURE:

The Bank did not have any real estate held for sale at December 31, 2018 and 2017. Due to this, there is no in-substance real estate owned. During 2018 and 2017, there were $46,825 and $70,111, respectively, in foreclosure losses charged-off to the allowance for loan losses. The Bank realized $8,131 of related gains and $16,227 of related losses on disposal of foreclosed real estate during 2018 and 2017, respectively. Other real estate owned expenses recognized in other expenses during 2018 and 2017 were immaterial to consolidated financial statements.

5. PREMISES AND EQUIPMENT:

Premises and equipment at December 31 consist of the following (in thousands):

	2018	2017
Land	$ 2,918	2,508
Buildings	8,196	7,614
Equipment	4,493	4,007
Total	15,607	14,129
Accumulated depreciation	(5,978)	(5,385)
	$ 9,629	8,744

6. DEPOSITS:

At December 31, 2018, the scheduled maturity of time deposits is as follows (in thousands):

Under one year	$ 80,132
One to three years	36,256
Three to five years	23,740
More than five years	7
	$ 140,135

Total non-interest bearing deposits were $59,426,401 and $59,773,495 at December 31, 2018 and 2017, respectively.

Time deposits of $250,000 or more were approximately $7,093,541 and $7,375,000 at December 31, 2018 and 2017, respectively.

7. BROKERED DEPOSITS:

The Bank is a network participant in the Certificate of Deposit Account Registry Service (CDARS) network. As part of this network and participation in the CDARS reciprocal program, the Bank can accept FDIC insured deposits as a broker for customers up to $500 million. This program allows the Bank to accept deposits on the customers' behalf, place them in the CDARS program, and receive matching reciprocal funds from the CDARS network. At December 31, 2018 and 2017, the Bank had received approximately $14,953,000 and $18,324,000, respectively, in deposits on behalf of customers and received matching reciprocal funds in the same amount under the CDARS program.

The Bank is a network participant in the Insured Cash Sweep (ICS) network. As part of this network and participation in the ICS reciprocal program, the Bank can accept FDIC insured deposits as a broker for customers with multi-million dollar savings accounts. This program allows the Bank to accept deposits on the customers' behalf, place them in the ICS program, and receive matching reciprocal funds from the ICS network. At December 31, 2018 and 2017, the Bank had received approximately $27,904,000 and $6,883,000, respectively, in deposits on behalf of customers and received matching reciprocal funds in the same amount under the ICS program.

There were no brokered certificates of deposit as of December 31, 2018 and 2017.

8. REPURCHASE AGREEMENTS:

Repurchase agreements are secured borrowings. The Bank pledges investment securities to secure those borrowings. From time to time, irrevocable agreements are made with Bank customers to sell investment securities at par and repurchase those same securities in the future. The agreements have short maturities, provisions for repurchase at par plus interest, are uninsured to the customer and are secured by the underlying investment securities. The Bank pledges a portion of its investment portfolio as an alternative to delivery of the purchased securities to the Bank customer. The Bank had no repurchase agreements secured by pledged investment securities at December 31, 2018 ($1,551,138 at December 31, 2017).

9. FEDERAL HOME LOAN BANK ADVANCES:

The Bank has fixed-rate advances of $5,310,889 and $5,327,221 at December 31, 2018 and 2017, respectively. The advances mature in various years through 2038. At December 31, 2018 and 2017, interest rates on the fixed rate advances ranged from 1.60% to 4.40%, with a weighted average interest rate on fixed-rate debt of 2.42%.

During 2018, the Bank renewed a "Cash Management Advance" (CMA) credit line with the FHLB to a maximum of $15,000,000. Interest due on advances from the FHLB will be at either a variable rate set daily for 90 days, or a fixed rate for up to 30 days at the Bank's option. There were no amounts outstanding under this agreement at December 31, 2018 and 2017, respectively.

The contractual maturities of the advances by year are as follows (in thousands):

2019	$ 5,016
2020	15
2021	15
2022	15
2023	15
Thereafter	235
	$ 5,311

As collateral for the FHLB advances and potential advances from the FHLB above, the Bank has pledged residential one-to-four family mortgages equal to 100% of the outstanding balance and its investment in FHLB stock.

10. FEDERAL INCOME TAXES:

Federal income tax expense (benefit) consists of the following (in thousands):

	2018	2017
Current	$ 873	1,420
Deferred	(60)	335
Total	$ 813	1,755

The effective tax rate varies from the federal statutory tax rate primarily due to the following (in thousands):

	2018	2017
Federal income taxes computed at statutory rates	$ 1,197	2,094
Increase (decrease) in taxes resulting from:		
Tax exempt interest	(346)	(616)
Bank owned life insurance earnings	(33)	(56)
Other	(5)	4
Tax impact from enacted change in tax rate	-	329
Total	$ 813	1,755

Income tax expense for 2017 includes a downward adjustment of net deferred tax assets in the amount of $329,000, recorded as a result of the enactment of H.R.1 Tax Cuts and Jobs Act on December 22, 2017. The Act reduced the corporate Federal tax rate from 34% to 21% effective January 1, 2018.

The net deferred tax asset is recorded in other assets on the consolidated balance sheet at December 31, 2018 and 2017 and consists of the following (in thousands):

	2018	2017
Deferred tax assets:		
Allowance for loan losses	$ 713	656
Nonaccrual interest	16	9
Intangibles	437	420
Net unrealized holding gains on securities	596	272
Other	61	33
Deferred tax assets	1,823	1,390
Deferred tax liabilities:		
Property and equipment	(170)	(179)
FHLB stock dividends	(11)	(11)
Mortgage servicing rights	(139)	(138)
Other	(232)	(175)
Deferred tax liabilities	(552)	(503)
Net deferred tax asset	$ 1,271	887

11. RETIREMENT PLAN:

The Bank has a 401(k) plan that covers all employees who have completed one year of service and reached a minimum age of 21 years old. The Bank may make discretionary contributions, and contributed $206,208 and $192,213 to the plan during each of the years ended December 31, 2018 and 2017, respectively.

12. COMMITMENTS AND CONTINGENT LIABILITIES:

In the normal course of business, the Bank has outstanding various commitments to extend credit. At December 31, 2018 and 2017, the Bank had approximately $33,504,000 and $36,893,000, respectively, of such commitments, all of which were at variable rates of interest. Commitments to extend credit are agreements to lend. No material losses or liquidity demands are anticipated as a result of these commitments. The Bank had no standby letters of credit outstanding at December 31, 2018 and 2017. The Bank evaluates each customer's creditworthiness on a case-by-case basis in accordance with the Bank's credit policies. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based upon management's credit evaluation of the customer. Collateral held varies but may include business assets of commercial borrowers as well as personal property and real estate of individual borrowers or guarantors.

The Bank grants agri-business, commercial, residential and installment loans to customers in the surrounding areas of its offices. Although the Bank has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their commitments is dependent upon the local economic sector. As of December 31, 2018, the Bank had $24,178,348 of loans outstanding for agricultural purposes, or secured by agricultural property.

13. RELATED PARTY TRANSACTIONS:

Directors, officers and certain related parties had loans outstanding during the years ended December 31, 2018 and 2017. This amount includes unused lines of credit. The directors and officers mentioned above were customers in the ordinary course of business. Additional transactions may be expected in the ordinary course of business in the future. All outstanding loans were made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with others and did not involve more than a normal risk of collectability or present other unfavorable features.

The following is an analysis of the activity of such loans for the years indicated (in thousands):

	2018	2017
Balance, beginning of year	$ 3,093	4,826
Origination of loan participation	503	-
Loans originated	8	436
Repayments	(320)	(2,169)
Balance, end of year	$ 3,284	3,093

The Bank held deposits for directors, officers and certain related parties of $4,200,472 and $4,056,549 at December 31, 2018 and 2017, respectively.

14. FAIR VALUE:

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Bank has the ability to access.

- Level 2 inputs are significant other observable inputs other than Level 1 prices such as quote prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following methods and assumptions were used by the Bank in estimating the fair value disclosures for financial instruments:

Investment securities
The fair values of available-for-sale securities are determined by various valuation methodologies. Where quoted market prices are available in an active market, securities are classified within Level 1. Level 1 securities include U.S. Treasuries and exchange-traded equity securities. For securities traded in secondary markets for which quoted market prices are not available, the fair values are estimated by using pricing models or quoted prices of securities with similar characteristics. Level 2 securities include obligations of U.S. government corporations and agencies, mortgage-backed securities, certificates of deposit, collateralized mortgage obligations and other securities. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Loans held-for-sale
These loans are carried at the lower of cost or fair value, which is evaluated on a pool-level basis. The fair value of loans held for sale is determined using quoted prices for similar assets, adjusted for specific attributes of that loan or other observable market data, such as outstanding commitments from third party investors.

Impaired loans
Loans for which it is probable that the Bank will not collect all principal and interest due according to contractual terms are measured for impairment. Allowable methods for estimating fair value include using the fair value of the collateral for collateral dependent loans or, where a loan is determined not to be collateral dependent, using the discounted cash flow method.

Mortgage servicing rights

Mortgage servicing rights are evaluated annually for impairment based upon the fair value of the rights as compared to carrying amount. If the carrying amount of an individual tranche exceeds fair value, impairment is recorded on that tranche so that the servicing asset is carried at fair value. Fair value is determined at a tranche level, based on market prices for comparable mortgage servicing contracts (Level 2), when available, or alternatively based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model utilizes interest rate, prepayment speed, and default rate assumptions that market participants would use in estimating future net servicing income and that can be validated against available market data.

Other real estate owned

Real estate acquired through foreclosure assets are adjusted to fair value upon transfer of the loans to foreclosed assets. Subsequently, foreclosed assets are carried at the lower of carrying value or fair value. Fair value is based upon independent market prices, appraised values of the collateral or management's estimation of the value of the collateral. When the fair value of the collateral is based on an observable market price, the Bank records the foreclosed asset as nonrecurring Level 2. There was no other real estate owned at December 31, 2018 and 2017, respectively.

Fair value measurements for certain assets and liabilities measured at fair value on a recurring basis (in thousands):

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other observable inputs (Level 3)
December 31, 2018:				
Mortgage-backed securities	$ 42,049	-	42,049	-
U.S. Treasuries	1,490	1,490	-	-
State and political subdivisions	53,354	-	53,354	-
Other equity securities	56	-	56	-
December 31, 2017:				
Mortgage-backed securities	$ 48,256	-	48,256	-
State and political subdivisions	56,235	-	56,235	-
Other equity securities	64	-	64	-

Fair value measurements for certain assets and liabilities measured at fair value on a non-recurring basis (in thousands):

	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant other observable inputs (Level 3)
December 31, 2018:				
Impaired loans	$ 2,274	-	2,274	-
Loans held-for-sale	986	-	986	-
Mortgage servicing rights	594	-	594	-
Fixed lender risk account	284	-	284	-
December 31, 2017:				
Impaired loans	$ 539	-	539	-
Loans held-for-sale	209	-	209	-
Mortgage servicing rights	604	-	604	-
Fixed lender risk account	308	-	308	-

In accordance with accounting standards for financial instruments where quoted market prices are not available, fair values are estimated using present value or other valuation methods.

16. REGULATORY MATTERS:

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and, additionally for banks, prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The final rules implementing Basel Committee on Banking Supervision’s capital guidelines for U.S. banks (Basel III rules) became effective for the Company on January 1, 2015 with full compliance with the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. Under the Basel III rules, the Company must hold a capital conservation buffer above the adequately capitalized risk-based capital ratios. The capital conservation buffer is being phased in at the rate of 0.625% per year from 0.0% in 2015 to 2.50% on January 1, 2019. The capital conservation buffer for 2018 is 1.875% and for 2017 is 1.25%. The net unrealized gain or loss on available-for-sale for securities is not included in computing regulatory capital. Management believes as of December 31, 2018, the Company and Bank meet all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as in asset growth and expansion, and capital restoration plans are required. At year-end 2018 and 2017, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution’s category.

The Company's and the Bank's actual capital amounts and ratios as of December 31, 2018 and 2017 are presented in the table below (dollars in thousands):

December 31, 2018:	Actual		Minimum Capital Requirement		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital to risk-weighted assets:						
Consolidated	$ 50,667	16.1%	$ 25,112	8.0%	N/A	
Bank	50,006	15.0%	26,616	8.0%	$ 33,270	10.0%
Tier I (Core) capital to risk-weighted assets:						
Consolidated	42,134	13.4%	18,834	6.0%	N/A	
Bank	45,959	13.8%	19,962	6.0%	26,616	8.0%
Tier I capital (to average assets)						
Consolidated	42,134	8.9%	18,857	4.0%	N/A	
Bank	45,959	9.8%	18,683	4.0%	23,353	5.0%
Tangible capital (to risk-weighted assets)						
Consolidated	42,134	13.4%	14,126	4.5%	N/A	
Bank	45,959	13.8%	14,972	4.5%	21,626	6.5%

December 31, 2017:	Actual		Minimum Capital Requirement		Minimum To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total capital (to risk-weighted assets):						
Consolidated	$ 46,205	15.3%	$ 24,087	8.0%	N/A	
Bank	45,534	14.5%	25,050	8.0%	$ 31,313	10.0%
Tier I capital (to risk-weighted assets):						
Consolidated	43,641	14.5%	18,065	6.0%	N/A	
Bank	41,710	13.3%	18,788	6.0%	25,050	8.0%
Tier I capital (to average assets)						
Consolidated	43,641	9.7%	17,929	4.0%	N/A	
Bank	41,710	9.3%	17,929	4.0%	22,408	5.0%
Tangible capital (to risk-weighted assets)						
Consolidated	43,641	14.5%	13,549	4.5%	N/A	
Bank	44,638	14.3%	14,091	4.5%	20,353	6.5%

Dividend restrictions

All State of Ohio Chartered Banks are subject to the dividend restrictions set forth by the State of Ohio. Under such restrictions, the Bank may not, without the prior approval of the Superintendent of Banks of the State of Ohio, declare dividends in excess of the sum of the current year's earnings (as defined) plus the retained earnings (as defined) from the prior two years. The dividends, as of December 31, 2018 and 2017, that the Bank could declare, without the approval of the Superintendent of Banks of the State of Ohio, amounted to approximately $16,164,000 and $15,079,000, respectively.

17. CONDENSED FINANCIAL STATEMENTS OF FIRST STATE BANCORP (PARENT COMPANY ONLY):

The following condensed financial information comprising the financial position, results of operations and cash of flows of First State Bancorp, Inc. as of and for years ended, December 31, 2018 and 2017, respectively:

Condensed Balance Sheets

	2018	2017
Assets:		
Cash and cash equivalents	$ 595,700	608,450
Investment in First State Bank	48,112,928	44,199,169
Other assets	65,000	65,000
Total assets	$ 48,773,628	44,872,619
Liabilities:		
Accrued expenses	-	2,500
Shareholders' Equity:		
Capital stock	$ 5,178,533	5,178,533
Additional paid-in capital	1,800,000	1,800,000
Retained earnings	41,795,095	37,891,586
Total shareholders' equity	48,773,628	44,872,619
Total liabilities and shareholders' equity	$ 48,773,628	44,872,619

Condensed Statements of Income

	2018	2017
Interest and dividend income	$ 982,049	918,720
General and administrative expenses	(10,250)	(4,750)
	971,799	913,970
Equity in earnings of First State Bank	3,913,759	3,489,080
Net income	$ 4,885,558	4,403,050

Condensed Statements of Cash Flows

	2018	2017
Operating activities:		
Net income	$ 4,885,558	4,403,050
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed earnings of subsidiary	(3,913,759)	(3,489,080)
Change in assets and liabilities:		
Accrued expenses	(2,500)	250
	969,299	914,220
Investing activities:		
Capital contribution from (to) subsidiary	-	500,000
Financing activities:		
Cash dividends paid	(982,049)	(918,720)
Net change in cash	(12,750)	495,500
Cash – beginning of year	608,450	112,950
Cash – end of year	$ 595,700	608,450

Banking Center Locations

Fayetteville
513.875.8151

Georgetown
937.378.2595

Hillsboro
937.393.9170

Manchester
937.549.2621

Mt. Orab
937.444.2380

Peebles
937.587.6191

Ripley
937.392.4349

Seaman
937.386.2525

St. Bernard
513.641.1765

Washington Court House
740.335.3771

West Union
937.544.5252

Wilmington
937.382.1057

Winchester
937.695.0331

First State BANK

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