

MERCHANTS & MARINE BANK
BALANCE SHEETS
March 31,
(Unaudited)

ASSETS	2018	2017
Cash and due from banks	\$ 17,098,990	\$ 41,105,207
Federal funds sold	40,230,275	50,340,451
Total cash and cash equivalents	57,329,265	91,445,658
Time deposits due from banks	1,499,010	500,000
Securities:		
Available-for-sale, at fair value	135,070,856	137,318,883
Held-to-maturity, at amortized cost	63,392,730	62,461,602
Non-marketable equity securities	1,779,260	1,181,660
Loans	283,635,429	269,286,235
Less allowance for loan losses	(2,638,195)	(2,408,593)
Loans, net	280,997,234	266,877,642
Property and equipment, net	15,103,796	14,795,637
Other real estate owned	1,365,677	2,619,091
Accrued income	1,921,665	1,885,215
Goodwill	2,823,554	2,823,554
Cash surrender value	15,314,119	14,570,598
Other assets	4,475,726	5,091,368
Total Assets	<u>\$ 581,072,892</u>	<u>\$ 601,570,909</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Non-interest bearing demand	\$ 104,776,100	\$ 108,244,013
Interest bearing	393,624,923	388,506,098
Total deposits	498,401,023	496,750,112
Securities sold under agreements to repurchase	5,812,152	25,996,911
Accrued expenses and other liabilities	9,844,712	11,599,752
Total liabilities	514,057,887	534,346,774
STOCKHOLDERS' EQUITY		
Common stock- \$2.50 par value per share, 5,000,000 shares authorized, 1,330,338 shares issued and outstanding	3,325,845	3,325,845
Surplus	14,500,000	14,500,000
Retained earnings	57,427,855	55,064,967
Accumulated other comprehensive loss	(8,238,695)	(5,666,678)
Total stockholders' equity	67,015,005	67,224,135
Total Liabilities and Stockholders' Equity	<u>\$ 581,072,892</u>	<u>\$ 601,570,909</u>

MERCHANTS & MARINE BANK
INCOME STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31,
(unaudited)

<i>INTEREST INCOME</i>	2018	2017
Interest and fees on loans	\$ 3,357,013	\$ 3,268,593
Interest on investment securities:		
Taxable	663,982	693,570
Exempt	445,420	373,855
Interest on federal funds sold	234,146	124,241
Other interest income	58,357	44,908
Total interest income	<u>4,758,918</u>	<u>4,505,167</u>
 <i>INTEREST EXPENSE</i>		
Interest on deposits	777,526	501,767
Interest on federal funds purchased and securities sold under agreements to repurchase	1,424	4,207
Total interest expense	<u>778,950</u>	<u>505,974</u>
 Net interest income	3,979,968	3,999,193
Provision for loan losses	221,277	467,169
Net interest income after provision for loan losses	<u>3,758,691</u>	<u>3,532,024</u>
 <i>NON-INTEREST INCOME</i>		
Service charges on deposit accounts	828,681	843,748
Other service charges, commissions and fees	467,115	476,521
Gain (loss) on sale of other real estate owned	7,017	(11,165)
Income from bank owned life insurance, net of premiums	74,351	78,344
Other	27,050	23,718
Total non-interest income	<u>1,404,214</u>	<u>1,411,166</u>
 <i>NON-INTEREST EXPENSE</i>		
Salaries and employee benefits	2,178,149	2,125,162
Occupancy expense	847,189	743,114
Regulatory assessments	59,665	43,200
Professional fees	146,054	178,457
Director and committee expenses	153,056	127,079
Other	765,929	876,282
Total non-interest expense	<u>4,150,042</u>	<u>4,093,294</u>
 Income before income taxes	1,012,862	849,896
Income taxes	<u>107,698</u>	<u>156,832</u>
 Net income	<u><u>\$ 905,164</u></u>	<u><u>\$ 693,064</u></u>