

**ALLENDALE BANCORP, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

	<b>December 31,</b>	
<b>ASSETS</b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Cash and Cash Equivalents		
Cash	\$ 3,203,380	\$ 2,063,294
Due from banks, non-interest bearing	2,213,101	1,816,887
Federal funds sold	10,011	9,931
Total Cash and Cash Equivalents	<u>5,426,492</u>	<u>3,890,112</u>
Due from banks, interest bearing	9,344,073	10,583,549
Securities available-for-sale	48,188,754	42,234,293
Loans receivable, net of allowance for loan losses of \$1,519,665 in 2017 and \$1,283,573 in 2016	145,958,355	142,342,207
Accrued interest receivable	1,549,547	1,357,098
Premises and equipment, net	3,634,137	3,428,487
Prepaid expenses		0
Federal Home Loan Bank stock, restricted, at cost	345,487	877,221
Other stock, restricted, at cost	157,850	157,850
Bank owned life insurance	5,501,018	5,376,139
Other assets	2,425,536	1,484,975
Total Assets	<u><u>\$ 222,531,249</u></u>	<u><u>\$ 211,731,931</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits		
Demand deposits	\$ 53,823,590	\$ 51,761,363
Savings and NOW deposits	83,135,408	75,584,349
Time deposits	52,376,853	51,172,408
Total deposits	<u>189,335,851</u>	<u>178,518,120</u>
Accrued expenses and other liabilities	1,849,769	1,723,770
Federal Home Loan Bank advances	8,052,688	8,911,615
Total Liabilities	<u>199,238,308</u>	<u>189,153,505</u>
Stockholders' Equity		
Common stock, \$1 par value; 1,000,000 shares authorized and 579,198 issued and outstanding	582,798	582,798
Treasury stock, 3,600 shares, at cost	(72,000)	(72,000)
Additional paid-in capital	1,668,119	1,668,119
Retained earnings	21,504,852	20,679,066
Accumulated other comprehensive income, net of federal income tax	<u>(390,828)</u>	<u>(279,557)</u>
Total Stockholders' Equity	<u>23,292,941</u>	<u>22,578,426</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 222,531,249</u></u>	<u><u>\$ 211,731,931</u></u>

See accompanying notes.

**ALLENDALE BANCORP, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**

	<b>Years Ended December 31,</b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Interest Income		
Loans, including fees	\$ 7,074,635	\$ 6,631,375
Investment securities	983,631	901,835
Federal funds sold	62,882	28,718
Total Interest Income	<u>8,121,148</u>	<u>7,561,928</u>
Interest Expense		
Deposits	730,423	665,904
Other borrowed funds	162,106	147,242
Total Interest Expense	<u>892,529</u>	<u>813,146</u>
Net Interest Income	7,228,619	6,748,782
Provision for Loan Losses	<u>(950,000)</u>	<u>(700,000)</u>
Net Interest Income after Provision for Loan Losses	<u>6,278,619</u>	<u>6,048,782</u>
Noninterest Income		
Service charges on deposit accounts	405,987	430,908
ATM interchange fees	289,235	218,942
Other income	41,798	30,574
Life insurance	159,828	167,115
Gain on sale of loans	82,921	76,782
Net realized gains on sales of available-for-sale securities	50,806	103,329
Total Noninterest Income	<u>1,030,575</u>	<u>1,027,650</u>
Noninterest Expenses		
Salaries and employee benefits	2,653,684	2,529,645
Occupancy	480,973	393,950
FDIC deposit insurance fees	66,824	97,128
Director fees	105,000	94,800
Professional and consulting fees	321,929	336,637
Repairs and maintenance	101,427	89,178
Depreciation	262,987	249,700
Data processing fees	242,098	207,879
Other expense	715,169	937,755
Total Noninterest Expenses	<u>4,950,091</u>	<u>4,936,672</u>
Income before Income Taxes	2,359,103	2,139,760
Income Tax Expense	884,615	486,298
NET INCOME	<u>\$ 1,474,488</u>	<u>\$ 1,653,462</u>
Earnings per share	<u>\$ 2.55</u>	<u>\$ 2.86</u>
Weighted average shares outstanding	<u>579,198</u>	<u>579,198</u>

See accompanying notes.

**ALLENDALE BANCORP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<b>Years Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
Net income	\$ 1,474,488	\$ 1,653,462
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on securities available for sale:		
Unrealized holding losses arising during the period, net of deferred tax benefit (expense) of (\$171,514) in 2017 and (\$198,318) in 2016	(146,581)	(494,985)
Less: reclassification adjustment for gains realized in net income, net of deferred tax benefit (expense) of \$(15,496) in 2017 and \$(51,765) in 2016	35,310	71,485
Other comprehensive income (loss), net of federal income tax	(111,271)	(423,500)
Total comprehensive income	\$ 1,363,217	\$ 1,229,962

See accompanying notes.

**ALLENDALE BANCORP, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

For Years Ended December 31, 2017 and 2016

	<u>Common Stock</u>	<u>Treasury Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total</u>
Balance at December 31, 2015	\$582,798	\$(72,000)	\$1,668,119	\$19,656,930	\$ 143,943	\$21,979,790
Comprehensive income:						
Net income				1,653,462		1,653,462
Other comprehensive income					(423,500)	(423,500)
Total comprehensive income						1,229,962
Cash dividends declared				(631,326)		(631,326)
Balance at December 31, 2016	<u>\$582,798</u>	<u>\$(72,000)</u>	<u>\$1,668,119</u>	<u>\$20,679,066</u>	<u>\$ (279,557)</u>	<u>\$22,578,426</u>
Comprehensive income:						
Net income				1,474,488		1,474,488
Other comprehensive loss					(111,271)	(111,271)
Total comprehensive income						1,363,217
Cash dividends declared				(648,702)		(648,702)
Balance at December 31, 2017	<u><u>\$582,798</u></u>	<u><u>\$(72,000)</u></u>	<u><u>\$1,668,119</u></u>	<u><u>\$21,504,852</u></u>	<u><u>\$ (390,828)</u></u>	<u><u>\$23,292,941</u></u>

See accompanying notes.

**ALLENDALE BANCORP, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<u>Years Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Net income	\$ 1,474,488	\$ 1,653,462
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	950,000	700,000
Depreciation and amortization	264,071	335,587
Net amortization on securities available-for-sale	422,439	430,190
Gain on sale of available for sale securities	(50,806)	(103,329)
Bank owned life insurance income	(124,879)	(134,498)
(Increase) decrease in		
Accrued interest receivable	(192,449)	(30,548)
Other assets	(947,377)	(583,058)
Increase (decrease) in		
Other liabilities	110,463	470,027
Total adjustments	<u>431,462</u>	<u>1,084,371</u>
Net cash provided by operating activities	<u>1,905,950</u>	<u>2,737,833</u>
Cash flows from investing activities:		
Net (increase) decrease in interest bearing deposits	1,256,477	(5,783,426)
Proceeds from sales and maturities of available-for-sale securities	15,773,222	20,385,949
Purchases of available-for-sale securities	(22,206,320)	(22,206,320)
Purchase of Federal Reserve Bank stock	531,734	(98,850)
Net (increase) decrease in loans receivable	(4,566,148)	(13,382,710)
Purchases of premises and equipment	(468,637)	(483,025)
Net cash used in investing activities	<u>(9,679,672)</u>	<u>(21,568,382)</u>
Cash flows from financing activities:		
Net increase in demand, savings and NOW deposit accounts	9,613,286	17,870,933
Net (increase) decrease in other time deposits	1,204,445	436,639
Additional Federal Home Loan Bank advances	3,433,363	4,865,000
Payments on Federal Home Loan Bank advances	(4,292,290)	(4,288,071)
Cash dividends	(648,702)	(631,326)
Net cash provided by financing activities	<u>9,310,102</u>	<u>18,253,175</u>
Net increase in cash and cash equivalents	1,536,380	(577,374)
Cash and cash equivalents, beginning of year	3,890,112	4,467,486
Cash and cash equivalents, end of year	<u>\$ 5,426,492</u>	<u>\$ 3,890,112</u>
Interest paid	<u>\$ 896,435</u>	<u>\$ 820,237</u>
Income taxes paid	<u>\$ 693,540</u>	<u>\$ 734,152</u>

See accompanying notes.