

**ATHENS BANCSHARES CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**

	<b>(Unaudited)</b> <b>June 30,</b> <b>2016</b>	<b>December 31,</b> <b>2015</b>
<b>ASSETS</b>		
Cash and due from banks	\$ 60,192,133	\$ 16,527,039
Federal funds sold	7,237,000	-
Interest-bearing deposits in banks	<u>16,991</u>	<u>1,015,978</u>
Total cash and cash equivalents	67,446,124	17,543,017
Securities available for sale	35,683,289	24,968,061
Investments, at cost	4,243,400	4,005,350
Loans, net of allowance for loan losses of \$3,915,516 and \$3,976,884 at June 30, 2016 and December 31, 2015, respectively	278,935,053	257,886,482
Premises and equipment, net	7,564,169	4,262,185
Accrued interest receivable	1,060,876	949,423
Cash surrender value of bank owned life insurance	10,501,265	10,366,283
Foreclosed real estate	1,147,885	1,097,885
Other assets	<u>6,238,119</u>	<u>2,725,298</u>
Total assets	<u>\$412,820,180</u>	<u>\$323,803,984</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits:		
Noninterest-bearing	\$ 42,877,849	\$ 27,531,988
Interest-bearing	<u>309,723,707</u>	<u>234,240,364</u>
Total deposits	352,601,556	261,772,352
Accrued interest payable	204,962	119,306
Securities sold under agreements to repurchase	1,080,327	1,389,838
Federal Home Loan Bank advances	-	10,000,000
Other borrowings	7,500,000	-
Accrued expenses and other liabilities	<u>4,674,256</u>	<u>4,728,900</u>
Total liabilities	<u>366,061,101</u>	<u>278,010,396</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized; none issued	-	-
Common stock, \$0.01 par value; 50,000,000 shares authorized; 2,777,250 shares issued and 1,786,428 outstanding at June 30, 2016 and 1,806,275 outstanding at December 31, 2015	17,864	18,063
Additional paid-in capital	18,104,161	18,267,897
Common stock acquired by benefit plans:		
Restricted stock	(69,039)	(92,052)
Unallocated common stock held by:		
Employee Stock Ownership Plan Trust	(1,333,079)	(1,333,079)
Retained earnings	29,519,839	28,629,596
Accumulated other comprehensive income	<u>519,333</u>	<u>303,163</u>
Total stockholders' equity	<u>46,759,079</u>	<u>45,793,588</u>
Total liabilities and stockholders' equity	<u>\$412,820,180</u>	<u>\$323,803,984</u>

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**ATHENS BANCSHARES CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
<b>Interest and dividend income:</b>				
Loans, including fees	\$ 3,579,888	\$ 3,264,403	\$ 6,996,123	\$ 6,462,544
Dividends	239,062	62,467	328,208	132,159
Securities and interest-bearing deposits in other banks	<u>250,340</u>	<u>172,178</u>	<u>426,335</u>	<u>349,313</u>
Total interest income	<u>4,069,290</u>	<u>3,499,048</u>	<u>7,750,666</u>	<u>6,944,016</u>
<b>Interest expense:</b>				
Deposits	409,292	370,532	715,339	773,540
Fed funds purchased and securities sold under agreements to repurchase	239	205	566	534
Federal Home Loan Bank advances	967	1,979	11,411	3,724
Other borrowings	<u>66,354</u>	<u>-</u>	<u>66,354</u>	<u>-</u>
Total interest expense	<u>476,852</u>	<u>372,716</u>	<u>793,670</u>	<u>777,798</u>
Net interest income	3,592,438	3,126,332	6,956,996	6,166,218
Provision for loan losses	<u>159,572</u>	<u>95,407</u>	<u>180,427</u>	<u>201,813</u>
Net interest income after provision for loan losses	<u>3,432,866</u>	<u>3,030,925</u>	<u>6,776,569</u>	<u>5,964,405</u>
<b>Noninterest income:</b>				
Customer service fees	610,389	543,111	1,113,746	1,034,918
Other charges and fees	535,239	501,863	1,012,440	923,009
Investment sales commissions	134,245	123,187	250,462	279,914
Increase in cash surrender value of life insurance	86,178	84,663	171,599	168,452
Other noninterest income	<u>243,092</u>	<u>151,700</u>	<u>406,071</u>	<u>308,800</u>
Total noninterest income	<u>1,609,143</u>	<u>1,404,524</u>	<u>2,954,318</u>	<u>2,715,093</u>
<b>Noninterest expenses:</b>				
Salaries and employee benefits	2,002,024	1,878,517	3,836,718	3,771,671
Occupancy and equipment	442,959	371,029	811,921	747,280
Federal deposit insurance premiums	48,000	47,000	92,000	95,000
Data processing	531,241	277,562	978,455	546,713
Advertising	74,859	59,058	140,225	121,476
Other operating expenses	<u>1,061,074</u>	<u>666,491</u>	<u>1,809,282</u>	<u>1,391,492</u>
Total noninterest expenses	<u>4,160,157</u>	<u>3,299,657</u>	<u>7,668,601</u>	<u>6,673,632</u>
Income before income taxes	881,852	1,135,792	2,062,286	2,005,866
<b>Income tax expense</b>	<u>291,101</u>	<u>386,515</u>	<u>692,874</u>	<u>664,663</u>
Net income	<u>\$ 590,751</u>	<u>\$ 749,277</u>	<u>\$ 1,369,412</u>	<u>\$ 1,341,203</u>
<b>Earnings per common share</b>				
Basic	\$ 0.36	\$ 0.45	\$ 0.82	\$ 0.81
Diluted	\$ 0.33	\$ 0.42	\$ 0.77	\$ 0.75
Dividends per common share	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.10

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**ATHENS BANCSHARES CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Net income	\$ 590,751	\$ 749,277	\$1,369,412	\$1,341,203
Other comprehensive income (loss), before tax:				
Unrealized holding gains (losses) on securities available for sale	168,414	(320,408)	348,661	(164,089)
Income tax (expense) benefit related to other comprehensive income items	<u>(63,997)</u>	<u>121,755</u>	<u>(132,491)</u>	<u>62,354</u>
Other comprehensive income (loss), net of tax	<u>104,417</u>	<u>(198,653)</u>	<u>216,170</u>	<u>(101,735)</u>
Comprehensive income	<u>\$ 695,168</u>	<u>\$ 550,624</u>	<u>\$1,585,582</u>	<u>\$1,239,468</u>

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**ATHENS BANCSHARES CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
Six Months Ended June 30, 2016  
(Unaudited)

	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Common Stock Acquired By Benefit Plans	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2015	1,806,275	\$18,063	\$18,267,897	\$28,629,596	\$(1,425,131)	\$303,163	\$45,793,588
Net income	-	-	-	1,369,412	-	-	1,369,412
Other comprehensive gain	-	-	-	-	-	216,170	216,170
Dividends - \$0.10 per share	-	-	-	(166,630)	-	-	(166,630)
Release of restricted stock plan shares	-	-	(23,013)	-	23,013	-	-
Stock compensation expense	-	-	48,617	-	-	-	48,617
Repurchase and retirement of Company common stock	<u>(19,847)</u>	<u>(199)</u>	<u>(189,340)</u>	<u>(312,539)</u>	<u>-</u>	<u>-</u>	<u>(502,078)</u>
Balance, June 30, 2016	<u>1,786,428</u>	<u>\$ 17,864</u>	<u>\$ 18,104,161</u>	<u>\$ 29,519,839</u>	<u>\$(1,402,118)</u>	<u>\$519,333</u>	<u>\$46,759,079</u>

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**ATHENS BANCSHARES CORPORATION AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	Six Months Ended	
	June 30, 2016	June 30, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 1,369,412	\$ 1,341,203
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	276,407	265,867
Amortization of securities and other assets	154,249	109,227
Provision for loan losses	180,427	201,813
Deferred income taxes	40,919	(122,791)
Other gains and losses, net	(478)	(32,873)
Stock compensation expense	48,617	196,085
Net change in:		
Cash surrender value of life insurance, net	(134,982)	(134,118)
Accrued interest receivable	(111,453)	74,701
Accrued interest payable	85,656	(16,502)
Other assets and liabilities	<u>(850,387)</u>	<u>554,092</u>
Net cash provided by operating activities	<u>1,058,387</u>	<u>2,436,704</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Securities available for sale:		
Purchases	(11,968,138)	-
Maturities, prepayments and calls	1,544,598	1,277,799
Sales	-	-
Purchase of Federal Reserve Bank stock	(238,050)	-
Loan originations and principal collections, net	(11,218,271)	(11,139,486)
Cash acquired from branch acquisition	73,350,486	-
Purchases of premises and equipment	(189,390)	(393,047)
Proceeds from sale of foreclosed real estate	<u>3,608</u>	<u>512,360</u>
Net cash provided by (used in) investing activities	<u>51,284,843</u>	<u>(9,742,374)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net increase in deposits	1,038,096	6,900,008
Net decrease in securities sold under agreements to repurchase	(309,511)	(480,770)
Net decrease in FHLB advances	(10,000,000)	(2,000,000)
Net increase in other borrowings	7,500,000	-
Repurchase and retirement of Company common stock	(502,078)	(122,800)
Dividends paid	<u>(166,630)</u>	<u>(164,858)</u>
Net cash (used in) provided by financing activities	<u>(2,440,123)</u>	<u>4,131,580</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	49,903,107	(3,174,090)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<u>17,543,017</u>	<u>11,925,541</u>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<u>\$67,446,124</u>	<u>\$ 8,751,451</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Interest paid on deposits and borrowed funds	\$ 708,014	\$ 794,300
Income taxes paid	<u>970,680</u>	<u>1,034,770</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:</b>		
Acquisition of real estate acquired through foreclosure	\$ 55,000	\$ 820,640
Financed sales of foreclosed real estate	<u>\$ -</u>	<u>\$ -</u>

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