

ATHENS BANCSHARES CORPORATION AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

	(Unaudited) September 30, 2016	December 31, 2015
ASSETS		
Cash and due from banks	\$ 52,156,738	\$ 16,527,039
Federal funds sold	7,278,000	-
Interest-bearing deposits in banks	<u>17,000</u>	<u>1,015,978</u>
Total cash and cash equivalents	59,451,738	17,543,017
Securities available for sale	55,722,235	24,968,061
Investments, at cost	4,470,300	4,005,350
Loans, net of allowance for loan losses of \$4,136,125 and \$3,976,884 at September 30, 2016 and December 31, 2015, respectively	279,992,884	257,886,482
Premises and equipment, net	7,573,014	4,262,185
Accrued interest receivable	1,008,134	949,423
Cash surrender value of bank owned life insurance	10,569,339	10,366,283
Foreclosed real estate	1,143,402	1,097,885
Other assets	<u>6,327,591</u>	<u>2,725,298</u>
Total assets	<u>\$426,258,637</u>	<u>\$323,803,984</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposits:		
Noninterest-bearing	\$ 46,714,629	\$ 27,531,988
Interest-bearing	<u>317,634,590</u>	<u>234,240,364</u>
Total deposits	364,349,219	261,772,352
Accrued interest payable	211,320	119,306
Securities sold under agreements to repurchase	1,459,590	1,389,838
Federal Home Loan Bank advances	-	10,000,000
Other borrowings	7,500,000	-
Accrued expenses and other liabilities	<u>5,208,714</u>	<u>4,728,900</u>
Total liabilities	<u>378,728,843</u>	<u>278,010,396</u>
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
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 1,783,428 outstanding at September 30, 2016 and 1,806,275 outstanding at December 31, 2015	17,834	18,063
Additional paid-in capital	18,088,344	18,267,897
Common stock acquired by benefit plans:		
Restricted stock	(57,533)	(92,052)
Unallocated common stock held by:		
Employee Stock Ownership Plan Trust	(1,333,079)	(1,333,079)
Retained earnings	30,397,829	28,629,596
Accumulated other comprehensive income	<u>416,399</u>	<u>303,163</u>
Total stockholders' equity	<u>47,529,794</u>	<u>45,793,588</u>
Total liabilities and stockholders' equity	<u>\$426,258,637</u>	<u>\$323,803,984</u>

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Interest and dividend income:				
Loans, including fees	\$ 3,611,796	\$ 3,329,161	\$ 10,607,919	\$ 9,791,705
Dividends	266,155	38,023	594,363	170,182
Securities and interest-bearing deposits in other banks	<u>319,121</u>	<u>165,019</u>	<u>745,456</u>	<u>514,332</u>
Total interest income	<u>4,197,072</u>	<u>3,532,203</u>	<u>11,947,738</u>	<u>10,476,219</u>
Interest expense:				
Deposits	420,584	304,909	1,135,923	1,078,449
Fed funds purchased and securities sold under agreements to repurchase	310	292	876	826
Federal Home Loan Bank advances	546	2,452	11,957	6,176
Other borrowings	<u>67,084</u>	<u>-</u>	<u>133,438</u>	<u>-</u>
Total interest expense	<u>488,524</u>	<u>307,653</u>	<u>1,282,194</u>	<u>1,085,451</u>
Net interest income	3,708,548	3,224,550	10,665,544	9,390,768
Provision for loan losses	<u>92,440</u>	<u>48,406</u>	<u>272,867</u>	<u>250,219</u>
Net interest income after provision for loan losses	<u>3,616,108</u>	<u>3,176,144</u>	<u>10,392,677</u>	<u>9,140,549</u>
Noninterest income:				
Customer service fees	593,890	536,470	1,707,636	1,571,388
Other charges and fees	636,700	525,202	1,649,140	1,448,211
Investment sales commissions	110,629	136,293	361,091	416,207
Increase in cash surrender value of life insurance	86,800	85,184	258,399	253,636
Other noninterest income	<u>244,656</u>	<u>178,384</u>	<u>650,727</u>	<u>487,184</u>
Total noninterest income	<u>1,672,675</u>	<u>1,461,533</u>	<u>4,626,993</u>	<u>4,176,626</u>
Noninterest expenses:				
Salaries and employee benefits	1,974,081	1,866,172	5,810,799	5,637,843
Occupancy and equipment	502,320	371,337	1,314,241	1,118,617
Federal deposit insurance premiums	61,000	45,000	153,000	140,000
Data processing	335,048	292,082	1,313,503	838,795
Advertising	64,139	69,570	204,364	191,046
Other operating expenses	<u>778,624</u>	<u>720,092</u>	<u>2,587,906</u>	<u>2,111,584</u>
Total noninterest expenses	<u>3,715,212</u>	<u>3,364,253</u>	<u>11,383,813</u>	<u>10,037,885</u>
Income before income taxes	1,573,571	1,273,424	3,635,857	3,279,290
Income tax expense	<u>561,363</u>	<u>430,015</u>	<u>1,254,237</u>	<u>1,094,678</u>
Net income	<u>\$ 1,012,208</u>	<u>\$ 843,409</u>	<u>\$ 2,381,620</u>	<u>\$ 2,184,612</u>
Earnings per common share				
Basic	\$ 0.62	\$ 0.51	\$ 1.44	\$ 1.32
Diluted	\$ 0.57	\$ 0.47	\$ 1.34	\$ 1.23
Dividends per common share	\$ 0.05	\$ 0.05	\$ 0.15	\$ 0.15

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net income	\$1,012,208	\$ 843,409	\$2,381,620	\$2,184,612
Other comprehensive income (loss), before tax:				
Unrealized holding gains (losses) on securities available for sale	(166,022)	158,420	182,639	(5,669)
Income tax (expense) benefit related to other comprehensive income items	<u>63,088</u>	<u>(60,200)</u>	<u>(69,403)</u>	<u>2,154</u>
Other comprehensive income (loss), net of tax	<u>(102,934)</u>	<u>98,220</u>	<u>113,236</u>	<u>(3,515)</u>
Comprehensive income	<u>\$ 909,274</u>	<u>\$ 941,629</u>	<u>\$2,494,856</u>	<u>\$2,181,097</u>

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ATHENS BANCSHARES CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Nine Months Ended September 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	-	-	-	2,381,620	-	-	2,381,620
Other comprehensive income	-	-	-	-	-	113,236	113,236
Dividends - \$0.15 per share	-	-	-	(249,286)	-	-	(249,286)
Release of restricted stock plan shares	-	-	(34,519)	-	34,519	-	-
Stock compensation expense	-	-	72,926	-	-	-	72,926
Repurchase and retirement of Company common stock	<u>(22,847)</u>	<u>(229)</u>	<u>(217,960)</u>	<u>(364,101)</u>	<u>-</u>	<u>-</u>	<u>(582,290)</u>
Balance, September 30, 2016	<u>1,783,428</u>	<u>\$ 17,834</u>	<u>\$ 18,088,344</u>	<u>\$ 30,397,829</u>	<u>\$(1,390,612)</u>	<u>\$416,399</u>	<u>\$47,529,794</u>

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

	<u>Nine Months Ended</u>	
	<u>September 30,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 2,381,620	\$ 2,184,612
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	450,837	397,761
Amortization of securities and other assets	307,079	165,084
Provision for loan losses	272,867	250,219
Deferred income taxes	(7,059)	(176,198)
Other gains and losses, net	(18,492)	(13,012)
Stock compensation expense	72,926	294,128
Net change in:		
Cash surrender value of life insurance, net	(203,056)	(201,803)
Accrued interest receivable	(58,711)	49,041
Accrued interest payable	92,014	(27,980)
Other assets and liabilities	<u>(889,172)</u>	<u>(541,866)</u>
Net cash provided by operating activities	<u>2,400,853</u>	<u>2,379,986</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Securities available for sale:		
Purchases	(33,758,284)	-
Maturities, prepayments and calls	3,073,972	1,990,130
Sales	-	-
Purchase of Federal Reserve Bank stock	(464,950)	(406,350)
Loan originations and principal collections, net	(11,920,047)	(18,418,997)
Cash acquired from branch acquisition	73,350,486	-
Purchases of premises and equipment	(372,666)	(529,942)
Proceeds from sale of foreclosed real estate	<u>75,422</u>	<u>652,985</u>
Net cash provided by (used in) investing activities	<u>29,983,933</u>	<u>(16,712,174)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase in deposits	12,785,759	4,132,295
Net decrease in securities sold under agreements to repurchase	69,752	(230,325)
Net decrease in FHLB advances	(10,000,000)	6,500,000
Net increase in other borrowings	7,500,000	-
Repurchase and retirement of Company common stock	(582,290)	(181,565)
Dividends paid	<u>(249,286)</u>	<u>(247,880)</u>
Net cash provided by financing activities	<u>9,523,935</u>	<u>9,972,525</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	41,908,721	(4,359,663)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>17,543,017</u>	<u>11,925,541</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$59,451,738</u>	<u>\$ 7,565,878</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid on deposits and borrowed funds	\$ 1,190,180	\$ 1,113,431
Income taxes paid	<u>1,310,680</u>	<u>1,466,285</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:		
Acquisition of real estate acquired through foreclosure	\$ 105,517	\$ 885,640
Financed sales of foreclosed real estate	<u>\$ -</u>	<u>\$ 479,756</u>

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