Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

NOTE: The Annual Report of Holding Companies must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, Virgil L. McNemar
Name of the Holding Company Director and Official
President & CEO
Title of the Holding Company Director and Official

attest that the Annual Report of Holding Companies (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Signature of Holding Company Director and Official

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2017

No LEI

Harrison Bankshares, Inc.
Legal Title of Holding Company

P.O. Box 98
(Mailing Address of the Holding Company) Street / P.O. Box
Lost Creek WV 26385
City State Zip Code

80 East Main Street
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:
Virgil L. McNemar
President & CEO

304-745-3342 ext 101
Area Code / Phone Number / Extension
304-745-5314
Area Code / FAX Number
vmcnemar@hcbwv.com
E-mail Address
www.hcbwv.com
Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission? ☐ ☐
0=No 1=Yes 0

In accordance with the General Instructions for this report (check only one),
1. a letter justifying this request is being provided along with the report ☐ ☐
2. a letter justifying this request has been provided separately ☐ ☐

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

For holding companies not registered with the SEC—Indicate status of Annual Report to Shareholders:
☒ is included with the FR Y-6 report
☐ will be sent under separate cover
☐ is not prepared

For Federal Reserve Bank Use Only

RSSDID 1249178
C.I.

Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.5 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.
For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

<table>
<thead>
<tr>
<th>Legal Title of Subsidiary Holding Company</th>
<th>Legal Title of Subsidiary Holding Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
</tr>
<tr>
<td>City</td>
<td>City</td>
</tr>
<tr>
<td>State</td>
<td>State</td>
</tr>
<tr>
<td>Zip Code</td>
<td>Zip Code</td>
</tr>
</tbody>
</table>

Physical Location (if different from mailing address)

<table>
<thead>
<tr>
<th>Physical Location (if different from mailing address)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Legal Title of Subsidiary Holding Company</th>
<th>Legal Title of Subsidiary Holding Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
</tr>
<tr>
<td>City</td>
<td>City</td>
</tr>
<tr>
<td>State</td>
<td>State</td>
</tr>
<tr>
<td>Zip Code</td>
<td>Zip Code</td>
</tr>
</tbody>
</table>

Physical Location (if different from mailing address)

<table>
<thead>
<tr>
<th>Physical Location (if different from mailing address)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Legal Title of Subsidiary Holding Company</th>
<th>Legal Title of Subsidiary Holding Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
</tr>
<tr>
<td>City</td>
<td>City</td>
</tr>
<tr>
<td>State</td>
<td>State</td>
</tr>
<tr>
<td>Zip Code</td>
<td>Zip Code</td>
</tr>
</tbody>
</table>

Physical Location (if different from mailing address)

<table>
<thead>
<tr>
<th>Physical Location (if different from mailing address)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Legal Title of Subsidiary Holding Company</th>
<th>Legal Title of Subsidiary Holding Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
<td>(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box</td>
</tr>
<tr>
<td>City</td>
<td>City</td>
</tr>
<tr>
<td>State</td>
<td>State</td>
</tr>
<tr>
<td>Zip Code</td>
<td>Zip Code</td>
</tr>
</tbody>
</table>

Physical Location (if different from mailing address)

<table>
<thead>
<tr>
<th>Physical Location (if different from mailing address)</th>
</tr>
</thead>
</table>
Report Item

1: The bank holding company prepares an annual report for its securities holders and is not registered with the SEC. As specified by the appropriate Reserve Bank, two copies are enclosed.

2a: Organizational Chart

```
Harrison Bankshares, Inc.
No LEI
80 East Main Street
Lost Creek WV 26385
Incorporated in West Virginia

100%

The Harrison County Bank
No LEI
80 East Main Street
Lost Creek WV 26385
1600 Shares
100% Owned by Harrison Bankshares, Inc.
Incorporated in West Virginia
```

2b: Domestic branch listing provided to the Federal Reserve Bank.
Results: A list of branches for your depository institution: HARRISON COUNTY BANK, THE (ID_RSSO: 104234).
This depository institution is held by HARRISON BANKSHARES, INC. (1249178) of LOST CREEK, WV.
The data are as of 12/31/2017. Data reflects information that was received and processed through 01/04/2018.

Reconciliation and Verification Steps
1. In the Data Action column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the Effective Date column

Actions
OK: If the branch information is correct, enter "OK" in the Data Action column.
Change: If the branch information is incorrect or incomplete, revise the data, enter "Change" in the Data Action column and the date when this information first became valid in the Effective Date column.
Close: If a branch listed was sold or closed, enter "Close" in the Data Action column and the sale or closure date in the Effective Date column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter "Add" in the Data Action column and the opening or acquisition date in the Effective Date column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the FR Y-10 reporting requirements, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a Data Action of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://ytOnline.federalreserve.gov.

FDIC UNINUM, Office Number, and ID_RSSO columns are for reference only. Verification of these values is not required.

<table>
<thead>
<tr>
<th>Data Action</th>
<th>Effective Date</th>
<th>Branch Service Type</th>
<th>Branch ID_RSSO*</th>
<th>Popular Name</th>
<th>Street Address</th>
<th>City</th>
<th>State</th>
<th>Zip-Code</th>
<th>County</th>
<th>Country</th>
<th>FDIC UNINUM*</th>
<th>Office Number*</th>
<th>Head Office</th>
<th>Head Office ID_RSSO*</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>OK</td>
<td>Full Service</td>
<td>104234</td>
<td>HARRISON COUNTY BANK, THE</td>
<td>MAIN STREET</td>
<td>LOST CREEK</td>
<td>WV</td>
<td>26355</td>
<td>HARRISON</td>
<td>UNITED STATES</td>
<td>Not Required</td>
<td>Not Required</td>
<td>HARRISON COUNTY BANK, THE</td>
<td>104234</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OK</td>
<td>Full Service</td>
<td>2529993</td>
<td>BRIDGEPORT BRANCH</td>
<td>1215 JOHNSON AVENUE</td>
<td>BRIDGEPORT</td>
<td>WV</td>
<td>26310</td>
<td>HARRISON</td>
<td>UNITED STATES</td>
<td>Not Required</td>
<td>Not Required</td>
<td>HARRISON COUNTY BANK, THE</td>
<td>104234</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OK</td>
<td>Full Service</td>
<td>3677396</td>
<td>CLARKSBURG BRANCH</td>
<td>17 ARKPORT RD</td>
<td>CLARKSBURG</td>
<td>WV</td>
<td>26301</td>
<td>HARRISON</td>
<td>UNITED STATES</td>
<td>Not Required</td>
<td>Not Required</td>
<td>HARRISON COUNTY BANK, THE</td>
<td>104234</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OK</td>
<td>Full Service</td>
<td>3249429</td>
<td>NUTTER FORT BRANCH</td>
<td>3066 BUCHANAN FORD</td>
<td>CLARKSBURG</td>
<td>WV</td>
<td>26301</td>
<td>HARRISON</td>
<td>UNITED STATES</td>
<td>Not Required</td>
<td>Not Required</td>
<td>HARRISON COUNTY BANK, THE</td>
<td>104234</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OK</td>
<td>Full Service</td>
<td>2448635</td>
<td>WEST MILFORD BRANCH</td>
<td>007 MAIN STREET</td>
<td>WEST MILFORD</td>
<td>WV</td>
<td>26453</td>
<td>HARRISON</td>
<td>UNITED STATES</td>
<td>Not Required</td>
<td>Not Required</td>
<td>HARRISON COUNTY BANK, THE</td>
<td>104234</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
REPORT ITEM 3: SHAREHOLDERS

<table>
<thead>
<tr>
<th>Name</th>
<th>City, State, Country</th>
<th>(1) Number and Percentage of Each Class of Voting Securities</th>
<th>(2) Number and Percentage of Each Class of Voting Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estate of Mary Thrash</td>
<td>Lost Creek, WV, USA</td>
<td>340 - 5.82% Common Stock</td>
<td>None</td>
</tr>
<tr>
<td>Jim Harris</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Representative</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comment: Jim Harris votes the shares held in the Estate of Mary Thrash as personal representative.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Walter E. Buck &amp; David H. Nutter Foundation, Inc.</td>
<td>Lost Creek, WV, USA</td>
<td>650 - 11.13% Common Stock</td>
<td></td>
</tr>
<tr>
<td>Isaac H. Maxwell III</td>
<td>Lost Creek, WV, USA</td>
<td>302 - 5.17% Common Stock</td>
<td></td>
</tr>
</tbody>
</table>
## Report Item 4: Insiders

(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

<table>
<thead>
<tr>
<th>(1) Name, City, State, Country</th>
<th>(2) Principal Occupation if other than with Holding Company</th>
<th>(3)(a) Title &amp; Position with Holding Company</th>
<th>(3)(b) Title &amp; Position with Subsidiaries (include names of subsidiaries)</th>
<th>(3)(c) Title &amp; Position with Other Businesses (include names of other businesses)</th>
<th>(4)(a) Percentage of Voting Shares in Subsidiaries</th>
<th>(4)(b) List names of other companies (include partnerships) if 25% or more of voting securities are held</th>
<th>(4)(c) List names of companies and percentage of voting securities held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Isaac H. Maxwell III Lost Creek, WV, USA</td>
<td>Retired Farmer</td>
<td>Director/Chairman</td>
<td>Director (The Harrison County Bank)</td>
<td>Retired</td>
<td>5.17%</td>
<td>None</td>
<td>N/A</td>
</tr>
<tr>
<td>Randy Williams Flemington, WV, USA</td>
<td>Pharmacist</td>
<td>Director</td>
<td>Director (The Harrison County Bank)</td>
<td>Pharmacist Village Pharmacy</td>
<td>3.53%</td>
<td>None</td>
<td>Village Pharmacy (25%)</td>
</tr>
<tr>
<td>John F. McCuskey Charleston, WV, USA</td>
<td>Attorney</td>
<td>Director</td>
<td>Director</td>
<td>Attorney Shuman, McCuskey &amp; Slicer PLLC</td>
<td>4.52%</td>
<td>None</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>David J. Griffith Clarksburg, WV, USA</td>
<td>Retired</td>
<td>Director</td>
<td>Director (The Harrison County Bank)</td>
<td>Retired</td>
<td>1.46%</td>
<td>None</td>
<td>N/A</td>
</tr>
<tr>
<td>Kermit P. Stutler Lost Creek, WV, USA</td>
<td>Salesman</td>
<td>Director</td>
<td>Director (The Harrison County Bank)</td>
<td>VP/Secretary Bykota, Inc.</td>
<td>0.84%</td>
<td>None</td>
<td>N/A</td>
</tr>
<tr>
<td>Michael T. Marsh Mt. Claire, WV, USA</td>
<td>Insurance claim specialist</td>
<td>Director</td>
<td>Director (The Harrison County Bank)</td>
<td>Insurance claim specialist Farmers Mechanics</td>
<td>1.04%</td>
<td>None</td>
<td>N/A</td>
</tr>
<tr>
<td>Virgil McNemar Lost Creek, WV, USA</td>
<td>N/A</td>
<td>Director/CEO</td>
<td>President &amp; CEO (The Harrison County Bank)</td>
<td>N/A</td>
<td>0.10%</td>
<td>None</td>
<td>N/A</td>
</tr>
<tr>
<td>Walter E. Buck &amp; David H. Nutter Foundation, Inc. Lost Creek, WV, USA</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>11.13%</td>
<td>None</td>
<td>N/A</td>
</tr>
</tbody>
</table>
HARRISON BANKSHARES, INC.
AND SUBSIDIARY

INDEPENDENT AUDITOR'S REPORT AND
RELATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016
INDEX

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditor's Report</td>
<td>1-2</td>
</tr>
<tr>
<td>Consolidated Statements of Financial Condition</td>
<td>3-4</td>
</tr>
<tr>
<td>Consolidated Statements of Income</td>
<td>5-6</td>
</tr>
<tr>
<td>Consolidated Statements of Comprehensive Income</td>
<td>7</td>
</tr>
<tr>
<td>Consolidated Statements of Changes in Stockholders' Equity</td>
<td>8</td>
</tr>
<tr>
<td>Consolidated Statements of Cash Flows</td>
<td>9-10</td>
</tr>
<tr>
<td>Notes to Consolidated Financial Statements</td>
<td>11-53</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR'S REPORT

Directors and Stockholders
Harrison Bankshares, Inc.
Lost Creek, West Virginia

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Harrison Bankshares, Inc. and Subsidiary, which comprise the consolidated statements of financial condition as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 purpose 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 Harrison Bankshares, Inc. and Subsidiary as of December 31, 2017 and 2016, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, Harrison Bankshares, Inc. adopted new accounting guidance, FASB Accounting Standards Update (ASU) 2018-02, Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. Our opinion is not modified with respect to that matter.

Fairmont, West Virginia
February 18, 2018
### Consolidated Statements of Financial Condition

**December 31,**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and due from banks</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Noninterest-bearing</td>
<td>$4,524,611</td>
<td>$3,806,743</td>
</tr>
<tr>
<td>Interest bearing</td>
<td>143,962</td>
<td>136,345</td>
</tr>
<tr>
<td><strong>Total cash and due from banks</strong></td>
<td>4,668,573</td>
<td>3,943,088</td>
</tr>
<tr>
<td>Investment securities (note 3)</td>
<td>47,778,738</td>
<td>46,565,280</td>
</tr>
<tr>
<td>Loans, net (note 4)</td>
<td>53,678,466</td>
<td>51,089,514</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>434,058</td>
<td>397,546</td>
</tr>
<tr>
<td>Bank premises and equipment, net (note 5)</td>
<td>3,116,459</td>
<td>3,194,968</td>
</tr>
<tr>
<td>Deferred income taxes (benefits) (note 14)</td>
<td>212,464</td>
<td>503,163</td>
</tr>
<tr>
<td>Restricted investments – stock in Federal Home Loan Bank, at cost</td>
<td>56,700</td>
<td>70,500</td>
</tr>
<tr>
<td>Other assets (note 6)</td>
<td>250,489</td>
<td>224,645</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$110,195,947</strong></td>
<td><strong>$105,988,704</strong></td>
</tr>
</tbody>
</table>
2017  2016

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities
Deposits (note 7):
   Noninterest-bearing  $ 31,798,162  $ 29,188,491
   Interest-bearing  67,535,463  66,546,981
   Total deposits  99,333,625  95,735,472
Interest payable  8,130  8,255
Federal funds purchased (note 8)  -  -
Advances from Federal Home Loan Bank (note 9)  -  -
Other liabilities (note 10)  150,013  176,665
Total liabilities  99,491,768  95,920,392

Stockholders' Equity
Common stock (note 11)  1,600  1,600
Additional paid-in capital  1,110,839  1,110,839
Retained earnings  10,946,828  10,467,267
Accumulated other comprehensive income (loss)  (702,040)  (858,346)
Treasury stock (note 11)  (653,048)  (653,048)
Total stockholders' equity  10,704,179  10,068,312

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY  $110,195,947  $105,988,704

See accompanying notes and independent auditor's report.
HARRISON BANKSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31,

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and fees on loans</td>
<td>$2,807,205</td>
<td>$2,758,402</td>
</tr>
<tr>
<td>Interest and dividends on investment securities</td>
<td>954,955</td>
<td>844,261</td>
</tr>
<tr>
<td>Interest on federal funds sold</td>
<td>1,809</td>
<td>1,134</td>
</tr>
<tr>
<td><strong>Total interest income</strong></td>
<td>3,763,969</td>
<td>3,603,797</td>
</tr>
<tr>
<td><strong>Interest Expense</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest on time certificates of deposit of $100,000 or more</td>
<td>112,501</td>
<td>124,777</td>
</tr>
<tr>
<td>Interest on other deposits</td>
<td>141,853</td>
<td>151,279</td>
</tr>
<tr>
<td>Interest on federal funds purchased</td>
<td>18</td>
<td>-</td>
</tr>
<tr>
<td>Interest on advances from Federal Home Loan Bank</td>
<td>246</td>
<td>2,965</td>
</tr>
<tr>
<td><strong>Total interest expense</strong></td>
<td>254,618</td>
<td>279,021</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td>3,509,351</td>
<td>3,324,776</td>
</tr>
<tr>
<td><strong>Provision for loan losses</strong></td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>Net interest income after provision for loan losses</strong></td>
<td>3,479,351</td>
<td>3,294,776</td>
</tr>
<tr>
<td><strong>Noninterest Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Securities gains (losses)</td>
<td>(3,550)</td>
<td>134,769</td>
</tr>
<tr>
<td>Service charges and fees</td>
<td>592,048</td>
<td>611,619</td>
</tr>
<tr>
<td>Safe deposit rentals</td>
<td>15,162</td>
<td>15,854</td>
</tr>
<tr>
<td>Rental income</td>
<td>34,152</td>
<td>34,152</td>
</tr>
<tr>
<td>Other</td>
<td>20,748</td>
<td>23,532</td>
</tr>
<tr>
<td><strong>Total other income</strong></td>
<td>658,560</td>
<td>819,926</td>
</tr>
<tr>
<td><strong>Noninterest Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and employee benefits</td>
<td>1,430,690</td>
<td>1,393,210</td>
</tr>
<tr>
<td>Occupancy expense of bank premises</td>
<td>225,290</td>
<td>234,353</td>
</tr>
<tr>
<td>Furniture and equipment expense</td>
<td>161,916</td>
<td>163,329</td>
</tr>
<tr>
<td>Assessment fees</td>
<td>43,147</td>
<td>52,220</td>
</tr>
<tr>
<td>Stationery and supplies</td>
<td>42,944</td>
<td>46,451</td>
</tr>
<tr>
<td>Director fees</td>
<td>120,400</td>
<td>112,000</td>
</tr>
<tr>
<td>Advertising</td>
<td>35,559</td>
<td>48,038</td>
</tr>
<tr>
<td>Other expenses</td>
<td>950,937</td>
<td>914,369</td>
</tr>
<tr>
<td><strong>Total other expenses</strong></td>
<td>3,010,883</td>
<td>2,963,970</td>
</tr>
</tbody>
</table>
**HARRISON BANKSHARES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF INCOME (CONTD)**  
**FOR THE YEARS ENDED DECEMBER 31,**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes</td>
<td>$1,127,028</td>
<td>$1,150,732</td>
</tr>
<tr>
<td>Provision for income taxes (note 14)</td>
<td>445,758</td>
<td>300,257</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>$681,270</td>
<td>$850,475</td>
</tr>
<tr>
<td>Earnings per share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$116.68</td>
<td>$145.65</td>
</tr>
</tbody>
</table>

See accompanying notes and independent auditor's report.
## HARRISON BANKSHARES, INC. AND SUBSIDIARY
### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
### FOR THE YEARS ENDED DECEMBER 31,

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income</strong></td>
<td>$681,270</td>
<td>$850,475</td>
</tr>
<tr>
<td><strong>Other Comprehensive Income (Loss) Before Tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in net unrealized gains (losses) on securities available for sale, net of income taxes of $78,220 in 2017 and $370,749 in 2016</td>
<td>309,317</td>
<td>(719,689)</td>
</tr>
<tr>
<td>Reclassification adjustment for (losses) gains realized, net of income taxes of $8,272 in 2017 and $35,139 in 2016</td>
<td>16,057</td>
<td>(68,211)</td>
</tr>
<tr>
<td>Other comprehensive income (loss), net of tax</td>
<td>325,374</td>
<td>(787,900)</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td><strong>$1,006,644</strong></td>
<td><strong>$62,575</strong></td>
</tr>
</tbody>
</table>

See accompanying notes and independent auditor’s report.
HARRISON BANKSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN
STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31,

<table>
<thead>
<tr>
<th>Common Stock</th>
<th>Surplus</th>
<th>Retained Earnings</th>
<th>Treasury Stock</th>
<th>Comprehensive Income (Loss)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, January 1, 2016</td>
<td>$1,600</td>
<td>$1,110,839</td>
<td>$9,967,132</td>
<td>$(653,048)</td>
<td>$(70,446)</td>
</tr>
<tr>
<td>Net income</td>
<td>850,475</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid ($60.00 per share)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized gain (loss) on securities available-for-sale, net of applicable deferred income taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(787,900)</td>
</tr>
<tr>
<td>Balance, December 31, 2016</td>
<td>1,600</td>
<td>1,110,839</td>
<td>10,467,267</td>
<td>(653,048)</td>
<td>(858,346)</td>
</tr>
<tr>
<td>Net income</td>
<td>681,270</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid ($63.50 per share)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized gain (loss) on securities available-for-sale, net of applicable deferred income taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>325,374</td>
</tr>
<tr>
<td>Reclassification of stranded tax effects</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>169,068</td>
</tr>
<tr>
<td>Balance, December 31, 2017</td>
<td>$1,600</td>
<td>$1,110,839</td>
<td>$10,946,828</td>
<td>(653,048)</td>
<td>(702,040)</td>
</tr>
</tbody>
</table>

See accompanying notes and independent auditor's report.
HARRISON BANKSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows From Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$ 681,270</td>
<td>$ 850,475</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>163,075</td>
<td>172,797</td>
</tr>
<tr>
<td>Provision for loan losses</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Securities (gains) losses</td>
<td>3,550</td>
<td>(134,769)</td>
</tr>
<tr>
<td>(Gains) losses on sales of foreclosed real estate and other assets</td>
<td>(75)</td>
<td>(3,936)</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>204,207</td>
<td>(25,183)</td>
</tr>
<tr>
<td>Net amortization of securities</td>
<td>634,180</td>
<td>605,350</td>
</tr>
<tr>
<td>Loss (gain) on sale/disposal of assets</td>
<td>410</td>
<td>-</td>
</tr>
<tr>
<td>Change in assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest receivable</td>
<td>(36,512)</td>
<td>(40,910)</td>
</tr>
<tr>
<td>Other assets</td>
<td>(27,844)</td>
<td>(101,558)</td>
</tr>
<tr>
<td>Interest payable</td>
<td>(125)</td>
<td>(2,140)</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>(26,652)</td>
<td>(39,361)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>1,625,484</td>
<td>1,310,765</td>
</tr>
</tbody>
</table>

| **Cash Flows From Investing Activities** |         |         |
| Investment security purchases       | (11,435,819) | (25,087,110) |
| Investment securities called and matured | 6,444,162  | 6,224,280  |
| Proceeds from sale of investment securities | 3,552,335  | 15,101,492 |
| Net (purchases)/redemptions of restricted investments | 13,800   | (3,800)   |
| Proceeds from sales of foreclosed real estate and other assets | 7,075    | 35,015     |
| Loans (increase) decrease           | (2,623,952) | (1,020,103) |
| Capital expenditures                | (84,976)  | (85,598)  |
| Net cash (used in) provided by investing activities | (4,127,375) | (4,835,824) |

| **Cash Flows From Financing Activities** |         |         |
| Deposits increase (decrease)          | 3,598,153 | 669,566  |
| Dividends paid                        | (370,777) | (350,340) |
| Net cash provided by financing activities | 3,227,376  | 319,226  |
HARRISON BANKSHARES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTD)
FOR THE YEARS ENDED DECEMBER 31,

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>$725,485</td>
<td>$(3,205,833)</td>
</tr>
<tr>
<td>Cash and cash equivalents at January 1,</td>
<td>3,943,088</td>
<td>7,148,921</td>
</tr>
<tr>
<td>Cash and cash equivalents at December 31,</td>
<td>$4,668,573</td>
<td>$3,943,088</td>
</tr>
<tr>
<td>Supplemental disclosures of cash flow information</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income taxes paid</td>
<td>$335,218</td>
<td>$436,233</td>
</tr>
<tr>
<td>Interest paid</td>
<td>$254,743</td>
<td>$281,161</td>
</tr>
<tr>
<td>Loans transferred to foreclosed real estate and other assets during the year</td>
<td>$5,000</td>
<td>$36,500</td>
</tr>
<tr>
<td>Proceeds from sales of foreclosed real estate and other assets financed</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>assets financed through loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other asset transferred to bank premises and equipment</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Total decrease (increase) in unrealized gain (loss) on securities available</td>
<td>$411,867</td>
<td>$(1,193,789)</td>
</tr>
</tbody>
</table>

See accompanying notes and independent auditor's report.
1. Summary of Significant Accounting Policies

The accounting and reporting policies of Harrison Bankshares, Inc. and its subsidiary ("The Corporation") conform to accounting principles generally accepted in the United States of America and general practices within the banking industry. The following is a summary of the more significant policies.

Date of Management's Review of Subsequent Events
Management has evaluated subsequent events through February 18, 2018, the date which the financial statements were available to be issued.

Nature of Operations
Harrison Bankshares, Inc. is a bank holding company whose principal activity is the ownership and management of its wholly-owned subsidiary Harrison County Bank (the Bank). The Bank generates commercial, mortgage and consumer loans and receives deposits from customer located primarily in Harrison County, West Virginia and surrounding areas. The Bank operates under a state bank charter and provides full banking services. As a state bank, the Bank is subject to regulation by the West Virginia Department of Banking and the Federal Deposit Insurance Corporation.

Basis of Consolidation
The consolidated financial statements include the accounts of Harrison Bankshares, Inc. and its wholly owned subsidiary, The Harrison County Bank. All significant intercompany balances and transactions have been eliminated.

Use of Estimates
The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains appraisals for significant collateral.

See independent auditor's report.
The Bank's loans are generally secured by specific items of collateral including real property, consumer assets, and business assets. Although the Bank has a diversified loan portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent on local economic conditions.

While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the estimated losses on loans. Such agencies may require the Bank to recognize additional losses based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the estimated losses on loans may change materially in the near term. However, the amount of the change that is reasonably possible cannot be determined.

Comprehensive Income
Accounting principles generally require that recognized revenue, expenses, gains, and losses be included in net income. Certain changes in net assets and liabilities, such as unrealized gains and losses on available-for-sale securities, are reported as a separate component of the shareholders' equity section of the statement of financial condition. Such items, along with net income, are components of comprehensive income.

Cash Flows
For purposes of reporting cash flows, cash and cash equivalents include cash on hand and noninterest-bearing and interest bearing amounts due from banks.

Trust Assets
Assets held in a fiduciary or agency capacity for Bank customers are not included in the financial statements since such items are not assets of the Bank. Trust Department income is reported on a cash basis. Reporting of such income on an accrual basis would not have a material effect on net income.

Investment Securities
Debt securities are classified as held-to-maturity when the Corporation has the positive intent and ability to hold the securities to maturity. Securities held-to-maturity are carried at amortized cost. The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method over the period to maturity.

See independent auditor's report.
Debt securities not classified as held-to-maturity are classified as available-for-sale. Securities available-for-sale are carried at fair value with unrealized gains and losses reported in other comprehensive income. Realized gains (losses) on securities available-for-sale are included in noninterest income and, when applicable, are reported as a reclassification adjustment, net of tax, in other comprehensive income. Gains and losses on sales of securities are determined on the specific-identification method.

Declines in the fair value of individual held-to-maturity and available-for-sale securities below their cost that are other than temporary result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Corporation to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

Restricted investments are stock from the Federal Home Loan Bank of Pittsburgh, which is restricted as to its marketability. Because no ready market exists for these investments and it has no quoted market value, the Corporation's investment in this stock is carried at cost.

Loans
The Corporation grants mortgage, commercial and consumer loans to customers. A substantial portion of the loan portfolio is represented by mortgage loans in North Central West Virginia. The ability of the Corporation's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield using the interest method.

Unearned discounts on installment loans are recognized as income over the term of the loans using a method that approximates the interest method.

See independent auditor's report.
Loan origination and commitment fees, as well as certain direct origination costs, are deferred and amortized as a yield adjustment over the lives of the related loans using the interest method. Amortization of deferred loan fees is discontinued when a loan is placed on nonaccrual status.

The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well-secured and in the process of collection. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. 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 reflects management's judgment of probable loan losses inherent in the portfolio at the balance sheet date. The determination of the allowance for loan losses requires significant estimates, including consideration of current economic conditions and historical loss experience pertaining to pools of homogeneous loans, which may be susceptible to change. To determine the total allowance for loan losses, management estimates the reserves needed for each segment of the portfolio, including loans analyzed individually and loans analyzed on a pooled basis. The allowance for loan losses consists of amounts applicable to: (i) construction and land development segment; (ii) residential real estate segment; (iii) commercial real estate segment; (iv) commercial and industrial segment and (v) other consumer segment.

The allowance consists of specific, general, and unallocated components. The specific component relates to loans that are classified as special mention, substandard, doubtful, or loss. For such loans, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the classified loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience of each segment, adjusted for qualitative factors. An unallocated component is maintained to cover uncertainties that could affect management's estimate of probable losses. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used in the methodologies for estimating specific and general losses in the portfolio. Factors influencing management's judgment of the unallocated component include the current economic condition of the local community and the trend in real estate values in the local community.

See independent auditor's report.
Charge-off of Uncollectible Loans
Construction and land development loans are either charged-off or written down to fair value at 90-days past due. Residential real estate and commercial real estate loans are either charged-off or written down to fair value when the loan has been foreclosed and the balance exceeds the market value of the collateral. Commercial and industrial and other consumer loans are considered for charge-off at 60-days past due. Any loan in any portfolio segment may be charged-off prior to the policies described above if a loss confirming event occurred. Loss confirming events include, but are not limited to, bankruptcy (unsecured), continued delinquency, or receipt of an asset valuation indicating a collateral deficiency and that asset is the sole source of repayment.

Impaired Loans
A loan is considered impaired when, based on current information and events, it is probable that the Corporation will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, 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 of the 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. Impairment is measured on a loan by loan basis for all loans by either the present value of expected future cash flows discounted at the loan's effective interest rate or the fair value of the collateral if the loan is collateral dependent.

Large groups of smaller balance homogeneous loans are collectively evaluated for impairment. Accordingly, the Corporation does not separately identify individual consumer and residential loans for impairment disclosures, unless such loans are the subject of a restructuring agreement.

When a loan within any class is impaired, interest income is recognized unless the receipt of principal and interest is in doubt when contractually due. If receipt of principal and interest is in doubt when contractually due, interest income is not recognized. Cash receipts received on nonaccruing impaired loans within any class are generally applied entirely against principal until the loan has been collected in full, after which any additional cash receipts are recognized as interest income. Cash receipts received on accruing impaired loans within any class are applied in the same manner as accruing loans that are not considered impaired.

See independent auditor's report.
Premises and Equipment
Bank premises and equipment are stated at cost less accumulated depreciation. Depreciation is computed using straight-line and accelerated methods based on the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred while major additions and improvements are capitalized. Gains and losses on dispositions are included in current operations.

Other Assets
Real estate and other property held for resale, acquired principally through foreclosure, are reported at the lower of cost or estimated net realizable value and are included in other assets. Any write downs at the date of foreclosure are charged to the allowance for loan losses. Expenses incurred in maintaining foreclosed real estate and subsequent write-downs to reflect declines in market value of the property are included in determining net income.

Advertising
The Bank expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place.

Sales Tax
Sales taxes collected from customers and remitted to taxing authorities are excluded from revenues and expenses, respectively.

Income Taxes
Income taxes are provided for the tax effects of the transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of the allowance for loan losses, accumulated depreciation, and state income tax benefits. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. The Company files consolidated income tax returns with the subsidiary.

All required federal business income tax returns for the Company have been filed up to, and including the tax year ended December 31, 2016. The Company's federal income tax returns for 2016, 2015, and 2014 remain subject to examination by the Internal Revenue Service ("IRS").

See independent auditor's report.
Pension Plan
The Bank provides a 401(K) pension plan which covers substantially all employees. The employees may make tax deferred contributions to the plan. The Bank annually determines its contribution to the plan, if any.

The Bank's policy is to fund pension costs accrued.

Employer match pension expense for 2017 and 2016 was $46,091 and $46,299 respectively.

In addition, the 401(K) plan includes a discretionary profit-sharing feature, contributions were $45,000 and $45,000 for 2017 and 2016, respectively.

New Authoritative Accounting Guidance
The Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) 2018-02 Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income. The amendments in this Update allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. Consequently, the amendments eliminate the stranded tax effects resulting from the Tax Cuts and Jobs Act and will improve the usefulness of information reported to financial statement users. This ASU will be effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted. The Corporation has elected to implement this Update early and has reclassified the stranded tax effects of the Tax Cuts and Jobs Act from accumulated other comprehensive income to retained earnings.

2. Restrictions on Cash and Due from Banks
The Corporation is required to maintain reserve funds in cash or on deposit with the Federal Reserve Bank. The required reserve at December 31, 2017 and 2016, was $1,122,000 and $806,000, respectively.

See independent auditor's report.
3. **Investment Securities**

Securities available for sale consist of the following:

| December 31, 2017 |  
|------------------|------------------|
| | U.S. Treasury securities and obligations of U.S. Government corporations and agencies | Municipal securities | Totals |
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| December 31, 2017 | $28,423,201 | 20,244,194 | 61,036 | $27,786,337 |
| | 20,244,194 | (312,829) | 19,992,401 |
| | $48,667,395 | 61,036 | (949,693) | $47,778,738 |

| December 31, 2016 |  
|------------------|------------------|
| | U.S. Treasury securities and obligations of U.S. Government corporations and agencies | Municipal securities | Totals |
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| December 31, 2016 | $30,218,921 | 17,646,884 | 9,123 | $29,566,525 |
| | 17,646,884 | (657,252) | 16,998,755 |
| | $47,865,805 | 9,123 | (1,309,648) | $46,565,280 |

See independent auditor's report.
The amortized cost and estimated market value of investment securities at December 31, 2017 and 2016, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

### December 31, 2017

<table>
<thead>
<tr>
<th>Securities Available For Sale</th>
<th>Amortized Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Treasury securities and obligations of U.S.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government corporations and agencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>One year or less</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>After one year through five years</td>
<td>27,007,401</td>
<td>26,393,257</td>
</tr>
<tr>
<td>After five years through ten years</td>
<td>1,415,800</td>
<td>1,393,080</td>
</tr>
<tr>
<td>After ten years</td>
<td>8,667,325</td>
<td>8,500,825</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>28,423,201</td>
<td>27,786,337</td>
</tr>
</tbody>
</table>

| Municipal securities                                 |                |            |
| One year or less                                     | 407,301        | 406,420    |
| After one year through five years                    | 1,887,067      | 1,889,058  |
| After five years through ten years                   | 9,933,887      | 9,846,128  |
| After ten years                                      | 8,015,939      | 7,850,795  |
| **Total**                                            | 20,244,194     | 19,992,401 |

$48,667,395  $47,778,738

See independent auditor's report.
December 31, 2016

<table>
<thead>
<tr>
<th>Securities Available For Sale</th>
<th>Amortized Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Treasury securities and obligations of U.S. Government corporations and agencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>One year or less</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>After one year through five years</td>
<td>27,366,955</td>
<td>26,762,579</td>
</tr>
<tr>
<td>After five years through ten years</td>
<td>2,851,966</td>
<td>2,803,946</td>
</tr>
<tr>
<td>After ten years</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>30,218,921</td>
<td>29,566,525</td>
</tr>
</tbody>
</table>

| Municipal securities          |                |            |
| One year or less              | 200,000        | 200,270    |
| After one year through five years | 974,167        | 968,626    |
| After five years through ten years | 8,994,835     | 8,727,028  |
| After ten years               | 7,477,882      | 7,102,831  |
| Total                         | 17,646,884     | 16,998,755 |

$ 47,865,805 $ 46,565,280

The book value of securities pledged to secure public deposits, repurchase agreements, trust deposits and for other purposes required or permitted by law amounted to $6,138,609 and $5,359,574 December 31, 2017 and 2016, respectively.

Gross losses of $3,550 and gains of $134,769 in 2017 and 2016, respectively, were realized from sales of investment securities available-for-sale with proceeds of $3,552,335 and $15,101,492, respectively.

See independent auditor's report.
The table below shows the investments' gross unrealized loss and fair value, aggregated by investment category and length of time that individual securities have been in continuous unrealized loss position, at December 31, 2017 and 2016.

### December 31, 2017

| Description of Securities | Less than 12 months | | | | 12 months or more | | | | Total | | |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                           | Fair Value | Unrealized | Loss | Fair Value | Unrealized | Loss | Fair Value | Unrealized | Loss | Fair Value | Unrealized | Loss |
| Obligations of U.S.       |             |             |      |             |             |      |             |             |      |             |             |      |
| Government Agencies       | $6,233,240  | (96,816)    |      | $21,553,096 | (540,048)   |      | $27,786,336 | (636,864)   |      |             |             |      |
| Municipal securities      | 9,479,783   | (119,216)   |      | 5,282,460   | (193,613)   |      | 14,762,243  | (312,829)   |      |             |             |      |
| Total temporarily impaired securities | $15,713,023 | (216,032) |      | $26,835,556 | (733,661) |      | $42,548,579 | (949,693) |      |             |             |      |

### December 31, 2016

| Description of Securities | Less than 12 months | | | | 12 months or more | | | | Total | | |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                           | Fair Value | Unrealized | Loss | Fair Value | Unrealized | Loss | Fair Value | Unrealized | Loss | Fair Value | Unrealized | Loss |
| Obligations of U.S.       |             |             |      |             |             |      |             |             |      |             |             |      |
| Government Agencies       | $26,406,904 | (565,363)   |      | $3,159,621  | (87,033)    |      | $29,566,525 | (652,396)   |      |             |             |      |
| Municipal securities      | 13,939,939  | (657,252)   |      | -           | -           |      | 13,939,939  | (657,252)   |      |             |             |      |
| Total temporarily impaired securities | $40,346,843 | (1,222,615) |      | $3,159,621  | (87,033)    |      | $43,506,464 | (1,309,648) |      |             |             |      |

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Corporation to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

See independent auditor's report.
At December 31, 2017, the sixty-three debt securities with unrealized losses have depreciated 2.18% from the Corporation's amortized cost bases. These securities are guaranteed by either the U.S. Government or other governments. These unrealized losses relate principally to current interest rates for similar types of securities. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of review of the issuer's financial condition. As management has the ability to hold debt securities until maturity, or for the foreseeable future if classified as available-for-sale, no declines are deemed to be other-than-temporary.

4. Loans

Loans outstanding at December 31, 2017 and 2016 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction and land development</td>
<td>$940,110</td>
<td>$1,644,304</td>
</tr>
<tr>
<td>Residential real estate</td>
<td>35,177,362</td>
<td>35,858,879</td>
</tr>
<tr>
<td>Commercial real estate</td>
<td>8,293,466</td>
<td>4,962,155</td>
</tr>
<tr>
<td>Commercial and industrial</td>
<td>1,297,153</td>
<td>1,459,220</td>
</tr>
<tr>
<td>Other consumer</td>
<td>8,415,095</td>
<td>7,788,779</td>
</tr>
<tr>
<td></td>
<td>54,123,186</td>
<td>51,713,337</td>
</tr>
<tr>
<td>Allowance for loan losses</td>
<td>(290,715)</td>
<td>(465,503)</td>
</tr>
<tr>
<td>Net deferred loan origination fees</td>
<td>(154,005)</td>
<td>(158,320)</td>
</tr>
<tr>
<td></td>
<td>53,678,466</td>
<td>51,089,514</td>
</tr>
</tbody>
</table>

Deferred dealer premiums of $9,650 and $6,045 are included in loans at December 31, 2017 and 2016, respectively.

See independent auditor's report.
Scheduled maturities on loans without regard to scheduled principal repayments on amortizing loans are as follows on December 31, 2017.

Due within one year $ 9,183,624
After one but within five years 7,315,026
After five but within fifteen years 18,304,327
After fifteen years 19,320,209

Total $ 54,123,186

Allowance for Loan Losses

A summary of the transactions in the allowance for loan losses and details regarding impaired loans follows for the years ended December 31, 2017 and 2016:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, January 1,</td>
<td>$ 465,503</td>
<td>$ 454,519</td>
</tr>
<tr>
<td>Provision charged to operations</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Recoveries credited to reserve</td>
<td>14,796</td>
<td>12,945</td>
</tr>
<tr>
<td>Losses charged to reserve</td>
<td>(219,584)</td>
<td>(31,961)</td>
</tr>
<tr>
<td>Balance, December 31,</td>
<td>$ 290,715</td>
<td>$ 465,503</td>
</tr>
</tbody>
</table>

Recorded balances of impaired loans, at end of year:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>With specific reserves assigned to the loan balances</td>
<td>$ -</td>
<td>$ 376,671</td>
</tr>
<tr>
<td>With no specific reserves assigned to the loan balances</td>
<td>130,591</td>
<td>143,366</td>
</tr>
<tr>
<td>Total</td>
<td>$ 130,591</td>
<td>$ 520,037</td>
</tr>
</tbody>
</table>

Average balance of impaired loans for the year  $ 325,314 $ 342,988
Allowance for loan losses on impaired loans $ - $ 122,600

See independent auditor's report.
The following tables present by portfolio segment, the changes in the allowance for loan losses and the recorded investment in loans at December 31, 2017 and 2016:

### December 31, 2017

<table>
<thead>
<tr>
<th>Segment</th>
<th>Construction and land development</th>
<th>Residential real estate</th>
<th>Commercial real estate</th>
<th>Commercial and industrial</th>
<th>Other consumer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Allowance for Loan Losses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning balance</td>
<td>$6,621</td>
<td>$156,469</td>
<td>$19,987</td>
<td>$10,671</td>
<td>$271,755</td>
<td>$465,503</td>
</tr>
<tr>
<td>Charge-offs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recoveries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision</td>
<td>(1,937)</td>
<td>211,796</td>
<td>22,057</td>
<td>(4,210)</td>
<td>(197,706)</td>
<td>30,000</td>
</tr>
<tr>
<td>Ending balance</td>
<td>4,684</td>
<td>177,963</td>
<td>42,044</td>
<td>6,461</td>
<td>59,563</td>
<td>290,715</td>
</tr>
<tr>
<td>Ending balance: individually evaluated for impairment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ending balance: collectively evaluated for impairment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ending balance: acquired loans with deteriorated credit quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Finance Receivables:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Construction and land development</th>
<th>Residential real estate</th>
<th>Commercial real estate</th>
<th>Commercial and industrial</th>
<th>Other consumer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending balance: individually evaluated for impairment</td>
<td>$</td>
<td>$130,591</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$130,591</td>
</tr>
<tr>
<td>Ending balance: collectively evaluated for impairment</td>
<td>940,110</td>
<td>35,046,771</td>
<td>8,293,466</td>
<td>1,297,153</td>
<td>8,415,095</td>
<td>53,992,595</td>
</tr>
<tr>
<td>Ending balance: acquired loans with deteriorated credit quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ending balance</td>
<td>$940,110</td>
<td>$35,177,362</td>
<td>$8,293,466</td>
<td>$1,297,153</td>
<td>$8,415,095</td>
<td>$54,123,186</td>
</tr>
</tbody>
</table>

See independent auditor's report.

24
### Allowance for Loan Losses:

<table>
<thead>
<tr>
<th></th>
<th>Construction and land development</th>
<th>Residential real estate</th>
<th>Commercial real estate</th>
<th>Commercial and industrial</th>
<th>Consumer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning balance</strong></td>
<td>$11,872</td>
<td>$276,432</td>
<td>$39,521</td>
<td>$11,950</td>
<td>$112,744</td>
<td>$452,519</td>
</tr>
<tr>
<td><strong>Charge-offs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(31,961)</td>
<td>(31,961)</td>
</tr>
<tr>
<td><strong>Recoveries</strong></td>
<td>697</td>
<td></td>
<td></td>
<td></td>
<td>12,248</td>
<td>12,945</td>
</tr>
<tr>
<td><strong>Provision</strong></td>
<td>(5,948)</td>
<td>(119,963)</td>
<td>(19,534)</td>
<td>(1,279)</td>
<td>178,724</td>
<td>32,000</td>
</tr>
<tr>
<td><strong>Ending balance</strong></td>
<td>$6,621</td>
<td>$156,469</td>
<td>$19,987</td>
<td>$10,671</td>
<td>$271,755</td>
<td>$465,503</td>
</tr>
</tbody>
</table>

**Ending balance: individually evaluated for impairment**
- $117,800
- $4,800
- $122,600

**Ending balance: collectively evaluated for impairment**
- $6,621
- $156,469
- $19,987
- $5,871
- $153,955
- $342,903

**Ending balance: acquired loans with deteriorated credit quality**
- $6,621
- $156,469
- $19,987
- $5,871
- $153,955
- $342,903

### Finance Receivables:

<table>
<thead>
<tr>
<th></th>
<th>Construction and land development</th>
<th>Residential real estate</th>
<th>Commercial real estate</th>
<th>Commercial and industrial</th>
<th>Consumer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning balance</strong></td>
<td>$377,421</td>
<td>$142,616</td>
<td>$1,644,304</td>
<td>$7,788,779</td>
<td>$51,193,300</td>
<td></td>
</tr>
<tr>
<td><strong>Ending balance</strong></td>
<td>$35,858,879</td>
<td>$4,962,155</td>
<td>$1,459,220</td>
<td>$7,788,779</td>
<td>$51,713,337</td>
<td></td>
</tr>
</tbody>
</table>

See independent auditor's report.
Credit Quality Information

The following tables represent credit exposures by creditworthiness category for the year ended December 31, 2017 and 2016. The Corporation's internal creditworthiness grading system is based on experiences with similarly graded loans. This grading system is based greatly on the UCS classification system representing the degree of risk of nonpayment. Management assigns a risk grade to loans at issuance and adjusts the risk grade as factors indicative of a change in the risk grade are known. The categories presented in the following table are:

**Pass – Minimal Risk:** Loans in this category have virtually no chance of resulting in a loss. They would have a level of risk similar to a loan with the following characteristics:

- The borrower has been with the bank for many years and has an excellent credit history.
- Cash flow is steady and well in excess of required debt repayment.
- The borrower has excellent access to alternative sources of finance at favorable terms.
- Management is of high quality and has unquestioned character.
- The collateral, if required, is cash or cash equivalent and is equal to or exceeds the value of the loan.
- The guarantor would achieve approximately this rating if borrowing individually from this bank.

**Pass – Low Risk:** Loans in this category are very unlikely to result in a loss. They would have a level of risk similar to a loan with the following characteristics:

- The borrower has an excellent credit history.
- The borrower's cash flow is steady and comfortably exceeds the required debt requirements plus other fixed charges.
- The borrower has good access to alternative sources of finance at favorable terms.
- Management is of high quality and has unquestioned character.
- The collateral, if required, is sufficiently liquid and has a large enough margin to make very likely the recovery of the full amount of the loan in the event of default.
- The guarantor would achieve approximately this rating if borrowing individually from this bank.

See independent auditor's report.
Pass – Medium Risk: Loans in this category have little chance of resulting in a loss. This category should include the average loan under average economic conditions. Loans in this category would have a level of risk similar to a loan with the following characteristics:

- The borrower has a good credit history.
- The borrower's cash flow may be subject to cyclical conditions, but is adequate to meet required debt repayments plus other fixed charges even after a limited period of losses or in the event of a somewhat lower trend in earnings.
- The borrower has some access to alternative sources of finance at reasonable terms.
- The borrower has good management in important positions.
- Collateral, which would usually be required, is sufficiently liquid and has a large enough margin to make likely the recovery of the value of the loan in the event of a default.
- The guarantor would achieve approximately this rating if borrowing individually from this bank.

Pass – Moderate Risk: Loans in this category have a limited chance of resulting in a loss. They would have a level of risk similar to a loan with the following characteristics:

- The borrower has only a fair credit rating but no recent credit problems.
- The borrower's cash flow is currently adequate to meet required debt repayments, but it may not be sufficient in the event of significant adverse developments.
- The borrower has some limited access to alternative sources of finance, possibly at unfavorable terms.
- Some management weakness exists.
- Collateral, which would generally be required, is sufficient to make likely the recovery of the value of the loan in the event of default, but liquidating the collateral may be difficult or expensive.
- The guarantor would achieve this rating, or lower, if borrowing individually from this bank.

Pass – Watch: Loans in this category have a limited chance of resulting in a loss, and should be watched closely for other deciding factors. These would have a level of risk similar to a loan with the following characteristics:

- The loan is for a start-up company.
- There is concern for the results of the industry.
- There have been significant changes in the company's management.
- The business has massive seasonal issues or fluctuations.

See independent auditor's report.
Classified – Special Mention: Loans in this category have one or more inherent weaknesses that raise objective concern about the ability of the borrower to repay the debt as currently structured.

Classified – Substandard: A loan is substandard when it is inadequately protected by the current financial strength and paying capacity of the borrower, guarantor, or collateral pledged. In this category, loans must have a well-defined weakness that jeopardizes the liquidation of debt.

Classified – Doubtful: A loan that is classified as doubtful has all the weaknesses inherent in one classified substandard, with the added characteristic that the weaknesses make collection or liquidation in full highly questionable and improbable. In this category, the possibility of loss is extremely high, but its classification as an estimated loss is deferred until a more exact status may be determined.

Classified – Loss: Loss loans are considered uncollectible and of such little value that there is no justification to continuing them as loans. This does not mean that the loans have no recovery or salvage value; rather, that it is not practical to defer writing off the asset even though partial recovery may occur in the future.

Credit Risk Profile by Creditworthiness Category by Class of Loan

<table>
<thead>
<tr>
<th></th>
<th>Construction and land development</th>
<th>Residential real estate</th>
<th>Commercial real estate</th>
<th>Commercial and industrial</th>
<th>Other consumer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pass - minimal risk</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$200,020</td>
<td>$954,153</td>
<td>$1,154,173</td>
</tr>
<tr>
<td>Pass - low risk</td>
<td>41,721</td>
<td>12,670,853</td>
<td>322,867</td>
<td>884,989</td>
<td>100,945</td>
<td>14,021,375</td>
</tr>
<tr>
<td>Pass - medium risk</td>
<td>898,389</td>
<td>22,079,084</td>
<td>7,913,067</td>
<td>212,144</td>
<td>6,143,028</td>
<td>37,245,712</td>
</tr>
<tr>
<td>Pass - moderate risk</td>
<td>-</td>
<td>296,834</td>
<td>57,532</td>
<td>-</td>
<td>1,216,969</td>
<td>1,571,335</td>
</tr>
<tr>
<td>Pass - watch</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Classified - special mention</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Classified - substandard</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Classified - doubtful</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Classified - loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$940,110</strong></td>
<td><strong>$35,177,362</strong></td>
<td><strong>$8,293,466</strong></td>
<td><strong>$1,297,153</strong></td>
<td><strong>$8,415,095</strong></td>
<td><strong>$54,123,186</strong></td>
</tr>
</tbody>
</table>

See independent auditor's report.
HARRISON BANKSHARES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD)

<table>
<thead>
<tr>
<th>Construction and land development</th>
<th>Residential real estate</th>
<th>Commercial real estate</th>
<th>Commercial and industrial</th>
<th>Other consumer</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pass - minimal risk</td>
<td>$</td>
<td>-</td>
<td>-</td>
<td>$238,012</td>
<td>$1,002,660</td>
</tr>
<tr>
<td>Pass - low risk</td>
<td>45,612</td>
<td>15,579,377</td>
<td>361,597</td>
<td>-</td>
<td>165,640</td>
</tr>
<tr>
<td>Pass - medium risk</td>
<td>1,598,692</td>
<td>19,534,041</td>
<td>4,577,168</td>
<td>805,515</td>
<td>5,310,623</td>
</tr>
<tr>
<td>Pass - moderate risk</td>
<td>368,040</td>
<td>23,390</td>
<td>273,077</td>
<td>1,509,856</td>
<td>1,974,363</td>
</tr>
<tr>
<td>Pass - watch</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Classified - special mention</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Classified - substandard</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>142,616</td>
<td></td>
</tr>
<tr>
<td>Classified - doubtful</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Classified - loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,644,304</td>
<td>35,858,879</td>
<td>4,962,155</td>
<td>1,459,220</td>
<td>7,788,779</td>
</tr>
</tbody>
</table>

Nonaccrual Loans
Information on nonaccrual loans as of December 31, 2017 and 2016 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction and land development</td>
<td>$</td>
<td>-</td>
</tr>
<tr>
<td>Residential real estate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Commercial real estate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Commercial and industrial</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other consumer</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$</td>
<td>-</td>
</tr>
</tbody>
</table>

See independent auditor's report.
### Age Analysis of Past Due Loans by Class
The following tables present an aging analysis of loans as of December 31, 2017 and 2016.

#### December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>30-59 Days</th>
<th>60-89 Days</th>
<th>90 or More Days</th>
<th>Total</th>
<th>Current</th>
<th>Total Loans Days Past Due and Accruing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction and land development</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Residential real estate</td>
<td>401,876</td>
<td>339,912</td>
<td>140,233</td>
<td>882,021</td>
<td>34,295,341</td>
<td>35,177,362 140,233</td>
</tr>
<tr>
<td>Commercial real estate</td>
<td>62,829</td>
<td>-</td>
<td>-</td>
<td>62,829</td>
<td>8,230,637</td>
<td>8,293,466</td>
</tr>
<tr>
<td>Commercial and industrial</td>
<td>23,994</td>
<td>-</td>
<td>-</td>
<td>23,994</td>
<td>1,273,159</td>
<td>1,297,153</td>
</tr>
<tr>
<td>Other consumer</td>
<td>98,021</td>
<td>44,209</td>
<td>140,230</td>
<td>8,272,865</td>
<td>8,415,095</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$ 586,720</td>
<td>$ 384,121</td>
<td>$ 1,111,074</td>
<td>$ 53,012,112</td>
<td>$ 54,123,186</td>
<td>$ 140,233</td>
</tr>
</tbody>
</table>

#### December 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>30-59 Days</th>
<th>60-89 Days</th>
<th>90 or More Days</th>
<th>Total</th>
<th>Current</th>
<th>Total Loans Days Past Due and Accruing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction and land development</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Residential real estate</td>
<td>1,011,942</td>
<td>193,334</td>
<td>33,254</td>
<td>1,238,530</td>
<td>34,620,349</td>
<td>35,858,879 33,254</td>
</tr>
<tr>
<td>Commercial real estate</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,962,155</td>
<td>4,962,155</td>
<td></td>
</tr>
<tr>
<td>Commercial and industrial</td>
<td>142,616</td>
<td>-</td>
<td>-</td>
<td>142,616</td>
<td>1,316,604</td>
<td>1,459,220 142,616</td>
</tr>
<tr>
<td>Other consumer</td>
<td>112,638</td>
<td>77,388</td>
<td>80,543</td>
<td>270,569</td>
<td>7,518,210</td>
<td>7,788,779 80,543</td>
</tr>
<tr>
<td>Total</td>
<td>$1,124,580</td>
<td>$ 270,722</td>
<td>$ 256,413</td>
<td>$ 50,061,622</td>
<td>$ 51,713,337</td>
<td>$ 256,413</td>
</tr>
</tbody>
</table>

See independent auditor's report.
Impaired Loans
The following tables present impaired loan information:

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2017</th>
<th>Year Ended</th>
<th>December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Recorded Investment</td>
<td>Unpaid Principal Balance</td>
<td>Associated Allowance</td>
</tr>
<tr>
<td>With no specific allowance recorded:</td>
<td>$132,188</td>
<td>$130,591</td>
<td>$138,768</td>
</tr>
<tr>
<td>Construction and land development</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Residential real estate</td>
<td>$132,188</td>
<td>$130,591</td>
<td>$138,768</td>
</tr>
<tr>
<td>Commercial real estate</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Commercial and industrial</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other consumer</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$132,188</td>
<td>$130,591</td>
<td>$138,768</td>
</tr>
</tbody>
</table>

With an allowance recorded:

| Construction and land development | $ - | $ - | $ - | $ - |
| Residential real estate | - | - | - | - |
| Commercial real estate | - | - | - | - |
| Commercial and industrial | - | - | - | - |
| Other consumer | - | - | - | - |
| Total | $ - | $ - | $ - | $ - |

| Construction and land development | $ - | $ - | $ - | $ - |
| Residential real estate | $132,188 | $130,591 | $138,768 | $11,088 |
| Commercial real estate | - | - | - | - |
| Commercial and industrial | - | - | - | - |
| Other consumer | - | - | - | - |
| Grand Total | $132,188 | $130,591 | $138,768 | $11,088 |

See independent auditor’s report.
### HARRISON BANKSHARES, INC. AND SUBSIDIARY
### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD)

<table>
<thead>
<tr>
<th>Without specific allowance recorded:</th>
<th>December 31, 2016</th>
<th>Year Ended December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Recorded Investment</td>
<td>Unpaid Principal Balance</td>
</tr>
<tr>
<td>Construction and land development</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Residential real estate</td>
<td>145,348</td>
<td>143,366</td>
</tr>
<tr>
<td>Commercial real estate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Commercial and industrial</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other consumer</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$ 145,348</td>
<td>$ 143,366</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>With an allowance recorded:</th>
<th>December 31, 2016</th>
<th>Year Ended December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Recorded Investment</td>
<td>Unpaid Principal Balance</td>
</tr>
<tr>
<td>Construction and land development</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Residential real estate</td>
<td>235,466</td>
<td>234,055</td>
</tr>
<tr>
<td>Commercial real estate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Commercial and industrial</td>
<td>143,443</td>
<td>142,616</td>
</tr>
<tr>
<td>Other consumer</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$ 378,909</td>
<td>$ 376,671</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2016</th>
<th>Year Ended December 31, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Recorded Investment</td>
<td>Unpaid Principal Balance</td>
</tr>
<tr>
<td>Construction and land development</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Residential real estate</td>
<td>380,814</td>
<td>377,421</td>
</tr>
<tr>
<td>Commercial real estate</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Commercial and industrial</td>
<td>143,443</td>
<td>142,616</td>
</tr>
<tr>
<td>Other consumer</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$ 524,257</td>
<td>$ 520,037</td>
</tr>
</tbody>
</table>

See independent auditor's report.
5. Bank Premises and Equipment

Bank premises and equipment at December 31, 2017 and 2016 are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$1,730,442</td>
<td>$1,730,442</td>
</tr>
<tr>
<td>Bank premises</td>
<td>2,772,220</td>
<td>2,762,065</td>
</tr>
<tr>
<td>Equipment</td>
<td>1,735,836</td>
<td>1,746,828</td>
</tr>
<tr>
<td></td>
<td>6,238,498</td>
<td>6,239,335</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>(3,122,039)</td>
<td>(3,044,367)</td>
</tr>
<tr>
<td>Bank premises and equipment – net</td>
<td>$3,116,459</td>
<td>$3,194,968</td>
</tr>
</tbody>
</table>

Depreciation charged to operations at December 31, 2017 and 2016 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank premises</td>
<td>$71,072</td>
<td>$75,426</td>
</tr>
<tr>
<td>Equipment</td>
<td>92,003</td>
<td>97,371</td>
</tr>
<tr>
<td></td>
<td>$163,075</td>
<td>$172,797</td>
</tr>
</tbody>
</table>

6. Other Assets

Other assets at December 31, 2017 and 2016 consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax refund receivable</td>
<td>$112,147</td>
<td>$18,480</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>76,084</td>
<td>86,053</td>
</tr>
<tr>
<td>U.S. Savings Bonds</td>
<td>1,019</td>
<td>58,716</td>
</tr>
<tr>
<td>Other real estate owned</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other foreclosed assets</td>
<td>5,000</td>
<td>7,000</td>
</tr>
<tr>
<td>Other</td>
<td>56,239</td>
<td>54,396</td>
</tr>
<tr>
<td></td>
<td>$250,489</td>
<td>$224,645</td>
</tr>
</tbody>
</table>

See independent auditor's report.
7. Deposits

Deposits at December 31, 2017 and 2016 are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demand deposits - noninterest-bearing</td>
<td>$31,798,162</td>
<td>$29,188,491</td>
</tr>
<tr>
<td>Demand deposits - interest-bearing</td>
<td>$20,587,961</td>
<td>$18,214,387</td>
</tr>
<tr>
<td>Savings</td>
<td>$26,485,462</td>
<td>$25,080,779</td>
</tr>
<tr>
<td>Time, $100,000 and over</td>
<td>$9,036,450</td>
<td>$11,134,196</td>
</tr>
<tr>
<td>Other time</td>
<td>$11,425,590</td>
<td>$12,117,619</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$99,333,625</strong></td>
<td><strong>$95,735,472</strong></td>
</tr>
</tbody>
</table>

The following is a summary of the maturity distributions of certificates of deposits in amounts of $100,000 or more as of December 31, 2017:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$4,855,059</td>
</tr>
<tr>
<td>2019</td>
<td>$1,346,559</td>
</tr>
<tr>
<td>2020</td>
<td>$953,212</td>
</tr>
<tr>
<td>2021</td>
<td>$610,638</td>
</tr>
<tr>
<td>2022</td>
<td>$1,270,982</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$9,036,450</strong></td>
</tr>
</tbody>
</table>

A summary of the maturities on other time deposits are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$6,397,445</td>
</tr>
<tr>
<td>2019</td>
<td>$2,455,428</td>
</tr>
<tr>
<td>2020</td>
<td>$684,522</td>
</tr>
<tr>
<td>2021</td>
<td>$969,768</td>
</tr>
<tr>
<td>2022</td>
<td>$918,427</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$11,425,590</strong></td>
</tr>
</tbody>
</table>

See independent auditor's report.
Certificates of deposit and other time deposits issued in denominations that meet or exceed the FDIC insurance limit of $250,000 totaled $3,026,002 and $4,854,626 at December 31, 2017 and 2016, respectively.

$5,435 and $9,313 of demand deposits have been reclassified as loan balances at December 31, 2017 and 2016 respectively.

8. Short-Term Borrowings

The Corporation has no Federal Funds purchased from the Federal Home Loan Bank of Pittsburgh as of December 31, 2017.

The Corporation purchased stock in The Federal Home Loan Bank, with a balance of $56,700 and $70,500 at December 31, 2017 and 2016, respectively.

9. Advances From Federal Home Loan Bank

The Corporation is a member of the Federal Home Loan Bank of Pittsburgh (FHLB). Because FHLB offers various term advances to its members, the Corporation did not establish an open line of credit as of December 31, 2017. The Corporation had no outstanding advances from FHLB at December 31, 2017 and 2016.

10. Other Liabilities

Other liabilities at December 31, 2017 and 2016 consisted of the following:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income taxes payable</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>150,013</td>
<td>176,665</td>
</tr>
<tr>
<td>Total</td>
<td>$ 150,013</td>
<td>$ 176,665</td>
</tr>
</tbody>
</table>

See independent auditor’s report.
11. Stockholders' Equity

Harrison Bankshares, Inc. was incorporated under the laws of West Virginia November 25, 1987.

Shares of common stock at December 31, 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th>Shares</th>
<th>Par Value Per Share</th>
<th>Authorized</th>
<th>Issued</th>
<th>Outstanding</th>
<th>Treasury Stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, January 1, 2016</td>
<td>$ 0.25</td>
<td>12,800</td>
<td>6,400</td>
<td>5,839</td>
<td>561</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sales of treasury stock</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance, December 31, 2016</td>
<td>0.25</td>
<td>12,800</td>
<td>6,400</td>
<td>5,839</td>
<td>561</td>
</tr>
<tr>
<td>Purchase of treasury stock</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sales of treasury stock</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance, December 31, 2017</td>
<td>$ 0.25</td>
<td>12,800</td>
<td>6,400</td>
<td>5,839</td>
<td>561</td>
</tr>
</tbody>
</table>

Treasury stock is valued at cost.

12. Dividend Restrictions

The approval of the West Virginia Banking Commissioner is required for state banks to pay dividends in excess of earnings retained in the current year plus retained net profits for the preceding two years. As of December 31, 2017, the subsidiary bank was permitted to pay dividends without prior regulatory approval.

See independent auditor's report.
13. Other Expenses

Other expenses consist of the following:

<table>
<thead>
<tr>
<th>Item</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other insurance</td>
<td>$20,376</td>
<td>$19,947</td>
</tr>
<tr>
<td>Contributions</td>
<td>4,734</td>
<td>7,685</td>
</tr>
<tr>
<td>Data processing</td>
<td>229,320</td>
<td>187,596</td>
</tr>
<tr>
<td>Courier services</td>
<td>28,270</td>
<td>26,903</td>
</tr>
<tr>
<td>Dues and subscriptions</td>
<td>29,709</td>
<td>30,015</td>
</tr>
<tr>
<td>Postage and freight</td>
<td>50,870</td>
<td>56,570</td>
</tr>
<tr>
<td>Telephone</td>
<td>54,726</td>
<td>50,092</td>
</tr>
<tr>
<td>Travel</td>
<td>3,610</td>
<td>3,908</td>
</tr>
<tr>
<td>Other taxes</td>
<td>23,249</td>
<td>24,208</td>
</tr>
<tr>
<td>Legal and professional fees</td>
<td>85,053</td>
<td>100,271</td>
</tr>
<tr>
<td>Repossession expense</td>
<td>1,039</td>
<td>4,351</td>
</tr>
<tr>
<td>Other real estate expense and loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charged off DDAs and cash short</td>
<td>9,283</td>
<td>33,782</td>
</tr>
<tr>
<td>Education and training</td>
<td>6,831</td>
<td>8,278</td>
</tr>
<tr>
<td>Bank automobile expense</td>
<td>4,705</td>
<td>3,076</td>
</tr>
<tr>
<td>Business development</td>
<td>1,136</td>
<td>1,400</td>
</tr>
<tr>
<td>Debit card expense</td>
<td>322,938</td>
<td>293,550</td>
</tr>
<tr>
<td>FRB service charge</td>
<td>22,404</td>
<td>22,212</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>52,684</td>
<td>40,525</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$950,937</strong></td>
<td><strong>$914,369</strong></td>
</tr>
</tbody>
</table>

See independent auditor's report.
14. Income Taxes

The consolidated provision for income taxes for 2017 and 2016 consists of the following:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current federal income taxes</td>
<td>$183,294</td>
<td>$288,856</td>
</tr>
<tr>
<td>Deferred federal income tax (benefit)</td>
<td>201,874</td>
<td>(22,450)</td>
</tr>
<tr>
<td>Total federal income taxes</td>
<td>385,168</td>
<td>266,406</td>
</tr>
<tr>
<td>Current state income taxes</td>
<td>58,257</td>
<td>36,584</td>
</tr>
<tr>
<td>Deferred state income tax (benefit)</td>
<td>2,333</td>
<td>(2,733)</td>
</tr>
<tr>
<td>Total state income taxes</td>
<td>60,590</td>
<td>33,851</td>
</tr>
<tr>
<td>Total</td>
<td>$445,758</td>
<td>$300,257</td>
</tr>
</tbody>
</table>

A reconciliation of the statutory income tax to the income tax expense included in the statements of income at December 31, 2017 and 2016 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected tax provision at 34% rate</td>
<td>$383,190</td>
<td>$391,249</td>
</tr>
<tr>
<td>State income tax, net of federal income tax benefit</td>
<td>41,982</td>
<td>23,167</td>
</tr>
<tr>
<td>Nontaxable income</td>
<td>(161,733)</td>
<td>(111,713)</td>
</tr>
<tr>
<td>Remeasurement of deferred tax asset</td>
<td>169,068</td>
<td>-</td>
</tr>
<tr>
<td>Other, net</td>
<td>13,251</td>
<td>(2,446)</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>$445,758</td>
<td>$300,257</td>
</tr>
</tbody>
</table>

See independent auditor’s report.
Accumulated deferred income taxes (benefits) at December 31, 2017 and 2016 relate to the following timing differences:

<table>
<thead>
<tr>
<th>Timing Difference</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for loan losses</td>
<td>$(42,958)</td>
<td>$(89,515)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>58,249</td>
<td>92,823</td>
</tr>
<tr>
<td>Unrealized appreciation (depreciation) on securities</td>
<td>(186,618)</td>
<td>(442,178)</td>
</tr>
<tr>
<td>Deferred state income tax</td>
<td>(860)</td>
<td>(2,185)</td>
</tr>
<tr>
<td>Loan fees</td>
<td>(38,679)</td>
<td>(60,435)</td>
</tr>
<tr>
<td>Other</td>
<td>(1,598)</td>
<td>(1,673)</td>
</tr>
<tr>
<td><strong>Total deferred income taxes (benefits)</strong></td>
<td><strong>$(212,464)</strong></td>
<td><strong>$(503,163)</strong></td>
</tr>
</tbody>
</table>

The following represents the tax effects allocated to each component of other comprehensive income at December 31, 2017 and 2016.

<table>
<thead>
<tr>
<th>Component</th>
<th>2017 Before</th>
<th>2017 Tax</th>
<th>2017 Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized gain on securities available-for-sale</td>
<td>$ 411,866</td>
<td>$(86,492)</td>
<td>$ 325,374</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>$ 411,866</td>
<td>$(86,492)</td>
<td>$ 325,374</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Component</th>
<th>2016 Before</th>
<th>2016 Tax</th>
<th>2016 Net</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized loss on securities available-for-sale</td>
<td>$(1,193,788)</td>
<td>$ 405,888</td>
<td>$(787,900)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>$(1,193,788)</td>
<td>$ 405,888</td>
<td>$(787,900)</td>
</tr>
</tbody>
</table>

See independent auditor's report.
15. Related Party Transactions

Related Party Loans
In the ordinary course of business, the Corporation makes loans to its officers, directors, shareholders and employees at basically the same terms as those to unrelated borrowers. All loans are approved by the loan committee and the board of directors. Changes in the aggregate balances of these loans at December 31, 2017 are summarized as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance January 1, 2017</td>
<td>$1,424,949</td>
</tr>
<tr>
<td>New loans</td>
<td>991,065</td>
</tr>
<tr>
<td>Repayments</td>
<td>(503,243)</td>
</tr>
<tr>
<td>Reclassifications</td>
<td>2,820</td>
</tr>
<tr>
<td><strong>Balance December 31, 2017</strong></td>
<td><strong>$1,915,591</strong></td>
</tr>
</tbody>
</table>

Related Party Deposits
In the ordinary course of business, the Corporation receives deposits from its officers, directors, employees, and their affiliated companies at basically the same terms as those to unrelated parties. The total deposits of the related parties at December 31, 2017 are summarized as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>$956,769</td>
</tr>
<tr>
<td>Directors and their affiliated companies</td>
<td>1,845,604</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,802,373</strong></td>
</tr>
</tbody>
</table>

See independent auditor's report.
16. Financial Instruments with Off-Balance Sheet Risk, Financial Instruments with Concentrations of Credit Risk, and Commitments and Contingencies

The Corporation is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the needs of its customers. These financial instruments include commitments to extend credit. The instruments involve elements of credit and interest rate risk in excess of the amount recognized in the financial statements.

The Corporation's exposure to credit loss in the event of nonperformance by the other party to the financial instrument is represented by the contractual amount of those instruments. The Corporation follows the same credit policies in making commitments as it does for on-balance sheet instruments.

At December 31, 2017 and 2016 the Corporation had the following financial instruments whose contract amounts represent credit risk:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments to extend credit</td>
<td><strong>$5,124,418</strong></td>
<td><strong>$5,325,370</strong></td>
</tr>
</tbody>
</table>

Under commitments to extend credit, the Corporation agrees to lend to its customers as long as there is no violation of any of the terms of the contract. These commitments generally have fixed expiration dates and termination clauses. The Corporation evaluates each customer's credit worthiness on a case-by-case basis and the collateral obtained upon extension of credit is based upon management's credit evaluation of the customer. Collateral generally includes trade receivables, inventory, property, plant and equipment, and income producing commercial properties. Since many of these commitments to extend credit will expire without being drawn upon, the total commitments do not necessarily represent future cash requirements.

See independent auditor's report.
The Corporation makes consumer, commercial and residential loans to customers primarily in Harrison County, West Virginia and portions of contiguous counties. Although the Bank has a diversified loan portfolio, a substantial portion of the debtors' ability to honor their contracts is dependent upon the economic conditions in the Bank's primary trade area.

The Corporation maintains deposit accounts with other financial institutions; some of these deposits accounts were in excess of federally insured limits. The Corporation places its cash only with high credit quality institutions and monitors the credit quality of these institutions regularly, and, as such, does not believe there is significant risk of nonperformance by these institutions. In addition, the majority of deposits with other financial institutions are maintained at the Federal Reserve Bank of Richmond and the Federal Home Loan Bank. Therefore, the Corporation believes this significantly reduces the risk of exposure relating to those deposits. The following illustrates the Corporation's exposure to concentrations of credit risk for their deposit accounts with other financial institutions at December 31, 2017 and 2016:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due from banks</td>
<td>$2,221,807</td>
<td>$1,653,643</td>
</tr>
<tr>
<td>Less: Federally insured amounts</td>
<td>-</td>
<td>(1,000)</td>
</tr>
<tr>
<td>Less: Amounts on deposit with Federal Reserve</td>
<td>(2,077,845)</td>
<td>(1,516,298)</td>
</tr>
<tr>
<td>Exposure from uninsured amounts</td>
<td>$143,962</td>
<td>$136,345</td>
</tr>
</tbody>
</table>

See independent auditor's report.
17. Regulatory Matters

The subsidiary bank is subject to various regulatory capital requirements administered by its primary federal regulator, the FDIC. Failure to meet the minimum regulatory capital requirements can initiate certain mandatory, and possible additional discretionary actions by regulators, that if undertaken, could have a direct material effect on the Bank and the consolidated financial statements. Under the regulatory capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines involving quantitative measures of the Bank's assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification under the prompt corrective action guidelines are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios of common equity, total, and Tier 1 capital (as defined in the regulations) to risk-weighted assets (as defined), Tier I capital (as defined) to average assets (as defined). Management believes that the Bank met all capital adequacy requirements to which it is subject as of December 31, 2017 and 2016.

The Bank's most recent examination report (at June 30, 2015) by its primary regulatory authority of its capital categorization under the framework for prompt corrective action categorizes the bank as well capitalized. To be well capitalized, the Bank must maintain minimum common equity risk-based, Tier 1 risk-based, and Tier I leverage ratios as set forth in the following table. There are no conditions or events since its last financial reporting that management believes have changed the Bank's category.

See independent auditor's report.
The Bank's actual capital amounts and ratios are also presented in the following table (in thousands).

<table>
<thead>
<tr>
<th>Actual Ratio</th>
<th>For Capital Adequacy Purposes</th>
<th>To Be Well Capitalized Under Prompt Corrective Action Provisions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>Ratio</td>
</tr>
<tr>
<td></td>
<td>(dollars in thousands)</td>
<td></td>
</tr>
<tr>
<td>As of 12/31/17:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common Equity Tier 1 Capital (to Risk-weighted Assets)</td>
<td>$11,353</td>
<td>20.76%</td>
</tr>
<tr>
<td>Total Capital (to Risk-Weighted Assets)</td>
<td>$11,644</td>
<td>21.30%</td>
</tr>
<tr>
<td>Tier 1 Capital (to Risk-Weighted Assets)</td>
<td>$11,353</td>
<td>20.76%</td>
</tr>
<tr>
<td>Tier 1 Capital (to Average Assets)</td>
<td>$11,353</td>
<td>10.38%</td>
</tr>
<tr>
<td>As of 12/31/16:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common Equity Tier 1 Capital (to Risk-weighted Assets)</td>
<td>$10,854</td>
<td>20.95%</td>
</tr>
<tr>
<td>Total Capital (to Risk-Weighted Assets)</td>
<td>$11,319</td>
<td>21.84%</td>
</tr>
<tr>
<td>Tier 1 Capital (to Risk-Weighted Assets)</td>
<td>$10,854</td>
<td>20.95%</td>
</tr>
<tr>
<td>Tier 1 Capital (to Average Assets)</td>
<td>$10,854</td>
<td>10.18%</td>
</tr>
</tbody>
</table>
18. Fair Value Measurements

FASB ASC 820, *Fair Value Measurements*, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an 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. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

**Level 1:** Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

**Level 2:** Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Accordingly, securities available-for-sale is recorded at fair value on a recurring basis. Additionally, from time to time, the Corporation may be required to record other assets at fair value on a nonrecurring basis, such as impaired loans. These nonrecurring fair value adjustments typically involve application of lower of cost or market accounting or write-downs of individual assets.

Following is a description of valuation methodologies used for instruments measured at fair value.

**Available-for-sale securities:** Investment securities available-for-sale is recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange, U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets and money market funds. Level 2 securities include U.S. Government and agency debt securities, agency mortgage backed securities, municipal securities, and other securities.

See independent auditor's report.
Loans: The Corporation does not record loans at fair value on a recurring basis. However, from time to time, a loan is considered impaired and an allowance for loan losses is established. Loans for which it is probable that payment of interest and principal will not be made in accordance with the contractual terms of the loan agreement are considered impaired. Once a loan is identified as individually impaired, management measures impairment in accordance with ASC Topic 310, *Accounting by Creditors for Impairment of a Loan*. The fair value of impaired loans is estimated using one of several methods, including collateral value, liquidation value or discounted cash flows. Those impaired loans not requiring an allowance represent loans for which the fair value of the expected repayments or collateral exceed the recorded investments in such loans. At December 31, 2017, substantially all of the total impaired loans were evaluated based on the fair value of collateral. In accordance with ASC Topic 820, impaired loans where an allowance is established based on the fair value of collateral required classification in the fair value hierarchy. When the fair value of the collateral is based on an observable market price or a current appraised value, the Corporation records the impaired loan as nonrecurring Level 2. When an appraised value is not available or management determines the fair value of the collateral is further impaired below the appraised value and there is no observable market price, the Corporation records the impaired loan as nonrecurring Level 3.

Assets at Fair Value on a Recurring Basis
Fair value of assets and liabilities are measured on a recurring basis at December 31, 2017 and 2016, are as follows:

<table>
<thead>
<tr>
<th>Fair Value Measurements at Reporting Date Using</th>
<th>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair Value</td>
<td>$27,786,337</td>
<td>$27,786,337</td>
<td>$27,786,337</td>
</tr>
<tr>
<td>U.S. Treasury securities and obligations of U.S.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government corporations and agencies</td>
<td>19,992,401</td>
<td>19,992,401</td>
<td></td>
</tr>
<tr>
<td>Municipal securities</td>
<td>19,992,401</td>
<td>19,992,401</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>$47,778,738</td>
<td>$47,778,738</td>
<td></td>
</tr>
</tbody>
</table>

See independent auditor’s report.
HARRISON BANKSHARES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTD)

Fair Value Measurements at Reporting Date Using
Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1) Significant Other Observable Inputs (Level 2) Significant Unobservable Inputs (Level 3)

<table>
<thead>
<tr>
<th>Fair Value</th>
<th>Fair Value</th>
<th>Fair Value</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>$29,566,525</td>
<td>$16,998,755</td>
<td>$46,565,280</td>
<td>$ -</td>
</tr>
<tr>
<td>$16,998,755</td>
<td>$ -</td>
<td>$16,998,755</td>
<td>$ -</td>
</tr>
<tr>
<td>$46,565,280</td>
<td>$ -</td>
<td>$46,565,280</td>
<td>$ -</td>
</tr>
</tbody>
</table>

December 31, 2016
U.S. Treasury securities and obligations of U.S.
Government corporations and agencies
$29,566,525 $ - $29,566,525 $ -
Municipal securities
16,998,755
Totals
$46,565,280 $ - $46,565,280 $ -

Assets Recorded at Fair Value on a Nonrecurring Basis
Fair value of assets and liabilities measured on a nonrecurring basis at December 31, 2017 and 2016, are as follows:

Fair Value Measurements at Reporting Date Using
Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1) Significant Other Observable Inputs (Level 2) Significant Unobservable Inputs (Level 3) Total Gains (Losses)

<table>
<thead>
<tr>
<th>Fair Value</th>
<th>Fair Value</th>
<th>Fair Value</th>
<th>Fair Value</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>$254,071</td>
<td>$ -</td>
<td>$254,071</td>
<td>$ -</td>
<td>$ (122,600)</td>
</tr>
</tbody>
</table>

See independent auditor's report.
19. Fair Value of Financial Instruments:

In accordance with the disclosure requirements of FASB ASC 825, *Financial Instruments*, the estimated fair values of the Corporation's financial instruments at December 31, 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Carrying Amount</th>
<th>Fair Value</th>
<th>Fair Value Measurements at Reporting Date Using</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</td>
</tr>
<tr>
<td><strong>December 31, 2017</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Assets</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and due from banks</td>
<td>$ 4,668,573</td>
<td>$ 4,668,573</td>
<td>$ 4,668,573</td>
</tr>
<tr>
<td>Investment securities</td>
<td>47,778,738</td>
<td>47,778,738</td>
<td>-</td>
</tr>
<tr>
<td>Loans</td>
<td>53,678,466</td>
<td>*****</td>
<td>-</td>
</tr>
<tr>
<td>Restricted investments</td>
<td>56,700</td>
<td>56,700</td>
<td>-</td>
</tr>
<tr>
<td>Financial Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>99,333,625</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

| **December 31, 2016** |                 |            |                                               |                                               |                                            |
| Financial Assets     |                 |            |                                               |                                               |                                            |
| Cash and due from banks | $ 3,943,088     | $ 3,943,088 | $ 3,943,088                                   | $                                               | $                                               |
| Investment securities | 46,565,280      | 46,565,280 | -                                             | 46,565,280                                     | -                                               |
| Loans                | 51,089,514      | *****      | -                                             | -                                               | -                                               |
| Restricted investments | 70,500          | 70,500     | -                                             | 70,500                                         | -                                               |
| Financial Liabilities |                 |            |                                               |                                               | 95,906,977                                      |
| Deposits             | 95,735,472      | -          | -                                             | 95,906,977                                      | -                                               |

***** - Management has determined it is not cost effective to estimate fair value.

See independent auditor's report.
The following methods and assumptions were used to estimate the fair value disclosures for financial instruments as of December 31, 2017 and 2016:

**Cash and due from banks:** The fair value of cash and due from banks is estimated to approximate the carrying amounts.

**Investment securities and restricted investments:** Fair values are based on quoted market prices, except for certain restricted stocks where fair value equals par value because of certain redemption restrictions.

**Loans:** Management has determined it is not cost effective to estimate the fair value of loans. Information necessary to estimate the fair values using industry guidance is not readily available.

**Deposits:** The fair value of deposits with no stated maturity, such as noninterest-bearing demand deposits, savings, NOW accounts and money market accounts, is equal to the amount payable on demand at the reporting date (that is, their carrying amounts). The fair value of certificates of deposit is based on the discounted value of contractual cash flows. The discount rate is estimated using the rates currently offered for deposits of similar remaining maturities. The fair value estimates do not include the benefit that results from the low-cost funding by the deposit liabilities compared to the cost of borrowing funds in the market.

See independent auditor's report.
20. Parent Company Financial Statements

Presented below are condensed financial statements for the parent company, Harrison Bankshares, Inc., for 2017 and 2016.

**CONDENSED PARENT COMPANY BALANCE SHEETS**
**DECEMBER 31,**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Noninterest-bearing deposits with subsidiary bank</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Interest-bearing deposits with subsidiary bank</td>
<td>40,553</td>
<td>60,957</td>
</tr>
<tr>
<td>Investment in subsidiary</td>
<td>10,651,108</td>
<td>9,996,235</td>
</tr>
<tr>
<td>Due from subsidiary</td>
<td>12,518</td>
<td>11,120</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$10,704,179</td>
<td>$10,068,312</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND STOCKHOLDERS' EQUITY**           |         |         |
| Stockholders' Equity                              |         |         |
| Common stock                                      | $ 1,600 | $ 1,600 |
| Additional paid-in capital                         | 1,110,839 | 1,110,839 |
| Retained earnings                                 | 10,946,828 | 10,467,267 |
| Accumulated other comprehensive income (loss)      | (702,040) | (858,346) |
| Treasury stock - at cost                           | (653,048) | (653,048) |
| **Total stockholders' equity**                    | 10,704,179 | 10,068,312 |

**TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL</strong></td>
<td>$10,704,179</td>
<td>$10,068,312</td>
</tr>
</tbody>
</table>

See independent auditor’s report.
### CONDENSED PARENT COMPANY STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31,

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from Harrison County Bank</td>
<td>$ 370,777</td>
<td>$ 350,340</td>
</tr>
<tr>
<td>Interest income</td>
<td>71</td>
<td>74</td>
</tr>
<tr>
<td>Total income</td>
<td>370,848</td>
<td>350,414</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other expenses</td>
<td>31,595</td>
<td>31,052</td>
</tr>
<tr>
<td>Total expenses</td>
<td>31,595</td>
<td>31,052</td>
</tr>
<tr>
<td><strong>Income before income taxes and equity in undistributed net income of subsidiary</strong></td>
<td>339,253</td>
<td>319,362</td>
</tr>
<tr>
<td>Income tax benefit</td>
<td>12,518</td>
<td>11,120</td>
</tr>
<tr>
<td><strong>Income before equity in undistributed net income of subsidiary</strong></td>
<td>351,771</td>
<td>330,482</td>
</tr>
<tr>
<td><strong>Equity in undistributed net income of subsidiary</strong></td>
<td>329,499</td>
<td>519,993</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>681,270</td>
<td>850,475</td>
</tr>
<tr>
<td><strong>Retained earnings, January 1,</strong></td>
<td>10,467,267</td>
<td>9,967,132</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>11,148,537</td>
<td>10,817,607</td>
</tr>
<tr>
<td><strong>Less: Dividends paid</strong></td>
<td>(370,777)</td>
<td>(350,340)</td>
</tr>
<tr>
<td><strong>Add: Reclassification of stranded tax effects to accumulated other comprehensive income (loss)</strong></td>
<td>169,068</td>
<td>-</td>
</tr>
<tr>
<td><strong>Retained earnings, December 31,</strong></td>
<td>$ 10,946,828</td>
<td>$ 10,467,267</td>
</tr>
</tbody>
</table>

See independent auditor’s report.
### Condensed Parent Company Statements of Comprehensive Income

**For the Years Ended December 31,**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$681,270</td>
<td>$850,475</td>
</tr>
<tr>
<td><strong>Other Comprehensive Income (Loss) Before Tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in net unrealized gains (losses) on securities available for sale, net of income taxes of $78,220 in 2017 and $370,749 in 2016</td>
<td>309,317</td>
<td>(719,689)</td>
</tr>
<tr>
<td>Reclassification adjustment for (losses) gains realized, net of income taxes of $8,272 in 2017 and $35,139 in 2016</td>
<td>16,057</td>
<td>(68,211)</td>
</tr>
<tr>
<td><strong>Other comprehensive income (loss), net of tax</strong></td>
<td>325,374</td>
<td>(787,900)</td>
</tr>
<tr>
<td><strong>Comprehensive income</strong></td>
<td>$1,006,644</td>
<td>$62,575</td>
</tr>
</tbody>
</table>

See independent auditor's report.
CONDENSED PARENT COMPANY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income</td>
<td>$681,270</td>
<td>$850,475</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity in undistributed net loss (income) of subsidiaries</td>
<td>(329,499)</td>
<td>(519,993)</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>351,771</td>
<td>330,482</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(370,777)</td>
<td>(350,340)</td>
</tr>
<tr>
<td>Advances (to) from subsidiary</td>
<td>(1,398)</td>
<td>58</td>
</tr>
<tr>
<td>Net cash (used in) financing activities</td>
<td>(372,175)</td>
<td>(350,282)</td>
</tr>
<tr>
<td>Net (decrease) in cash and cash equivalents</td>
<td>(20,404)</td>
<td>(19,800)</td>
</tr>
<tr>
<td>Cash and cash equivalents at January 1,</td>
<td>60,957</td>
<td>80,757</td>
</tr>
<tr>
<td>Cash and cash equivalents at December 31,</td>
<td>$40,553</td>
<td>$60,957</td>
</tr>
</tbody>
</table>

See independent auditor's report.