

**Annual Disclosure Statement**  
**December 31, 2018**  
**FFIEC 051**

**FNBC Bank and Trust**  
**LaGrange, IL 60525**

I, the undersigned officer, attest to the correctness of this statement and declare that it has been examined by me and to the best of my knowledge and belief has been prepared in accordance with instructions issued by the appropriate Federal regulatory authority and is true and correct.

---

Signature

Date

# Consolidated Report of Income

## December 31, 2018

Dollar Amounts in Thousands

	Prior Year 2017	Current Year 2018
<b>Interest income:</b>		
Interest and fee income on loans:		
Loans secured by real estate:		
Loans secured by 1-4 family residential properties.....	4,575	4,429
All other loans secured by real estate.....	8,168	9,004
Commercial and industrial loans.....	467	714
Loans to individuals for household, family, and other personal expenditures:		
Credit cards.....	50	46
Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans).....	159	131
All other loans.....	24	24
Total interest and fee income on loans.....	13,443	14,348
Income from lease financing receivables.....	0	0
Interest income on balances due from depository institutions.....	427	537
Interest and dividend income on securities:		
U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities).....	1,536	1,641
Mortgage-backed securities.....	648	866
All other securities (includes securities issued by states and political subdivisions in the U.S.).....	673	633
Interest income on federal funds sold and securities purchased under agreements to resell.....	0	0
Other interest income.....	0	0
Total interest income.....	16,727	18,025
<b>Interest expense:</b>		
Interest on deposits:		
Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts).....	57	68
Nontransaction accounts:		
Savings deposits (includes MMDAs).....	258	513
Time deposits of \$250,000 or less.....	97	79
Time deposits of more than \$250,000.....	33	90
Expense of federal funds purchased and securities sold under agreements to repurchase.....	0	0
Other interest expense.....	0	0
Total interest expense.....	445	750
Net interest income.....	16,282	17,275
Provision for loan and lease losses.....	160	100
<b>Noninterest income:</b>		
Income from fiduciary activities.....	3,525	3,750
Service charges on deposit accounts.....	684	637
Fees and commissions from securities brokerage, investment banking, advisory, and underwriting activities.....	0	0
Income from insurance activities.....	0	0

# Consolidated Report of Income

## December 31, 2018

Dollar Amounts in Thousands

	Prior Year 2017	Current Year 2018
<b>Noninterest income (continued):</b>		
Net servicing fees.....	329	201
Net gains (losses) on sales of loans and leases.....	151	99
Net gains (losses) on sales of other real estate owned.....	(104)	(21)
Net gains (losses) on sales of other assets.....	0	0
Other noninterest income.....	890	867
Total noninterest income.....	5,475	5,533
Realized gains (losses) on held-to-maturity securities.....	0	0
Realized gains (losses) on available-for-sale securities.....	0	8
<b>Noninterest expense:</b>		
Salaries and employee benefits.....	8,938	9,600
Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest).....	1,837	1,575
Goodwill impairment losses.....	0	0
Amortization expense and impairment losses for other intangible assets.....	0	0
Other noninterest expense.....	5,039	4,937
Total noninterest expense.....	15,814	16,112
Income (loss) before unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations.....	NA	6,604
Unrealized holding gains (losses) on equity securities not held for trading.....	NA	
Income (loss) before applicable income taxes and discontinued operations.....	5,783	6,604
Applicable income taxes.....	48	70
Income (loss) before discontinued operations.....	5,735	6,534
Discontinued operations, net of applicable income taxes.....	0	0
Net income (loss) attributable to bank and noncontrolling (minority) interests.....	5,735	6,534
LESS: Net income (loss) attributable to noncontrolling (minority) interests.....	0	0
Net income (loss) attributable to bank.....	5,735	6,534
<b>Memoranda</b>		
Income on tax-exempt loans and leases to states and political subdivisions in the U.S.....	0	0
Income on tax-exempt securities issued by states and political subdivisions in the U.S.....	673	633
Number of full-time equivalent employees at end of current period (round to the nearest whole number).....	<b>Number</b>	<b>Number</b>
	105	102
<i>The following item is to be completed by:</i>		
• banks with \$300 million or more in total assets, and		
• banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans.		
Interest and fee income on loans to finance agricultural production and other loans to farmers.....	0	0
Does the reporting bank have a Subchapter S election in effect for federal income tax purposes for the current tax year?.....	<b>YES / NO</b>	<b>YES / NO</b>
	YES	YES
Noncash income from negative amortization on closed-end loans secured by 1-4 family residential properties.....	NR	NR
Other-than-temporary impairment losses on held-to-maturity and available-for-sale debt securities recognized in earnings.....	0	0

# Consolidated Report of Income

## December 31, 2018

Dollar Amounts in Thousands

	Prior Year 2017	Current Year 2018
<b>Changes in Bank Equity Capital</b>		
Total bank equity capital most recently reported for the December 31, 2017 Reports of Condition and Income (i.e., after adjustments from amended Reports of Income).....	50,407	51,509
Cumulative effect of changes in accounting principles and corrections of material accounting errors.....	0	0
Balance end of previous calendar year as restated.....	50,407	51,509
Net income (loss) attributable to bank.....	5,735	6,534
Sale, conversion, acquisition, or retirement of capital stock, net (excluding treasury stock transactions).....	0	0
Treasury stock transactions, net.....	0	0
Changes incident to business combinations, net.....	0	0
LESS: Cash dividends declared on preferred stock.....	0	0
LESS: Cash dividends declared on common stock.....	4,000	5,000
Other comprehensive income.....	(633)	(1,068)
Other transactions with stockholders (including a parent holding company).....	0	0
Total bank equity capital end of current period.....	51,509	51,975
<b>Changes in Allowance for Loan and Lease Losses</b>		
Balance most recently reported for the December 31, 2017, Reports of Condition and Income (i.e., after adjustments from amended Reports of Income).....	3,021	3,025
Recoveries.....	120	94
LESS: Charge-offs.....	276	143
LESS: Write-downs arising from transfers of loans to a held-for-sale account.....	0	0
Provision for loan and lease losses.....	160	100
Adjustments.....	0	0
Balance end of current period.....	3,025	3,076

# Consolidated Report of Condition

## December 31, 2018

Dollar Amounts in Thousands

	Prior Year 2017	Current Year 2018
<b>Assets</b>		
Cash and balances due from depository institutions:		
Noninterest-bearing balances and currency and coin.....	7,002	7,464
Interest-bearing balances.....	22,160	36,769
Securities:		
Held-to-maturity securities.....	0	0
Available-for-sale securities.....	168,910	161,496
Equity securities with readily determinable fair values not held for trading.....	NA	NR
Federal funds sold and securities purchased under agreements to resell:		
Federal funds sold.....	0	0
Securities purchased under agreements to resell.....	0	0
Loans and lease financing receivables:		
Loans and leases held for sale.....	0	0
Loans and leases held for investment.....	302,383	304,249
LESS: Allowance for loan and lease losses.....	3,025	3,076
Loans and leases held for investment, net of allowance.....	299,358	301,173
Trading assets.....	0	0
Premises and fixed assets (including capitalized leases).....	14,130	13,515
Other real estate owned.....	1,649	1,067
Investments in unconsolidated subsidiaries and associated companies.....	0	0
Direct and indirect investments in real estate ventures.....	0	0
Intangible assets.....	2,341	2,325
Other assets.....	3,666	3,153
<b>Total assets.....</b>	<b>519,216</b>	<b>526,962</b>
<b>Liabilities</b>		
Deposits:		
In domestic offices.....	465,443	472,685
Noninterest-bearing.....	165,197	174,930
Interest-bearing.....	300,246	297,755
Federal funds purchased and securities sold under agreements to repurchase:		
Federal funds purchased.....	0	0
Securities sold under agreements to repurchase.....	0	0
Trading liabilities.....	0	0
Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases).....	0	0
Subordinated notes and debentures.....	0	0
Other liabilities.....	2,264	2,303
<b>Total liabilities.....</b>	<b>467,707</b>	<b>474,988</b>
<b>Equity Capital</b>		
<b>Bank Equity Capital</b>		
Perpetual preferred stock and related surplus.....	0	0
Common stock.....	2,396	2,396
Surplus (excludes all surplus related to preferred stock).....	20,390	20,390
Retained earnings.....	29,772	31,305
Accumulated other comprehensive income.....	(1,049)	(2,117)
Other equity capital components.....	0	0
Total bank equity capital.....	51,509	51,974
Noncontrolling (minority) interests in consolidated subsidiaries.....	0	0
<b>Total equity capital.....</b>	<b>51,509</b>	<b>51,974</b>
<b>Total liabilities and equity capital.....</b>	<b>519,216</b>	<b>526,962</b>

## Consolidated Report of Condition December 31, 2018

**Past Due and Nonaccrual Loans, Leases,  
and Other Assets**

Dollar Amounts in Thousands	Prior Year - 2017		Current Year - 2018	
	Past Due 90 days or more and still accruing	Nonaccrual	Past Due 90 days or more and still accruing	Nonaccrual
Loans secured by real estate:				
Construction, land development, and other land loans:				
1-4 family residential construction loans.....	0	0	0	0
Other construction loans and all land development and other land loans.....	0	16	0	11
Secured by farmland.....	0	0	0	0
Secured by 1-4 family residential properties:				
Revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit.....	0	220	0	155
Closed-end loans secured by 1-4 family residential properties:				
Secured by first liens.....	0	936	0	726
Secured by junior liens.....	0	240	0	185
Secured by multifamily (5 or more) residential properties.....	0	0	0	0
Secured by nonfarm nonresidential properties:				
Loans secured by owner-occupied nonfarm nonresidential properties.....	0	317	0	0
Loans secured by other nonfarm nonresidential properties.....	0	0	0	0
Loans to depository institutions and acceptances of other banks.....	0	0	0	0
Commercial and industrial loans.....	0	0	0	0
Loans to individuals for household, family, and other personal expenditures:				
Credit cards.....	0	0	0	0
Automobile loans.....	0	0	0	0
Other (includes revolving credit plans other than credit cards and other consumer loans).....	0	0	0	10
All other loans.....	0	0	0	0
Lease financing receivables.....	0	0	0	0
Total loans and leases.....	0	1,729	0	1,087
Debt securities and other assets (exclude other real estate owned and other repossessed assets).....	0	0	0	0
Loans and leases reported in items above that are wholly or partially guaranteed by the U.S. Government, excluding loans and leases covered by loss-sharing agreements with the FDIC.....	0	0	0	0
Guaranteed portion of loans and leases included in item above, excluding rebooked "GNMA loans".....	0	0	0	0
Rebooked "GNMA loans" that have been repurchased or are eligible for repurchase included in item above.....	0	0	0	0

## Consolidated Report of Condition December 31, 2018

**Past Due and Nonaccrual Loans, Leases,  
and Other Assets**

**Memoranda**

Dollar Amounts in Thousands

	Prior Year - 2017		Current Year - 2018	
	Past Due 90 days or more and still accruing	Nonaccrual	Past Due 90 days or more and still accruing	Nonaccrual
Loans restructured in troubled debt restructurings included in items above.				
Construction, land development, and other land loans:				
1-4 family residential construction loans.....	0	0	0	0
Other construction loans and all land development and other land loans.....	0	0	0	0
Loans secured by 1-4 family residential properties.....	0	470	0	431
Secured by multifamily (5 or more) residential properties.....	0	0	0	0
Secured by nonfarm nonresidential properties:				
Loans secured by owner-occupied nonfarm nonresidential properties.....	0	0	0	0
Loans secured by other nonfarm nonresidential properties.....	0	0	0	0
Commercial and industrial loans.....	0	0	0	0
All other loans (include loans to individuals for household, family, and other personal expenditures).....	0	0	0	0
<i>Itemize loan categories included in item above that exceed 10% of total loans restructured in troubled debt restructurings that are past due 30 days or more or in nonaccrual status:</i>				
Loans secured by farmland.....	0	0	0	0
Loans to individuals for household, family, and other personal expenditures:				
Credit cards.....	0	0	0	0
Automobile loans.....	0	0	0	0
Other (includes revolving credit plans other than credit cards and other consumer loans).....	0	0	0	0
<i>The following item is to be completed by:</i>				
• Banks with \$300 million or more in total assets				
• Banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans				
Loans to finance agricultural production and other loans to farmers included in item above.....	0	0	0	0
Total loans restructured in troubled debt restructurings included in items above.....	0	470	0	431
Loans to finance commercial real estate, construction, and land development activities (not secured by real estate) included in items above.....	0	0	0	0

## Consolidated Report of Condition December 31, 2018

**Past Due and Nonaccrual Loans, Leases, and Other Assets**

**Memoranda**

Dollar Amounts in Thousands

	Prior Year - 2017		Current Year - 2018	
	Past Due 90 days or more and still accruing	Nonaccrual	Past Due 90 days or more and still accruing	Nonaccrual
<i>The following item is to be completed by:</i>				
• Banks with \$300 million or more in total assets				
• Banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans				
Loans to finance agricultural production and other loans to farmers (included in items above).....	0	0	0	0
Loans and leases held for sale (included in items above).....	0	0	0	0

*The following item is to be completed by:*

- Banks with \$300 million or more in total assets
- Banks with less than \$300 million in total assets that have loans to finance agricultural production and other loans to farmers exceeding five percent of total loans

Loans to finance agricultural production and other loans

to farmers (included in items above).....

Loans and leases held for sale (included in items above).....

Dollar Amounts in Thousands

	Prior Year 2017	Current Year 2018
Additions to nonaccrual assets during the previous six months.....	100	118
Nonaccrual assets sold during the previous six months.....	1,312	602

**Memoranda**

Dollar Amounts in Thousands

	Prior Year - 2017		Current Year - 2018	
	Past Due 90 days or more and still accruing	Nonaccrual	Past Due 90 days or more and still accruing	Nonaccrual
Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3):				
Outstanding balance.....	0	0	0	0
Amount included in items above.....	0	0	0	0

Purchased credit-impaired loans accounted for in accordance with FASB ASC 310-30 (former AICPA Statement of Position 03-3):

Outstanding balance.....

Amount included in items above.....



# **2018 ANNUAL DISCLOSURE STATEMENT NOTICE OF AVAILABILITY**

In accordance with Federal regulation, this bank will provide an Annual Disclosure Statement to our customers, shareholders, and the general public, upon request, containing the bank's financial information for the last two years. This information will be updated annually and made available on or before March 31, 2019.

## **To request a copy**

of the Annual Disclosure Statement, please contact:

Rick Bastyr  
708-482-7700  
FNBC Bank and Trust  
620 West Burlington Ave  
LaGrange, IL 60525