FIRST IC CORPORATION AND SUBSIDIARY
DORAVILLE, GEORGIA

CONSOLIDATED FINANCIAL STATEMENTS AS OF
DECEMBER 31, 2020 AND 2019 AND
INDEPENDENT AUDITOR'S REPORT

First IC Corp

April 30, 2021

To Our Shareholders:

We are once again pleased to present to you the Audited Financial Statements for First IC Corporation and our subsidiary First IC Bank as prepared by the company's external audit firm McNair, McLemore, Middlebrooks & Co., LLC. The year ended December 31, 2020 was without question one of the most challenging years that the company and the bank has experienced in our 20-year history. The impact of the global COVID-19 pandemic was felt by the company as it was by our customers, our employees, you our shareholders, and the country as well as the entire world. We have never experienced any event that has had such a widespread impact across every aspect of our daily lives. We believe that we have weathered the storm and are looking forward to 2021 and the future. We are particularly thankful to our loyal employees. While large sectors of the economy went into lockdown with businesses closed for extended periods of time because of the dedication of our staff we never closed the bank. We made arrangements to continue to take care of our customers throughout the entire time, while protecting our employees to the best of our ability. As an active participant in the SBAs Paycheck Protection Program, we were able to help many of our customers weather the economic impact of the pandemic. During 2020 we made 873 PPP loans for a total of $21.9 million to our customers. We continue to participate in this program into 2021.

Net Income after taxes for 2020 was $7.2 million a decrease over 2019. There were several factors that influenced this decrease. A significant decrease in market interest rates coupled with a timing difference on the pricing of some of our deposit accounts caused a drop in the bank's net interest income. Due to the uncertainty in the overall market management put an additional $3.7 million in the reserve for loan losses. This allocation positioned the bank well for the future as losses in 2020 were controlled. Total Assets ended the year at $764.9 million an increase of 8.5% over 2019, Total Loans were $567 million an increase of 5.7%, Total Deposits were $674.7 million an increase of 8.9% and Total Capital was $85.9 million an increase of 9.3%. Even though we were faced with the worse pandemic in history and the associated impact on the economy. The company continued to grow and remain profitable.

As a part of that growth, we were able to open our new branch in Los Angeles, California. The opening was somewhat later than we originally anticipated due to the shutdown of all activity and construction in the California markets due to the virus. Once things began to reopen, we were able to complete the construction and open this new facility which has provided a boost in our deposit growth. Construction delays also caused our new Peachtree Parkway branch to be delayed from opening in 2020 as we had planned, but it was successfully opened in early 2021. At this point all of our current branch projects have been successfully opened and are doing well. We continue to look for new markets that fit with our strategic objectives to allow us to target growth opportunities.

While 2020 presented us with a new and unexpected group of challenges we think that the worst is behind us and we will emerge from this in a better position to continue with strong performance in the future. We could not have survived this last year without continued support from our Officers, Employees, Shareholder and the Communities that we serve. The Board of Directors would like to thank all of our stakeholders for their support of the bank throughout the years, and we look forward to better days ahead for all of us.

Chong W. Chun
Chairman

Dong Wook Kim
President and CEO

FIRST IC CORPORATION AND SUBSIDIARY

CONTENTS

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April 22, 2021

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
First IC Corporation and Subsidiary

We have audited the accompanying consolidated financial statements of **First IC Corporation and Subsidiary** (the Company) which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, comprehensive income, changes in stockholders' equity and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes to the consolidated 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 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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 Company'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 Company'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 First IC Corporation and Subsidiary as of December 31, 2020 and 2019 and the results of their operations and cash flows for each of the years in the three-year period ended December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

McNair, McLemore, Middlebrooks & Co., LLC

McNAIR, McLEMORE, MIDDLEBROOKS & CO., LLC

FIRST IC CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31

ASSETS

	2020	2019
Cash and Cash Equivalents		
Cash and Due from Banks	**$ 144,985,252**	$ 88,474,824
Interest-Bearing Deposits at Other Financial Institutions	**151,076**	132,490
	145,136,328	88,607,314
Investment Securities		
Available for Sale, at Fair Value	**38,028,036**	60,129,707
Held to Maturity, at Amortized Cost (Fair Value of $0 and $22,193 as of December 31, 2020 and 2019, Respectively)	**-**	21,663
	38,028,036	60,151,370
Federal Home Loan Bank Stock	**642,800**	450,700
SBA Loans Held for Sale	**6,039,201**	11,452,452
Loans	**566,574,040**	536,009,056
Allowance for Loan Losses	**(8,657,056)**	(6,409,506)
Unearned Income	**(2,719,506)**	(2,086,782)
	555,197,478	527,512,768
Premises and Equipment	**9,087,163**	8,918,964
Other Real Estate Other	**-**	465,000
Assets	**10,795,818**	7,499,821
Total Assets	**$ 764,926,824**	$ 705,058,389

See accompanying notes which are an integral part of these consolidated financial statements.

FIRST IC CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31

LIABILITIES AND STOCKHONDERS' EQUITY

	2020	2019
Deposits		
Demand	**$ 207,652,982**	$ 105,210,468
Interest-Bearing Demand	**264,871,085**	138,059,015
Savings	**14,436,730**	20,156,166
Time, $250,000 and Over	**76,530,705**	120,334,480
Other Time	**111,173,145**	236,002,266
	674,664,647	619,762,395
Other Liabilities	**4,385,081**	6,705,189
Stockholders' Equity		
Common Stock, $5 Par Value; 15,000,000 Shares Authorized, 8,372,275 and 8,092,428 Shares Issued and Outstanding in 2020 and 2019, Respectively	**41,861,375**	40,462,140
Surplus	**20,135,747**	21,219,363
Retained Earnings	**24,163,016**	21,867,816
Accumulated Other Comprehensive Income (Loss), Net of Tax	**853,512**	(13,214)
Total	**87,013,650**	83,536,105
Less Treasury Stock, At Cost, 241,820 and 569,706 Shares in 2020 and 2019, Respectively	**(1,136,554)**	(4,945,300)
Total Stockholders' Equity	**85,877,096**	78,590,805
Total Liabilities and Stockholders' Equity	**$ 764,926,824**	$ 705,058,389

See accompanying notes which are an integral part of these consolidated financial statements.

FIRST IC CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31

	2020	2019	2018
Interest Income			
Interest and Fees on Loans	**$ 28,929,467**	$ 31,723,334	$ 22,939,186
Interest on Investment Securities			
U.S. Government Agencies	**841,861**	712,535	340,563
State, County and Municipal	**69,737**	69,903	48,506
Interest-Bearing Deposits with Other Financial Institutions	**417,002**	2,021,438	904,958
Other Investments	**26,524**	42,453	22,683
	30,284,591	34,569,663	24,255,896
Interest Expense			
Interest on Deposits	**6,868,406**	9,891,488	4,128,225
Interest on Borrowed Money	**9**	162,024	24,944
	6,868,415	10,053,512	4,153,169
Net Interest Income	**23,416,176**	24,516,151	20,102,727
Provision for Loan Losses	**3,674,000**	765,000	1,350,000
Net Interest Income After Provision for Loan Losses	**19,742,176**	23,751,151	18,752,727
Noninterest Income			
Service Charges on Deposits	**1,170,242**	1,301,981	1,258,974
Other Service Charges, Commissions and Fees	**2,897,009**	2,793,825	2,829,072
Gain on Sale of Loans	**4,503,734**	4,713,861	5,664,659
Other	**85,925**	158,350	190,053
	8,656,910	8,968,017	9,942,758
Other Expenses			
Salaries and Employee Benefits	**10,279,120**	10,364,330	8,878,310
Occupancy and Equipment	**2,603,893**	2,231,369	1,730,594
Data Processing	**983,902**	867,921	779,124
Professional Fees	**293,647**	297,013	343,962
FDIC Insurance Assessment	**132,000**	111,230	50,107
Loss on Other Real Estate and Repossessed Assets	**7,580**	88,750	133,101
SBA Loan Referral Fees	**445,335**	830,621	835,304
Loan Collection and Repossession Expense	**300,220**	129,107	151,317
Bank Security Expense	**719,894**	641,274	449,046
Other	**2,992,793**	3,081,325	2,514,195
	18,758,384	18,642,940	15,865,060
Net Income Before Income Taxes	**9,640,702**	14,076,228	12,830,425
Income Taxes	**2,398,177**	3,780,000	3,220,852
Net Income	**$ 7,242,525**	$ 10,296,228	$ 9,609,573

See accompanying notes which are an integral part of these consolidated financial statements.

FIRST IC CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	2020			2019			2018		
	Pre-Tax	**Tax Expense (Benefit)**	**Net of Tax**	Pre-Tax	Tax Expense (Benefit)	Net of Tax	Pre-Tax	Tax Expense (Benefit)	Net of Tax
Net Income	**$ 9,640,702**	**$ 2,398,177**	**$ 7,242,525**	$ 14,076,228	$ 3,780,000	$ 10,296,228	$ 12,830,425	$ 3,220,852	$ 9,609,573
Other Comprehensive Income (Loss)									
Gains (Losses) on Securities Arising During the Year	**1,097,121**	**230,395**	**866,726**	421,243	88,461	332,782	(188,905)	(39,670)	(149,235)
Change in Net Unrealized Gains (Losses) on Securities Available for Sale, Net of Reclassification Adjustment	**1,097,121**	**230,395**	**866,726**	421,243	88,461	332,782	(188,905)	(39,670)	(149,235)
Comprehensive Income	**$ 10,737,823**	**$ 2,628,572**	**$ 8,109,251**	$ 14,497,471	$ 3,868,461	$ 10,629,010	$ 12,641,520	$ 3,181,182	$ 9,460,338

See accompanying notes which are an integral part of these consolidated financial statements.

FIRST IC CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

	Common Shares	Common Stock	Treasury Stock	Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2017	6,560,859	$ 32,804,295	$ -	$ 15,038,110	$ 14,910,833	$ (196,761)	$ 62,556,477
Net Income	-	-	-	-	9,609,573	-	9,609,573
Change in Net Unrealized Gains on Investment Securities Available for Sale, Net of Tax	-	-	-	-	-	(149,235)	(149,235)
Exercise of Stock Options	68,012	340,060	-	(125,621)	-	-	214,439
Stock Dividends	657,734	3,288,670	-	3,466,257	(6,754,927)	-	-
Balance, December 31, 2018	7,286,605	36,433,025	-	18,378,746	17,765,479	(345,996)	72,231,254
Net Income	-	-	-	-	10,296,228	-	10,296,228
Change in Net Unrealized Gains on Investment Securities Available for Sale, Net of Tax	-	-	-	-	-	332,782	332,782
Exercise of Stock Options	77,130	385,650	-	(185,213)	-	-	200,437
Stock Dividends	728,693	3,643,465	-	2,550,426	(6,193,891)	-	-
Treasury Stock Purchase	-	-	(4,945,300)	-	-	-	(4,945,300)
Stock-Based Compensation	-	-	-	475,404	-	-	475,404
Balance, December 31, 2019	8,092,428	40,462,140	(4,945,300)	21,219,363	21,867,816	(13,214)	78,590,805
Net Income	-	-	-	-	7,242,525	-	7,242,525
Change in Net Unrealized Gains on Investment Securities Available for Sale, Net of Tax	-	-	-	-	-	866,726	866,726
Exercise of Stock Options	88,426	442,130	-	(220,166)	-	-	221,964
Stock Dividends	761,127	3,805,635	-	1,141,690	(4,947,325)	-	-
Retirement of Treasury Shares	(569,706)	(2,848,530)	4,945,300	(2,096,770)	-	-	-
Treasury Stock Repurchase	-	-	(1,136,554)	-	-	-	(1,136,554)
Stock-Based Compensation	-	-	-	91,630	-	-	91,630
Balance, December 31, 2020	**8,372,275**	**$ 41,861,375**	**$ (1,136,554)**	**$20,135,747**	**$24,163,016**	**$ 853,512**	**$85,877,096**

See accompanying notes which are an integral part of these consolidated financial statements.

FIRST IC CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	2020	2019	2018
Cash Flows from Operating Activities			
Net Income	**$ 7,242,525**	$ 10,296,228	$ 9,609,573
Adjustments to Reconcile Net Income to			
Net Cash Provided (Used) by Operating Activities			
Depreciation	**613,435**	578,533	508,110
Amortization and Accretion	**(172,210)**	(111,337)	170,867
Stock-Based Compensation	**91,630**	475,404	-
Deferred Income Tax	**(508,629)**	317,951	(40,228)
Provision for Loan Losses	**3,674,000**	765,000	1,350,000
Loss on Other Real Estate and Repossessed Assets	**7,580**	88,750	133,101
Gain on Sale of Loans	**(4,503,734)**	(4,713,861)	(5,664,659)
Change In			
SBA Loans Held for Sale	**5,413,251**	(9,251,633)	821,580
Interest Receivable	**(491,079)**	(535,704)	(213,305)
Interest Payable	**(3,054,940)**	3,122,359	536,638
Other	**(1,791,853)**	(2,195,317)	(2,595,239)
	6,519,976	(1,163,627)	4,616,438
Cash Flows from Investing Activities			
Proceeds from Sales, Calls, Maturities and			
Paydowns of Securities Available for Sale	**23,392,665**	8,500,000	4,236,944
Purchases of Investment Securities Available for Sale	**-**	(50,346,984)	(2,950,732)
Purchases of Premises and Equipment	**(783,333)**	(2,333,686)	(845,991)
Dispositions of Premises and Equipment	**1,700**	-	-
Loans, Net	**(26,594,976)**	(125,004,951)	(81,283,867)
Purchases of Federal Home Loan Bank Stock	**(192,100)**	(87,100)	(70,400)
Proceeds from Sale of Other Real Estate	**197,420**	2,211,250	1,841,299
	(3,978,624)	(167,061,471)	(79,072,747)
Cash Flows from Financing Activities			
Demand, Interest-Bearing Demand, Time and Savings Accounts	**54,902,252**	195,328,830	87,808,642
Purchase of Treasury Shares	**(1,136,554)**	(4,945,300)	-
Proceeds from Exercise of Stock Options	**221,964**	200,437	214,439
	53,987,662	190,583,967	88,023,081
Net Increase in Cash and Cash Equivalents	**56,529,014**	22,358,869	13,566,772
Cash and Cash Equivalents, Beginning	**88,607,314**	66,248,445	52,681,673
Cash and Cash Equivalents, Ending	**$ 145,136,328**	$ 88,607,314	$ 66,248,445
Noncash Investing Transactions			
Change in Net Unrealized Gains (Losses) on Investment			
Securities Available for Sale, Net of Tax	**$ 866,726**	$ 332,782	$ (149,235)
Acquisitions of Real Estate Through Loan Foreclosures	**$ -**	$ -	$ 2,765,000
Other Real Estate Sales Financed by Bank	**$ 260,000**	$ -	$ -
Noncash Financing Transactions			
Stock Dividends	**$ 4,947,325**	$ (6,193,891)	$ (6,754,927)

See accompanying notes which are an integral part of these consolidated financial statements.

(1) Summary of Significant Accounting Policies

Principles of Consolidation

First IC Corporation (the Company) was formed on March 25, 2016 to act as the holding company for First IC Bank, a state-chartered commercial bank (the Bank) located in Doraville, Georgia. Effective February 22, 2017, the Bank reorganized into a one-bank holding company structure, becoming a wholly-owned subsidiary of the Company. Each outstanding share of common stock of the Bank was exchanged in the reorganization on a one-for-one basis for the common stock of the Company, and the former holders of the Bank's common stock became the holders of all of the outstanding shares of the Company's common stock. Accordingly, the consolidated financial statements include the accounts of First IC Corporation and its wholly-owned subsidiary First IC Bank. All intercompany accounts have been eliminated during consolidation.

Nature of Operations

The Bank provides a full range of retail and commercial banking services for consumers and small- to medium-size businesses located primarily in the Atlanta, Georgia metropolitan area along with full service and loan production offices in Texas, Washington, New York, New Jersey and California. Lending and investing activities are funded primarily by deposits gathered through its retail branch office network.

Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the balance sheet date and revenues and expenses for the period. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans and the valuation of deferred tax assets.

Reclassifications

In certain instances, amounts reported in prior years' financial statements have been reclassified to conform to statement presentations selected for 2020. Such reclassifications had no effect on previously reported stockholders' equity or net income.

(1) Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk

Lending is concentrated in small business administration, commercial real estate mortgage and consumer loans to local borrowers. The Company has a high concentration of real estate loans, and a specific concentration in hotels and motels, which could pose an adverse credit risk, particularly with an economic downturn in the real estate market. A substantial portion of the borrowers' ability to honor their contracts is dependent upon the viability of the real estate economic sector. Management continues to monitor these concentrations and has considered these concentrations in its allowance for loan loss analysis.

The success of the Company is dependent, to a certain extent, upon the economic conditions in the geographic markets it serves. Adverse changes in the economic conditions in these geographic markets would likely have a material adverse effect on the Company's results of operations and financial condition. The operating results of the Company depend primarily on its net interest income. Accordingly, operations are subject to risks and uncertainties surrounding the exposure to changes in the interest rate environment and prolonged declines in national and local economies.

At times, the Company may have cash and cash equivalents at financial institutions in excess of insured limits. The Company places its cash and cash equivalents with high credit quality financial institutions whose credit rating is monitored by management to minimize credit risk.

Accounting Policies

The accounting and reporting policies of the Company are in accordance with accounting principles generally accepted in the United States of America and conform to general practices within the banking industry. The significant accounting policies followed by the Company and the methods of applying those policies are summarized hereafter.

Investment Securities

The Company classifies its investment securities as trading, available for sale or held to maturity. Securities that are held principally for resale in the near term are classified as trading. Trading securities are carried at fair value, with realized and unrealized gains and losses included in noninterest income. Currently, no securities are classified as trading. Securities acquired with both the intent and ability to be held to maturity are classified as held to maturity and reported at amortized cost. All securities not classified as trading or held to maturity are considered available for sale. Securities available for sale may be sold to meet liquidity needs arising from unanticipated deposit and loan fluctuations, changes in regulatory capital requirements, or unforeseen changes in market conditions. Purchase premiums and discounts are recognized in interest income using methods approximating the interest method over the terms of the securities.

The Company evaluates each held-to-maturity and available for sale security in a loss position for other-than-temporary impairment (OTTI). In estimating OTTI, management considers such factors as the length of time and the extent to which the market value has been below cost, the financial condition of the issuer and the Company's intent to sell and whether it is more likely than not that the Company will be required to sell the security before anticipated recovery of the amortized cost basis. If the Company intends to sell or if it is more likely than not that the Company will be required to sell the security before recovery, the OTTI write-down is recognized in earnings. If the Company does intend to sell the security or it is not more likely than not that it will be required to sell the security before the recovery, the OTTI write-down is separated into an amount representing credit loss, which is recognized in earnings, and an amount related to all other factors, which is recognized in other comprehensive income (loss).

Federal Home Loan Bank Stock

Investment in stock of a Federal Home Loan Bank (FHLB) is required for every federally insured institution that utilizes its services. The amount of the required investment is determined and adjusted periodically by the FHLB. The FHLB stock is reported in the consolidated financial statements at cost. Dividend income is recognized when earned.

SBA Loan Sales and Servicing Rights

Small Business Administration (SBA) loans that the Company has the intent to sell in the secondary market are designated as held for sale at origination and are recorded at the lower of cost or fair value. The Company typically sells the guaranteed portion of the SBA loans in the secondary market while maintaining the servicing rights. Gains or losses recognized upon the sale of loans are determined on a specific identification basis. Servicing assets or liabilities are initially recorded at fair value and are subsequently measured using the amortization method which requires servicing rights to be amortized into noninterest income in proportion to, and over the period of, the estimated future net servicing income or expense of the underlying loans. Servicing assets are periodically evaluated for impairment and written off to other expense if fair value of the rights exceed the carrying amounts.

Loans

Loans that the Company has the ability and intent to hold for the foreseeable future or until maturity are recorded at their principal amount outstanding, net of unearned interest and fees. Interest income on loans is recognized using the effective interest method. Loan origination fees, net of certain direct origination costs, are deferred and amortized over the lives of the related loans using the interest method.

A loan is considered to be delinquent when payments have not been made according to contractual terms, typically evidenced by nonpayment of a monthly installment by the due date. When management believes there is sufficient doubt as to the collectability of principal or interest on any loan or generally when loans are 90 days or more past due, the accrual of applicable interest is discontinued and the loan is designated as nonaccrual, unless the loan is well secured and in the process of collection. All interest accrued but not received for loans placed on nonaccrual is reversed against interest income. Interest payments received on nonaccrual loans are either applied against principal or reported as income, according to management’s judgment as to the collectability of principal. Loans are returned to an accrual status when factors indicating doubtful collectability on a timely basis no longer exist.

The Company has sold guaranteed portions of SBA loans in the SBA secondary market and continues to service these loans. Gains or losses on guaranteed portions of SBA loans which are sold are recorded in other income, based on the net proceeds received and the basis in the portion of the loan sold. The basis in the portion of the loan sold is determined by allocating a portion of the loan carrying value to the portion sold based on its fair value, relative to the fair value of the portion of the loan retained and the estimated serving asset. Any loans that have been originated and intended for sale in the SBA secondary market have been identified as SBA loans held for sale.

(1) Summary of Significant Accounting Policies (Continued)

Loans Modified in a Troubled Debt Restructuring (TDR)

Loans are considered to have been modified in a TDR when, due to a borrower's financial difficulty, the Company makes certain concessions to the borrower that it would not otherwise consider for new debt with similar risk characteristics. Modifications may include interest rate reductions, principal or interest forgiveness, forbearance, and other actions intended to minimize economic loss and to avoid foreclosure or repossession of the collateral. Generally, a nonaccrual loan that has been modified in a TDR remains on nonaccrual status for a period of six months to demonstrate that the borrower is able to meet the terms of the modified loan. However, performance prior to the modification, or significant events that coincide with the modification, are included in assessing whether the borrower can meet the new terms and may result in the loan being returned to accrual status at the time of loan modification or after a shorter performance period. If the borrower's ability to meet the revised payment schedule is uncertain, the loan remains on nonaccrual status. Once a loan is modified in a TDR, it is accounted for as an impaired loan, regardless of accrual status. A TDR may cease being classified as impaired if the loan is subsequently modified at market terms and, has performed according to the modified terms for at least six months, and there has not been any prior principal forgiveness on a cumulative basis.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the collectability of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is maintained at a level, which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectability of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, economic conditions and other risks inherent in the portfolio. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. Although management uses available information to recognize losses on loans, because of uncertainties associated with local economic conditions, collateral values and future cash flows on impaired loans, it is reasonably possible that a material change could occur in the allowance for loan losses in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

A loan is considered impaired when, based on current information and events, it is probable that the Company 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 by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent.

(1) Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents and Cash Flows

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, interest-bearing and noninterest-bearing amounts due from banks and federal funds sold. Cash flows from loans, demand deposits, NOW accounts, savings accounts and certificates of deposit are reported net.

Cash payments made during 2020, 2019 and 2018 for interest totaled $6,640,735, $6,931,153, and $3,616,531, respectively. Cash payments made during 2020, 2019 and 2018 for income taxes totaled $2,640,000, $4,010,000, and $2,872,000, respectively.

Premises and Equipment

Premises and equipment are recorded at acquisition cost net of accumulated depreciation.

Depreciation is charged to operations over the estimated useful lives of the assets. The useful lives and methods of depreciation are as follows:

Description	Life in Years	Method
Buildings	20-35	Straight-Line
Land Improvements	12-15	Straight-Line
Leasehold Improvements	5-10	Straight-Line
Furniture and Equipment	3-10	Straight-Line

Expenditures for major renewals and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. When property and equipment are retired or sold, the cost and accumulated depreciation are removed from the respective accounts and any gain or loss is reflected in other income or expense.

Other Real Estate

Other real estate generally represents real estate acquired through foreclosure and is initially recorded at estimated fair value, less cost to sell. Any excess of the loan balance at the time of foreclosure is charged to allowance for loan losses. Subsequent declines in fair value upon the periodic revaluation of other real estate, along with gains and losses upon dispositions are reflected in noninterest expense. Costs related to the development or improvement of properties are capitalized while revenues and expenses from operations are expensed as incurred.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was $182,885, $277,072 and $276,347 for the years ended December 31, 2020, 2019 and 2018, respectively.

(1) Summary of Significant Accounting Policies (Continued)

Income Taxes

The provision for income taxes is based upon income for financial statement purposes, adjusted for nontaxable income and nondeductible expenses. Deferred income taxes have been provided when different accounting methods have been used in determining income for income tax purposes and for financial reporting purposes. Deferred tax assets and liabilities are recognized based on future tax consequences attributable to differences arising from the financial statement carrying values of assets and liabilities and their tax bases. The differences related primarily to depreciable assets (use of different depreciation methods for financial statement and income tax purposes) and allowance for loan losses (use of the allowance method for financial statement purposes and the experience method for tax purposes). In the event of changes in the tax laws, deferred tax assets and liabilities are adjusted in the period of the enactment of those changes, with effects included in the income tax provision. The Company files a consolidated federal income tax return. The subsidiary pays its proportional share of federal income taxes to the Company based on its taxable income.

Stock-Based Compensation

The Company maintains a stock-based compensation plan for grants of stock options to key personnel and directors. The Company accounts for such share-based payment plans recognizing the expense of the compensation element over the requisite service period of the awards.

Comprehensive Income

United States generally accepted accounting principles (U.S. GAAP) require that recognized revenue, expenses, gains and losses be included in net income. Certain changes in assets and liabilities, such as unrealized gains and losses on securities available for sale, represent equity changes from economic events of the period other than transactions with owners and are not reported in the statements of operations but as a separate component of the equity section of the balance sheets. Such items are considered components of other comprehensive income (loss). U.S. GAAP requires the presentation in the consolidated financial statements of net income and all items of other comprehensive income (loss) as total comprehensive income.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from the Company, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity.

Off-Balance Sheet Credit Related Financial Instrument

In the ordinary course of business, the Company has entered into commitments to extend credit, commercial letters of credit and standby letters of credit. Such financial instruments are recorded when they are funded.

(1) Summary of Significant Accounting Policies (Continued)

Subsequent Events

As of April 22, 2021, the date these financials were available to be issued, there were no subsequent events which required recognition or disclosure.

Changes in Accounting Principles and Effects of New Accounting Pronouncements

Accounting Standards Update (ASU) 2016-02, *Leases,* amended current lease accounting to require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 did not significantly change lease accounting requirements applicable to lessors; however, certain changes were made to align, where necessary, lessor accounting with the lessee accounting model. The amended guidance will be effective for the Company in fiscal years beginning after December 15, 2021. The company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

In June 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of operations as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements.

(2) Investment Securities

Investment securities as of December 31 are summarized as follows:

2020	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
Securities Available for Sale				
U.S. Government Agencies	**$ 5,631,180**	**$ 52,078**	**$ -**	**$ 5,683,258**
Mortgage-Backed	**29,035,507**	**779,802**	**(1,564)**	**29,813,745**
State, County and Municipal	**2,280,954**	**250,079**	**-**	**2,531,033**
	$ 36,947,641	**$ 1,081,959**	**$ (1,564)**	**$ 38,028,036**
Securities Held to Maturity				
Mortgage-Backed	**$ -**	**$ -**	**$ -**	**$ -**
2019				
Securities Available for Sale				
U.S. Government Agencies	$ 19,845,099	$ 13,152	$ (59,038)	$ 19,799,213
Mortgage-Backed	38,014,517	159,174	(214,141)	37,959,550
State, County and Municipal	2,286,817	84,127	-	2,370,944
	$ 60,146,433	$ 256,453	$ (273,179)	$ 60,129,707
Securities Held to Maturity				
Mortgage-Backed	$ 21,663	$ 530	$ -	$ 22,193

There were no gross realized gains or losses recorded by the Company for the years ended December 31, 2020, 2019, and 2018.

(2) Investment Securities (Continued)

The amortized cost and fair value of investment securities as of December 31, 2020 by contractual maturity are shown below. Expected maturities will differ from contractual maturities because issuers have the right to call or prepay obligations with or without call or prepayment penalties.

	Securities			
	Available for Sale		Held to Maturity	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due from One to Five Years	$ 5,588,018	$ 5,732,329	$ -	$ -
Due from Five to Ten Years	2,324,116	2,481,962	-	-
Due after Ten Years	-	-	-	-
	7,912,134	8,214,291	-	-
Mortgage-Backed	29,035,507	29,813,745	-	-
	$ 36,947,641	$ 38,028,036	$ -	$ -

The following outlines the unrealized loss and fair value by investment category and length of time that individual securities available for sale have been in a continuous unrealized loss position at December 31:

	Less Than 12 Months		12 Months or More		Total	
2020	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
Securities Available for Sale						
U.S. Government Agencies	$ -	$ -	$ -	$ -	$ -	$ -
Mortgage-Backed	-	-	122,641	(1,564)	122,641	(1,564)
	$ -	$ -	$ 122,641	$ (1,564)	$ 122,641	$ (1,564)
2019						
Securities Available for Sale						
U.S. Government Agencies	$ 16,927,744	$ (58,703)	$ 499,666	$ (335)	$ 17,427,410	$ (59,038)
Mortgage-Backed	27,470,842	(172,552)	6,409,704	(41,589)	33,880,546	(214,141)
	$ 44,398,586	$ (231,255)	$ 6,909,370	$ (41,924)	$ 51,307,956	$ (273,179)

At December 31, 2020 and 2019, the debt securities with unrealized losses depreciated 1.26 percent and 0.53 percent, respectively, from the Company's amortized cost basis. These securities are guaranteed by either the U.S. Government or its agencies. 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 reviews 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.

(2) Investment Securities (Continued)

At December 31, 2020, one out of 32 mortgage-backed securities held contained unrealized losses. At December 31, 2019, 7 out of 8 securities issued by U.S. Government agencies and U.S. Government-sponsored corporations contained unrealized losses. At December 31, 2019, 20 out of the 29 mortgage-backed securities held contained unrealized losses.

(3) Loans

Loans, segregated by class, as of December 31 are:

	2020	2019
Commercial	**$ 165,056,592**	$ 143,078,638
Real Estate		
Construction	**2,538,000**	2,436,000
1-4 Family	**63,445,365**	53,917,395
Multifamily	**4,451,865**	4,085,383
Commercial	**330,876,580**	332,362,365
Consumer	**205,638**	129,275
	$ 566,574,040	$ 536,009,056

Commercial loans are extended to a diverse group of businesses within the Company's market area. These loans are often underwritten based on the borrower's ability to service the debt from income from the business. Real estate construction loans often require loan funds to be advanced prior to completion of the project. Due to uncertainties inherent in estimating construction costs, changes in interest rates and other economic conditions, these loans often pose a higher risk than other types of loans. During 2020, the company provided Paycheck Protection Program (PPP) loans to eligible customers, which totaled $18,103,360 as of December 31, 2020. PPP loans are disclosed within the Commercial Loan Classification. Consumer loans are generally smaller loan amounts spread across many individual borrowers to help minimize risk.

Credit Quality Indicators

As part of the ongoing monitoring of the credit quality of the loan portfolio, management tracks certain credit quality indicators including trends related to (1) the risk grade assigned to commercial and consumer loans, (2) the level of classified commercial loans, (3) net charge-offs, (4) nonperforming loans and (5) the general economic conditions in the Company's geographic markets.

(3) Loans (Continued)

Credit Quality Indicators (Continued)

The Company uses a risk grading matrix to assign a risk grade to each of its loans. Loans are graded on a scale of 1 to 8. A description of the general characteristics of the grades is as follows:

- **Grades 1 and 2 -** Borrowers with these assigned grades range in risk from virtual absence of risk to minimal risk. Such loans may be secured by Company-issued and controlled certificates of deposit or properly margined equity securities or bonds. Other loans comprising these grades are made to companies that have been in existence for a long period of time with many years of consecutive profits and strong equity, good liquidity, excellent debt service ability and unblemished past performance, or to exceptionally strong individuals with collateral of unquestioned value that fully secures the loans. Loans in this category fall into the "pass" classification.

- **Grades 3 and 4 -** Loans assigned these "pass" risk grades are made to borrowers with acceptable credit quality and risk. The risk ranges from loans with no significant weaknesses in repayment capacity and collateral protection to acceptable loans with one or more risk factors considered to be more than average.

- **Grade 5 -** This grade includes "special mention" loans on management's watch list and is intended to be used on a temporary basis for pass grade loans where risk-modifying action is intended in the short-term.

- **Grade 6 -** This grade includes "substandard" loans in accordance with regulatory guidelines. This category includes borrowers with well-defined weaknesses that jeopardize the payment of the debt in accordance with the agreed terms. Loans considered to be impaired are assigned this grade, and these loans often have assigned loss allocations as part of the allowance for loan and lease losses. Generally, loans on which interest accrual has been stopped would be included in this grade.

- **Grades 7 and 8 -** These grades correspond to regulatory classification definitions of "doubtful" and "loss," respectively. In practice, any loan with these grades would be for a very short period of time, and generally the Company has no loans with these assigned grades. Management manages the Company's problem loans in such a way that uncollectible loans or uncollectible portions of loans are charged off immediately with any residual, collectible amounts assigned a risk grade of 6.

(3) Loans (Continued)

The following table presents the loan portfolio by credit quality indicator (risk grade) as of December 31. Those loans with a risk grade of 1, 2, 3 or 4 have been combined in the pass column for presentation purposes.

2020	**Pass**	**Special Mention**	**Substandard**	**Total Loans**
Commercial	**$ 159,853,309**	**$ -**	**$ 5,203,283**	**$ 165,056,592**
Real Estate				
Construction	**2,538,000**	**-**	**-**	**2,538,000**
1-4 Family	**63,319,536**	**-**	**125,829**	**63,445,365**
Multifamily	**4,451,865**	**-**	**-**	**4,451,865**
Commercial	**326,794,725**	**-**	**4,081,855**	**330,876,580**
Consumer	**205,638**	**-**	**-**	**205,638**
	$ 557,163,073	**$ -**	**$ 9,410,967**	**$ 566,574,040**
2019				
Commercial	$ 139,967,692	$ -	$ 3,110,946	$ 143,078,638
Real Estate				
Construction	2,436,000	-	-	2,436,000
1-4 Family	53,917,395	-	-	53,917,395
Multifamily	4,085,383	-	-	4,085,383
Commercial	327,951,522	-	4,410,843	332,362,365
Consumer	129,275	-	-	129,275
	$ 528,487,267	$ -	$ 7,521,789	$ 536,009,056

(3) Loans (Continued)

Past Due and Nonaccrual Loans

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Generally, loans are placed on nonaccrual status if principal or interest payments become 90 days past due or when, in management's opinion, the borrower may be unable to meet payment obligations as they become due, as well as when required by regulatory provision. Loans may be placed on nonaccrual status regardless of whether or not such loans are considered past due.

The following table represents an age analysis of past due loans and nonaccrual loans, segregated by class of loans, as of December 31:

	Accruing Loans					
2020	**30-89 Days Past Due**	**90 Days or More Past Due**	**Total Accruing Loans Past Due**	**Nonaccrual Loans**	**Current Loans**	**Total Loans**
Commercial	**$ 1,567,254**	**$ -**	**$ 1,567,254**	**$ 3,451,720**	**$ 160,037,618**	**$ 165,056,592**
Real Estate						
Construction	**-**	**-**	**-**	**-**	**2,538,000**	**2,538,000**
1-4 Family	**721,917**	**-**	**721,917**	**-**	**62,723,448**	**63,445,365**
Multifamily	**-**	**-**	**-**	**-**	**4,451,865**	**4,451,865**
Commercial	**-**	**-**	**-**	**4,081,855**	**326,794,725**	**330,876,580**
Consumer	**-**	**-**	**-**	**-**	**205,638**	**205,638**
	$ 2,289,171	**$ -**	**$ 2,289,171**	**$ 7,533,575**	**$ 556,751,294**	**$ 566,574,040**
2019						
Commercial	$ 1,777,404	$ -	$ 1,777,404	$ 3,110,946	$ 138,190,288	$ 143,078,638
Real Estate						
Construction	-	-	-	-	2,436,000	2,436,000
1-4 Family	372,088	-	372,088	-	53,545,307	53,917,395
Multifamily	-	-	-	-	4,085,383	4,085,383
Commercial	-	-	-	4,410,843	327,951,522	332,362,365
Consumer	-	-	-	-	129,275	129,275
	$ 2,149,492	$ -	$ 2,149,492	$ 7,521,789	$ 526,337,775	$ 536,009,056

(3) Loans (Continued)

Impaired Loans

Impaired loans are loan relationships with an assigned risk grade of 5, 6, 7 or 8 or loan relationships classified as TDRs. Impaired loans are reassessed on a quarterly basis. Loans are considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. If a loan is deemed impaired, a specific valuation allowance is allocated, if necessary, so that the loan is reported net, at the present value or estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral.

The following table details impaired loan data as of December 31:

2020	Impaired Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized	Interest Income Collected
With an Allowance Recorded					
Commercial	**$ 339,703**	**$ 76,393**	**$ 1,605,279**	**$ -**	**$ -**
Commercial Real Estate	**4,081,855**	**1,236,190**	**2,040,928**		
With No Related Allowance Recorded					
Commercial	**3,112,017**	**-**	**1,676,054**	**-**	**-**
Commercial Real Estate	**-**	**-**	**2,378,696**	**-**	**-**
Total					
Commercial	**3,451,720**	**76,393**	**3,281,333**	**-**	**-**
Commercial Real Estate	**4,081,855**	**1,236,190**	**2,040,928**	**-**	**-**
	$ 7,533,575	**$ 1,312,583**	**$ 5,322,261**	**$ -**	**$ -**
2019					
With an Allowance Recorded					
Commercial	$ 2,870,855	$ 620,395	$ 2,670,983	$ 5,536	$ 4,037
With No Related Allowance Recorded					
Commercial	240,091	-	120,046	73,608	53,092
Commercial Real Estate	4,757,391	-	3,690,073	298,181	212,090
Total					
Commercial	3,110,946	620,395	2,791,029	79,144	57,129
Commercial Real Estate	4,757,391	-	2,378,696	298,181	212,090
	$ 7,868,337	$ 620,395	$ 5,169,725	$ 377,325	$ 269,219

Unpaid contractual balance approximates the impaired balance at December 31, 2020 and 2019.

(3) Loans (Continued)

Troubled Debt Restructurings

TDRs are troubled loans on which the original terms of the loan have been modified in favor of the borrower or either the principal or interest has been forgiven due to deterioration in the borrower's financial condition.

There were no TDRs as of December 31, 2020 and 2019. No loan contracts were restructured during the years ended December 31, 2020 and 2019.

Loans modified in a TDR are considered to be in default once the restructured loan becomes 90 days past due. As of December 31, 2020 and 2019, the Company had no loans modified during the previous 12 months which subsequently defaulted during the period.

(4) Allowance for Loan Losses

The allowance for loan losses represents a reserve for inherent losses in the loan portfolio. The adequacy of the allowance for loan losses is evaluated quarterly. The portfolio is initially segregated based on results of internal reviews and external reviews by third parties with particular emphasis on nonaccrual and past due loans and other loans management believes might be potentially impaired or warrant additional attention. These loans are assigned specific allowances when a review of relevant data determines that a general allocation is not sufficient or when the review affords management the opportunity to fine tune the amount of exposure risk in these loans. Additionally, the Company segregates the loan portfolio by type of loan and utilizes this segregation in evaluating exposure to risk within the portfolio. In establishing general allocations for these loans, management considers historical loan loss experience but adjusts this data with a significant emphasis on data such as current loan quality trends, current economic conditions and other factors relevant in management's opinion.

The following details activity in the allowance for loan losses, segregated by class of loan, for the years ended December 31. Allocation of a portion of the allowance to one category of loans does not preclude its availability to absorb losses in other loan categories.

2020	**Beginning Balance**	**Charge-Offs**	**Recoveries**	**Provision**	**Ending Balance**
Commercial	**$ 2,859,422**	**$ (1,474,100)**	**$ 70,639**	**$ -**	**$ 1,455,961**
Commercial Real Estate	**3,185,306**	**(22,989)**	**-**	**3,674,000**	**6,836,317**
Consumer	**364,778**	**-**	**-**	**-**	**364,778**
	$ 6,409,506	**$ (1,497,089)**	**$ 70,639**	**$ 3,674,000**	**$ 8,657,056**
2019					
Commercial	$ 2,983,714	$ (133,297)	$ 9,005	$ -	$ 2,859,422
Commercial Real Estate	1,627,496	(41,987)	834,797	765,000	3,185,306
Consumer	364,778	-	-	-	364,778
	$ 4,975,988	$ (175,284)	$ 843,802	$ 765,000	$ 6,409,506

(4) Allowance for Loan Losses (Continued)

2018	Beginning Balance	Charge-Offs	Recoveries	Provision	Ending Balance
Commercial	$ 2,983,714	$ -	$ -	$ -	$ 2,983,714
Commercial Real Estate	1,343,494	(1,103,236)	37,238	1,350,000	1,627,496
Consumer	364,778	-	-	-	364,778
	$ 4,691,986	$ (1,103,236)	$ 37,238	$ 1,350,000	$ 4,975,988

All impaired loan relationships are evaluated individually for impairment. The remaining loan relationships are collectively evaluated for impairment. The following table presents the allowance for loan losses related to loans individually and collectively evaluated for impairment as of December 31.

	Ending Balance					
	Individually Evaluated		Collectively Evaluated		Total	
2020	**Loans**	**Allowance**	**Loans**	**Allowance**	**Loans**	**Allowance**
Commercial	**$ 3,451,720**	**$ 76,393**	**$ 161,604,872**	**$1,379,568**	**$165,056,592**	**$1,455,961**
Real Estate						
Construction	**-**	**-**	**2,538,000**	**-**	**2,538,000**	**-**
1-4 Family	**-**	**-**	**63,445,365**	**-**	**63,445,365**	**-**
Multifamily	**-**	**-**	**4,451,865**	**-**	**4,451,865**	**-**
Commercial	**4,081,855**	**1,236,190**	**326,794,725**	**5,600,127**	**330,876,580**	**6,836,317**
Consumer	**-**	**-**	**205,638**	**364,778**	**205,638**	**364,778**
	$ 7,533,575	**$1,312,583**	**$ 559,040,465**	**$7,344,473**	**$566,574,040**	**$8,657,056**
2019						
Commercial	$ 3,110,946	$ 620,395	$ 139,967,692	$2,239,027	$143,078,638	$2,859,422
Real Estate						
Construction	-	-	2,436,000	-	2,436,000	-
1-4 Family	-	-	53,917,395	-	53,917,395	-
Multifamily	-	-	4,085,383	-	4,085,383	-
Commercial	4,757,391	-	327,604,974	3,185,306	332,362,365	3,185,306
Consumer	-	-	129,275	364,778	129,275	364,778
	$ 7,868,337	$ 620,395	$ 528,140,719	$5,789,111	$536,009,056	$6,409,506

(5) Premises and Equipment

The detail of premises and equipment as of December 31 is as follows:

	2020	2019
Land	**$ 993,223**	$ 993,223
Land Improvements	**46,447**	46,447
Buildings	**4,909,596**	4,909,596
Leasehold Improvements	**3,060,151**	2,973,973
Automobiles	**141,207**	142,907
Construction In Process	**2,271,113**	1,654,457
Furniture, Fixtures and Equipment	**3,524,101**	3,443,602
	14,945,838	14,164,205
Accumulated Depreciation	**(5,858,675)**	(5,245,241)
	$ 9,087,163	$ 8,918,964

Depreciation charged to operating expenses totaled $613,435, $578,533, and $508,110 for 2020, 2019 and 2018, respectively.

(6) SBA Loan Servicing Rights

The Company originates loans under programs established by the United States Small Business Administration. At times, the Company may sell to secondary market participants the SBA guaranteed portion of the loan, with servicing retained. The portion of the loan sold by the Company is derecognized and is not presented in the consolidated financial statements of the Company. The guaranteed portion of SBA loans held for sale at December 31, 2020 and 2019 totaled $6,039,201 and $11,452,452, respectively. As of December 31, 2020, 2019 and 2018, the unpaid principal balances of serviced loans approximated $268,746,795, $265,558,150, and $259,772,981, respectively. Servicing income included in noninterest income totaled $2,412,170, $2,345,779, and $2,365,301 for 2020, 2019 and 2018, respectively.

Activity for SBA loan servicing rights are summarized as of December 31:

	2020	2019	2018
Balance, Beginning	**$ 1,503,794**	$ 1,177,262	$ 773,887
Rights Capitalized	**579,133**	485,153	494,070
Amortization	**(159,010)**	(158,621)	(90,695)
Impairments	-	-	-
Balance, Ending	**$ 1,923,917**	$ 1,503,794	$ 1,177,262

(7) Deposits

The aggregate amount of overdrawn deposit accounts reclassified as loan balances totaled $503 and $7,127 as of December 31, 2020 and 2019, respectively. The aggregate number of certificates of deposit which met or exceeded the FDIC insured limit of $250,000 totaled $76,530,705 and $120,334,480 as of December 31, 2020 and 2019, respectively.

As of December 31, 2020, the scheduled maturities of certificates of deposit are as follows:

Year	Amount
2021	$ 181,479,483
2022	5,239,571
2023	801,917
2024	172,841
2025	10,038
	$ 187,703,850

(8) Commitments and Contingencies

The Company is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing need of its customers. Those financial instruments include commitments to extend credit and standby letters of credit and involve, to varying degrees, elements of credit risk in excess of the amount recognized on the consolidated balance sheets. The contractual amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments. In most cases, the Company requires collateral to support financial instruments with credit risk.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company, upon extension of credit is based on management's credit evaluation. Collateral held varies but may include unimproved and improved real estate, certificates of deposit or personal property.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers.

As of December 31, 2020 and 2019, commitments under standby letters of credit approximated $683,000 and $738,000, respectively. Unfunded loan commitments as of December 31, 2020 and 2019 approximated $11,757,000 and $24,289,000, respectively.

(9) Income Taxes

The components of income tax expense for the years ended December 31 are as follows:

	2020	2019	2018
Current Federal Tax Expense	**$ 2,493,422**	$ 3,303,196	$ 2,660,836
Deferred Federal Tax Expense (Benefit)	**(508,629)**	(317,951)	(40,228)
Total Federal Expense	**1,984,793**	2,985,245	2,620,608
State Tax Expense	**413,384**	794,755	600,244
Total Income Taxes	**$ 2,398,177**	$ 3,780,000	$ 3,220,852

The Company's provision for income taxes differs from the amounts computed by applying the federal income tax statutory rates to income before income taxes. A reconciliation of the differences is as follows as of December 31:

	2020	2019	2018
Federal Statutory Taxes	**$ 2,024,548**	$ 2,956,008	$ 2,694,389
Stock-Based Compensation	**19,242**	-	-
State Tax Expense	**(104,967)**	(132,377)	(126,051)
Other	**45,970**	161,614	52,270
Actual Federal Taxes	**$ 1,984,793**	$ 2,985,245	$ 2,620,608

(9) Income Taxes (Continued)

The components of the net deferred taxes as of December 31 are as follows:

	2020	2019	2018
Deferred Tax Assets			
Allowance for Loan Losses	**$ 1,682,771**	$ 1,143,180	$ 774,536
Other Real Estate	**-**	-	-
Nonaccrual Interest	**116,605**	86,108	18,163
Nonqualified Stock Options	**169,420**	169,420	109,444
Accumulated Depreciation of Premises and Equipment	**-**	-	-
Other	**122,781**	124,378	123,966
	2,091,577	1,523,086	1,026,109
Deferred Tax Liabilities			
Accumulated Depreciation of Premises and Equipment	**(209,571)**	(237,935)	(127,482)
Servicing Rights	**(404,023)**	(315,797)	(247,224)
	(613,594)	(553,732)	(374,706)
	1,477,983	969,354	651,403
Deferred Tax Asset (Liability) on Unrealized Securities Losses (Gains)	**(226,883)**	3,513	91,974
Net Deferred Tax Asset	**$1,251,100**	$ 972,867	$ 743,377

(10) Operating Leases

During 2006, the Company entered into a noncancelable operating lease for the addition of the Pleasant Hill Road branch with an initial lease term of 20.5 years with two five-year renewal options. The Company is responsible for taxes, insurance and maintenance of the property. The lease calls for a basic annual rent equal to $170,000 per year for the first five and a half years. Each subsequent five-year period will include rental payments equal to the previous basic annual rental adjusted for changes in the Consumer Price Index published by the Bureau of Labor Statistics. Rental expense under the lease was $209,448 for the year ended December 31, 2020 and $188,700 for the years ended December 31, 2019 and 2018, respectively.

During 2007, the Company entered into a noncancelable operating lease for the addition of the Sugarloaf Shopping Center branch with an initial lease term of five years with one five-year renewal option. The Company is responsible for taxes, insurance and maintenance of the property. Rental expense under the lease was $127,392, $123,683, and $120,080 for the years ended December 31, 2020, 2019 and 2018, respectively.

During 2015, the Company entered into a noncancelable operating lease for the addition of the Carrollton Town Center branch in Carrollton, Texas with an initial lease term of fifteen years with three five-year renewal options. The Company is responsible for taxes, insurance, and maintenance of the property. The lease calls for minimum annual rents in the amount of $162,500 for the first five years, $178,750 for the next five years and $196,625 for the last five years of the initial lease term. Rental expense under the lease was $169,271 for the year ended December 31, 2020 and $162,500 for the years ended December 31, 2019 and 2018.

(10) Operating Leases (Continued)

During 2018, the Company entered into a noncancelable operating lease for the addition of the Palisades Park, New Jersey branch with an initial lease term of ten years with two five-year renewal options. The Company is responsible for insurance and fifty percent of all taxes and maintenance of the property. The lease calls for base rent in the first year of $101,400, increasing by 3.25 percent each year thereafter. Rental expense under the lease was $105,263 for the year ended December 31, 2020 and $101,949 and $16,900 for the years ended December 31, 2019 and 2018, respectively.

During 2018, the Company entered into a noncancelable operating lease for the addition of the Queens, New York branch with an initial lease term of 15 years with two five-year renewal options. The lease calls for base rent in the first year of $162,816, increasing by 3.00 percent each year thereafter. Rental expense under the lease was $171,054 for the year ended December 31, 2020 and $166,072 and $108,544 for the years ended December 31, 2019 and 2018, respectively.

During 2019, the Company entered into a noncancelable operating lease for additional operating space in Duluth, Georgia with an initial lease term of six years. The lease calls for base rent in the first year of $146,603, increasing by 3.00 percent each year thereafter. Rental expense under the lease was $149,547 for the year ended December 31, 2020 and $97,735 for the year ended December 31, 2019.

Estimated future minimum lease payments as of December 31, 2020 are as follows:

Year	Amount
2021	$ 987,868
2022	1,005,483
2023	1,008,592
2024	868,754
2025	890,925
Thereafter	6,767,617
	$ 11,529,239

(11) 401(k) Profit Sharing Plan

The Company sponsors a 401(k)-profit sharing plan, covering substantially all employees who meet certain eligibility requirements. Contributions to the plan are made based upon specifics outlined in the plan documents. Expense under the plan was $342,849 in 2020, $303,712 in 2019 and $250,813 in 2018.

(12) Stock Options

The Company has established a stock compensation plan for directors and employees. The following is a summary of the activity in the Company's stock option plan during 2020, 2019 and 2018. All shares and per share data have been adjusted for the 2020 stock dividend.

	2020			2019			2018		
	Number of Shares		**Weighted Average Exercise Price**	Number of Shares		Weighted Average Exercise Price	Number of Shares		Weighted Average Exercise Price
Outstanding at Beginning of Year	**705,500**	**$**	**6.59**	795,180	$	6.20	398,010	$	2.64
Granted	-		-	-		-	483,396		8.30
Exercised	**(97,269)**		**2.28**	(84,840)		2.34	(82,294)		2.60
Forfeited	**(396,275)**		**8.30**	(4,840)		8.30	(3,932)		2.15
Outstanding at End of Year	**211,956**	**$**	**5.15**	705,500	$	6.59	795,180	$	6.20
Options Exercisable at End of Year	**184,529**	**$**	**4.69**	386,458	$	5.09	311,784	$	2.66

On December 11, 2018, the Company granted 399,500 shares to directors and employees with a three-year vesting period at an exercise price of $10.25 per share. The Company elected to use the calculated value method to account for the options granted during 2018 due to insufficient historical information to estimate the expected volatility of its share price. The calculated value method requires a nonpublic entity to estimate a value for its equity share options by substituting the historical volatility of an appropriate industry sector index for the expected volatility of its shares price as an assumption in its valuation model. Utilizing the Black-Scholes-Merton pricing model, the fair value of the options granted in 2018 was calculated as follows based on the following assumptions:

Grant Date		12/11/18
Options Granted		399,500
Calculated Fair Value per Option	$	3.57
Dividend Yield		0.00%
Risk-Free Interest Rate		2.89%
Expected Volatility		18.42%
Expected Life (in Years)		10

Intrinsic value of options exercised during 2020 and 2019 approximated $722,000 and $469,000, respectively. Compensation expense for stock options was $91,630 for 2020, $475,404 for 2019, and $-0- for 2018. Remaining compensation expense approximating $91,630 will be recognized next year.

(13) Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) for unrealized gains and losses on available for sale securities, net of tax, for the years ended December 31 are as follows:

	2020	2019	2018
Beginning Balance	**$ (13,214)**	$ (345,996)	$ (196,761)
Current Period Other Comprehensive Income	**866,726**	332,782	(149,235)
Ending Balance	**$ 853,512**	$ (13,214)	$ (345,996)

(14) Regulatory Capital Matters

The amount of dividends payable by the Company from the subsidiary Bank is limited by various banking regulatory agencies. The Bank is restricted on the amount of dividends it may declare without prior regulatory approval. Upon approval by regulatory authorities, the Bank may pay cash dividends to the Company in excess of regulatory limitations.

Banks and bank holding companies are subject to regulatory capital requirements administered by federal banking agencies. Capital adequacy guidelines and prompt corrective action regulations, involve quantitative measures of assets, liabilities, and certain off-balance-sheet items calculated under regulatory accounting practices. Capital amounts and classifications are also subject to qualitative judgments by regulators. Failure to meet capital requirements can initiate regulatory action. The final rules implementing Basel Committee on Banking Supervision's capital guidelines for U.S. banks (Basel III rules) became effective for the Bank on January 1, 2015 with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. The net unrealized gain or loss on available for sale securities is not included in computing regulatory capital. Management believes as of December 31, 2020, the Bank meets all capital adequacy requirements to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At December 31, 2020 and 2019, the most recent regulatory notifications categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the company's category. The amounts and ratios as defined in the regulations are presented hereafter for the Bank only. The consolidated total assets of the Company were less than $1 billion at the beginning of the year and excluded from regulatory capital requirements. As a result, capital amounts and ratios are not disclosed on a consolidated basis.

(14) Regulatory Capital Matters (Continued)

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under the Regulatory Framework of the Federal Deposit Insurance Act	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(In Thousands)			
As of December 31, 2020						
Total Capital to Risk-Weighted Assets	**$ 91,641**	**15.45 %**	$ 47,452	8.00 %	$ 59,315	10.00 %
Tier I Capital to Risk-Weighted Assets	**84,213**	**14.20**	35,583	6.00	47,444	8.00
Common Equity Tier I Capital to Risk-Weighted Assets	**84,213**	**14.20**	26,687	4.50	38,548	6.50
Tier I Capital to Average Assets	**84,213**	**11.04**	30,512	4.00	38,140	5.00
As of December 31, 2019						
Total Capital to Risk-Weighted Assets	$ 84,369	15.08 %	$ 44,758	8.00 %	$ 55,948	10.00 %
Tier I Capital to Risk-Weighted Assets	77,959	13.93	33,579	6.00	44,772	8.00
Common Equity Tier I Capital to Risk-Weighted Assets	77,959	13.93	25,184	4.50	36,377	6.50
Tier I Capital to Average Assets	77,959	10.91	28,583	4.00	35,728	5.00

(15) Fair Value Measurements

FASB guidance defines fair value, establishes a framework for measuring fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. Fair value is defined 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. The valuation hierarchy requires an entity to maximize the use of observable inputs and to minimize the use of unobservable inputs when measuring fair value. The three levels of inputs are defined as follows:

- Level 1 - Quoted prices for identical assets or liabilities in active markets that the reporting entity has the ability to access at the measurement date;

- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability or inputs that are derived principally from or corroborated by observable market data by correlation or other means; and

- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of assets or liabilities.

(15) Fair Value Measurements (Continued)

A description of the valuation methodologies used for assets measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. In general, fair value is based upon quoted market prices, where available. If such quoted market prices are not available, fair value is based upon internally developed models that primarily use, as inputs, observable market-based parameters. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. While management believes the Company's valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Investment Securities Available for Sale - Securities classified as available for sale are reported at fair value on a recurring basis. If quoted prices are not available, the Company obtains fair value measurements from an independent pricing service. The fair value measurements consider observable data that may include dealer quotes, market spreads, cash flows, the U. S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and the bond's terms and conditions, among other things. Level 2 securities include U.S. Government agencies, mortgage-backed securities issued by government-sponsored entities, municipal bonds and corporate debt securities.

Impaired Loans - Impaired loans are evaluated at the time the loan is identified as impaired, at the lower of cost or fair value. Fair value is measured based on the value of the collateral securing the impaired loan. The collateral of impaired loans is based on appraisals which may utilize the comparative sales, cost or income approaches. An unobservable input results when the appraiser or management determines the fair value of the collateral is further impaired below the appraised value due to the local market conditions or other economic factors. As such, the fair value of impaired loans are considered Level 3 in the fair value hierarchy.

Other Real Estate - Certain foreclosed assets, upon initial recognition, are remeasured and reported at fair value less cost to sale through a charge-off to the allowance for loan losses based on the fair value of the foreclosed asset. The fair value of a foreclosed asset is estimated based on appraisals which utilize the comparative sales, cost or income approaches. An unobservable input results when the appraiser or management determines the fair value has deteriorated below the appraised value due to the local market conditions or other economic factors. As such, the fair value of other real estate is considered Level 3 in the fair value hierarchy.

(15) Fair Value Measurements (Continued)

The following table presents the fair value measurements of assets measured at fair value on a recurring or nonrecurring basis as of December 31, aggregated by the level in the fair value hierarchy within which those measurements fall.

	Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2020			
Financial Assets			
Recurring			
Investment Securities Available for Sale			
U.S. Government Agencies	$ -	$ 5,683,258	$ -
Mortgage-Backed	-	29,813,745	-
State, County and Municipal	-	2,531,033	-
	$ -	$ 38,028,036	$ -
Nonrecurring			
Impaired Loans			
Commercial	$ -	$ -	$ 3,375,327
Commercial Real Estate	-	-	2,845,665
	$ -	$ -	$ 6,220,992
Nonfinancial Assets			
Nonrecurring			
Commercial Other Real Estate	$ -	$ -	$ -
2019			
Financial Assets			
Recurring			
Investment Securities Available for Sale			
U.S. Government Agencies	$ -	$ 19,799,213	$ -
Mortgage-Backed	-	37,959,550	-
State, County and Municipal	-	2,370,944	-
	$ -	$ 60,129,707	$ -
Nonrecurring			
Impaired Loans			
Commercial	$ -	$ -	$ 2,490,551
Commercial Real Estate	-	-	4,757,391
	$ -	$ -	$ 7,247,942
Nonfinancial Assets			
Nonrecurring			
Commercial Other Real Estate	$ -	$ -	$ -

(15) Fair Value Measurements (Continued)

The following table presents quantitative information about level 3 fair value measurements for impaired loans and other real estate measured at fair value on a nonrecurring basis as of December 31:

2020	Fair Value Balance	Valuation Technique	Unobservable Inputs
Impaired Loans			
Commercial	**$ 3,375,327**	Sales Comparison	Adjustment to Comparable Sales
Commercial Real Estate	**2,845,665**	Sales Comparison	Adjustment to Comparable Sales
	$ 6,220,992		
Other Real Estate			
Commercial Real Estate	**$ -**	Sales Comparison	Adjustment to Comparable Sales
2019			
Impaired Loans			
Commercial	$ 2,490,551	Sales Comparison	Adjustment to Comparable Sales
Commercial Real Estate	4,757,391	Sales Comparison	Adjustment to Comparable Sales
	$ 7,247,942		
Other Real Estate			
Commercial Real Estate	$ -	Sales Comparison	Adjustment to Comparable Sales

(16) Revenues from Contracts with Customers

The Company's revenue from contracts with customers within the scope of ASU 2014-09 included in noninterest expense in the statement of operations is comprised of the following for the years ended December 31:

	2020	2019	2018
Noninterest Income			
Service Charges on Deposits	**$ 816,054**	$ 732,773	$ 682,218
ATM Fees	**12,270**	10,235	9,305
Gain on Sale of OREO	**7,580**	88,750	133,101
	$ 835,904	$ 831,758	$ 824,624

(16) Revenues from Contracts with Customers (Continued)

A description of the Company's revenue streams accounted for under ASU 2014-09 is as follows:

Service Charges on Deposit Accounts: The Company earns fees from its deposit customers for transaction-based, account maintenance, and overdraft services. Transaction-based fees, which include services such as ATM use fees, stop payment charges, statement rendering, and ACH fees, are recognized at the time the transaction is executed as that is the point in time the Company fulfills the customer's request. Account maintenance fees, which relate primarily to monthly maintenance, are earned over the course of a month, representing the period over which the Company satisfies the performance obligation. Overdraft fees are recognized at the point in time that the overdraft occurs. Service charges on deposits are withdrawn from the customer's account balance.

ATM Interchange Fees: The Company earns interchange fees from cardholder transactions conducted through the Visa/MasterCard or other payment network. Interchange fees from cardholder transactions represent a percentage of the underlying transaction value and are recognized daily, concurrently with the transaction processing services provided to the cardholder.

Gains/Losses on Sales of OREO: The Company records a gain or loss from the sale of OREO when control of the property transfers to the buyer, which generally occurs at the time of an executed deed. When the Company finances the sale of OREO to the buyer, the Company assesses whether the buyer is committed to perform their obligations under the contract and whether collectability of the transaction price is probable. Once these criteria are met, the OREO asset is derecognized and the gain or loss on sale is recorded upon the transfer of control of the property to the buyer. In determining the gain or loss on the sale, the Company adjusts the transaction price and related gain (loss) on sale if a significant financing component is present.

(17) Risks and Uncertainties

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on our business and financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which we operate and the related impact on consumer confidence and spending, all of which are highly uncertain.

(18) Financial Information of First IC Corporation (Parent Only)

BALANCE SHEETS DECEMBER 31

ASSETS

	2020	2019
Cash	**$ 674,024**	$ 507,876
Investment in Subsidiary	**85,170,708**	78,050,565
Other	**32,364**	32,364
Total Assets	**$ 85,877,096**	$ 78,590,805

LIABILITIES AND STOCKHOLDERS' EQUITY

	2020	2019
Accrued Interest Payable and Other Liabilities	**$ -**	$ -
Stockholders' Equity		
Common Stock, $5 Par Value; 15,000,000 Shares Authorized, 8,372,275 and 8,092,428 Shares Issued and Outstanding in 2020 and 2019, Respectively	**41,861,375**	40,462,140
Surplus	**20,135,747**	21,219,363
Retained Earnings	**24,163,016**	21,867,816
Accumulated Other Comprehensive Income (Loss), Net of Tax	**853,512**	(13,214)
Total	**87,013,650**	83,536,105
Less Treasury Stock at cost	**(1,136,554)**	(4,945,300)
Total Stockholders' Equity	**85,877,096**	78,590,805
Total Liabilities and Stockholders' Equity	**$ 85,877,096**	$ 78,590,805

(18) Financial Information of First IC Corporation (Parent Only) (Continued)

STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31

	2020	2019
Income		
Dividends from Subsidiary	**$ 1,136,554**	$ 5,000,000
Expenses		
Salaries and Benefits	**100,482**	479,123
Other	**46,964**	39,050
	147,446	518,173
Income Before Income Tax Benefit and Equity in Undistributed Earnings of Subsidiary	**989,108**	4,481,827
Income Tax Benefit	**-**	-
Income Before Equity in Undistributed Earnings of Subsidiary	**989,108**	4,481,827
Equity in Undistributed Earnings of Subsidiary	**6,253,417**	5,814,401
Net Income	**7,242,525**	10,296,228
Other Comprehensive Income		
Gains on Securities Arising During the Year	**1,097,121**	421,243
Deferred Tax Expense Related to Other Comprehensive Income	**230,395**	88,461
Other Comprehensive Income, Net of Tax	**866,726**	332,782
Comprehensive Income	**$ 8,109,251**	$ 10,629,010

(18) Financial Information of First IC Corporation (Parent Only) (Continued)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	2020	2019
Cash Flows from Operating Activities		
Net Income	**$ 7,242,525**	$ 10,296,228
Adjustments to Reconcile Net Income to		
Net Cash Used by Operating Activities		
Equity in Undistributed Earnings of Subsidiary	**(6,253,417)**	(5,814,401)
Stock Compensation Expense	**91,630**	475,404
Other	**-**	(149)
	1,080,738	4,957,082
Cash Flows from Financing Activities		
Purchase of Treasury Shares	**(1,136,554)**	(4,945,300)
Proceeds from Exercise of Stock Options	**221,964**	200,437
	(914,590)	(4,744,863)
Net Increase in Cash	**166,148**	212,219
Cash, Beginning	**507,876**	295,657
Cash, Ending	**$ 674,024**	$ 507,876