

VERSAILLES FINANCIAL CORPORATION
FINANCIAL STATEMENTS
March 31, 2013

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FINANCIAL STATEMENTS

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VERSAILLES FINANCIAL CORPORATION
CONSOLIDATED BALANCE SHEETS
March 31, 2013 and June 30, 2012

	March 31, <u>2013</u> (Unaudited)	June 30, <u>2012</u>
ASSETS		
Cash and cash equivalents due from financial institutions	\$ 4,111,947	\$ 2,241,915
Overnight deposits	2,700,000	2,700,000
Total cash and cash equivalents	6,811,947	4,941,915
Interest-bearing time deposits in other financial institutions	2,305,000	833,000
Securities, available-for-sale	694,034	697,042
Securities held to maturity (fair value of \$493,671 at March 31, 2013 and \$576,957 at June 30, 2012)	466,936	544,025
Federal Home Loan Bank stock	397,500	397,500
Loans, net of allowance of \$255,432 and \$255,432	35,952,092	35,489,351
Premises and equipment, net	1,521,102	1,548,882
Accrued interest receivable	90,286	92,679
Other assets	761,974	715,517
Total assets	\$ 49,000,871	\$ 45,259,911
LIABILITIES		
Non-interest bearing checking accounts	\$ 109,875	\$ 50
Interest bearing checking accounts	528,888	63,277
Savings/MMDA accounts	13,423,367	10,162,115
Certificates of deposit	17,193,311	17,600,303
Total deposits	31,255,441	27,825,745
Federal Home Loan Bank advances	5,000,000	5,000,000
Other liabilities	1,679,567	1,482,269
Common stock in ESOP subject to repurchase obligation	66,690	41,313
SHAREHOLDERS' EQUITY		
Preferred stock, \$.01 par value, 1,000,000 shares authorized, none issued and outstanding	-	-
Common stock, \$.01 par value, 10,000,000 shares authorized, 427,504 shares issued	4,275	4,275
Additional paid-in capital	3,756,280	3,778,470
Retained earnings	8,421,087	8,321,153
Treasury stock, 35,460 shares, at cost	(354,600)	(354,600)
Unearned employee stock ownership plan shares	(286,420)	(299,250)
Accumulated other comprehensive loss	(541,449)	(539,464)
Total shareholders' equity	10,999,173	10,910,584
Total liabilities and shareholders' equity	\$ 49,000,871	\$ 45,259,911

VERSAILLES FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
Three months and nine months ended March 31, 2013 and 2012

	Three months ended March 31,		Nine months ended March 31,	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Interest and dividend income				
Loans, including fees	\$ 427,746	\$ 460,398	\$1,287,938	\$1,410,443
Securities available for sale	3,143	3,557	10,200	9,750
Securities held-to-maturity	3,362	4,511	10,734	14,662
FHLB dividends	4,247	4,509	13,193	12,481
Deposits with banks	<u>5,843</u>	<u>2,906</u>	<u>13,456</u>	<u>8,654</u>
Total interest and dividend income	444,341	475,881	1,335,521	1,455,990
Interest expense				
Deposits	45,367	64,574	149,879	206,160
FHLB advances	<u>31,241</u>	<u>36,475</u>	<u>94,937</u>	<u>128,438</u>
Total interest expense	<u>76,608</u>	<u>101,049</u>	<u>244,816</u>	<u>334,598</u>
Net interest income	367,733	374,832	1,090,705	1,121,392
Provisions for loan losses	<u>-</u>	<u>18,500</u>	<u>-</u>	<u>48,500</u>
Net interest income after provisions for loan losses	367,733	356,332	1,090,705	1,072,892
Noninterest income				
Other income	1,573	1,287	3,967	3,696
Gain on sale of fixed assets	<u>-</u>	<u>-</u>	<u>59,431</u>	<u>-</u>
Total noninterest income	1,573	1,287	63,398	3,696
Noninterest expense				
Salaries and employee benefits	156,688	132,547	469,422	431,560
Occupancy and equipment	20,037	7,264	61,519	18,355
Directors' fees	16,650	15,300	46,700	46,450
Data processing	30,658	24,836	88,134	61,275
Franchise taxes	26,812	28,512	80,528	78,675
Legal, accounting and exam fees	41,834	41,742	173,229	184,528
Federal deposit insurance	5,100	5,100	15,100	15,300
Other	<u>25,334</u>	<u>18,581</u>	<u>67,737</u>	<u>53,482</u>
Total noninterest expense	<u>323,113</u>	<u>273,882</u>	<u>1,002,369</u>	<u>889,625</u>
Income before income taxes	46,193	83,737	151,734	186,963
Income tax expense	<u>15,800</u>	<u>28,100</u>	<u>51,800</u>	<u>63,300</u>
Net income	<u>\$ 30,393</u>	<u>\$ 55,637</u>	<u>\$ 99,934</u>	<u>\$ 123,663</u>
Earnings per common share	<u>\$ 0.08</u>	<u>\$ 0.14</u>	<u>\$ 0.25</u>	<u>\$ 0.31</u>

VERSAILLES FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
Three months and nine months ended March 31, 2013 and 2012

	Three months ended March 31,		Nine months ended March 31,	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Net income	\$ 30,393	\$ 55,637	\$ 99,934	\$ 123,663
Other comprehensive income:				
Unrealized gains/losses on securities:				
Unrealized holding gain/(loss) arising during the period	(1,504)	1,503	(3,008)	(1,503)
Tax effect	511	(511)	1,023	511
Net of tax	(993)	992	(1,985)	(992)
Supplemental retirement plans:				
Amortization of prior service for supplemental retirement plan	-	-	-	5,518
Tax effect	-	-	-	(1,876)
Net of tax	-	-	-	3,642
Total other comprehensive income	(993)	992	(1,985)	2,650
Comprehensive income	\$ 29,400	\$ 56,629	\$ 97,949	\$ 126,313

VERSAILLES FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
Nine months ended March 31, 2013

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Treasury Stock</u>	<u>Unearned ESOP Shares</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Total</u>
Balance, July 1, 2012	\$ 4,275	\$ 3,778,470	\$ 8,321,153	\$ (354,600)	\$ (299,250)	\$ (539,464)	\$ 10,910,584
Net income for the period ended March 31, 2013	-	-	99,934	-	-	-	99,934
Change in net unrealized gain (loss) on securities available for sale, net of tax effects of \$1,023	-	-	-	-	-	(1,985)	(1,985)
Commitment to release 1,283 employee stock ownership plan shares at fair value	-	3,187	-	-	12,830	-	16,017
Transfer of 1,710 allocated ESOP common shares subject to repurchase obligation	-	(17,100)	-	-	-	-	(17,100)
Change in fair value of 5,130 allocated ESOP common shares subject to repurchase obligation	-	(8,277)	-	-	-	-	(8,277)
Balance, March 31, 2013	<u>\$ 4,275</u>	<u>\$ 3,756,280</u>	<u>\$ 8,421,087</u>	<u>\$ (354,600)</u>	<u>\$ (286,420)</u>	<u>\$ (541,449)</u>	<u>\$ 10,999,173</u>

VERSAILLES FINANCIAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
Nine months ended March 31, 2013 and 2012

	Nine months ended March 31,	
	2013	2012
Cash flows from operating activities		
Net income	\$ 99,934	\$ 123,663
Adjustments to reconcile net income to net cash provided from operating activities		
Provision for loan losses	-	48,500
Depreciation on premises and equipment	44,142	5,270
Net amortization of securities	271	196
Loss (gain) on sale or disposal of premises and equipment	(59,431)	-
Compensation expense related to ESOP shares	16,017	15,137
Change in:		
Deferred loan costs	10,584	(320)
Accrued interest receivable	2,393	17,819
Other assets	(45,434)	(90,558)
Other liabilities	197,298	(21,158)
Net cash from operating activities	265,774	98,549
 Cash flow from investing activities		
Maturities of time deposits	-	194,000
Purchases of time deposits	(1,472,000)	(735,000)
Maturities, repayments and calls of securities held to maturity	76,818	118,645
Loan originations and payments, net	(473,325)	1,843,062
Proceeds from sale of premises and equipment	71,034	-
Property and equipment purchases	(27,965)	(1,106,722)
Net cash from investing activities	(1,825,438)	313,985
 Cash flow from financing activities		
Net change in deposits	3,429,696	1,142,128
Proceeds from FHLB advances	-	1,000,000
Repayments of FHLB advances	-	(1,000,000)
Net cash from financing activities	3,429,696	1,142,128
 Net change in cash and cash equivalents	1,870,032	1,554,662
Cash and cash equivalents, beginning of period	4,941,915	4,071,401
 Cash and cash equivalents at end of period	\$ 6,811,947	\$ 5,626,063
 Cash paid during the year for		
Interest	\$ 252,455	\$ 341,870
Income taxes	90,418	203,109