



This Supplemental News Report is published as required, is part of the annual MERGENT INDUSTRIAL and BANK & FINANCE Manuals and will be included in the bound July 2018 Monthly News Reports and is published on our Website.

ANDOVER BANCORP INC (OH)

Company Website: www.andoverbancorp.com

History: Incorporated in Ohio on Feb. 21, 1984.

Business Summary: Andover Bancorp is a bank holding company. Through its wholly-owned subsidiary, The Andover Bank, Co. is engaged in the business of commercial and retail banking with operations conducted through its corporate headquarters and 10 branches located in Andover, OH and neighboring communities. As a full service commercial bank, Co. provides a complete line of deposit, investment, and lending services to both consumer and commercial customers. As of Dec 31 2017, Co.'s had total assets of \$411.5 million and total deposits of \$331.8 million.

Property: Co. maintains its principal executive offices in Andover, OH.
In addition, Co. has branches located in Albion, PA, Andover, OH, Ashtabula, OH, Austinburg, OH, Conneaut, OH, Edinboro, PA, Geneva, OH, Jefferson, OH, Madion, OH and Erie, PA.

Subsidiaries

The Andover Bank
AB Financial Group, Inc.

Officers

Martin R. Cole, Chairman
Stephen E. Varckette, President; Chief Executive Officer
Nancy C. Cook, Vice President
Craig A. Cumberworth, Vice President
Edward B. Debevec, Vice President; Treasurer
Kimberly A. Giddings, Vice President
Richard B. Kotila, Vice President; Secretary
Daniel J. Weber, Vice President

Directors

Martin R. Cole, Chairman; Director
Stuart W. Cordell, Director
Nicholas J. Jammal, Director
Richard J. Mole, CPA, Director
A. David Morrow, Director
Edward J. Pollander, D.D.S., Director
Robert L. Taylor, Director
Stephen E. Varckette, Director

Auditors: CliftonLarsonAllen LLP

Transfer Agent: American Stock Transfer & Trust Company, LLC, Brooklyn, NY

Annual Meeting: In April

Shareholder Relations: Richard B. Kotila, Vice President & Secretary Tel: 440-293-7256

No. of Stockholders: June 28, 2018, 478

No. of Employees: June 28, 2018, 92

Address: 600 East Main Street P.O. Box 1300, Andover, OH 44003-1300

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Consolidated Income Statement, Years Ended Dec. 31 (\$):

	2017	2016	2015		2017	2016	2015
Interest & dividend income on loans, including fees	8,975,876	9,147,033	8,003,249	Data processing fees	948,098	988,597	801,780
Interest & dividend income on investment securities	2,822,807	2,395,540	2,197,987	Supplies expenses	169,871	181,681	184,414
Interest & dividend income on investment securities - tax exempt	1,917,271	1,982,209	2,317,932	Telephone expenses	286,310	269,132	260,537
Other interest & dividend income	76,248	42,899	16,132	Loan & other real estate expense	469,810	425,797	521,876
Total interest & dividend income	13,792,202	13,567,681	12,535,300	Professional fees	318,137	399,948	418,661
Interest expense on deposits	543,012	666,105	1,025,562	FDIC assessment expense	129,183	164,328	176,190
Interest expense on borrowings	410,778	256,417	313,068	Ohio financial institution tax expenses	283,038	305,700	260,682
Total interest expense	953,790	922,522	1,338,630	Other noninterest expenses	1,806,933	1,188,637	1,493,111
Net interest income	12,838,412	12,645,159	11,196,670	Total noninterest expenses	11,690,554	11,473,571	10,900,964
Provision for loan losses	200,000	80,000	...	Income (loss) before income taxes	3,999,219	4,428,934	3,529,474
Net interest income	12,638,412	12,565,159	11,196,670	Current income tax expense (benefit)	848,195	782,057	585,439
Customer service fees	1,294,957	1,328,413	1,257,113	Deferred income tax expense (benefit)	(441,795)	(109,837)	(344,285)
Debit card fee income	1,035,784	1,024,063	955,513	Impact of enacted Federal tax reform	(240,900)
Earnings on bank-owned life insurance	186,994	198,103	201,936	Income tax expense (benefit)	165,500	672,220	241,154
Mortgage servicing fee income	78,169	93,426	124,395	Net income (loss)	3,833,719	3,756,714	3,288,320
Net gain on sale of securities	20,533	238,855	297,837	Weighted average shares outstanding - basic	2,465,361	2,487,739	2,475,751
Net gain on sales of loans	102,997	165,335	105,673	Weighted average shares outstanding - diluted	2,465,361	2,487,739	2,475,751
Net gain on sale of other real estate owned	57,419	64,243	85,981	Year end shares outstanding	2,445,108	2,489,553	2,485,553
Other noninterest income	274,508	224,908	205,320	Net earnings (loss) per common share - basic	\$1.56	\$1.51	\$1.33
Total noninterest income	3,051,361	3,337,346	3,233,768	Net earnings (loss) per common share - diluted	\$1.56	\$1.51	\$1.33
Salaries & employee benefits expenses	4,633,411	4,781,976	4,336,068	Dividends per common share	\$0.71	\$0.70	\$0.69
Occupancy expenses	1,024,647	996,854	759,793	Total number of employees	□92
Furniture & equipment expenses	976,020	1,235,575	1,319,632	Number of common stockholders	□478
ATM fees	471,522	365,159	208,677				
Postage & freight expenses	173,574	170,187	159,543				

□ As of June 28, 2018

Consolidated Balance Sheet, Years Ended Dec. 31 (\$):

	2017	2016
Assets:		
Cash & due from banks	11,844,387	7,488,094
Interest-bearing deposits with banks	116,270	104,653
Total cash & cash equivalents	11,960,657	7,592,747

Available-for-sale securities, at fair value	175,924,255	173,321,097	Other assets	2,436,189	1,261,961
Commercial loans	54,488,953	49,669,291	Total assets	411,536,409	399,802,097
Real estate loans	115,810,073	117,279,110	Liabilities:		
Consumer loans	11,614,932	11,813,385	Non-interest bearing deposits	88,600,328	85,934,349
Premier loans	16,351,174	15,371,009	Interest bearing demand deposits	45,339,633	41,538,916
Other loans	997,385	1,000,465	Savings deposits	88,530,578	89,154,552
Subtotal	199,262,517	195,133,260	Money market deposits	38,622,148	39,167,030
Less: allowance for loan losses	1,411,736	1,393,165	Time deposits	70,382,655	66,000,270
Loans, net	197,850,781	193,740,095	Interest bearing deposits	242,875,014	235,860,768
Land & land improvements	3,382,268	3,387,664	Total deposits	331,475,342	321,795,117
Buildings & improvements	8,850,075	8,844,699	Federal Home Loan Bank borrowings	36,000,000	35,455,000
Furniture & equipment	8,978,817	8,753,926	Accrued interest payable	82,028	154,164
Premises & equipment, gross	21,211,160	20,986,289	Other liabilities	3,824,163	1,750,546
Less: accumulated depreciation	11,994,517	11,121,669	Total liabilities	371,381,533	359,154,827
Premises & equipment, net	9,216,643	9,864,620	Common stock	814,238	814,238
Restricted investment in stock	1,716,921	1,716,921	Additional paid-in capital	1,595,764	1,595,764
Bank-owned life insurance	7,738,957	7,551,963	Retained earnings	53,158,717	51,013,603
Accrued interest receivable	1,402,058	1,269,662	Unearned Employee Stock Ownership Plan shares	2,129,803	524,617
Other real estate owned	132,148	233,644	Treasury stock	12,868,620	11,772,978
Goodwill	2,654,074	2,654,074	Accumulated other comprehensive income (loss)	(415,420)	(478,740)
Core deposit intangible asset, net	503,726	595,313	Total stockholders' equity	40,154,876	40,647,270

Debt: Dec. 31, 2017, \$36,000,000 (including current portion) Federal Home Loan Bank advances, bearing interest at a fixed rate ranging from 0.98% - 1.55%, maturing Mar. 2018 - Apr. 2019.

Line of credit: As of Dec. 31, 2017, Co. had a secured line of credit with the Federal Home Loan Bank of Cincinnati with a limit of \$20,000,000. This credit line is subject to annual renewal and incurs no service charges. As of Dec. 31, 2017, outstanding borrowings under the line of credit amounted to \$6,000,000, with interest at 1.43%.

Capital Stock: 1. Andover Bancorp Inc (OH) common; no par.

AUTHORIZED—5,000,000 shs.

OUTSTANDING—Dec. 31, 2017, 2,445,108 shs; no par.

TREASURY—811,842 shs.

DIVIDENDS—

2012 32.50 2013 33.00

After 50-for-1 split:

2014 0.68 2015 0.69 2016 0.70

2017 0.71 2018 0.72

PRIMARY EXCHANGE—National Bulletin Board (NBB): ANDC.

PRICE RANGE—

	2017	2016	2015	2014	2013
High	25.95	25.00	24.00	18.25	17.00
Low		23.00		18.25	17.00

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