Board of Governors of the Federal Reserve System

RECEIVED
FEB 21 2017
NIC UNIT

Annual Report of Holding Companies—FR Y-6

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

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

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

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

I, E. Delane Adams
Name of the Holding Company Director and Official

Director and Chief Financial Officer
Title of the Holding Company Director and Official

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

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

E. Delane Adams
Signature of Holding Company Director and Official

02/09/2017
Date of Signature

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

For Federal Reserve Bank Use Only
RSSD ID 3723953
C.I.

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2016
Month / Day / Year

LEI: None
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

Black Cat Financial Corp.
Legal Title of Holding Company

P. O. Box 350
(Mailing Address of the Holding Company) Street / P.O. Box

City	State	Zip Code
Winnfield	LA	71483

200 W. Main St.
Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Name	Title
E. Delane Adams	Director and CFO

318-628-4677
Area Code / Phone Number / Extension

318-628-2975
Area Code / FAX Number

delane@bankofwinnfield.com
E-mail Address

www.bankofwinnfield.com
Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission? .... (0=No, 1=Yes) 0

In accordance with the General Instructions for this report (check only one),

1. **a letter justifying this request is being provided along with the report** .... ☐
2. **a letter justifying this request has been provided separately** .... ☐

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

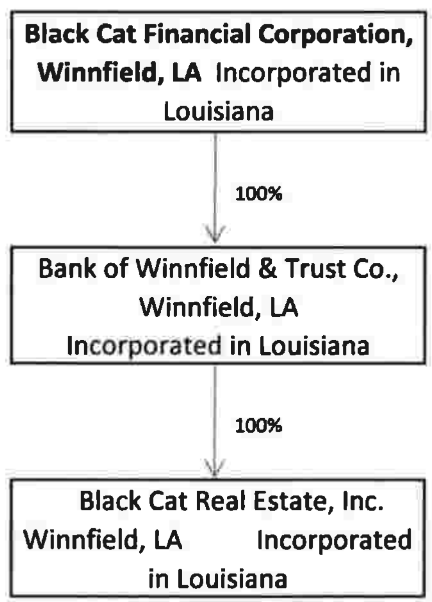
Public reporting burden for this information collection is estimated to vary from 1.3 to 101 hours per response, with an average of 5.50 hours per response, including time to gather and maintain data in the required form and to review instructions and complete the information collection. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551, and to the Office of Management and Budget, Paperwork Reduction Project (7100-0297), Washington, DC 20503.

Form FR Y-6

Black Cat Financial Corporation
Winnfield, LA
Fiscal Year Ending December 31, 2016

Report Item 2a:
1: The bank holding company prepares an annual report for its secrurities holders and is not registered with the SEC. As specified by the appropriate Reserve Bank, one copy is enclosed.

2: Organizational Chart



Report Item 2b: Domestic branch listing provided to the Federal Reserve Bank.

None of the entities listed above has an LEI number.

Results: A list of branches for your holding company: BLACK CAT FINANCIAL CORP (3723953) of WINNFIELD, LA.
The data are as of 12/31/2016. Data reflects information that was received and processed through 01/06/2017.

<u>**Reconciliation and Verification Steps**</u>

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

<u>**Actions**</u>

OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

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

<u>**Submission Procedure**</u>

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

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

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

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	625953	BANK OF WINNFIELD & TRUST COMPANY	200 W. MAIN	WINNFIELD	LA	71483-27[illegible]	WINN	UNITED STATES	5977	0	BANK OF WINNFIELD & TRUST COMPANY	625953	
OK		Full Service	3194236	NORTHSIDE BRANCH	5932 HIGHWAY 167 NORTH	WINNFIELD	LA	71483	WINN	UNITED STATES	419569	1	BANK OF WINNFIELD & TRUST COMPANY	625953	

Form FR Y-6

Black Cat Financial Corporation
Fiscal Year Ending December 31, 2016

Report Item 3: Securities holders
(1)(a)(b)(c) and (2)(a)(b)(c)

Current securities holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2015

(1)(a) Name, City, State, Country	(1)(b) Country of Citizenship or Incorporation	(1)(c) Number and Percentage of Each Class of Voting Securities
Richard C. Heard Winnfield, LA	USA	3400 shares - 21%
Robert P. Heard Winnfield, LA	USA	3431 shares - 21%
J. Steven Heard Shreveport, LA	USA	3364 shares - 20%

Securities holders not listed in 3(1)(a) through 3(1)(c) that had ownership, control or holdings of 5% or more with power to vote during the fiscal year ending 12-31-2016

(2)(a) Name, City, State, Country	(2)(b) Country of Citizenship or Incorporation	(2)(c) Number and Percentage of Each Class of Voting Securities
N\A		

Form FR Y-6

Black Cat Financial Corp.
Fiscal Year Ending December 31, 2016

Report Item 4: Insiders
(1), (2), (3)(a)(b)(c), and (4)(a)(b)(c)

(1) Name City, State, Country	(2) Principal Occupation if other than with Bank Holding Company	(3)(a) Title & Position with Bank Holding Company	(3)(b) Title & Position with Subsidiaries (include names of subsidiaries)	(3)(c) Title & Positions with Other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Shares in Bank Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (include names of subsidiaries)	(4)(c) List names of other companies (includes partnerships) if 25% or more of voting securities are held (List names of companies and percentages of voting securities held.
Richard C. Heard Winnfield, LA	N/A	Director, Presidant and Chairman	Director, Chairman Bank of Winnfield & Trust Co.	Secretary Heard Insurance Agency	21%	None	Heard Insurance Agency (33%)
				Partner Heard Investment Company			Heard Investment Company (33%)
				Secretary/Stockholder Black Cat Corp.			Black Cat Corp. (33%)
Robert P. Heard Winnfield, LA	N/A	Director and Secretary	Director and President Bank of Winnfield & Trust Co.	President Heard Insurance Agency	21%	None	Heard Insurance Agency (33%)
				Partner Heard Investment Company			Heard Investment Company (33%)
				President Black Cat Corp.			Black Cat Corp. (33%)
J. Steven Heard Shreveport, LA	Pathologist	Director	Director Bank of Winnfield & Trust Co.		20%	None	Heard Insurance Agency (33%)
				Partner Heard Investment Company			Heard Investment Company (33%)
				Black Cat Corp.			Black Cat Corp. (33%)

				Partner Delta Pathology LLC			
T.H.Harrel, Jr. Winnfield, LA	Retired Banker	Director	Director Bank of Winnfield & Trust Co.	None	2.43%	None	None
E. Delane Adams Winnfield, LA	Retired Banker	Director and CFO	Director Bank of Winnfield & Trust Co.	None	1.26%	None	None
Kimberly H. Nevils Winnfield, LA	N/A	Director	Vice-President Bank of Winnfield & Trust Co.	None	1.14%	None	None

HTB Hannis T. Bourgeois, LLP
Certified Public Accountants

2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 225.928.4770 • Fax: 225.926.0945
www.htbcpa.com

March 14, 2017

To the Board of Directors and Audit Committee of
Black Cat Financial Corp.

In planning and performing our audit of the consolidated financial statements of Black Cat Financial Corp. and its subsidiary as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In addition, professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated November 11, 2016, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing as stated in our engagement letter dated November 11, 2016.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit of the financial statements included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Company are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management evaluates the adequacy of the allowance for possible loan losses by providing a specific allowance on certain loans supplemented with a general allowance for all other loans. Loans which management evaluates for specific allowances generally include past due loans, regulator classified loans, and other loans which management has identified as warranting special attention for various reasons such as deterioration in the value of collateral or in the creditworthiness of the borrower.
>
> Management also evaluates the current values for foreclosed real estate. In estimating such values, management utilizes current appraisals, both internally and externally obtained, in support of the net book values recorded for each piece of property.

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 14, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This communication is intended solely for the information and use of the Board of Directors, Audit Committee, and management of Black Cat Financial Corp. and subsidiary and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

HANNIS T. BOURGEOIS, LLP

Roy Chenevert, CPA

Roy Chenevert, CPA

Black Cat Financial Corp. and Subsidiary
Winnfield, Louisiana

Consolidated Financial Statements
and Independent Auditor's Report

December 31, 2016 and 2015

CONTENTS

HTB Hannis T. Bourgeois, LLP
Certified Public Accountants

2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
650 Poydras Street, Suite 1200 • New Orleans, LA 70130
Phone: 225.928.4770 • Fax: 225.926.0945
www.htbcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Audit Committee of
Black Cat Financial Corp.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Black Cat Financial Corp. and its subsidiary, which comprise the consolidated statements of financial condition as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 2016 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Black Cat Financial Corp. and its subsidiary as of December 31, 2016, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The consolidated financial statements as of December 31, 2015 were audited by Roy Chenevert, CPA, whose firm was acquired by Hannis T. Bourgeois, L.L.P. as of September 1, 2016, and whose report dated March 11, 2016 expressed an unmodified opinion on those statements.

Hannis T. Bourgeois, LLP

Baton Rouge, Louisiana
March 14, 2017

BLACK CAT FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2016 and 2015
(In thousands of dollars)

	2016	2015
Assets		
Cash and due from banks	$ 5,573	$ 3,578
Federal funds sold and FRB excess balance account	8,300	12,225
Cash and cash equivalents	13,873	15,803
Interest-bearing deposits with banks	10,886	11,383
Securities available for sale, at fair values	27,359	27,456
Securities held to maturity, fair values of $20,955 in 2016 and $18,897 in 2015	20,909	18,420
Loans receivable, net of allowance for loan losses of $663 in 2016 and $678 in 2015	59,602	59,357
Premises and equipment, net	939	985
Foreclosed real estate	1,095	1,245
Accrued interest receivable	571	531
Federal Home Loan Bank stock, at cost	139	139
Cash surrender value of life insurance	5,450	5,286
Other assets	199	273
Total assets	$141,022	$140,878
Liabilities and Shareholders' Equity		
Liabilities		
Noninterest-bearing demand deposits	$ 38,695	$ 37,747
Interest-bearing demand deposits	1,302	1,457
Savings deposits	25,382	24,026
NOW deposits	22,613	21,775
Time deposits $250,000 and more	11,203	13,491
Other time deposits	24,453	25,246
Total deposits	123,648	123,742
Accrued interest payable	53	60
Executive defined benefit plan liability	2,029	2,054
Accrued expenses and other liabilities	51	93
Total liabilities	125,781	125,949
Shareholders' equity		
Common stock, no par value, 200,000 shares authorized, 16,112 shares issued and outstanding	161	161
Additional paid-in capital	12,138	12,138
Retained earnings	5,296	4,664
Accumulated other comprehensive (loss)	(2,354)	(2,034)
Total shareholders' equity	15,241	14,929
Total liabilities and shareholders' equity	$141,022	$140,878

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

BLACK CAT FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2016 and 2015
(In thousands of dollars, except per share amounts)

	2016	2015
Interest income		
Loans receivable	$3,231	$3,275
Taxable securities	462	477
Tax-exempt securities	507	378
Deposits with banks and other interest	238	182
Total interest income	4,438	4,312
Interest expense		
Deposits		
Demand and savings deposits	52	49
Time deposits	157	168
Total interest expense	209	217
Net interest income	4,229	4,095
Provision for loan losses	1	15
Net interest income after provision for loan losses	4,228	4,080
Noninterest income		
Customer service fees	902	763
Gain on sales of securities	3	-
Increase in cash surrender value of life insurance	155	151
Other income	69	59
Total noninterest income	1,129	973
Noninterest expense		
Salaries and employee benefits	2,262	2,178
Depreciation and amortization	118	100
Occupancy expenses, net	174	164
Postage and supplies	134	124
Repairs and maintenance	81	84
Advertising	64	60
Directors' fees	132	132
Dues and assessments	97	79
FDIC insurance	69	97
Data processing and technology	217	222
Other expense	733	545
Total noninterest expense	4,081	3,785
Net income	1,276	1,268
Other comprehensive (loss)		
Unrealized holding (loss) on securities arising during the year	(338)	(28)
(Increase) decrease in unrecognized loss on defined benefit pension plan arising during the year	18	(178)
Other comprehensive (loss)	(320)	(206)
Comprehensive income	$ 956	$1,062
Net income per average share of common stock outstanding	$79.19	$75.84
Average number of shares outstanding	16,112	16,728

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

BLACK CAT FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2016 and 2015
(In thousands of dollars)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Total Shareholders' Equity
Balance at December 31, 2014	$169	$12,793	$4,069	$(1,828)	$15,203
Net income for 2015	-	-	1,268	-	1,268
Other comprehensive (loss) for 2015	-	-	-	(206)	(206)
Common stock retired, 870 shares	(8)	(655)	(87)	-	(750)
Cash dividends, $35 per share	-	-	(586)	-	(586)
Balance at December 31, 2015	161	12,138	4,664	(2,034)	14,929
Net income for 2016	-	-	1,276	-	1,276
Other comprehensive (loss) for 2016	-	-	-	(320)	(320)
Cash dividends, $40 per share	-	-	(644)	-	(644)
Balance at December 31, 2016	$161	$12,138	$5,296	$(2,354)	$15,241

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

BLACK CAT FINANCIAL CORP. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 and 2015
(In thousands of dollars)

	2016	2015
Cash flows from operating activities		
Net income	$ 1,276	$ 1,268
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for loan losses	1	15
Depreciation of premises and equipment	118	100
Net amortization of securities	350	273
Loss on foreclosed real estate	150	3
(Gain) on sales of securities	(3)	-
(Increase) in cash surrender value of life insurance	(155)	(151)
Pension plan contribution over cost	(9)	(61)
Other, net	(22)	(239)
Net cash provided by operating activities	1,706	1,208
Cash flows from investing activities		
Net decrease in interest-bearing deposits with banks	497	995
Purchases of securities available for sale	(11,064)	(9,674)
Purchases of securities held to maturity	(3,813)	(7,663)
Sales of securities available for sale	1,998	6,652
Maturities, prepayments and calls of securities available for sale	8,647	5,419
Maturities, prepayments and calls of securities held to maturity	1,155	1,065
Net (increase) decrease in loans	(246)	1,376
Sales of foreclosed real estate	-	50
Purchases of premises and equipment	(72)	(116)
Net cash (used) by investing activities	(2,898)	(1,896)
Cash flows from financing activities		
Net increase (decrease) in deposits	(94)	622
Common stock retired	-	(750)
Dividends paid	(644)	(586)
Net cash (used) by financing activities	(738)	(714)
Net (decrease) in cash and cash equivalents	(1,930)	(1,402)
Cash and cash equivalents at beginning of year	15,803	17,205
Cash and cash equivalents at end of year	$13,873	$15,803
Interest paid	$ 216	$ 235
Foreclosed real estate acquired in satisfaction of loans	$ -	$ 1,150

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

(1) Summary of Significant Accounting Policies

The accounting and reporting policies of Black Cat Financial Corp. (the "Company") and its subsidiary are based on generally accepted accounting principles and conform to predominant banking industry practices. Bank of Winnfield, Winnfield, Louisiana (the "Bank") is wholly-owned by the Company.

<u>The Company</u> – Black Cat Financial Corp., a one-bank holding company, was formed on July 1, 2008 under a plan approved by the stockholders of Bank of Winnfield and Trust Company. As part of the plan to form the holding company, the stockholders also approved a provision to elect S corporation status for federal income taxation and, accordingly, the Company and its wholly-owned subsidiary obtained permission to become taxed as an S corporation effective July 1, 2008.

<u>The Bank</u> - The Bank of Winnfield and Trust Company was organized in 1901 under the corporate laws of the State of Louisiana and is a state-chartered bank. The Bank of Winnfield and Trust Company is insured by the Federal Deposit Insurance Corporation (FDIC) and is regulated by both the FDIC and State of Louisiana Office of Financial Institutions (OFI). The Bank provides a variety of banking services to individuals and businesses, primarily servicing Winn Parish Louisiana and the surrounding geographic area. Its primary source of revenue is loans to customers who are primarily middle-income individuals and small to mid-size businesses. The Bank's primary deposit products are checking and savings accounts and certificates of deposit. Its primary lending products are real estate, commercial, and consumer loans. These operations are conducted from its main office and one branch location, both in Winnfield, Louisiana.

The following presents a summary of the significant accounting policies of the Company and the Bank:

(a) *Principles of consolidation* - The consolidated financial statements of the Company include the accounts of the Company and the Bank. All material intercompany transactions and accounts have been eliminated.

(b) *Use of estimates* - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for losses on loans and the valuation of real estate acquired in connection with foreclosures or in satisfaction of loans. In connection with the determination of the allowances for losses on loans and foreclosed real estate, management obtains independent appraisals for significant properties. While management uses available information to recognize losses on loans and foreclosed real estate, future additions to the allowances may be necessary based on changes in local economic conditions. In addition, regulatory agencies, as an integral part of their examination process, periodically review the Bank's allowances for losses on loans and foreclosed real estate. Such agencies may require the Bank to recognize additions to the allowances based on their judgments about information available to them at the time of their examination. Because of these factors, it is reasonably possible that the allowances for losses on loans and foreclosed real estate may change materially in the near term.

(c) *Cash equivalents* - For the purpose of presentation in the consolidated statements of cash flows, the Company considers cash on hand, due from bank accounts, federal funds sold, and the excess balance account with the Federal Reserve Bank to be cash equivalents.

(d) *Securities held to maturity* - Bonds and notes for which the Bank has the positive intent and ability to hold to maturity are reported at cost, adjusted for premiums and discounts that are recognized in interest income using the interest method over the period to maturity. Declines in the fair value of individual securities below cost that are other than temporary result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses.

(e) *Securities available for sale* - Securities available for sale consist of bonds and notes not classified as held to maturity. Unrealized holding gains and losses, net of tax, on these securities are reported as accumulated other comprehensive income in shareholders' equity. Gains and losses on the sale of securities available for sale are determined using the specific-identification method. Premiums and discounts are recognized in interest income using the interest method over the period to maturity. Declines in the fair value of individual securities below cost that are other than temporary result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses.

(f) *Loans receivable and allowance for loan losses* - Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off are reported at their outstanding principal adjusted for any charge-offs and the allowance for loan losses. Interest on loans is calculated by using the simple interest method on daily balances of the principal amount outstanding. The accrual of interest on impaired loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. Interest income generally is not recognized on these loans unless the likelihood of further loss is remote. Interest payments received on such loans are applied as a reduction of the loan principal balance. The allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on the Bank's past loan loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and current economic conditions.

(g) *Premises and equipment* - Land is carried at cost. Bank premises, furniture and equipment are carried at cost, less accumulated depreciation and amortization computed principally by the straight-line method over the estimated useful lives of the assets.

(h) *Foreclosed real estate* - Real estate properties acquired through, or in lieu of, loan foreclosure are to be sold and are initially recorded at fair value at the date of foreclosure establishing a new cost basis. After foreclosure, valuations are periodically performed by management and the real estate is carried at the lower of carrying amount or fair value less cost to sell. Revenue and expenses from operations and changes in the valuation allowance are included in operations.

(i) *Income taxes* - The Company has elected S corporation status effective July 1, 2008. Earnings and losses after that date are included in the personal income tax returns of the stockholders and taxed depending on their personal tax strategies. Accordingly, the Company will not incur income tax obligations, and the financial statements will not include a provision for income taxes. The Company evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2016 and 2015, the Company does not believe that it has taken any positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease with the next year.

(j) *Net income per common share* - Net income per share of common stock has been computed on the basis of the weighted-average number of shares of common stock outstanding.

(k) *Reclassifications* - Certain reclassifications have been made to the prior year's financial statements, which have no effect on net income as previously reported, to conform to current year reporting.

(l) *Date of Management's Review of Subsequent Events* – Management has evaluated subsequent events through March 14, 2017, the date which the financial statements were available to be issued.

(2) Restrictions

The Bank is required to maintain reserve balances by the Federal Reserve Bank. The amount of these reserves as of December 31, 2016 and 2015 were $1,343,000 and $1,222,000, respectively.

In addition, prior approval of the Commissioner of the Louisiana Office of Financial Institutions is required for the Bank to pay dividends if the total of all dividends declared and paid during any one year would exceed the total of net profits of that year combined with the net profits from the immediately preceding year.

(3) Investment Securities

The amortized costs and approximate fair values of investments in debt securities at December 31 follow (in thousands of dollars):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities available for sale	December 31, 2016			
U.S. Government agencies and corporations	$ 7,000	$ 6	$147	$ 6,859
Mortgage-backed securities	16,611	12	379	16,244
State and political subdivisions	3,060	42	41	3,061
Equity securities	1,195	-	-	1,195
	$27,866	$60	$567	$27,359
Securities held to maturity				
State and political subdivisions	$20,909	$210	$164	$20,955
Securities pledged to secure public deposits and for other purposes	$21,466			$21,561
Securities available for sale	December 31, 2015			
U.S. Government agencies and corporations	$ 8,681	$19	$ 32	$ 8,668
Mortgage-backed securities	15,822	14	205	15,631
State and political subdivisions	1,999	51	16	2,034
Equity securities	1,123	-	-	1,123
	$27,625	$84	$253	$27,456
Securities held to maturity				
State and political subdivisions	$18,420	$497	$20	$18,897
Securities pledged to secure public deposits and for other purposes	$18,667			$19,094

The scheduled maturities of securities available for sale and held to maturity at December 31, 2016 were as follows (in thousands of dollars):

	Available for sale		Held to maturity	
Contractual maturities	Amortized Cost	Fair Value	Amortized Cost	Fair Value
One year or less	$ 1,298	$ 1,300	$ 966	$ 970
After one year through five years	8,262	8,140	6,112	6,196
After five years through ten years	500	480	11,936	11,912
After ten years	-	-	1,895	1,877
Mortgage-backed securities	16,611	16,244	-	-
Equity securities	1,195	1,195	-	-
	$27,866	$27,359	$20,909	$20,955

Expected maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. Gross realized gains on sales of securities were $9,000 and $26,000 in 2016 and 2015, respectively. Gross realized losses on sales of securities were $6,000 and $26,000 in 2016 and 2015, respectively.

Information pertaining to securities with gross unrealized losses at December 31, 2016 and 2015, aggregated by investment category and length of time that individual securities have been in a continuous loss position, follows (in thousands of dollars):

	Less Than 12 Months		12 Months or Greater		Total	
2016	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. Government agencies & corporations	$ 5,353	$147	$ -	$ -	$ 5,353	$147
Mortgage-backed securities	14,357	350	1,253	29	15,610	379
State and political subdivisions	11,264	205	-	-	11,264	205
Total	$30,974	$702	$1,253	$29	$32,227	$731

	Less Than 12 Months		12 Months or Greater		Total	
2015	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. Government agencies & corporations	$ 3,473	$ 22	$ 988	$ 10	$ 4,461	$ 32
Mortgage-backed securities	9,986	115	4,863	90	14,849	205
State and political subdivisions	2,079	21	523	15	2,602	36
Total	$15,538	$158	$6,374	$115	$21,912	$273

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

At December 31, 2016, the 71 securities with an unrealized loss have 2.2% from the Company's amortized cost basis. Other than the corporate bonds, these securities are guaranteed by either the U. S. Government or other governments. These unrealized losses relate principally to current interest rates for similar types of securities. In analyzing an issuer's financial condition, management considers whether the securities are issued by the federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of 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.

At December 31, 2016 and 2015, equity securities consist of stock of an unrelated banker's bank that is carried at cost.

(4) Loans Receivable

The components of loans in the statements of financial condition at December 31 were as follows (in thousands of dollars):

	2016	2015
Residential real estate	$21,326	$19,960
Nonresidential real estate	19,837	20,214
Commercial	13,231	13,658
Consumer and other	5,871	6,203
	60,265	60,035
Allowance for loan losses	(663)	(678)
	$59,602	$59,357

Credit Quality Indicators

Loans are categorized into risk categories based on relevant information about the ability of borrowers to service their debt, such as: current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The following definitions are utilized for risk ratings:

Watch - Loans with this rating have potential weakness that deserves management's close attention. These loans have potential weaknesses and such could result in deterioration of the repayment prospects for the loan or of the institutions credit position at some future date.

Substandard - Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the borrower or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. If existing conditions are not corrected, the bank could sustain some loss in the future.

Doubtful - Loans classified as doubtful have all the weaknesses as those classified as substandard, with the added characteristic that the weaknesses make collection or liquidation in full, based on current facts, conditions, and values, highly questionable and improbable.

Loans not meeting the criteria above are considered to be *Pass* rated loans and are not analyzed individually. The Bank considers impaired loans as those that meet Watch, Substandard, and Doubtful criteria, and such amounts include nonaccrual loans.

Loan Analysis by Credit Quality Indicators (in thousands of dollars)

December 31, 2016	Pass	Watch	Substandard	Doubtful	Total
Residential real estate	$19,569	$533	$1,190	$ 34	$21,326
Nonresidential real estate	16,765	103	2,969	-	19,837
Commercial	12,827	8	396	-	13,231
Consumer and other	5,542	87	168	74	5,871
	$54,703	$731	$4,723	$108	$60,265
December 31, 2015					
Residential real estate	$18,829	$ 440	$ 691	$ -	$19,960
Nonresidential real estate	17,371	730	2,113	-	20,214
Commercial	13,519	106	33	-	13,658
Consumer and other	5,971	66	154	12	6,203
	$55,690	$1,342	$2,991	$12	$60,035

The following is a summary loan aging analysis as of December 31 (in thousands of dollars):

		Past Due 90 Days or More				
December 31, 2016	Past Due 30 - 89 Days	And Accruing	And Not Accruing	Total Past Due	Current	Total Loans
Residential real estate	$ 419	$309	$ -	$ 728	$20,598	$21,326
Nonresidential real estate	827	-	1,736	2,563	17,274	19,837
Commercial	216	-	-	216	13,015	13,231
Consumer and other	41	12	49	102	5,769	5,871
	$1,503	$321	$1,785	$3,609	$56,656	$60,265
December 31, 2015						
Residential real estate	$534	$ -	$ -	$ 534	$19,426	$19,960
Nonresidential real estate	12	-	1,769	1,781	18,433	20,214
Commercial	6	-	-	6	13,652	13,658
Consumer and other	21	68	11	100	6,103	6,203
	$573	$68	$1,780	$2,421	$57,614	$60,035

The following tables outline the changes in the allowance for loan losses by portfolio segment, the allowances for loans individually and collectively evaluated for impairment, and the amount of loans individually and collectively evaluated for impairment at December 31.

Allowance for Loan Losses and Recorded Investment in Loans Receivable (in thousands of dollars)

	Allowance for Loan Losses				
	Beginning Balance	Provision for Loan Losses	Charge-offs	Recoveries	Ending Balance
Year Ended December 31, 2016					
Real estate	$420	$(14)	$ -	$ -	$406
Commercial	121	29	-	-	150
Consumer and other	137	(14)	27	11	107
Total	$678	$ 1	$27	$11	$663
Year Ended December 31, 2015					
Real estate	$655	($73)	$162	$ -	$420
Commercial	132	49	65	5	121
Consumer and other	107	39	30	21	137
Total	$894	$15	$257	$26	$678

	Allowance for Loan Losses		Loans Receivable		
December 31, 2016	Balance for Loans Individually Evaluated for Impairment	Balance for Loans Collectively Evaluated for Impairment	Total Ending Balance	Balance of Loans Individually Evaluated for Impairment	Balance of Loans Collectively Evaluated for Impairment
Real estate	$113	$293	$41,163	$4,829	$36,334
Commercial	49	101	13,231	404	12,827
Consumer and other	54	53	5,871	329	5,542
Total	$216	$447	$60,265	$5,562	$54,703
December 31, 2015					
Real estate	$ 80	$340	$40,174	$3,974	$36,200
Commercial	-	121	13,658	139	13,519
Consumer and other	50	87	6,203	232	5,971
Total	$130	$548	$60,035	$4,345	$55,690

Impaired Loans

The following table summarizes information relative to impaired loans at December 31 (in thousands of dollars):

December 31, 2016 With no allowance recorded	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
Real estate	$2,922	$2,922	$ -	$2,706	$148
Commercial	8	8	-	4	1
Consumer and other	208	208	-	221	18
Total	$3,138	$3,139	$ -	$2,931	$167
With an allowance recorded					
Real estate	$1,907	$1,907	$113	$1,924	$ 8
Commercial	396	396	49	416	24
Consumer and other	121	121	54	124	4
Total	$2,424	$2,424	$216	$2,464	$36
Totals					
Real estate	$4,829	$4,829	$113	$4,630	$156
Commercial	404	404	49	420	25
Consumer and other	329	329	54	345	22
Total	$5,562	$5,562	$216	$5,395	$203
December 31, 2015					
With no allowance recorded					
Real estate	$1,868	$1,868	$ -	$1,875	$ -
Commercial	139	139	-	101	-
Consumer and other	128	128	-	153	-
Total	$2,135	$2,135	$ -	$2,129	$ -
With an allowance recorded					
Real estate	$2,106	$2,106	$ 80	$2,159	$ -
Commercial	-	-	-	-	-
Consumer and other	104	104	50	107	-
Total	$2,210	$2,210	$130	$2,266	$ -
Totals					
Real estate	$3,974	$3,974	$ 80	$4,034	$ -
Commercial	139	139	-	101	-
Consumer and other	232	232	50	260	-
Total	$4,345	$4,345	$130	$4,395	$ -

No commitments to loan additional funds to borrowers of impaired loans were outstanding at December 31, 2016.

(5) Premises and Equipment

Components of premises and equipment included in the consolidated balance sheets at December 31 were as follows (in thousands of dollars):

	2016	2015
Land	$ 204	$ 204
Buildings and improvements	1,983	1,980
Furniture, fixtures and equipment	1,196	1,192
Vehicles	113	100
Total cost	3,496	3,476
Accumulated depreciation	(2,557)	(2,491)
	$ 939	$ 985

(6) Deposits

At December 31, 2016, the scheduled maturities of time deposits are as follows (in thousands of dollars):

Year maturing	
2017	$28,160
2018	6,338
2019	996
2020	162
Total	$35,656

(7) Fair Value Measurements

Fair Value Disclosures - The Company groups its financial assets and liabilities measured at fair value in three levels. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Applicable accounting guidance establishes a fair value hierarchy that prioritizes the inputs used to develop assumptions and measure fair value. The hierarchy requires companies to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

Level 1 - Includes the most reliable sources and includes quoted prices in active markets for identical assets or liabilities.
Level 2 - Includes observable inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates) as well as inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).
Level 3 - Includes unobservable inputs and should be used only when observable inputs are unavailable.

Recurring Basis - Fair values of investment securities available for sale were primarily measured using information from a third-party pricing service. This pricing service provides information by utilizing evaluated pricing models supported with market data information. Standard inputs include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data from market research publications.

Fair values that are measured on a recurring basis at December 31 are as follows (in thousands of dollars):

Securities available for sale	2016	2015
Fair value	$27,359	$27,456
Fair value measurement based on significant other observable inputs (Level 2)	$27,359	$27,456

Nonrecurring Basis - The fair value of impaired loans is measured at the fair value of the collateral for collateral-dependent loans. Impaired loans are Level 2 assets measured using appraisals from external parties of the collateral less any prior liens. Foreclosed real estate is initially recorded at fair value less estimated costs to sell. The fair value of foreclosed real estate is based on property appraisals and an analysis of similar properties available. As such, foreclosed real estate properties are Level 2 assets.

Impaired Loans	2016	2015
Fair value	$5,346	$4,215
Fair value measurement based on significant other observable inputs (Level 2)	$5,346	$4,215
Foreclosed Real Estate		
Fair value	$1,095	$1,245
Fair value measurement based on significant other observable inputs (Level 2)	$1,095	$1,245

(8) Income Taxes

As discussed in Note (1), an election for the Company to be treated as an S corporation for Federal income tax purposes was made. In connection therein, the Bank has elected to be a Qualified Subchapter S Subsidiary (QSSS). Both elections are effective July 1, 2008.

The Company and its subsidiary bank file a combined federal income tax return in the U.S. federal jurisdiction. In addition, a Louisiana income tax return is filed individually by the Company in accordance with state statutes. With few exceptions, the Company is no longer subject to federal and state income tax examinations by tax authorities for years before 2013.

(9) Related Parties

The Bank has entered into transactions with its directors, executive officers, significant shareholders, and their affiliates. The aggregate amount of loans to such related parties at December 31, 2016 and 2015 was $1,044,000 and $963,000, respectively. During 2016, new loans to such related parties amounted to $182,000 and repayments amounted to $101,000. Deposits held by the Bank at December 31, 2016 and 2015 for related parties were $857,000 and $943,000, respectively.

(10) Commitments and Contingencies

The Bank is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit, which involve credit risk in excess of the amounts recognized in the statement of financial condition. The Bank's exposure to credit loss in the event of nonperformance by the other party to these financial instruments is represented by the contractual amounts of the instruments. The Bank uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments, including collateral or other security to support the financial instruments.

At December 31, 2016 and 2015, commitments to extend credit totaled $3,392,000 and $3,265,000, respectively. These commitments 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.

At December 31, 2016 and 2015, commitments under standby letters of credit totaled $1,457,000 and $1,419,000, respectively. Standby letters of credit are conditional commitments issued by the Bank 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 loans to customers.

At December 31, 2016, the Bank had an unused line of credit with another bank for $5,500,000. The line is unsecured and has a variable interest rate based on the lending bank's daily federal funds rate. In addition, the Bank participates in a program with the Federal Home Loan Bank of Dallas for funding long-term mortgages and other purposes. Advances to fund the mortgages are secured by a blanket lien, up to the amount of the debt outstanding, on certain loans totaling approximately $22,095,000 at December 31, 2016, stock in the FHLB, and deposits with the FHLB of approximately $72,000 at December 31, 2016. No advances were outstanding at December 31, 2016 and 2015.

(11) Employee Pension Plan

The Bank's noncontributory pension plan covers substantially all employees having completed one year of employment. Benefits under the plan are based upon years of service and the employee's compensation during the last five years of employment.

The Bank recognizes an asset or (liability) in the financial statements for the overfunded or (underfunded) status of the pension plan. At December 31, 2016 and 2015, the Bank has recognized the following (in thousands of dollars):

	2016	2015
Projected benefit obligation	$3,660	$3,614
Plan assets at fair value	3,679	3,605
Funded status - pension asset or (liability)	$ 19	$ (9)

The changes in the projected benefit obligation were as follows during the years ended December 31, 2016 and 2015 (in thousands of dollars):

	2016	2015
Projected benefit obligation at the beginning of the year	$3,614	$3,460
Service cost	91	79
Interest cost	236	227
Actuarial loss	22	26
Benefits paid	(303)	(178)
Projected benefit obligation at the end of the year	$3,660	$3,614

The accumulated benefit obligation at December 31, 2016 and 2015 was $3,396,000 and $3,355,000, respectively.

The actuarially computed net periodic pension cost included the following components during the years ended December 31, 2016 and 2015 (in thousands of dollars):

	2016	2015
Service cost	$ 91	$ 79
Interest cost	236	227
Expected return on plan assets	(270)	(269)
Actuarial loss amortization	134	117
Net periodic pension cost	$191	$154

The weighted average assumptions used to determine the benefit obligation and net pension cost were as follows:

	2016	2015
Discount rate	6.5%	6.5%
Rate of compensation increase	3.0%	3.0%
Expected long-term return on plan assets	7.5%	7.5%

The change in the fair value of the plan assets were as follows during the years ended December 31, 2016 and 2015 (in thousands of dollars):

	2016	2015
Fair value of plan assets at the beginning of the year	$3,605	$3,584
Actual return on plan assets	177	(1)
Contributions	200	200
Benefits paid	(303)	(178)
Fair value of plan assets at the end of the year	$3,679	$3,605

Approximately 70% of plan assets are invested in listed mutual funds over a broad range of categories to balance market fluctuations and returns. The funds are held by and managed by a national firm and the Plan trustees approve recommended investment strategies. The remaining assets are in FDIC insured certificates of deposit or demand deposits. During 2017, the Bank plans to contribute approximately $200,000, which is slightly more than the estimated minimum amount required for tax purposes. In addition, the expected benefit obligation payment for 2017 is approximately $180,000, with the next few years expected to be the same.

(12) Executive Defined Benefit Plan and Bank-Owned Life Insurance

The Bank has purchased life insurance on certain executive officers and is the beneficiary of such insurance policies. The cash surrender value of these policies is reflected on the consolidated statements of financial condition and the earnings on these Bank-owned policies were $155,000 and $151,000 for 2016 and 2015, respectively. These earnings are used to help fund the retirement plan discussed below.

The Bank has provided for these same executives a defined benefit plan in which amounts are being accumulated for their retirement. These benefits are reflected at the present value of defined benefit payments upon retirement. These liabilities are separately reflected on the consolidated statements of financial condition, and the cost of this executive benefit plan was $115,000 in 2016 and $128,000 in 2015, including the cost of the insurance benefit discussed below.

In connection with the defined benefit plan noted in the previous paragraph, the Bank has provided a split-dollar insurance arrangement that insures the continuation of the benefit payments to the executive beneficiary should death occur during retirement. The cost of $382,000 was properly charged to retained earnings as of January 1, 2008, and is a guaranteed benefit obligation that accrues until the executives retire, at which point it reverses into income over the expected mortality period between retirement and death.

(13) Regulatory Matters

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

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

As of December 31, 2016, the most recent notification from the Federal Deposit Insurance Corporation categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain a total risk-based capital ratio of 10% or higher, Tier 1 risk-based capital ratio of 8% or higher, common equity Tier 1 risk-based capital ratio of 6.5% or higher, and Tier 1 leverage capital ratio of 5% or higher. No conditions or events have occurred since that notification that management believes have changed the Bank's category. The Bank's actual and required capital amounts and ratios are as follows (dollars in thousands):

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized under the Prompt Corrective Action Provisions	
At December 31, 2016	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total Capital (to Risk Weighted Assets)	$18,210	24.9%	≥ $5,852	≥ 8.0%	≥ $7,316	≥ 10.0%
Tier 1 Capital (to Risk Weighted Assets)	$17,547	24.0%	≥ $4,389	≥ 6.0%	≥ $5,852	≥ 8.0%
Common Tier 1 Capital (to Risk Weighted Assets)	$17,547	24.0%	≥ $3,292	≥ 4.5%	≥ $4,755	≥ 6.5%
Tier 1 Capital (to Adjusted Total Assets)	$17,547	12.3%	≥ $5,705	≥ 4.0%	≥ $7,131	≥ 5.0%
At December 31, 2015						
Total Capital (to Risk Weighted Assets)	$17,599	25.1%	≥ $5,613	≥ 8.0%	≥ $7,017	≥ 10.0%
Tier 1 Capital (to Risk Weighted Assets)	$16,921	24.1%	≥ $4,210	≥ 6.0%	≥ $5,613	≥ 8.0%
Common Tier 1 Capital (to Risk Weighted Assets)	$16,921	24.1%	≥ $3,157	≥ 4.5%	≥ $4,561	≥ 6.5%
Tier 1 Capital (to Adjusted Total Assets)	$16,921	11.9%	≥ $5,697	≥ 4.0%	≥ $7,121	≥ 5.0%

(14) Parent Company Statements

The financial statements of Black Cat Financial Corp. (parent company only) at December 31, 2016 and 2015 and for the year then ended follow (in thousands of dollars):

Balance Sheet	2016	2015
Assets		
Investment in Bank of Winnfield, at equity	$15,193	$14,886
Cash and equivalents	48	43
Total assets	$15,241	$14,929
Liabilities and Shareholders' Equity		
Total liabilities	$ -	$ -
Common stock	161	161
Additional paid-in capital	12,138	12,138
Retained earnings	5,296	4,664
Accumulated other comprehensive (loss)	(2,354)	(2,034)
Total shareholders' equity	15,241	14,929
Total liabilities and shareholders' equity	$15,241	$14,929

Statement of Income	2016	2015
Income		
Equity in undistributed net income of Bank of Winnfield	$ 627	$ (73)
Dividends received from Bank of Winnfield	650	1,342
Total income	1,277	1,269
Expenses		
Other expense	1	1
Total expenses	1	1
Net income	$1,276	$1,268

Statement of Cash Flows	2016	2015
Cash flows from operating activities		
Net income	$1,276	$1,268
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in undistributed net (income) of Bank of Winnfield	(627)	73
Other	-	-
Net cash provided by operating activities	649	1,341
Cash flows from investing activities	-	-
Cash flows from financing activities		
Common stock retired	-	(750)
Dividends paid	(644)	(586)
Net cash (used) by financing activities	(644)	(1,336)
Net change in cash and equivalents	5	5
Cash and equivalents at beginning of year	43	38
Cash and equivalents at end of year	$ 48	$ 43

(15) Bank Subsidiary Statements

The balance sheet and income of Bank of Winnfield (bank only) at December 31, 2016 and 2015 and for the year then ended follow (in thousands of dollars):

Balance Sheet	2016	2015
Assets		
Cash and due from banks	$ 5,573	$ 3,578
Federal funds sold and FRB excess balance account	8,300	12,225
Interest-bearing deposits with banks	10,886	11,383
Investment securities	48,268	45,876
Loans receivable, net	59,602	59,357
Premises and equipment	939	985
Foreclosed real estate	1,095	1,245
Accrued interest receivable	571	531
FHLB stock	139	139
Cash surrender value of life insurance	5,450	5,286
Other assets	240	311
Total assets	$141,063	$140,916
Liabilities and Shareholder's Equity		
Deposits	$123,737	$123,823
Accrued interest payable	53	60
Executive defined benefit plan liability	2,029	2,054
Accrued expenses and other liabilities	51	93
Common stock	197	197
Additional paid-in capital	9,313	9,313
Retained earnings	8,037	7,410
Accumulated other comprehensive (loss)	(2,354)	(2,034)
Total liabilities and shareholder's equity	$141,063	$140,916

Statement of Income	2016	2015
Interest income		
Loans	$3,231	$3,275
Investment securities	969	855
Deposits with banks and other interest	238	182
Total interest income	4,438	4,312
Interest expense	209	217
Net interest income	4,229	4,095
Provision for loan losses	1	15
Net interest income after provision for loan losses	4,228	4,080
Noninterest income	1,127	972
Noninterest expense	4,078	3,783
Net income	$1,277	$1,269

(16) Litigation

During 2015 the Bank filed suit against a loan customer in an effort to collect amounts owed. In February 2016 the customer filed a reconventional demand alleging that the Bank interfered with their business. On February 9, 2017, the reconventional demand was rejected and dismissed with prejudice by the court.