2017 ANNUAL REPORT

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A MESSAGE TO OUR SHAREHOLDERS

Dear Fellow Shareholders:

Our fiscal year ended June 30, 2017 was a year of increased positive activity in all of our business offerings. While our retail banking operations have maintained a consistent presence in our communities by providing deposit and loan products, our mortgage banking and commercial offerings have grown significantly. The hard work of our team in both the Cincinnati and Portsmouth regions is evidenced by again improving the metrics by which we are measured. As I'm sure many of you have noticed, the market appears to have taken notice of our improvement based on the increase in our stock price throughout the year. Some of those applicable metrics are:

- Income before income tax of the company increased from $2.6 million to $3.8 million (a 46% increase).
- Our mortgage origination division which specializes in residential mortgage loans for the secondary market generated gross revenue of $4.8 million, resulting in income before income tax of $1.2 million (45% and 55% increases, respectively, over the prior year).
- Total assets increased from $269.3 million to $293.6 million (a 9% increase).
- The book value per share increased from $13.79 to $14.36, representing a 4% increase since June 30, 2016.
- Our tangible capital remains strong at $25.8 million, or 8.9% of our assets.
- The sector for commercial, commercial real estate and construction loans increased from $56.5 million to $64.9 million (a 15% increase).
- Nonperforming loans to total assets remains strong at 0.81%.

Our growing team, which now numbers about 100, continues to embrace the strategic objectives of the bank aligned with our four pillars:

- Customer Delight
- Profitable Growth
- Employee Engagement
- Community Activism

As we move into fiscal year 2018, we will take steps to continue to maintain our dominant presence in the Portsmouth market while continuing to expand our market share in Cincinnati.

Thank you for your investment in our company and feel free to call my personal cell number below if you have any questions.

Sincerely,

John J. Kuntz
President, CEO and Director

Personal Cell Numbers:
Cincinnati (513) 543-9788
Portsmouth (740) 941-9788

BUSINESS OF ASB FINANCIAL CORP.

ASB Financial Corp. ("ASBF" or the "Corporation"), a thrift holding company incorporated under the laws of the State of Ohio, owns all of the issued and outstanding common shares of American Savings Bank, fsb ("American" or the "ASB"), a federal savings bank. Other than investing excess funds, ASBF's activities have been limited primarily to holding the common shares of American.

American has been serving the Portsmouth, Ohio, area since 1892, and it expanded its market into the Cincinnati, Ohio area in November 2012 with the acquisition of Cottage Savings Bank. American conducts business in Portsmouth, Ohio, from its main office at 503 Chillicothe Street and its drive-through at 907 Chillicothe Street, and operates from branch offices at 951 West Emmitt Avenue in Waverly, Ohio; 7920 Ohio River Road in Wheelersburg, Ohio; 9813 Montgomery Road and 7114 Miami Avenue in Cincinnati, Ohio; and 347 James Hannah Drive in South Shore, Kentucky. The principal business of American is the origination of loans secured by one- to four-family residential real estate located in American's primary market area, which consists of the contiguous areas of Scioto, Pike and Hamilton Counties in Ohio and Lewis and Greenup Counties in Kentucky. American also originates loans secured by multifamily residences (over four units) and nonresidential real estate and purchases interests in loans originated by other lenders secured by multifamily real estate and nonresidential real estate located outside of American's primary market area. In addition to real estate lending, American invests in mortgage-backed securities, U.S. Government and agency obligations, municipal bonds and other investments. Funds for lending and other investment activities are obtained primarily from deposits, which are insured up to applicable limits by the Federal Deposit Insurance Corporation (the "FDIC"), and from borrowings from the Federal Home Loan Bank (the "FHLB") of Cincinnati.

ASBF is subject to regulation, examination and oversight by the Board of Governors of the Federal Reserve System ("FRB"). American is subject to regulation, examination and oversight by Office of the Comptroller of the Currency of the United States Department of the Treasury (the "OCC") and the FDIC. American is also a member of the FHLB of Cincinnati.

ASBF's office is located at 503 Chillicothe Street, Portsmouth, Ohio 45662. The telephone number is (740) 354-3177. News and financial information is available on the Corporation's website at www.asbfinancialcorp.com.

MARKET PRICE OF ASB FINANCIAL CORP
COMMON SHARES AND RELATED SHAREHOLDER MATTERS

There were 1,979,034 common shares of ASBF outstanding on September 1, 2017, held of record. Price information for ASBF's common shares is quoted on the OTCMarkets under the symbol "ASBN."

The table below sets forth the high and low closing prices for the common shares of ASBF, together with dividends declared per share, for each quarter of fiscal years ended June 30, 2017 and 2016.

Quarter ended	High Close	Low Close	Cash Dividends Declared
Fiscal 2017			
September 30, 2016	$12.90	$11.35	$0.18
December 31, 2016	$14.00	$12.77	$0.18
March 31, 2017	$16.42	$13.10	$0.18
June 30, 2017	$16.00	$12.55	$0.18
Fiscal 2016			
September 30, 2015	$13.00	$11.75	$0.18
December 31, 2015 (*)	$13.00	$12.50	$0.18
March 31, 2016 (*)	$13.05	$12.20	$0.18
June 30, 2016 (*)	$12.98	$12.20	$0.18

(*) Dividends declared and paid in the subsequent quarter.

The income of ASBF on an unconsolidated basis consists of interest and dividends on investment and mortgage-backed and related securities and dividends which may periodically be paid on the common shares of American held by ASBF. In addition to certain federal income tax considerations, OCC regulations impose limitations on the payment of dividends and other capital distributions by savings associations.

SELECTED CONSOLIDATED
FINANCIAL INFORMATION AND OTHER DATA

The following tables set forth certain information concerning the consolidated financial condition, earnings and other data regarding ASBF at the dates and for the periods indicated.

Selected consolidated financial data	**2017**	**2016**	**At June 30, 2015**	**2014**	**2013**
			(In thousands)		
Total amount of:					
Assets	$ 293,630	$ 269,324	$ 250,494	$ 252,101	$ 260,643
Cash and cash equivalents	15,038	4,528	4,116	8,184	14,088
Certificates of deposit in other financial institutions	-	-	-	249	1,003
Available-for-sale securities - at market	21,507	26,796	30,892	35,923	36,534
Loans receivable – net	234,708	214,484	195,208	187,508	191,881
Deposits	210,376	202,815	194,979	205,481	220,531
Advances from the FHLB	50,138	28,884	20,773	17,440	12,371
Shareholders' equity, restricted	28,425	27,281	26,344	26,005	21,316

Selected consolidated operating data	**2017**	**2016**	**Year ended June 30, 2015**	**2014**	**2013**
			(In thousands, except per share data)		
Interest income	12,038	11,095	10,443	10,172	10,668
Interest expense	1,659	1,669	1,945	2,268	2,318
Net interest income	10,379	9,426	8,498	7,904	8,350
Provision for losses on loans	110	120	120	120	460
Net interest income after provision for losses on loans	10,269	9,306	8,378	7,784	7,890
Other income	4,812	3,488	2,765	1,879	1,405
General, administrative and other expenses	11,297	10,227	8,819	7,952	7,217
Earnings before income taxes	3,784	2,567	2,324	1,711	2,078
Federal income taxes	1,122	755	582	400	515
Net earnings	$ 2,662	$ 1,812	$ 1,742	$ 1,311	$ 1,563
Earnings per share					
Basic	$ 1.35	$ 0.92	$ 0.88	$ 0.73	$ 0.98
Diluted	$ 1.35	$ 0.92	$ 0.88	$ 0.73	$ 0.98

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Independent Auditor's Report

Board of Directors
ASB Financial Corp.
Portsmouth, Ohio

We have audited the accompanying consolidated financial statements of ASB Financial Corp. and its subsidiary, which comprise the consolidated balance sheets as of June 30, 2017 and 2016, and the related consolidated statements of income, comprehensive income, stockholders' 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 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 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of ASB Financial Corp. and its subsidiary as of June 30, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

Indianapolis, Indiana
September 13, 2017

ASB Financial Corp.
Consolidated Balance Sheets
June 30, 2017 and 2016
(Dollar amounts in thousands)

Assets

	2017	2016
Cash and due from banks	$ 1,166	$ 1,595
Interest-bearing deposits	5,149	2,933
Federal funds sold	8,723	-
Cash and cash equivalents	15,038	4,528
Available-for-sale securities	21,507	26,796
Loans held for sale	5,308	6,242
Loans, net of allowance for loan losses of $1,460 and $1,463 at June 30, 2017 and 2016, respectively	234,708	214,484
Premises and equipment	5,795	5,835
Federal Home Loan Bank stock	1,577	1,558
Interest receivable	799	820
Bank-owned life insurance	4,708	4,676
Goodwill	2,603	2,603
Core deposit intangible	8	10
Foreclosed assets held for sale	164	352
Other assets	1,415	1,420
Total assets	$ 293,630	$ 269,324

Liabilities and Stockholders' Equity

	2017	2016
Liabilities		
Deposits		
Demand	$ 52,765	$ 53,297
Savings, NOW and money market	78,473	63,122
Time	79,138	86,396
Total deposits	210,376	202,815
Short-term borrowings	408	6,209
Federal Home Loan Bank advances	50,138	28,884
Other borrowings	2,460	2,060
Deferred federal income taxes	266	114
Interest payable and other liabilities	1,557	1,961
Total liabilities	265,205	242,043
Stockholders' Equity		
Preferred stock, no par value, authorized 1,000,000 shares; none issued	-	-
Common stock, no par value; authorized 4,000,000 shares; issued 2,243,426 shares; outstanding 1,979,034 shares	-	-
Additional paid-in capital	13,319	13,319
Retained earnings	18,109	16,872
Accumulated other comprehensive income	220	313
Treasury stock, at cost		
Common; 264,392 shares	(3,223)	(3,223)
Total stockholders' equity	28,425	27,281
Total liabilities and stockholders' equity	$ 293,630	$ 269,324

See Notes to Consolidated Financial Statements

ASB Financial Corp.
Consolidated Statements of Income
Years Ended June 30, 2017 and 2016
(Dollar amounts in thousands, except per share data)

	2017	2016
Interest and Dividend Income		
Loans	$ 11,285	$ 10,266
Securities		
Taxable	330	377
Tax-exempt	347	387
Dividends on Federal Home Loan Bank stock	67	62
Deposits with financial institutions and other	9	3
Total interest and dividend income	12,038	11,095
Interest Expense		
Deposits	1,306	1,243
Borrowings	353	426
Total interest expense	1,659	1,669
Net Interest Income	10,379	9,426
Provision for Loan Losses	110	120
Net Interest Income After Provision for Loan Losses	10,269	9,306
Noninterest Income		
Customer service charges and other fees	685	781
Net realized gains on sales of loans	3,807	2,519
Other	320	188
Total noninterest income	4,812	3,488
Noninterest Expense		
Salaries and employee benefits	7,144	6,029
Net occupancy and equipment expense	1,042	913
Data processing fees	803	1,002
Professional fees	202	356
Printing and office supplies	146	148
Net realized loss on sales of real estate acquired through foreclosure	16	56
Impairment of foreclosed assets held for sale	24	79
State franchise taxes	252	174
Federal deposit insurance premiums	95	166
Other	1,573	1,304
Total noninterest expense	11,297	10,227
Income Before Income Tax	3,784	2,567
Provision for Federal Income Taxes	1,122	755
Net Income	$ 2,662	$ 1,812
Basic Earnings Per Share	$ 1.35	$ 0.92

See Notes to Consolidated Financial Statements

ASB Financial Corp.

Consolidated Statements of Comprehensive Income

Years Ended June 30, 2017 and 2016

(Dollar amounts in thousands)

	2017	2016
Net Income	$ 2,662	$ 1,812
Other Comprehensive Income (Loss)		
Unrealized gains (losses) on available-for-sale securities, net of taxes of $(134) and $56 for 2017 and 2016, respectively	(258)	108
Unrealized gains on derivatives used for cash flow hedges, net of taxes of $85 and $44 for 2017 and 2016, respectively	165	86
Other comprehensive income (loss)	(93)	194
Comprehensive Income	$ 2,569	$ 2,006

See Notes to Consolidated Financial Statements

ASB Financial Corp.

Consolidated Statements of Shareholders' Equity
Years Ended June 30, 2017 and 2016
(Dollar amounts in thousands, except per share data)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Income	Treasury Stock	Total
Balance, July 1, 2015	1,979,034	$ -	$ 13,319	$ 16,129	$ 119	$ (3,223)	$ 26,344
Net income				1,812			1,812
Other comprehensive income					194		194
Dividends on common stock, $.54 per share				(1,069)			(1,069)
Balance, June 30, 2016	1,979,034	-	13,319	16,872	313	(3,223)	27,281
Net income				2,662			2,662
Other comprehensive loss					(93)		(93)
Dividends on common stock, $.72 per share				(1,425)			(1,425)
Balance, June 30, 2017	1,979,034	$ -	$ 13,319	$ 18,109	$ 220	$ (3,223)	$ 28,425

See Notes to Consolidated Financial Statements

ASB Financial Corp.

Consolidated Statements of Cash Flows

Years Ended June 30, 2016 and 2015

(Dollar amounts in thousands)

	2017	2016
Operating Activities		
Net income	$ 2,662	$ 1,812
Items not requiring (providing) cash		
Depreciation and amortization	453	359
Provision for loan losses	110	120
Amortization of premiums and discounts on securities	182	223
Amortization of deferred loan fees, net	(76)	(50)
Amortization of core deposit intangible	2	2
Amortization of Federal Home Loan Bank advances deferred prepayment penalties	69	111
Deferred income taxes	199	(26)
Gain on sale of loans	(3,807)	(2,519)
Gain on sale of premises and equipment	(13)	-
Loss on sale of real estate acquired through foreclosure	16	9
Impairment of foreclosed assets held for sale	24	79
Cash surrender value of bank owned life insurance	(128)	(132)
Changes in		
Loans held for sale	934	(2,597)
Interest receivable	21	13
Other assets	5	(259)
Interest payable and other liabilities	(151)	(274)
Net cash provided by (used in) operating activities	502	(3,129)
Investing Activities		
Proceeds from maturities and paydowns of available-for-sale securities	4,714	4,037
Net change in loans	(16,898)	(17,163)
Purchase of premises and equipment	(443)	(424)
Proceeds from sale of premises and equipment	43	-
Proceeds from bank-owned life insurance	96	-
Proceeds from sale of foreclosed assets	595	59
Purchase of Federal Home Loan Bank stock	(19)	(11)
Net cash used in investing activities	(11,912)	(13,502)
Financing Activities		
Net increase in deposits	7,561	7,836
Net increase in short term borrowings	(5,801)	1,172
Proceeds from Federal Home Loan Bank advances	22,000	10,600
Repayment of Federal Home Loan Bank advances	(815)	(2,600)
Proceeds from other borrowings	400	1,460
Dividends paid	(1,425)	(1,425)
Net cash provided by financing activities	21,920	17,043
Increase in Cash and Cash Equivalents	10,510	412
Cash and Cash Equivalents, Beginning of Year	4,528	4,116
Cash and Cash Equivalents, End of Year	$ 15,038	$ 4,528
Supplemental Cash Flows Information		
Interest paid	$ 1,672	$ 1,698
Income taxes paid	1,060	595
Real estate acquired in settlement of loans	447	336

See Notes to Consolidated Financial Statements

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

ASB Financial Corp. (Company) is a thrift holding company whose principal activity is the ownership and management of its wholly-owned subsidiary, American Savings Bank, fsb (Bank). The Bank is primarily engaged in providing a full range of banking and financial services to individual and corporate customers in the Southern Ohio, Greater Cincinnati area and Northeastern Kentucky. The Bank is subject to competition from other financial institutions. The Bank is subject to the regulation of certain federal and state agencies and undergoes periodic examinations by those regulatory authorities.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and the Bank. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 loan losses, valuation of real estate acquired in connection with foreclosures or in satisfaction of loans, servicing rights, valuation of deferred tax assets, other-than-temporary impairments (OTTI) and fair values of financial instruments.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and in other institutions, federal funds sold and interest-bearing demand deposits. The Company considers all liquid investments with original maturities of three months or less to be cash equivalents.

At June 30, 2017, the Company’s cash accounts exceeded federally insured limits by approximately $3,255.

Securities

Available-for-sale securities, which include any security for which the Company has no immediate plan to sell but which may be sold in the future, are recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

For debt securities with fair value below amortized cost when the Company does not intend to sell a debt security, and it is more likely than not the Company will not have to sell the security before recovery of its cost basis, it recognizes the credit component of an other-than-temporary impairment of a debt security in earnings and the remaining portion in other comprehensive income.

The Company recognized no other-than-temporary impairments on debt securities in 2017 or 2016.

Loans Held for Sale

Mortgage loans originated and intended for sale in the secondary market are carried at the lower of cost or fair value in the aggregate. Net unrealized losses, if any, are recognized through a valuation allowance by charges to noninterest income. Gains and losses on loan sales are recorded in noninterest income.

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balances adjusted for unearned income, charge-offs, the allowance for loan losses, any unamortized deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans.

For loans amortized at cost, interest income is accrued based on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, as well as premiums and discounts, are deferred and amortized as a level yield adjustment over the respective term of the loan.

For all loan classes, the accrual of interest is discontinued at the time the loan is 90 days past due unless the credit is well-secured and in process of collection. Past due status is based on contractual terms of the loan. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

For all loan classes, all interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured. Nonaccrual loans are returned to accrual status when, in the opinion of management, the financial position of the borrower indicates there is no longer any reasonable doubt as to the timely collection of interest or principal. The Company requires a period of satisfactory performance of not less than six months before returning a nonaccrual loan to accrual status.

When cash payments are received on impaired loans in each loan class, the Company records the payment as interest income unless collection of the remaining recorded principal amount is doubtful, at which time, payments are used to reduce the principal balance of the loan. Troubled debt restructured loans recognize interest income on an accrual basis at the renegotiated rate if the loan is in compliance with the modified terms, no principal reduction has been granted and the loan has demonstrated the ability to perform in accordance with the renegotiated terms for a period of at least six months.

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 income. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical charge-off experience by segment. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

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 for all loan classes 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.

Segments of loans with similar risk characteristics are collectively evaluated for impairment based on the segment's historical loss experience adjusted for changes in trends, conditions and other relevant factors that affect repayment of the loans.

In the course of working with borrowers, the Company may choose to restructure the contractual terms of certain loans. In this scenario, the Company attempts to work out an alternative payment schedule with the borrower in order to optimize collectibility of the loan. Any loans that are modified are reviewed by the Company to identify if a troubled debt restructuring ("TDR") has occurred, which is when, for economic or legal reasons related to a borrower's financial difficulties, the Company grants a concession to the borrower that it would not otherwise consider. Terms may be modified to fit the ability of the borrower to repay in line with the borrower's current financial status, and the restructuring of the loan may include the transfer of assets from the borrower to satisfy the debt, a modification of loan terms or a combination of the two. If such efforts by the Company do not result in a satisfactory arrangement, the loan is referred to legal counsel, at which time, foreclosure proceedings are initiated. At any time prior to a sale of the property at foreclosure, the Company may terminate foreclosure proceedings if the borrower is able to work out a satisfactory payment plan.

It is the Company's policy that any restructured loans on nonaccrual status prior to being restructured remain on nonaccrual status until six months of satisfactory borrower performance, at which time, management would consider its return to accrual status. If a loan was accruing at the time of restructuring, the Company reviews the loan to determine if it is appropriate to continue the accrual of interest on the restructured loan.

With regard to determination of the amount of the allowance for credit losses, troubled debt restructured loans are considered to be impaired. As a result, the determination of the amount of impaired loans for each portfolio segment within troubled debt restructurings is the same as detailed previously.

Premises and Equipment

Depreciable assets are stated at cost, less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are capitalized and depreciated using the straight-line method over the terms of the respective leases or the estimated useful lives of the improvements, whichever is shorter.

Federal Home Loan Bank Stock

Federal Home Loan Bank stock is a required investment for institutions that are members of the Federal Home Loan Bank system. The required investment in the common stock is based on a predetermined formula, carried at cost and evaluated for impairment.

Goodwill

Goodwill is evaluated annually for impairment or more frequently if impairment indicators are present. If the implied fair value of goodwill is lower than its carrying amount, a goodwill impairment is indicated and goodwill is written down to its implied fair value. Subsequent increases in goodwill value are not recognized in the consolidated financial statements.

Intangible Assets

Intangible assets with finite lives are being amortized on the straight-line basis over ten years. Such assets are periodically evaluated as to the recoverability of their carrying values.

Foreclosed Assets Held for Sale

Assets acquired through, or in lieu of, loan foreclosure are held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are 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 net income or expense from foreclosed assets.

Derivatives

Derivatives are recognized as assets and liabilities in the consolidated balance sheets and measured at fair value. For exchange-traded contracts, fair value is based on quoted market prices. For nonexchange traded contracts, fair value is based on dealer quotes, pricing models, discounted cash flow methodologies or similar techniques for which the determination of fair value may require significant management judgment or estimation.

Mortgage-Servicing Rights

Mortgage-servicing assets are recognized separately when rights are acquired through purchase or through sale of financial assets. Under the servicing assets and liabilities accounting guidance (ASC 860-50), servicing rights resulting from the sale or securitization of loans originated by the Company are initially measured at fair value at the date of transfer. The Company subsequently measures each class of servicing asset using the amortization method. Under the amortization method, servicing rights are amortized in proportion to and over the period of estimated net servicing income. The amortized assets are assessed for impairment or increased obligation based on fair value at each reporting date.

Fair value is based on market prices for comparable mortgage-servicing contracts, when available, or alternatively, is based on a valuation model that calculates the present value of estimated future net servicing income. The valuation model incorporates assumptions that market participants would use in estimating future net servicing income, such as the cost to service, the discount rate, the custodial earnings rate, an inflation rate, ancillary income, prepayment speeds and default rates and losses. These variables change from quarter to quarter as market conditions and projected interest rates change, and may have an adverse impact on the value of the mortgage-servicing rights and may result in a reduction to noninterest income.

Each class of separately recognized servicing assets subsequently measured using the amortization method is evaluated and measured for impairment. Impairment is determined by stratifying rights into tranches based on predominant characteristics, such as interest rate, loan type and investor type. Impairment is recognized through a valuation allowance for an individual tranche, to the extent that fair value is less than the carrying amount of the servicing assets for that tranche. The valuation allowance is adjusted to reflect changes in the measurement of impairment after the initial measurement of impairment. Fair value in excess of the carrying amount of servicing assets for that stratum is not recognized.

Servicing fee income is recorded for fees earned for servicing loans. The fees are based on a contractual percentage of the outstanding principal or a fixed amount per loan and are recorded as income when earned. The amortization of mortgage-servicing rights is netted against loan servicing fee income.

Treasury Stock

Treasury stock is stated at cost. Cost is determined by the weighted-average cost method.

Income Taxes

The Company accounts for income taxes in accordance with income tax accounting guidance (ASC 740, *Income Taxes*). The income tax accounting guidance results in two components of income tax expense: current and deferred. Current income tax expense reflects taxes to be paid or refunded for the current period by applying the provisions of the enacted tax law to the taxable income or excess of deductions over revenues. The Company determines deferred income taxes using the liability (or balance sheet) method. Under this method, the net deferred tax asset or liability is based on the tax effects of the differences between the book and tax basis of assets and liabilities, and enacted changes in tax rates and laws are recognized in the period in which they occur.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

Tax positions are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances and information available at the reporting date and is subject to management's judgment.

If necessary, the Company recognizes interest and penalties on income taxes as a component of income tax expense.

The Company files consolidated income tax returns with its subsidiaries. With a few exceptions, the Company is no longer subject to tax examinations by tax authorities for tax years before 2012. As of June 30, 2017, the Company had no material uncertain income tax positions.

Earnings Per Share

Basic earnings per share represents income available to common stockholders divided by the weighted-average number of common shares outstanding during each period, which were 1,979,034 shares for 2017 and 2016.

(Dollar amounts in thousands, except per share data)

Comprehensive Income

Comprehensive income consists of net income and other comprehensive income (loss), net of applicable income taxes. Other comprehensive income (loss) includes unrealized appreciation (depreciation) on available-for-sale securities and, if necessary, unrealized appreciation (depreciation) on available-for-sale securities for which a portion of an other-than-temporary impairment has been recognized in income and unrealized gains and losses in derivative financial instruments that qualify for hedge accounting.

Accumulated other comprehensive income consists solely of the cumulative unrealized gains and losses on available-for-sale securities and derivatives, net of tax.

Advertising

Advertising costs are expensed as incurred.

Reclassifications

Certain reclassifications have been made to the 2016 consolidated financial statements to confirm to the 2017 financial statement presentation. These reclassifications had no effect on net income.

Note 2: Securities

The amortized cost and approximate fair values of securities, together with gross unrealized gains and losses, are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Approximate Fair Value
Available-for-Sale Securities:				
June 30, 2017				
Mortgage-backed securities of U.S. government-sponsored entities	$ 10,254	$ 183	$ (67)	$ 10,370
State and political subdivisions	10,757	380	-	11,137
	$ 21,011	$ 563	$ (67)	$ 21,507
June 30, 2016				
U.S. government agencies	$ 1,172	$ 20	$ -	$ 1,192
Mortgage-backed securities of U.S. government-sponsored entities	12,960	313	(50)	13,223
State and political subdivisions	11,776	605	-	12,381
	$ 25,908	$ 938	$ (50)	$ 26,796

(Dollar amounts in thousands, except per share data)

The amortized cost and fair value of available-for-sale securities at June 30, 2017, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because issuers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Available-for-Sale	
	Amortized Cost	Fair Value
Less than one year	$ 251	$ 251
One to five years	2,674	2,757
Five to ten years	2,710	2,785
After ten years	5,122	5,344
	10,757	11,137
Mortgage-backed securities of U.S. government-sponsored entities	10,254	10,370
Totals	$ 21,011	$ 21,507

The carrying value of securities pledged as collateral, to secure public deposits and for other purposes, was $484 and $1,835 at June 30, 2017 and 2016, respectively.

There were no sales of available-for-sale securities for the years ended June 30, 2017 or 2016.

Certain investments in debt securities are reported in the consolidated financial statements at an amount less than their historical cost. Total fair value of these investments at June 30, 2017 and 2016, was $4,243 and $3,727, which is approximately 20% and 14%, respectively, of the Company's available-for-sale investment portfolio. These declines primarily resulted from changes in market interest rates.

Management believes the declines in fair value for these securities are temporary.

(Dollar amounts in thousands, except per share data)

The following tables show the Company's investments' gross unrealized losses and fair value of the Company's investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment class and length of time that individual securities have been in a continuous unrealized loss position at June 30, 2017 and 2016:

	June 30, 2017					
	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mortgage-backed securities of U.S. government-sponsored entities	$ 1,522	$ (10)	$ 2,721	$ (57)	$ 4,243	$ (67)

	June 30, 2016					
	Less than 12 Months		12 Months or More		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Mortgage-backed securities of U.S. government-sponsored entities	$ 578	$ (2)	$ 3,149	$ (48)	$ 3,727	$ (50)

Mortgage-Backed Securities of U.S. Government-Sponsored Entities

The unrealized losses on the Company's investment in mortgage-backed securities of U.S. government-sponsored entities were caused by changes in interest rates and illiquidity. The Company expects to recover the amortized cost basis over the term of the securities. Because the decline in market value is attributable to changes in interest rates and illiquidity, and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at June 30, 2017.

(Dollar amounts in thousands, except per share data)

Note 3: Loans and Allowance for Loan Losses

Categories of loans at June 30 include:

	2017	2016
Residential real estate		
One-to-four family residential	$ 162,424	$ 152,297
Multi-family residential	6,705	4,982
Construction	12,572	8,717
Nonresidential real estate and land	40,782	32,883
Commercial	11,522	14,872
Consumer and other	2,637	2,592
Total loans	236,642	216,343
Less		
Net deferred loan fees	474	396
Allowance for loan losses	1,460	1,463
Net loans	$ 234,708	$ 214,484

Risk characteristics of each loan portfolio segment are described as follows:

Residential Real Estate

One-to-four family residential real estate and construction loans are generally secured by owner-occupied one-to-four family residences. Repayment of these loans is primarily dependent on the personal income and credit rating of the borrowers. Credit risk in these loans can be impacted by economic conditions within the Company's market areas that might impact either property values or a borrower's personal income. Risk is mitigated by the fact that the loans are of smaller individual amounts and spread over a large number of borrowers.

Multi-family residential real estate loans typically involve larger principal amounts, and repayment of these loans is generally dependent on the successful operations of the property securing the loan or the business conducted on the property securing the loan. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the Company's market areas.

(Dollar amounts in thousands, except per share data)

Nonresidential Real Estate

Non-residential real estate loans typically involve larger principal amounts, and repayment of these loans is generally dependent on the successful operations of the property securing the loan or the business conducted on the property securing the loan. These loans are viewed primarily as cash flow loans and secondarily as loans secured by real estate. Credit risk in these loans may be impacted by the creditworthiness of a borrower, property values and the local economies in the Company's market areas.

Commercial

The commercial portfolio includes loans to commercial customers for use in financing working capital needs, equipment purchases and expansions. The loans in this category are repaid primarily from the cash flow of a borrower's principal business operation. Credit risk in these loans is driven by creditworthiness of a borrower and the economic conditions that impact the cash flow stability from business operations.

Consumer

The consumer loan portfolio consists of various term and line of credit loans such as automobile loans and loans for other personal purposes. Repayment for these types of loans will come from a borrower's income sources that are typically independent of the loan purpose. Credit risk is driven by consumer economic factors (such as unemployment and general economic conditions in the Company's market area) and the creditworthiness of a borrower.

The following tables present, by portfolio segment, the activity in the allowance for loan losses for the years ended June 30, 2017 and 2016:

	June 30, 2017				
	Residential Real Estate	Nonresidential Real Estate	Commercial	Consumer	Total
Allowance for loan losses					
Balance, July 1, 2016	$ 659	$ 252	$ 494	$ 58	$ 1,463
Provision for loan losses	128	-	(17)	(1)	110
Charge-offs	(156)	-	-	(1)	(157)
Recoveries	26	-	16	2	44
Balance, June 30, 2017	$ 657	$ 252	$ 493	$ 58	$ 1,460

	June 30, 2016				
	Residential Real Estate	Nonresidential Real Estate	Commercial	Consumer	Total
Allowance for loan losses:					
Balance, July 1, 2015	$ 768	$ 293	$ 575	$ 68	$ 1,704
Provision for loan losses	72	57	1	(10)	120
Charge-offs	(238)	(98)	(88)	(6)	(430)
Recoveries	57	-	6	6	69
Balance, June 30, 2016	$ 659	$ 252	$ 494	$ 58	$ 1,463

(Dollar amounts in thousands, except per share data)

The following tables present the balance in the allowance for loan losses and the recorded investment in loans based on portfolio segment and impairment method as of June 30, 2017 and 2016:

	June 30, 2017				
	Residential Real Estate	Nonresidential Real Estate	Commercial	Consumer	Total
Allowance for loan losses:					
Ending balance, individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -
Ending balance, collectively evaluated for impairment	$ 657	$ 252	$ 493	$ 58	$ 1,460
Loans:					
Ending balance	$ 181,701	$ 40,782	$ 11,522	$ 2,637	$ 236,642
Ending balance, individually evaluated for impairment	$ 960	$ 916	$ -	$ 7	$ 1,883
Ending balance, collectively evaluated for impairment	$ 180,741	$ 39,866	$ 11,522	$ 2,630	$ 234,759

	June 30, 2016				
	Residential Real Estate	Nonresidential Real Estate	Commercial	Consumer	Total
Allowance for loan losses:					
Ending balance, individually evaluated for impairment	$ -	$ -	$ -	$ -	$ -
Ending balance, collectively evaluated for impairment	$ 659	$ 252	$ 494	$ 58	$ 1,463
Loans:					
Ending balance	$ 165,996	$ 32,883	$ 14,872	$ 2,592	$ 216,343
Ending balance, individually evaluated for impairment	$ 1,172	$ 931	$ -	$ -	$ 2,103
Ending balance, collectively evaluated for impairment	$ 164,824	$ 31,952	$ 14,872	$ 2,592	$ 214,240

(Dollar amounts in thousands, except per share data)

The following tables present the credit risk profile of the Company's loan portfolio based on the Company's internal rating categories as of June 30, 2017 and 2016:

	June 30, 2017				
	Residential Real Estate	Nonresidential Real Estate	Commercial	Consumer	Total
Pass	$ 181,424	$ 40,782	$ 10,906	$ 2,636	$ 235,748
Special mention	19	-	-	-	19
Substandard	258	-	616	1	875
Doubtful	-	-	-	-	-
Total	$ 181,701	$ 40,782	$ 11,522	$ 2,637	$ 236,642

	June 30, 2016				
	Residential Real Estate	Nonresidential Real Estate	Commercial	Consumer	Total
Pass	$ 165,527	$ 32,297	$ 14,872	$ 2,592	$ 215,288
Special mention	31	-	-	-	31
Substandard	438	586	-	-	1,024
Doubtful	-	-	-	-	-
Total	$ 165,996	$ 32,883	$ 14,872	$ 2,592	$ 216,343

The Company evaluates the loan risk grading system definitions and allowance for loan loss methodology on an ongoing basis. No significant changes were made to the loan risk grading system definitions and allowance for loan loss methodology during the past year.

The Company has adopted a standard loan grading system for all loans.

Definitions are as follows:

Pass: Loans that do not exhibit the characteristics of the other four categories will be passed over and thereby classified as "Pass". These are loans that are performing as planned and show no material evidence of diminished value or added risk. The borrower is in compliance with loan covenants. All term loans are paying as agreed. It is the intention of management to avoid the adverse classification of good assets by defaulting to this category in the absence of evidence to the contrary.

Special Mention: Loans that do not currently expose the Company to a sufficient degree of risk to warrant classification under this policy but do possess credit deficiencies or potential weaknesses deserving management's close attention shall be designated Special Mention. These loans have a potential weakness or pose an unwarranted financial risk that, if not corrected, could weaken the loan and increase risk in the future.

(Dollar amounts in thousands, except per share data)

Substandard: Loans classified Substandard are inadequately protected by current net worth and paying capacity of the obligor or of the collateral pledged. Loans so classified must have a well-defined weakness or weaknesses. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. The possibility that liquidation would not be timely requires a substandard classification even if there is little likelihood of a loss.

Doubtful: Loans classified Doubtful have all the weaknesses inherent in those classified Substandard with the added characteristic that the weaknesses make collection in full, on the basis of currently existing facts, conditions, and values, highly questionable and improbable.

Loss: Loans classified Loss are considered uncollectible and of such little value that their continuance as loans is not warranted. This classification does not mean that an asset has absolutely no recovery or salvage value, but rather, that it is not practical or desirable to defer writing off a basically worthless loan even though partial recovery may be affected in the future.

The following tables present the Company's loan portfolio aging analysis of the recorded investment in loans as of June 30, 2017 and 2016:

	June 30, 2017						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days & Accruing
Residential real estate	$ 250	$ 189	$ 230	$ 669	$ 181,032	$ 181,701	$ -
Nonresidential real estate	-	-	586	586	40,196	40,782	-
Commercial	-	-	-	-	11,522	11,522	-
Consumer	7	1	1	9	2,628	2,637	-
Total	$ 257	$ 190	$ 817	$ 1,264	$ 235,378	$ 236,642	$ -

	June 30, 2016						
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due	Current	Total Loans Receivable	Total Loans > 90 Days & Accruing
Residential real estate	$ 196	$ 488	$ 143	$ 827	$ 165,169	$ 165,996	$ -
Nonresidential real estate	216	-	586	802	32,081	32,883	-
Commercial	297	11	-	308	14,564	14,872	-
Consumer	10	5	-	15	2,577	2,592	-
Total	$ 719	$ 504	$ 729	$ 1,952	$ 214,391	$ 216,343	$ -

(Dollar amounts in thousands, except per share data)

The following tables present impaired loans as of and for the years ended June 30, 2017 and 2016:

	June 30, 2017				
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Balance of Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance:					
Residential real estate	$ 960	$ 1,076	$ -	$ 1,012	$ 17
Nonresidential real estate	916	1,012	-	923	24
Commercial	-	-	-	-	-
Consumer	7	9	-	9	-
Loans with a specific valuation allowance:					
Residential real estate	-	-	-	-	-
Nonresidential real estate	-	-	-	-	-
Commercial	-	-	-	-	-
Consumer	-	-	-	-	-
Total	$ 1,883	$ 2,097	$ -	$ 1,944	$ 41

	June 30, 2016				
	Recorded Balance	Unpaid Principal Balance	Specific Allowance	Average Balance of Impaired Loans	Interest Income Recognized
Loans without a specific valuation allowance:					
Residential real estate	$ 1,172	$ 1,260	$ -	$ 1,540	$ 20
Nonresidential real estate	931	1,026	-	1,258	21
Commercial	-	-	-	-	-
Consumer	-	-	-	-	-
Loans with a specific valuation allowance:					
Residential real estate	-	-	-	-	-
Nonresidential real estate	-	-	-	-	-
Commercial	-	-	-	-	-
Consumer	-	-	-	-	-
Total	$ 2,103	$ 2,286	$ -	$ 2,798	$ 41

(Dollar amounts in thousands, except per share data)

A loan is considered impaired, in accordance with the impairment accounting guidance (ASC-310-10-35-16), when based on current information and events, it is probable that the Company will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan, which includes loans modified in troubled debt restructurings. Impaired loans include nonperforming commercial loans but also include loans modified in trouble debt restructurings.

Interest income recognized is not materially different than interest income that would have been recognized on a cash basis.

The following table presents the Company's nonaccrual loans at June 30, 2017 and 2016:

	2017	2016
Residential real estate	$ 280	$ 782
Nonresidential real estate	586	586
Commercial	-	-
Consumer	9	10
Total nonaccrual	$ 875	$ 1,378

There were no newly classified troubled debt restructurings for the years ended June 30, 2017 and 2016.

At June 30, 2017 and 2016, there were no troubled debt restructurings modified in the past 12 months that subsequently defaulted.

Note 4: Premises and Equipment

Major classifications of premises and equipment, stated at cost, are as follows:

	2017	2016
Land	$ 2,261	$ 2,277
Buildings and improvements	4,995	4,765
Equipment	1,823	1,639
Software	135	130
Construction in process	94	121
	9,308	8,932
Less accumulated depreciation	3,513	3,097
Net premises and equipment	$ 5,795	$ 5,835

(Dollar amounts in thousands, except per share data)

Note 5: Derivative Financial Instruments

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the Company has entered into interest rate swap agreements for a portion of its floating rate debt, which qualifies as a cash flow hedge. The agreements provide for the Company to receive interest from the counterparty at a rate equal to three month LIBOR plus 0.11% to 0.13%, depending on the agreement, and to pay interest to the counterparty at a fixed rate of 2.542% to 3.305%, depending on the agreement, on notional amounts totaling $7,700 and $8,515 at June 30, 2017 and 2016, respectively. Under the agreements, the Company pays or receives the net interest amount monthly or quarterly, with the monthly settlements included in interest expense. The effective dates of the agreements are January 14, 2013.

The effective portion of the gain or loss on the derivatives is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivatives representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

The following tables present the fair value and the effect of the derivative instrument on the balance sheet at June 30, 2017 and 2016:

June 30, 2017

Cash Flow Hedges	Fair Value	Balance Sheet Location	Amount of Gain Recognized in OCI
Interest rate swaps	$ 161	Liability	$ 250

June 30, 2016

Cash Flow Hedges	Fair Value	Balance Sheet Location	Amount of Gain Recognized in OCI
Interest rate swaps	$ 414	Liability	$ 130

At June 30, 2017, the Company is required to maintain $161 on deposit with the counterparty, Wells Fargo Bank.

(Dollar amounts in thousands, except per share data)

Note 6: Goodwill

On November 16, 2012, the Company recorded $2,603 of goodwill in conjunction with the acquisition of Cottage Savings Bank. Subsequent to November 16, 2012, there has been no change to the carrying amount of goodwill.

Note 7: Loan Servicing

Mortgage loans serviced for others are not included in the accompanying consolidated balance sheets. The risks inherent in mortgage-servicing assets relate primarily to changes in prepayments that result from shifts in mortgage interest rates. The unpaid principal balance of mortgage loans serviced for others was $37,693 and $43,224 at June 30, 2017 and 2016, respectively.

At June 30, 2017 and 2016, the fair value of servicing rights approximated the book value.

The following summarizes the activity pertaining to mortgage-servicing rights measured using the amortization method:

	2017	2016
Mortgage-servicing rights		
Balance at beginning of year	$ 360	$ 419
Capitalized from loan sales	28	16
Amortization	(74)	(75)
Balance at end of year	$ 314	$ 360

Note 8: Time Deposits

Time deposits in denominations of $250 or more were $5,883 and $4,679 on June 30, 2017 and 2016, respectively.

At June 30, 2017, the scheduled maturities of time deposits are as follows:

2018	$ 44,700
2019	13,960
2020	5,610
2021	9,326
2022	5,466
Thereafter	76
	$ 79,138

(Dollar amounts in thousands, except per share data)

Included in time deposits at June 30, 2017 and 2016 were $10,157 and $3,884, respectively, of deposits which were obtained through the Certificate of Deposit Account Registry Service (CDARS). This service allows deposit customers to maintain fully insured balances in excess of the $250 FDIC insurance limit without the inconvenience of having multi-banking relationships. Under the reciprocal program that the Company is currently participating in, customers agree to allow the Company to place their deposits with other participating banks in the CDARS program in insurable amounts under $250. In exchange, other banks in the program agree to place their deposits with the Company also in insurable amounts under $250.

Note 9: Short-Term Borrowings

Short-term borrowings included the following at June 30:

	2017	2016
Federal funds purchased	$ -	$ 5,779
Securities sold under repurchase agreements	408	430
Total short-term borrowings	$ 408	$ 6,209

Securities sold under agreements to repurchase, all of which are due in one year. The repurchase agreements consist of obligations of the Company to other parties. The obligations are secured by mortgage-backed securities of U.S. government-sponsored entities and such collateral is held by the Company. The maximum amount of outstanding agreements at any month end during 2017 and 2016 totaled $527 and $486, respectively, and the monthly average of such agreements totaled $427 and $394 for 2017 and 2016, respectively.

Note 10: Federal Home Loan Bank Advances

The Federal Home Loan Bank advances are secured by qualifying mortgage loans totaling $174,257 and the Company's investment in Federal Home Loan Bank stock. Advances, at interest rates ranging from 1.27% to 2.74%, are subject to restrictions or penalties in the event of prepayment.

(Dollar amounts in thousands, except per share data)

Aggregate annual maturities of Federal Home Loan Bank advances at June 30, 2017 are as follows:

2018	$ 42,200
2019	8,000
2020	-
2021	-
2022	-
	50,200
Deferred prepayment penalty, net of amortization	(62)
	$ 50,138

During the year ended June 30, 2012, the Company prepaid $10,015 of Federal Home Loan Bank advances which resulted in prepayment penalties totaling $684. The Company replaced these advances with lower rate advances totaling $10,015, whose present value, based on discount rates equal to the cost of funds rates of the original advances, was not substantially different than the values of the original advances immediately prior to prepayment. As such, the Company was required to defer and amortize the $684 penalty over the lives of the new advances.

Note 11: Other Borrowings

At June 30, 2017 and 2016, other borrowings were $2,460 and $2,060, respectively. Other borrowings consist of an unsecured line of credit with a limit of $3,000, with interest payable monthly at a rate of 4.00%. The unsecured line of credit matures on January 23, 2018.

Note 12: Income Taxes

The provision for income taxes includes these components:

	2017	2016
Taxes currently payable	$ 923	$ 781
Deferred income taxes	199	(26)
Income tax expense	$ 1,122	$ 755

(Dollar amounts in thousands, except per share data)

A reconciliation of income tax expense at the statutory rate to the Company's actual income tax expense is shown below:

	2017	2016
Computed at the statutory rate (34%)	$ 1,287	$ 873
Increase (decrease) resulting from		
Tax-exempt interest	(110)	(112)
Bank-owned life insurance	(86)	(45)
Other	31	39
Actual tax expense	$ 1,122	$ 755

The tax effects of temporary differences related to deferred taxes shown on the consolidated balance sheets were:

	2017	2016
Deferred tax assets		
Allowance for loan losses	$ 496	$ 498
Deferred compensation	105	112
Accrued payroll	109	68
Interest rate swaps	55	141
Foreclosed assets held for sale	-	25
Acquisition accounting adjustments	-	24
Other	93	132
	858	1,000
Deferred tax liabilities		
Federal Home Loan Bank stock dividends	(351)	(351)
Deferred Federal Home Loan Bank prepayment penalty	(21)	(45)
Deferred loan origination costs	(2)	(2)
Depreciation	(316)	(245)
Unrealized gains on available-for-sale securities	(169)	(302)
Mortgage-servicing rights	(82)	(88)
Lender risk adjustment	(172)	(75)
Other	(11)	(6)
	(1,124)	(1,114)
Net deferred tax liability	$ (266)	$ (114)

(Dollar amounts in thousands, except per share data)

Retained earnings at both June 30, 2017 and 2016 include approximately $2,058, for which no deferred federal income tax liability has been recognized. These amounts represent an allocation of income to bad debt deductions for tax purposes only. Reduction of amounts so allocated for purposes other than tax bad debt losses or adjustments arising from carryback of net operating losses would create income for tax purposes only, which would be subject to the then-current corporate income tax rate. The deferred income tax liabilities on the preceding amounts that would have been recorded if they were expected to reverse into taxable income in the foreseeable future were approximately $700 at both June 30, 2017 and 2016.

Note 13: Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income, included in stockholders' equity, are as follows:

	2017	2016
Net unrealized gain on available-for-sale securities	$ 497	$ 889
Net unrealized loss on derivatives used for cash flow hedges	(164)	(414)
	333	475
Tax expense	113	162
Accumulated other comprehensive income, net of tax	$ 220	$ 313

Note 14: 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 additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's consolidated 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 US GAAP regulatory reporting requirements and regulatory capital standards. The Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. Furthermore, the Bank's regulators could require adjustments to regulatory capital not reflected in these consolidated financial statements.

(Dollar amounts in thousands, except per share data)

Quantitative measures established by regulatory reporting standards to ensure capital adequacy require the Bank to maintain minimum amounts and ratios (set forth in the table below) of total and Tier I capital (as defined) to risk-weighted assets (as defined), common equity Tier I capital (as defined) to total risk-weighted assets (as defined) and of Tier I capital (as defined) to average assets (as defined). Management believes, as of June 30, 2017 and 2016, that the Bank meets all capital adequacy requirements to which it is subject.

As of June 30, 2017, the most recent notification from the Office of the Comptroller of the Currency categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized, the Bank must maintain minimum total risk-based, Tier I risk-based capital, common equity Tier I risk-based capital and Tier I leverage ratios as set forth in the table. There are no conditions or events since that notification that management believes have changed the Bank's category.

The Bank's actual capital amounts and ratios are also presented in the following table.

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
June 30, 2017						
Total risk-based capital (to risk-weighted assets)	$ 29,489	14.3%	$ 16,510	8.0%	$ 20,638	10.0%
Tier I capital (to risk-weighted assets)	28,029	13.6%	12,383	6.0%	16,510	8.0%
Common equity Tier I capital (to risk-weighted assets)	28,029	13.6%	9,287	4.5%	13,415	6.5%
Tier I capital (to adjusted total assets)	28,029	10.0%	8,255	4.0%	10,319	5.0%
June 30, 2016						
Total risk-based capital (to risk-weighted assets)	$ 27,792	14.7%	$ 15,107	8.0%	$ 18,884	10.0%
Tier I capital (to risk-weighted assets)	26,329	13.9%	11,331	6.0%	15,107	8.0%
Common equity Tier I capital (to risk-weighted assets)	26,329	13.9%	8,498	4.5%	12,275	6.5%
Tier I capital (to adjusted total assets)	26,329	10.1%	10,407	4.0%	13,009	5.0%

Basel III Capital Rules

In July 2013, the three federal bank regulatory agencies jointly published final rules (the Basel III Capital Rules) establishing a new comprehensive capital framework for U.S. banking organizations. The rules implement the Basel Committee's December 2010 framework known as "Basel III" for strengthening international capital standards as well as certain provisions of the Dodd-Frank Act. These rules substantially revise the risk-based capital requirements applicable to bank holding companies and depository institutions, compared to the current U.S. risk-based capital rules. The Basel III Capital Rules define the components of capital and address other issues affecting the numerator in banking institutions' regulatory capital ratios. These rules also address risk weights and other issues affecting the denominator in banking institutions' regulatory capital ratios and replace the existing risk-weighting approach with a more risk-sensitive approach. The Basel III Capital Rules were effective for the Bank on January 1, 2015 (subject to a four-year phase-in period).

The Basel III Capital Rules, among other things, (i) introduce a new capital measure called "Common Equity Tier 1" (CET1), (ii) specify that Tier 1 capital consist of CET1 and "Additional Tier 1 Capital" instruments meeting specified requirements, (iii) define CET1 narrowly by requiring that most deductions/adjustments to regulatory capital measures be made to CET1 and not to the other components of capital and (iv) expand the scope of the deductions/adjustments as compared to existing regulations.

The above minimum capital requirements exclude the capital conservation buffer required to avoid limitations on capital distributions, including dividend payments and certain discretionary bonus payments to executive officers. The capital conservation buffer is being phased in from 0.0% for 2015 to 2.50% by 2019. The capital conservation buffer was 1.25% at June 30, 2017. The net unrealized gain or loss on available-for-sale securities is included in computing regulatory capital.

Note 15: Related Party Transactions

At June 30, 2017 and 2016, the Company had loans outstanding to executive officers, directors, significant shareholders and their affiliates (related parties), in the amount of $235 and $279, respectively.

In management's opinion, such loans and other extensions of credit and deposits were made in the ordinary course of business and were made on substantially the same terms (including interest rates and collateral) as those prevailing at the time for comparable transactions with other persons. Further, in management's opinion, these loans did not involve more than normal risk of collectibility or present other unfavorable features.

Deposits from related parties held by the Company at June 30, 2017 and 2016 totaled $424 and $1,510, respectively.

Note 16: Employee Benefits

The Company has a defined-contribution 401(k) plan covering substantially all employees. The Company matches 100% of the employee's contribution on the first 6% of the employee's compensation. Employer contributions charged to expense for 2017 and 2016 were $258 and $231, respectively.

Also, the Company has a deferred compensation agreement with certain active and retired officers. The agreement provides monthly payments that equal 70% of average compensation prior to retirement or death. The charge to expense for the agreement was $17 for 2016. There was no charge to expense for 2017. Such charges reflect the present value of vested benefits due each participant using a 5.0% discount factor. As of June 30, 2017 and 2016, the Company has an accrued liability of approximately $310 and $329, respectively.

The Company sponsors an employee stock ownership plan (ESOP) that covers substantially all full-time employees who have completed one year of service and have attained the age of 21. The Company records compensation expense equal to the fair value of ESOP shares allocated to participants during a given fiscal year. Expense related to the ESOP totaled approximately $75 and $76 for the fiscal years ended June 30, 2017 and 2016, respectively. Dividends on allocated ESOP shares are recorded as a reduction of retained earnings.

The ESOP is required to provide a put option to the plan's participants for repurchase of their investments in the Company's stock at the fair value price during the two option periods defined in the plan. This repurchase obligation is required by regulations of the Internal Revenue Service to provide a ready market for the participant when a market may not otherwise readily exist. At June 30, 2017, the ESOP held 110,683 shares of the Company's stock with a total estimated value of approximately $1,494 subject to repurchase obligation.

Note 17: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

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

(Dollar amounts in thousands, except per share data)

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2017 and 2016:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2017				
Assets				
Mortgage-backed securities of U.S. government-sponsored entities	$ 10,370	$ -	$ 10,370	$ -
State and political subdivisions	11,137	-	11,137	-
Liabilities				
Derivative financial instruments	161	-	161	-
June 30, 2016				
Assets				
U.S. government agencies	$ 1,192	$ -	$ 1,192	$ -
Mortgage-backed securities of U.S. government-sponsored entities	13,223	-	13,223	-
State and political subdivisions	12,381	-	12,381	-
Liabilities				
Derivative financial instruments	414	-	414	-

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2017.

Available-for-Sale Securities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

Derivative Financial Instrument

The fair value is estimated using forward-looking interest rate curves and is calculated using discounted cash flows that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Nonrecurring Measurements

The following table presents the fair value measurements of assets measured at fair value on a nonrecurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2016:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2016				
Foreclosed assets held for sale	$ 193	$ -	$ -	$ 193

The fair value of foreclosed assets held for sale was not measured during the year ended June 30, 2017.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a nonrecurring basis and recognized in the accompanying consolidated balance sheet, as well as the general classification of such assets pursuant to the valuation hierarchy. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Foreclosed Assets Held for Sale

Foreclosed assets held for sale are carried at the lower of fair value at acquisition date or current estimated fair value, less estimated cost to sell when the real estate is acquired. Estimated fair value of foreclosed assets held for sale is based on appraisals or evaluations. Foreclosed assets held for sale is classified within Level 3 of the fair value hierarchy.

Appraisals of foreclosed assets held for sale are obtained when the real estate is acquired and subsequently as deemed necessary by management. Appraisals are reviewed for accuracy and consistency by management. Appraisers are selected from the list of approved appraisers maintained by management.

Unobservable (Level 3) Inputs

The following table presents quantitative information about unobservable inputs used in nonrecurring Level 3 fair value measurements:

	Fair Value at June 30, 2016	Valuation Technique	Unobservable Inputs	Range
Foreclosed assets held for sale	$ 193	Market comparable properties	Marketability discount	10% - 20%

(Dollar amounts in thousands, except per share data)

Fair Value of Financial Instruments

The following tables present estimated fair values of the Company's consolidated financial instruments and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2017 and 2016.

		Fair Value Measurements Using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2017				
Financial assets				
Cash and cash equivalents	$ 15,038	$ 15,038	$ -	$ -
Loans held for sale	5,308	-	5,476	-
Loans, net of allowance for loan losses	234,708	-	-	223,638
Federal Home Loan Bank stock	1,577	-	1,577	-
Interest receivable	799	-	799	-
Mortgage-servicing rights	314	-	-	314
Financial liabilities				
Deposits	$ 210,376	$ 131,238	$ 78,000	$ -
Short-term borrowings	408	-	408	-
Federal Home Loan Bank advances	50,138	-	49,883	-
Other borrowings	2,460	-	2,460	-
Interest payable	239	-	239	-

		Fair Value Measurements Using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2016				
Financial assets				
Cash and cash equivalents	$ 4,528	$ 4,528	$ -	$ -
Loans held for sale	6,242	-	6,434	-
Loans, net of allowance for loan losses	214,484	-	-	203,996
Federal Home Loan Bank stock	1,558	-	1,558	-
Interest receivable	820	-	820	-
Mortgage-servicing rights	360	-	-	360
Financial liabilities				
Deposits	$ 202,815	$ 116,419	$ 85,979	$ -
Short-term borrowings	6,209	-	6,209	-
Federal Home Loan Bank advances	28,884	-	28,826	-
Other borrowings	2,060	-	2,060	-
Interest payable	252	-	252	-

The following methods were used to estimate the fair value of all other financial instruments recognized in the accompanying consolidated balance sheets at amounts other than fair value.

Cash and Cash Equivalents, Federal Home Loan Bank Stock and Interest Receivable

The carrying amount approximates fair value.

Loans Held for Sale

The fair values of loans held for sale are based on quoted market prices of similar loans sold, adjusted for difference in loan characteristics.

Loans

Fair value is estimated by discounting the future cash flows using the market rates at which similar notes would be made to borrowers with similar credit ratings and for the same remaining maturities. The market rates used are based on current rates the Banks would impose for similar loans and reflect a market participant assumption about risks associated with nonperformance, illiquidity, and the structure and term of the loans along with local economic and market conditions.

Mortgage-Servicing Rights

Mortgage-servicing rights do not trade in an active, open market with readily observable prices.

Accordingly, fair value is estimated using discounted cash flow models having significant unobservable inputs of discount rate, prepayment speed and default rate. This calculation is reviewed for accuracy and consistency by the Chief Financial Officer. Due to the nature of the valuation inputs, mortgage-servicing rights are classified within Level 3 of the hierarchy.

Deposits

Fair value of term deposits is estimated by discounting the future cash flows using rates of similar deposits with similar maturities. The market rates used were obtained from a knowledgeable independent third party and reviewed by the Company. The rates were the average of current rates offered by local competitors of the bank subsidiaries.

The estimated fair value of demand, savings, NOW and money market deposits is the book value since rates are regularly adjusted to market rates and amounts are payable on demand at the reporting date.

Short-Term Borrowings and Interest Payable

The carrying amount approximates fair value.

Federal Home Loan Bank Advances

Fair value is estimated by discounting the future cash flows using rates of similar advances with similar maturities. These rates were obtained from current rates offered by FHLB.

Other Borrowings

Fair value of other borrowings is estimated based on current borrowing rates currently available to the Company borrowings with similar terms and maturities.

Commitments to Originate Loans, Forward Sale Commitments, Letters of Credit and Lines of Credit

The fair value of commitments to originate loans is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparties. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates. The fair values of letters of credit and lines of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate or otherwise settle the obligations with the counterparties at the reporting date. The fair value of these instruments were not considered significant for the disclosure.

Note 18: Commitments and Credit Risk

Commitments to Originate Loans

Commitments to originate loans 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 a portion of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate.

(Dollar amounts in thousands, except per share data)

Lines of Credit

Lines of credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Lines of credit generally have fixed expiration dates. Since a portion of the line may expire without being drawn upon, the total unused lines do not necessarily represent future cash requirements. Each customer's creditworthiness is evaluated on a case-by-case basis. The amount of collateral obtained, if deemed necessary, is based on management's credit evaluation of the counterparty. Collateral held varies, but may include accounts receivable, inventory, property, plant and equipment, commercial real estate and residential real estate.

Management uses the same credit policies in granting lines of credit as it does for on-balance-sheet instruments.

The Company's outstanding commitments as of June 30, 2017 and 2016 were as follows:

	2017	2016
Commitments to originate loans	$ 5,374	$ 4,970
Unused lines of credit	15,715	13,342
Undisbursed balance of loans closed	4,499	5,906
Total	$ 25,588	$ 24,218

General Litigation

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company.

(Dollar amounts in thousands, except per share data)

Note 19: Condensed Financial Information (Parent Company Only)

Presented below is condensed financial information as to financial position, results of operations and cash flows of the Company:

Condensed Balance Sheets

	2017	2016
Assets		
Cash and due from banks	$ -	5
Interest-bearing deposits	21	70
Total cash and cash equivalents	21	75
Investment in common stock of subsidiary	30,859	29,250
Other assets	5	16
Total assets	$ 30,885	$ 29,341
Liabilities		
Other borrowings	$ 2,460	$ 2,060
Stockholders' Equity	28,425	27,281
Total liabilities and stockholders' equity	$ 30,885	$ 29,341

ASB Financial Corp.
Notes to Consolidated Financial Statements
June 30, 2017 and 2016
(Dollar amounts in thousands, except per share data)

Condensed Statements of Income and Comprehensive Income

	2017	2016
Income		
Dividends from subsidiary	$ 1,080	$ -
Expenses		
Interest expenses	95	45
Other expenses	83	94
Total expense	178	139
Income (Loss) Before Income Tax and Equity in Undistributed Earnings of Subsidiary	902	(139)
Income Tax Benefit	(61)	(47)
Income (Loss) Before Equity in Undistributed Earnings of Subsidiary	963	(92)
Equity in Undistributed Earnings of Subsidiary	1,699	1,904
Net Income	$ 2,662	$ 1,812
Comprehensive Income	$ 2,569	$ 2,006

(Dollar amounts in thousands, except per share data)

Condensed Statements of Cash Flows

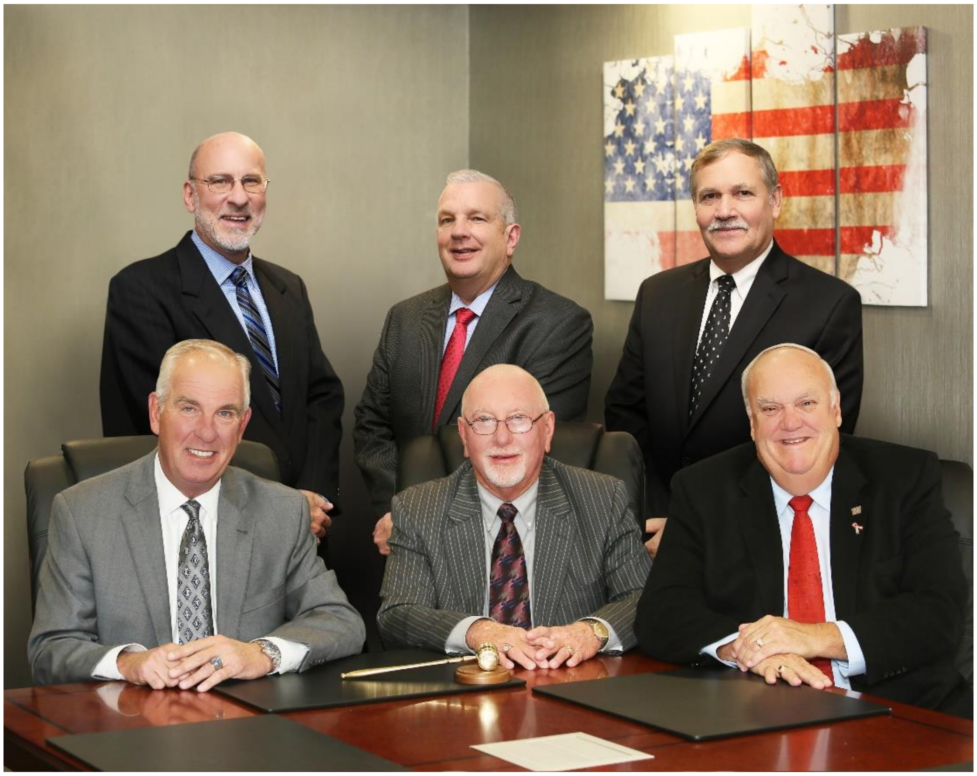
	2017	2016
Operating Activities		
Net income	$ 2,662	$ 1,812
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Equity in undistributed income of subsidiary	(1,699)	(1,904)
Net change in other assets and other liabilities	8	26
Net cash provided by (used in) operating activities	971	(66)
Financing Activities		
Proceeds from other borrowings	400	1,460
Payment of dividends	(1,425)	(1,425)
Net cash provided by (used in) financing activities	(1,025)	35
Net Change in Cash and Cash Equivalents	(54)	(31)
Cash and Cash Equivalents at Beginning of Year	75	106
Cash and Cash Equivalents at End of Year	$ 21	$ 75

Note 20: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the consolidated financial statements were available to be issued.

DIRECTORS AND EXECUTIVE OFFICERS

BOARD OF DIRECTORS



From left to right, sitting: Jack Kuntz; Robert M. Smith, Chairman; and Robert L. Bollin
Standing: Christopher H. Lute; Richard W. Morgan; and Jack Stephenson

EXECUTIVE OFFICERS

ASB Financial Corp.

Jack Kuntz
President
Chief Executive Officer

Jack Stephenson
Executive Vice President
Chief Operating Officer

Gregory G. Eagan
Senior Vice President
Chief Financial Officer and Treasurer

Sherri K. Collins
Senior Vice President
Secretary

American Savings Bank, fsb

Jack Kuntz
President
Chief Executive Officer

Jack Stephenson
Executive Vice President
Chief Operating Officer
Chief Lending Officer

Gregory G. Eagan
Senior Vice President
Chief Financial Officer

Sherri K. Collins
Senior Vice President
Corporate Development

LOCATIONS

ASB FINANCIAL CORP.

503 Chillicothe Street
Portsmouth, Ohio 45662

AMERICAN SAVINGS BANK, fsb

BANKING OFFICES

Main Office
503 Chillicothe Street
Portsmouth, Ohio 45662

Portsmouth Drive Thru
907 Chillicothe Street
Portsmouth, Ohio 45662

Waverly
951 West Emmitt Avenue
Waverly, Ohio 45690

Wheelersburg
7920 Ohio River Road
Wheelersburg, Ohio 45694

South Shore
347 James Hannah Drive
South Shore, Kentucky 41175

Montgomery
9813 Montgomery Road
Cincinnati, Ohio 45242

Madeira
7114 Miami Avenue
Cincinnati, Ohio 45243

CINCINNATI MORTGAGE ORIGINATION DIVISION

Milford
151 Castleberry Court
Milford, Ohio 45150

Dent
6507 Harrison Avenue, Suite M
Cincinnati, Ohio 45247

Montgomery
9813 Montgomery Road
Cincinnati, Ohio 45242

Madeira
7114 Miami Avenue
Cincinnati, Ohio 45243

INTERNET

www.bankwithasb.com

SHAREHOLDER SERVICES

American Stock Transfer & Trust Company serves as transfer agent and dividend distributing agent for ASB Financial Corp's shares. Communications regarding change of address, transfer of shares, lost certificates and dividends should be sent to:

American Stock Transfer & Trust Company, LLC
6201 15th Avenue
Brooklyn, NY 11219
Phone: (800) 937-5449
Email: info@amstock.com

ANNUAL MEETING

The Annual Meeting of Shareholders of ASB Financial Corp. will be held on October 25, 2017, at 10:00 a.m., local time. Shareholders are cordially invited to attend the meeting at:

The Lofts on Gallia
840 Gallia Street
Portsmouth, Ohio 45662

ASB FINANCIAL CORP.

503 Chillicothe Street • Portsmouth OH 45662