

**The Freedom Bank of Virginia
Statements of Operations**

	For the three months ended	
	March 31,	
	2017	2016
Interest Income		
Interest and fees on loans	\$ 5,165,853	\$ 4,324,296
Interest on investment securities	334,403	284,377
Interest on Federal funds sold	2,102	7,082
Total Interest Income	<u>5,502,358</u>	<u>4,615,755</u>
Interest Expense		
Interest on deposits	1,007,298	830,066
Interest on borrowed funds	32,024	18,218
Total Interest Expense	<u>1,039,322</u>	<u>848,284</u>
Net Interest Income	4,463,036	3,767,471
Provision for Possible Loan Losses	<u>30,000</u>	<u>143,000</u>
Net Interest Income after Provision for Possible Loan Losses	4,433,036	3,624,471
Other Income		
Gain on sale of mortgage loans	728,391	723,964
Service charges and other income	77,398	65,488
Increase in cash surrender value of bank- owned life insurance	14,547	15,320
Total Other Income	<u>820,336</u>	<u>804,772</u>
Operating Expenses		
Officers and employee compensation and benefits	2,746,061	2,453,682
Occupancy expense	253,568	242,317
Equipment and depreciation expense	142,392	127,215
Insurance expense	112,144	78,597
Professional fees	354,003	226,066
Data and item processing	168,127	236,847
Business development	58,273	43,085
Franchise tax	107,070	75,201
Mortgage fees and settlements	140,908	153,578
Other operating expenses	188,102	182,405
Total Operating Expenses	<u>4,270,648</u>	<u>3,818,993</u>
Income before Income Taxes	982,724	610,250
Provision for Income Taxes	<u>334,100</u>	<u>207,800</u>
Net Income	<u>\$ 648,624</u>	<u>\$ 402,450</u>

The Notes to Financial Statements are an integral part of these statements.