

**The Freedom Bank of Virginia
Statements of Operations
(UNAUDITED)**

	For the three months ended June 30,		For the six months ended June 30,	
	2016	2015	2016	2015
Interest Income				
Interest and fees on loans	\$ 4,532,347	\$ 3,933,577	\$ 8,856,643	\$ 7,653,779
Interest on investment securities	335,430	162,819	619,807	307,371
Interest on Federal funds sold	640	4,712	7,722	12,026
Total Interest Income	<u>4,868,417</u>	<u>4,101,108</u>	<u>9,484,172</u>	<u>7,973,176</u>
Interest Expense				
Interest on deposits	851,589	720,220	1,681,655	1,400,569
Interest on borrowed funds	31,102	-	49,320	-
Total Interest Expense	<u>882,691</u>	<u>720,220</u>	<u>1,730,975</u>	<u>1,400,569</u>
Net Interest Income	3,985,726	3,380,888	7,753,197	6,572,607
Provision for Possible Loan Losses	<u>267,000</u>	<u>170,000</u>	<u>410,000</u>	<u>470,000</u>
Net Interest Income after Provision for Possible Loan Losses	3,718,726	3,210,888	7,343,197	6,102,607
Other Income				
Gain on sale of mortgage loans	1,174,243	694,588	1,744,629	861,804
Service charges and other income	56,696	54,205	122,184	108,084
Increase in cash surrender value of bank-owned life insurance	14,940	15,259	30,260	30,833
Total Other Income	<u>1,245,879</u>	<u>764,052</u>	<u>1,897,073</u>	<u>1,000,721</u>
Operating Expenses				
Officers and employee compensation and benefits	2,733,780	2,214,368	5,187,462	4,038,990
Occupancy expense	237,866	201,979	480,183	399,090
Equipment and depreciation expense	126,412	117,400	253,627	225,983
Insurance expense	79,468	68,802	158,065	138,677
Professional fees	239,753	221,690	465,819	453,398
Data and item processing	232,169	224,301	469,016	458,182
Business development	71,596	44,233	114,681	95,594
Franchise tax	96,447	75,571	171,648	141,486
Other operating expenses	141,189	117,739	323,594	247,047
Total Operating Expenses	<u>3,958,680</u>	<u>3,286,083</u>	<u>7,624,095</u>	<u>6,198,447</u>
Income before Income Taxes	1,005,925	688,857	1,616,175	904,881
Provision for Income Taxes	<u>342,500</u>	<u>234,000</u>	<u>550,300</u>	<u>307,500</u>
Net Income	<u>\$ 663,425</u>	<u>\$ 454,857</u>	<u>\$ 1,065,875</u>	<u>\$ 597,381</u>

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