

FREEDOM BANK

The Freedom Bank of Virginia				
Statements of Operations				
(UNAUDITED)				
	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Interest Income				
Interest and fees on loans	\$ 5,127,745	\$ 4,194,268	\$ 13,984,388	\$ 11,848,047
Interest on investment securities	288,447	168,017	908,254	475,388
Interest on Federal funds sold	382	5,300	8,084	17,328
Total Interest Income	<u>5,416,574</u>	<u>4,367,585</u>	<u>14,900,726</u>	<u>12,340,761</u>
Interest Expense				
Interest on deposits	942,623	784,283	2,624,278	2,164,652
Interest on borrowed funds	32,130	754	81,480	754
Total Interest Expense	<u>974,753</u>	<u>785,037</u>	<u>2,705,728</u>	<u>2,185,606</u>
Net Interest Income	<u>4,441,801</u>	<u>3,582,548</u>	<u>12,194,998</u>	<u>10,155,155</u>
Provision for Possible Loan Losses	<u>515,500</u>	<u>198,000</u>	<u>925,500</u>	<u>609,000</u>
Net Interest Income after Provision for Possible Loan Losses	<u>3,926,301</u>	<u>3,443,548</u>	<u>11,269,498</u>	<u>9,546,155</u>
Other Income				
Gain on sale of mortgage loans	1,333,657	533,145	3,078,286	1,394,950
Service charges and other income	35,188	78,739	157,372	188,823
Increase in cash surrender value of bank-owned life insurance	14,829	15,088	45,089	45,921
Total Other Income	<u>1,383,674</u>	<u>626,972</u>	<u>3,280,747</u>	<u>1,627,694</u>
Operating Expenses				
Officers and employee compensation and benefits	2,969,295	2,131,989	8,156,757	6,170,959
Occupancy expense	250,340	220,388	730,523	618,458
Equipment and depreciation expense	150,177	111,717	403,804	337,700
Insurance expense	78,579	73,235	236,644	211,912
Professional fees	227,682	196,939	693,501	660,337
Data and item processing	221,129	228,043	690,145	886,225
Business development	36,128	50,703	150,809	146,297
Franchise tax	107,070	89,081	278,718	230,587
Other operating expenses	181,270	180,473	604,884	407,621
Total Operating Expenses	<u>4,221,670</u>	<u>3,282,528</u>	<u>11,845,785</u>	<u>9,480,978</u>
Income before Income Taxes	<u>1,088,305</u>	<u>807,992</u>	<u>2,704,480</u>	<u>1,712,873</u>
Provision for Income Taxes	<u>369,100</u>	<u>275,000</u>	<u>919,400</u>	<u>582,500</u>
Net Income	<u>\$ 719,205</u>	<u>\$ 532,992</u>	<u>\$ 1,785,080</u>	<u>\$ 1,130,373</u>

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