

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

	For the three months ended December 31,		For the year ended December 31,	
	2016	2015	2016	2015
<b>Interest Income</b>				
Interest and fees on loans	\$ 5,302,878	\$ 4,362,242	\$ 19,287,266	\$ 16,210,289
Interest on investment securities	266,453	193,850	1,174,707	669,238
Interest on Federal funds sold	1,254	4,225	9,338	21,551
Total Interest Income	<u>5,570,585</u>	<u>4,560,317</u>	<u>20,471,311</u>	<u>16,901,078</u>
<b>Interest Expense</b>				
Interest on deposits	957,148	810,517	3,581,427	2,995,369
Interest on borrowed funds	38,460	10,176	119,909	10,930
Total Interest Expense	<u>995,608</u>	<u>820,693</u>	<u>3,701,336</u>	<u>3,006,299</u>
Net Interest Income	4,574,977	3,739,624	16,769,975	13,894,779
<b>Provision for Possible Loan Losses</b>	<u>165,000</u>	<u>63,500</u>	<u>1,090,500</u>	<u>672,500</u>
Net Interest Income after Provision for Possible Loan Losses	4,409,977	3,676,124	15,679,475	13,222,279
<b>Other Income</b>				
Gain on sale of mortgage loans	1,163,342	839,856	4,986,961	2,541,771
Service charges and other income	66,245	35,506	223,616	222,330
Increase in cash surrender value of bank- owned life insurance	14,942	15,207	60,031	61,128
Total Other Income	<u>1,244,529</u>	<u>890,569</u>	<u>5,270,608</u>	<u>2,825,229</u>
<b>Operating Expenses</b>				
Officers and employee compensation and benefits	2,569,470	2,412,299	10,726,227	8,583,258
Occupancy expense	252,131	220,213	982,653	839,671
Equipment and depreciation expense	132,954	113,121	536,758	450,820
Insurance expense	85,835	79,450	322,479	291,362
Professional fees	352,165	235,264	1,045,666	885,601
Data and item processing	218,113	235,621	908,258	921,846
Business development	52,908	42,821	203,717	189,117
Franchise tax	107,069	79,828	385,787	310,396
Mortgage fees and settlements	250,095	117,493	995,428	424,460
Other operating expenses	184,062	139,886	688,926	547,407
Total Operating Expenses	<u>4,204,802</u>	<u>3,675,996</u>	<u>16,795,899</u>	<u>13,443,938</u>
Income before Income Taxes	1,449,704	890,697	4,154,184	2,603,570
<b>Provision for Income Taxes</b>	<u>493,000</u>	<u>302,500</u>	<u>1,412,400</u>	<u>885,000</u>
<b>Net Income</b>	<u>\$ 956,704</u>	<u>\$ 588,197</u>	<u>\$ 2,741,784</u>	<u>\$ 1,718,570</u>

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