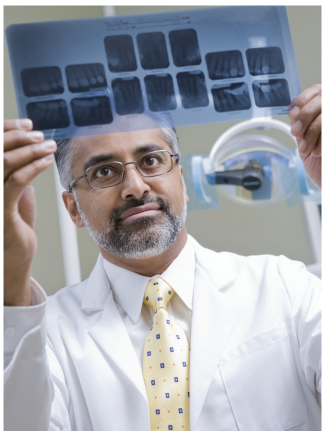
2015

ANNUAL REPORT



FREEDOM BANK

THE FREEDOM BANK OF VIRGINIA

a letter to our SHAREHOLDERS

Dear Shareholders,

On behalf of our board of directors and management, we are pleased to present these results.

Freedom Bank accomplished a number of achievements in 2015. For the past three years we grew total assets, loans and deposits faster than many banks in our peer group. In 2015 we began growing net profit at a rapid rate as well. We raised approximately $12 million in new capital through two capital raises and we have a commitment from a major investor to purchase $6 million of additional stock in the first quarter of 2016 following our annual meeting. Our mortgage division went from a net loss position in 2014 to contributing over $500 thousand dollars of net profit to the Bank in 2015. Finally, the Bank continued its trend of improving asset quality by further reducing non performing assets to only 0.06% of loans by year end.

Below is a brief summary of results:

OPERATIONS

- The large increase to bottom line profitability started with a larger increase in top line revenue. Large increases in loans and investments increased total interest income to $16,901,078 in 2015, up 23.8% from $13,656,944 the prior year.
- Interest paid on deposits increased approximately $738,374 or 32.6% to $3,006,299. The provision for loan losses increased $186,500 to $672,500 leaving net interest income after provision at $13,222,279 at December 31, 2015, up $2,319,260 (21.3%) from $10,903,019 the prior year.
- Non-interest income rose $2,264,707 (404.0%) to $2,825,229 from increased mortgage banking activity.
- Operating expenses increased from $9,863,143 in 2014 to $13,443,938. Much of the increase was additional salary expense necessary to support the Reston office for a full year and increased mortgage banking staff.
- Increasing profitability required recognition of income tax expense for the first time in 2015. Net income before taxes was $2,603,570 with income tax expense of $885,000 leaving net income after taxes of $1,718,570. This was a 62.7% increase from net income before taxes of $1,600,398 earned in 2014.
- Basic earnings per share were $0.40 versus $0.42 for 2014. The decline was due to the large increase in shares outstanding from the two capital campaigns in 2015.

CONDITION

- Total assets were $400,437,524 at December 31, 2015, up 16.9% from $342,611,644 the prior year.
- Loans had the highest yield and increased $40,080,024 (14.4%) to $319,069,611 at December 31, 2015.
- Securities held for sale, held to meet liquidity needs, were the second highest yielding asset increased $19,020,628 (69.7%) to $46,315,581. Together with fed funds of $15,000,000, interest bearing deposits of $1,028,248 and cash of $5,856,391 total liquidity was $68,200,220 or 17.0% of total assets at December 31, 2015.

a letter to our
SHAREHOLDERS

- Asset quality continued improving. Non performing assets as a percentage of loans decreased from 0. 14% at December 31, 2014 to .06% at December 31, 2015. Loans past due for regularly scheduled payments were 0.28% of loans at December 31, 2015. Both compared very favorably with peer banks. While we were pleased with our positions at year end, both non performing assets and past due loans were higher at some point in the past year. We work diligently on asset quality as reflected in our results over the past three years.
- Asset growth was funded by large increases in core deposits. Non interest bearing deposits were flat at $51,849,383 compared to $51,431,344 the prior year.
- Interest checking deposits rose 33.7% from $65,959,271 at December 31, 2014 to $88,182,669 at December 31, 2015.
- Certificates of deposit funded the balance rising only 8.0% to $206,959,651 at year end.
- The Bank had $6,200,000 in borrowings from the Federal Home Loan Bank of Atlanta at December 31, 2015. The borrowings provided match funding for long term loans and inexpensive funding for held for sale mortgages.
- Capital was $42,580,924 at December 31, 2015, up 43.0% from $29,769,220 at December 31, 2014. This was due to the Bank's successful capital raising efforts. Freedom raised approximately $1,900,000 in a rights offer to shareholders in January 2015 and $10,000,000 before expenses in a private placement of common stock to institutional investors in December 2015. Net income for the year contributed the remaining rise in equity.
- The capital raise provided strong capital ratios for the Bank. Regulatory capital minimums for Leverage Ratio, Risk Based Capital Tier 1, and Risk Based Capital Tier 2 were 5.0%, 8.0% and 10.0% respectively at year end. At December 31, 2015 the ratios for the Bank were 11.6%, 13.13%, and 14.09%, all above well capitalized levels.
- Book value per share increased to $7.80 at December 31, 2015, up from $7.40 at December 31, 2014.

The additional capital raised in 2015 will allow continued expansion in northern Virginia. We are excited about our prospects for 2016 and beyond and thank you for your continued support of Freedom Bank.

Craig S. Underhill

Richard C Litman

CRAIG S. UNDERHILL
President & CEO

RICHARD C. LITMAN
Chairman of the Board

table of
CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders

The Freedom Bank of Virginia

Fairfax, Virginia

We have audited the accompanying financial statements of The Freedom Bank of Virginia, which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of operations, comprehensive income, changes in 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of The Freedom Bank of Virginia as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Thompson Greenspon

THOMPSON GREENSPON

Fairfax, Virginia
February 2, 2016

FINANCIAL STATEMENTS

Balance Sheets

Years Ended December 31

2015 AND 2014

ASSETS	2015 ($)	2014 ($)
Cash and Due from Banks	5,856,391	4,917,099
Interest Bearing Deposits with Banks	1,028,248	1,024,155
Federal Funds Sold	15,000,000	24,837,000
Securities Available-for-Sale	46,315,581	27,294,953
Securities Held-to-Maturity	—	5,610
Federal Reserve Bank Stock, at Cost	964,650	829,200
Federal Home Loan Bank Stock, at Cost	571,900	274,800
Community Bankers Bank Stock, at Cost	66,000	—
Loans Held for Sale	7,634,844	649,975
Loans Receivable	319,069,610	278,989,586
Allowance for Possible Loan Losses	(3,133,420)	(2,685,807)
Net Loans	315,936,190	276,303,779
Bank Premises and Equipment, net	720,200	830,770
Accrued Interest Receivable	963,995	864,224
Deferred Tax Asset	1,604,000	1,320,000
Bank-Owned Life Insurance	2,221,695	2,160,567
Other Assets	1,553,830	1,299,512
TOTAL ASSETS	400,437,524	342,611,644

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

LIABILITIES	2015 ($)	2014 ($)
Deposits		
Demand Deposits		
Non-interest Bearing	51,849,383	51,431,344
Interest Bearing	88,182,669	65,959,271
Savings Deposits	2,573,038	2,637,231
Time Deposits	206,959,651	191,660,138
Total Deposits	349,564,741	311,687,984
FHLB Advances	6,200,000	—
Other Accrued Expenses	1,994,642	1,062,136
Accrued Interest Payable	97,216	92,304
Total Liabilities	357,856,599	312,842,424

STOCKHOLDERS' EQUITY		
Common stock, $3.16 par value, 15,000,000 shares authorized:		
5,455,820 Shares Issued and Outstanding, 2015; 4,025,349 Shares Issued and Outstanding, 2014;	17,227,330	12,707,042
Additional Paid-in Capital	24,282,805	17,457,152
Accumulated Other Comprehensive Income (loss), net	(371,695)	(118,889)
Retained Earning (deficit)	1,442,485	(276,085)
Total Stockholders' Equity	42,580,925	29,769,220
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	400,437,524	342,611,644

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

Statements of Operations

Years Ended December 31

2015 AND 2014

INTEREST INCOME	2015 ($)	2014 ($)
Interest and Fees on Loans	16,210,289	13,098,078
Interest on Investment Securities	669,238	535,438
Interest on Federal Funds Sold	21,551	23,428
Total interest income	16,901,078	13,656,944
INTEREST EXPENSE		
Interest on Deposits	3,006,299	2,267,925
Net Interest Income	13,894,779	11,389,019
PROVISION FOR POSSIBLE LOAN LOSSES	672,500	486,000
Net Interest Income After Provision for Possible Loan Losses	13,222,279	10,903,019
OTHER INCOME		
Gain on Sale of Mortgage Loans	2,541,771	260,083
Service Charges and Other Income	222,330	241,475
Increase in Cash Surrender Value of Bank-owned Life Insurance	61,128	58,964
Total Other Income	2,825,229	560,522
OPERATING EXPENSES		
Officers and Employee Compensation and Benefits	8,583,258	5,974,486
Occupancy Expense	839,671	622,690
Equipment and Depreciation Expense	450,820	370,921
Insurance Expense	291,362	237,421
Professional Fees	885,601	844,756
Data and Item Processing	921,846	816,954
Business Development	189,117	185,868
Franchise Taxes	310,396	260,048
Mortgage Fees and Settlements	424,460	80,105
Other Operating Expenses	547,407	469,894
Total Operating Expenses	13,443,938	9,863,143
Income Before Income Taxes	2,603,570	1,600,398

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

	2015 ($)	2014 ($)
INCOME TAX EXPENSE	885,000	–
NET INCOME	1,718,570	1,600,398
EARNINGS PER COMMON SHARE – BASIC	0.40	0.42
EARNINGS PER COMMON SHARE – DILUTED	0.39	0.40
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – BASIC	4,336,225	3,833,821
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – DILUTED	4,392,932	3,978,880

Statements of Comprehensive Income

Years Ended December 31

2015 AND 2014

	2015 ($)	2014 ($)
Net Income	1,718,570	1,600,398
Other Comprehensive Income (Loss):		
Unrealized holding gain (loss) arising during the year, net of tax expense of $161,562 in 2015 and tax benefit of $379,475 in 2014	(252,806)	300,043
COMPREHENSIVE INCOME	1,465,764	1,900,441

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

Statements of Changes in Stockholders' Equity

Years Ended December 31

2015 AND 2014

	SHARES OF COMMON STOCK ($)	COMMON STOCK ($)	ADDITIONAL PAID-IN CAPITAL ($)	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) ($)	RETAINED EARNINGS (DEFICIT) ($)	TOTAL STOCKHOLDERS' EQUITY ($)
BALANCE (DEC. 31, 2013)	*3,468,149	12,042,200	16,371,940	(418,932)	(1,876,483)	26,118,725
Net Income	—	—	—	—	1,600,398	1,600,398
Other Comprehensive Income	—	—	—	300,043	—	300,043
Stock Warrants Exercised	73	231	379	—	—	610
Eleven-for-Ten Stock Split	346,807	—	—	—	—	—
Stock Options Exercised	23,260	73,501	66,794	—	—	140,295
Sale of Common Stock	187,060	591,110	1,009,781	—	—	1,600,891
Stock-based Compensation	—	—	8,258	—	—	8,258
BALANCE (DEC. 31, 2014)	4,025,349	12,707,042	17,457,152	(118,889)	(276,085)	29,769,220
Net Income	—	—	—	—	1,718,570	1,718,570
Other Comprehensive Loss	—	—	—	(252,806)	—	(252,806)
Stock Warrants Exercised	75	237	399	—	—	636
Stock Options Exercised	9,212	29,110	30,740	—	—	59,850
Sale of Common Stock (Rights Offering)	244,713	773,293	1,120,364	—	—	1,893,657
Sale of Common Stock (Private Placement)	1,176,471	3,717,648	5,618,784	—	—	9,336,432
Stock-based Compensation	—	—	55,366	—	—	55,366
BALANCE (DEC. 31, 2015)	5,455,820	17,227,330	24,282,805	(371,695)	1,442,485	42,580,925

*Shares of common stock retroactively adjusted for the eleven-for-ten stock split effective April 1, 2014 is 3,814,956 as of December 31, 2013.

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

Statements of Cash Flows

Years Ended December 31

2015 AND 2014

CASH FLOWS FROM OPERATING ACTIVITIES	2015 ($)	2014 ($)
Net Income	1,718,570	1,600,398
Non-Cash Items Included in Net Income		
Depreciation and Amortization	233,790	167,795
Provision for Possible Loan Losses	672,500	486,000
Net Amortization of Available-for-Sale Securities	311,811	202,071
Gain on Sale of Available-for-Sale Securities	(24,257)	(26,693)
Stock-based Compensation Expense	55,366	8,258
Deferred Income Tax Benefit	(284,000)	(461,000)
Increase in Cash Surrender Value of Bank-Owned Life Insurance	(61,128)	(58,964)
(Increase) Decrease in		
Loans Held for Sale	(6,984,869)	118,925
Accrued Interest Receivable	(99,771)	(166,898)
Other Assets	(118,191)	(126,789)
Increase (Decrease) in		
Other Accrued Expenses	932,506	209,659
Accrued Interest Payable	4,912	14,994
Net Cash Provided by Operating Activities	(3,642,761)	1,967,756

CASH FLOWS FROM INVESTING ACTIVITIES		
Federal Funds Sold, net	9,837,000	(8,020,000)
Interest Bearing Deposit with Banks	(4,093)	(4,077)
Loan Originations, net	(40,304,911)	(59,212,258)
Purchase of Available-for-Sale Securities	(27,118,247)	(14,665,874)
Maturities, Calls and Paydowns of Securities Available-for-Sale	5,798,614	5,107,507
Proceeds from Sales of Securities Available-for-Sale	1,622,518	6,289,860
Purchase of FHLB Stock	(297,100)	(274,800)
Paydowns of Held-to-Maturity Securities	5,610	39,069
Purchase of Federal Reserve Bank Stock	(135,450)	(51,200)
Purchase of Community Bankers Bank Stock	(66,000)	—
Acquisition of Bank Equipment	(123,220)	(706,188)
Net Cash Used By Investing Activities	(50,785,279)	(71,497,961)

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

Statements of Cash Flows

Years Ended December 31

2015 AND 2014

CASH FLOWS FROM FINANCING ACTIVITIES	2015 ($)	2014 ($)
Increase in Deposits, net	37,876,757	64,534,437
Advances from FHLB	6,200,000	—
Proceeds From Stock Options and Warrants Exercised	60,486	140,905
Proceeds From Sale of Stock, net	11,230,089	1,600,891
Net Cash Provided by Financing Activities	55,367,332	66,276,233
NET INCREASE (DECREASE) IN CASH AND DUE FROM BANKS	939,292	(3,253,972)
CASH AND DUE FROM BANKS (BEGINNING OF YEAR)	4,917,099	8,171,071
CASH AND DUE FROM BANKS (END OF YEAR)	5,856,391	4,917,099

NONCASH INVESTING ACTIVITY		
Unrealized (Loss) Gain on Securities Available-for-Sale, net	(252,806)	300,043

SUPPLEMENTAL INFORMATION		
Cash Paid During the Year for Interest	2,990,458	2,252,931
Cash Paid During the Year for Income Taxes	964,000	438,000

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

Notes to Financial Statements

DECEMBER 31, 2015 AND 2014

1. Nature of Operations and Summary of Significant Accounting Policies

The accounting and reporting policies of The Freedom Bank of Virginia (the Bank) conform to generally accepted accounting principles (GAAP) and reflect practices of the banking industry. The policies are summarized below.

NATURE OF OPERATIONS

The Freedom Bank of Virginia is a state chartered bank and a member of the Federal Reserve and is subject to the rules and regulations of the Virginia State Banking Commission, the Federal Reserve and the Federal Deposit Insurance Corporation (FDIC). The Bank provides banking services at its branch offices in Vienna, Fairfax and Reston, Virginia, and serves customers primarily in the Northern Virginia area. The Bank was in organization during the period January 27, 2000 through July 22, 2001, and opened for business on July 23, 2001.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. In connection with the determination of the estimated losses on loans, management obtains independent appraisals for significant collateral.

INTEREST BEARING DEPOSIT WITH BANK

The Bank maintains an interest bearing deposit with another institution in Virginia. Interest bearing deposits are valued at cost. Interest income is recorded as interest income on investment securities.

SECURITIES

Debt securities are classified as held-to-maturity when the Bank has the positive intent and ability to hold the securities to maturity. Securities held-to-maturity are carried at amortized cost.

Debt securities not classified as held-to-maturity or trading securities are classified as available-for-sale. Securities available-for-sale are carried at fair value with unrealized gains and losses reported in other comprehensive (loss) income. Realized gains (losses) on securities available-for-sale are included in other income (expense) and, when applicable, are reported as a reclassification adjustment, net of tax, in other comprehensive (loss) income.

The amortization of premiums and accretion of discounts are recognized in interest income using methods approximating the interest method over the period to maturity. Declines in the fair value of individual held-to-maturity and available-for-sale securities below their cost that are deemed to be other than temporary result in write-downs of the individual securities to their fair value. The related write-downs are included in earnings as realized losses. Gains and losses on sales of securities are recorded on the trade date and are determined using the specific-identification method.

Federal Reserve Bank stock, Federal Home Loan Bank (FHLB) stock, and Community Bankers Bank stock are considered restricted investment securities, are carried at cost and are evaluated annually for impairment. The stock is required in order to be a member or for borrowings.

LOANS AND LOAN FEES

Loans that management has the intent and ability to hold for the foreseeable future, or until maturity or pay-off, generally are stated at the principal amount outstanding, less the allowance for loan losses and net deferred loan fees. Interest on loans is generally computed using the simple interest method.

Loan origination and commitment fees, as well as certain direct origination costs, are deferred and amortized as a yield adjustment over the lives of the related loans using the interest method. Amortization of deferred loan fees is discontinued when a loan is placed on non-accrual status.

The accrual of interest on mortgage and commercial loans is discontinued at the time the loan is 90 days delinquent, unless the credit is well secured and in process of collection. Other personal loans are typically charged off no later than 180 days past due. In all cases, loans are placed on non-accrual or charged off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on non-accrual 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.

LOANS HELD FOR SALE

Loans held for sale consist primarily of residential mortgage loans, which are secured by one-to-four family residential real estate. Loans held for sale are carried at the lower of aggregate cost, net of purchase discounts or premiums, deferred fees, and deferred origination costs, or fair value. The Bank sells its mortgage loans forward to investors and the estimated fair value is largely dependent upon the terms of these outstanding loan purchase commitments, as well as movement in market interest rates.

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is maintained at a level that, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's ongoing evaluation of the collectability of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans, economic conditions, and other risks inherent in the portfolio. The allowance consists of two basic components: the specific allowance and the pooled allowance.

The specific allowance component is used to individually establish an allowance for loans considered impaired. A loan is considered impaired when, based on current information and events, it is probable that the Bank will be unable to collect the scheduled payments of principal or interest when due, according to the contractual terms of the loan agreement. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. Although management uses available information to recognize losses on loans, because of uncertainties associated with local economic conditions, collateral values, and future cash flows on impaired loans, it is reasonably possible that a material change could occur in the allowance for loan losses in the near term. However, the amount of the change that is reasonably possible cannot be estimated. The allowance is increased by a provision for loan losses, which is charged to expense and reduced by charge-offs, net of recoveries. Changes in the allowance relating to impaired loans are charged or credited to the provision for loan losses. Past due status is determined based on contractual terms.

The pooled component is used to estimate the losses inherent in the pools of non-impaired loans. These loans are then also segregated by loan type and allowance factors are assigned by management based on delinquencies, loss history, trends in volume and terms of loans, effects of changes in lending policy, the experience and depth of management, national and local economic trends, concentrations of credit, results of the loan review system and the effect of external factors (i.e., competition and regulatory requirements). Current economic conditions take into account the average unemployment rate for the Northern Virginia area and for the nation, with the most significance given to the local data. The allowance factors assigned differ by loan type.

BANK PREMISES AND EQUIPMENT

Bank premises and equipment are stated at cost, less accumulated depreciation and amortization. Leasehold improvements are amortized over the shorter of the asset life or lease term using the straight-line method. Furniture and equipment are depreciated over estimated useful lives of three to seven years using the straight-line method. The Bank depreciates premises and equipment using accelerated methods for income tax reporting.

Expenditures for maintenance, repairs and improvements that do not materially extend the useful lives of bank premises and equipment are charged to earnings. When bank premises or equipment are sold or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts, and the effect is reflected in current earnings.

Leases that meet certain specified criteria are accounted for as capital assets and liabilities, and those not meeting the criteria are accounted for as operating leases.

OTHER REAL ESTATE OWNED

Real estate properties acquired through or in lieu of loan foreclosures are initially recorded at the fair value less estimated selling cost at the date of foreclosure. Any write-downs based on the asset's fair value at the date of acquisition are charged to the allowance for loan losses. After foreclosure, valuations are periodically performed by management and property held for sale is carried at the lower of the new cost basis or fair value less cost to sell. Impairment losses on property to be held and used are measured as the amount by which the carrying amount of a property exceeds its fair value. Costs of significant property improvements are capitalized, whereas costs relating to holding property are expensed. The portion of interest costs relating to development of real estate is capitalized. Valuations are periodically performed by management, and any subsequent write downs are recorded as a charge to operations, if necessary, to reduce the carrying value of a property to the lower of its cost or fair value less cost to sell. The Bank owned no other real estate at December 31, 2015 and 2014.

BANK-OWNED LIFE INSURANCE

The Bank entered into bank-owned single premium life insurance policies during 2012 that are maintained by two counterparties. Under the bank-owned life insurance policies, executives or other key individuals are the insured and the Bank is the owner and beneficiary of each policy. As such, the insured has no claim to either the insurance policy, cash value, or a portion of the policy's death proceeds. The increase in the cash surrender value over time is recorded as other income. The Bank monitors the financial strength and condition of both counterparties.

STOCKHOLDERS' EQUITY

At December 31, 2014, warrants were outstanding and exercisable to purchase 367,553 shares of common stock at $8.36 per share if exercised by January 15, 2015, and 71,121 shares of common stock at $8.36 per share if exercised by February 16, 2015. The amounts and number of warrants have been adjusted for the six-for-five stock split that was effective on February 16, 2012 and August 13, 2013 and the eleven-for-ten stock split that was effective on April 1, 2014.

On February 20, 2014, the Bank declared an eleven-for-ten stock split, effective for stockholders of record on April 1, 2014. All references to share and per share amounts in the financial statements have been restated to reflect the stock splits.

On October 31, 2014, the Bank released an Offering Memorandum for up to $4,000,000 of common stock, par value $3.16 per share, at an offering price of $9.00 per share ("capital offering"). The offering was for a maximum of 444,445 shares of common stock. The offering closed December 12, 2014 and the amount of funds raised from the capital offering, net of related expenses, was $1,600,891. Common stock of 187,060 shares was issued. Capital funds raised were allocated to common stock and additional paid-in capital.

On December 22, 2014, the Bank released an Offering Memorandum for subscription rights to holders of common stock ("rights offering"). Pursuant to this rights offering, the Bank offered subscription rights to purchase up to 66,667 units (each a "unit") at a per unit price of $45.00. Each unit will consist of five shares of common stock and one two-year warrant to purchase one share of common stock at a price of $9.00 per share. Shareholders who own outstanding warrants to purchase common stock may surrender these warrants in exchange for a credit of $.64 per warrant surrendered toward the purchase price of units they purchase in this rights offering. The offering closed January 30, 2015. The amount of funds raised from the rights offering, net of related expenses, was $1,893,657. Common stock of 244,713 shares was issued. Capital funds raised were allocated to common stock and additional paid-in capital.

During December 2015, the Bank entered into purchase agreements for the private placement of an aggregate of $16 million of its common stock to institutional investors. The purchase agreements encompass two closings; the first closing on December 29, 2015, and the second closing upon satisfaction of certain conditions as set forth in the agreements. The first closing raised capital of $9,336,432, net of related expenses of $663,572, encompassing 1,176,471 shares. Offering expenses include $250,000 for the lead investor as reimbursement of expenses and related matters in connection with the consummation of the equity investment. The purchase agreements require an amendment to the Bank's articles of incorporation whereby the amount of authorized capital will consist of 25,000,000 shares of common stock at $0.01 par value per share, of which 23,000,000 will consist of shares of voting common stock and 2,000,000 will consist of non-voting common stock, and 5,000,000 shares of preferred stock at $0.01 par value per share. In addition, the purchase agreement requires upon request of the lead investor to cause an increase in the number of directors on the Board by one director and to appoint a person nominated by such lead investor. The Articles of Incorporation Amendment and the change to the Board of Directors must occur before the second closing. The second closing is estimated to raise funds of $5,999,997 with 78,445 shares of voting common stock and 627,437 shares of non-voting common stock. In addition, the institutional investors hold a registration rights agreement that permits them to request the Bank register a form S-1 (Registration Statement under the Securities Act of 1933), as outlined in the agreement, if the Bank has formed a holding company.

The proceeds of the capital and rights offerings and the private placement are for general corporate purposes which may include improving the Bank's regulatory capital position and supporting future growth.

Comprehensive income represents all changes in equity that result from recognized transactions and other economic events of the period. Other comprehensive income refers to revenues, expenses, gains and losses that under accounting principles generally accepted in the United States of America are included in comprehensive income but excluded from net income, such as unrealized gains and losses on certain investments in debt and equity securities.

INCOME TAXES

Income taxes are provided for the tax effects of the transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to the difference between the basis of the allowance for loan losses. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets and liabilities are reflected at income tax rates applicable to the period in which the deferred tax assets or liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Management determined that recent profitability and projections of future taxable income will be adequate to absorb the Bank's allowance for loan loss included in the deferred tax asset.

The Bank files an income tax return in the U.S. Federal jurisdiction. The Bank pays state franchise tax in lieu of state income taxes. The Bank is not currently under audit by any income tax jurisdiction.

The Bank has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements, and no interest and penalties have been recorded in the accompanying financial statements related to uncertain tax positions.

EARNINGS PER SHARE (EPS)

Basic EPS excludes dilution and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the year. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Bank.

STOCK-BASED COMPENSATION

The Bank recognizes the cost of employee services received in exchange for an award of equity instruments in the financial statements over the period the employee is required to perform the services in exchange for the award (presumptively the vesting period). The Bank also measures the cost of employee services received in exchange for an award based on the grant-date fair value of the award.

EMPLOYMENT CONTRACTS

In August 2010, the Bank entered into an employment agreement with the Bank's current President. The agreement provides for a base salary, a performance bonus, annual adjustments to compensation and other benefits. The agreement has an initial term of 17 months and will be automatically renewed for successive 12-month terms until employment is terminated under specific conditions as provided in the agreement.

The Bank has also entered into employment agreements with certain other key employees. The agreements provide for base salary, performance bonuses and other benefits. The terms of the agreements range from one to two years with options to extend for additional one-year periods until employment is terminated under specific conditions as provided in the agreements.

STATEMENTS OF CASH FLOWS

The Bank considers all cash and amounts due from banks, excluding interest-bearing deposits in other banks and Federal funds sold, to be cash equivalents for purposes of the statements of cash flows. The Freedom Bank of Virginia periodically has bank deposits, including short-term investments, in excess of Federally insured limits.

OFF-BALANCE SHEET CREDIT RELATED FINANCIAL INSTRUMENTS

In the ordinary course of business, the Bank has entered into commitments to extend credit, including commitments under credit card arrangements, commercial letters of credit, and standby letters of credit. Such financial instruments are recorded when they are funded.

SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2015, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is February 2, 2016, which is the date on which the financial statements were available to be issued.

2. Restriction of Cash and Due From Banks

The Bank is required to maintain reserve funds in cash or on deposit with the Federal Reserve. The required reserve at December 31, 2015 and 2014 was $1,012,000 and $759,000, respectively.

3. Securities Available-for-Sale and Held-to-Maturity

The amortized cost and fair values of securities as shown in the balance sheets of the Bank are as follows:

DEC. 31, 2015	AMORTIZED COSTS ($)	GROSS UNREALIZED GAINS ($)	GROSS UNREALIZED LOSSES ($)	FAIR VALUE ($)
Available-for-Sale				
U.S. Government and Agency Securities	5,638,861	—	(35,276)	5,603,585
Corporate Securities	2,053,310	50	(17,217)	2,036,143
Mortgage Backed Securities	26,682,815	12,390	(412,482)	26,283,263
Municipal Securities	2,254,006	—	(12,511)	2,241,495
SBA Loan Pools	10,258,426	10,374	(117,705)	10,151,095
TOTAL INVESTMENT SECURITIES	46,887,418	23,357	(595,191)	46,315,581

DEC. 31, 2014	AMORTIZED COSTS ($)	GROSS UNREALIZED GAINS ($)	GROSS UNREALIZED LOSSES ($)	FAIR VALUE ($)
Available-for-Sale				
U.S. Government and Agency Securities	3,999,064	—	(59,877)	3,939,187
Corporate Securities	1,061,234	—	(8,697)	1,052,537
Mortgage Backed Securities	16,635,961	56,926	(87,564)	16,605,323
SBA Loan Pools	5,781,598	15,530	(99,222)	5,697,906
Total Available-for-Sale	27,477,857	72,456	(255,360)	27,294,953
Held-to-Maturity				
Mortgage Backed Securities	5,610	36	—	5,646
TOTAL INVESTMENT SECURITIES	27,483,467	72,492	(255,360)	27,300,599

The amortized cost and estimated fair value of available-for-sale debt securities at December 31, 2015, by contractual maturity, are as follows:

	AMORTIZED COST ($)	FAIR VALUE ($)
Amounts Maturing in:		
1 Year or Less	—	—
After 1 Year - 5 Years	7,018,724	6,974,308
After 5 Years - 10 Years	1,005,279	992,393
After 10 Years	12,180,600	12,065,617
	20,204,603	20,032,318
Mortgage Backed Securities	26,682,815	26,283,263
	46,887,418	46,315,581

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.

At December 31, 2015 and 2014, U.S. Government and agency securities and mortgage backed securities with carrying values of $10,950,446 and $14,653,130, respectively, were pledged to secure public deposits and for other purposes required or permitted by law.

Information pertaining to available-for-sale securities with gross unrealized losses at December 31, 2015, aggregated by investment category and length of time that individual securities have been in a continuous loss position, is as follows:

	LESS THAN 12 MONTHS		OVER 12 MONTHS	
	GROSS UNREALIZED LOSSES ($)	FAIR VALUE ($)	GROSS UNREALIZED LOSSES ($)	FAIR VALUE ($)
Corporate Securities	12,886	492,393	4,331	538,250
Mortgage Backed Securities	376,187	19,978,212	36,295	1,821,413
Municipal Securities	12,511	926,973	—	—
U.S. Government Securities	35,276	5,603,585	—	—
SBA Loan Pools	74,080	4,094,793	43,625	2,295,534

Management evaluates securities for other-than-temporary impairment on at least a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) the length of time and the extent to which the fair value has been less than cost, (2) the financial condition and near-term prospects of the issuer, and (3) the intent and ability of the Bank to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value.

At December 31, 2015, 38 debt securities with an unrealized loss for less than one year and 7 debt securities with an unrealized loss for greater than one year depreciated less than four percent from the Bank amortized cost basis. Forty-three of the securities are secured by Federal agency mortgage backed securities or U.S. Treasury obligations and direct obligations of U.S. Government agencies. Two of the securities are corporate bonds. These unrealized losses relate principally to current interest rates for similar types of securities. In analyzing an issuer's financial condition, management considers whether the securities are issued by the Federal government or its agencies, whether downgrades by bond rating agencies have occurred, and the results of reviews of the issuer's financial condition. As management has the ability to hold debt securities until maturity, or for the foreseeable future if classified as available-for-sale, management feels that the unrealized losses on the securities are not deemed to be other-than-temporary.

4. Loans Receivable

Loans receivable include the following:

	2015 ($)	2014 ($)
Commercial	44,054,331	49,266,330
Consumer and Other	13,769,129	8,159,864
Real Estate	262,012,630	222,251,579
Subtotal	319,836,090	279,677,773
Deferred Loan Fees	(766,480)	(688,187)
TOTALS	319,069,610	278,989,586

Commercial and industrial loans: The commercial lending portfolio consists primarily of commercial and industrial loans for the financing of accounts receivable, property, plant and equipment. Commercial loans typically are made on the basis of the borrower's ability to repay the loan from the cash flow from its business and are secured by business assets, such as commercial real estate, accounts receivable, equipment and inventory, the values of which may fluctuate over time and generally cannot be appraised with as much precision as residential real estate. To manage these risks, the Bank's policy is to secure commercial loans originated with both the assets of the business, which are subject to the risks described above, and other additional collateral and guarantees that may be available.

Real estate - commercial loans: Commercial real estate loans are primarily secured by various types of commercial real estate, including office, retail, warehouse, industrial and other non-residential types of properties and are made to the owners and/or occupiers of such property. The repayment of loans secured by income-producing properties is typically dependent upon the successful operation of a business or real estate project, and thus may be subject to adverse conditions in the commercial real estate market or in the general economy. The Bank generally requires personal guarantees or endorsements with respect to these loans and loan-to-value ratios for commercial real estate loans, which generally do not exceed 80 percent.

Real estate - residential and home equity loans: This portfolio consists of residential first and second mortgage loans, residential construction loans and home equity lines of credit and term loans secured primarily by the residences of borrowers. Residential mortgage loans and home equity lines of credit secured by owner-occupied property generally are made with a loan-to-value ratio of up to 80 percent.

An analysis of the allowance for possible loan losses based on type or loan segment, which identifies certain loans that are evaluated for individual or collective impairment, as of December 31 is as follows:

YEAR 2015	COMMERCIAL AND INDUSTRIAL ($)	REAL ESTATE COMMERCIAL ($)	REAL ESTATE CONSTRUCTION ($)	REAL ESTATE RESIDENTIAL ($)	CONSUMER ($)	TOTAL ($)
Allowance for Possible Loan Losses						
Beginning Balance	331,078	1,326,949	711,857	215,896	100,027	2,685,807
Charge-offs	(224,887)	—	—	—	—	(224,887)
Recoveries	—	—	—	—	—	—
Provision	264,903	270,458	65,167	78,696	(6,724)	672,500
Ending Balance	371,094	1,597,407	777,024	294,592	93,303	3,133,420
Individually Evaluated for Impairment	—	—	—	—	—	—
Collectively Evaluated for Impairment	371,094	1,597,407	777,024	294,592	93,303	3,133,420
Loans Receivable						
Ending Balance	44,054,331	146,496,390	41,034,055	74,482,185	13,769,129	319,836,090
Individually Evaluated for Impairment	106,052	950,823	93,529	892,265	—	2,042,669
Collectively Evaluated for Impairment	43,948,279	145,545,567	40,490,526	73,589,920	13,769,129	317,793,421

YEAR 2014	COMMERCIAL AND INDUSTRIAL ($)	REAL ESTATE COMMERCIAL ($)	REAL ESTATE CONSTRUCTION ($)	REAL ESTATE RESIDENTIAL ($)	CONSUMER ($)	TOTAL ($)
Allowance for Possible Loan Losses						
Beginning Balance	449,602	1,282,986	480,842	275,925	98,008	2,587,363
Charge-offs	(336,027)	(97,248)	—	—	(29,758)	(463,033)
Recoveries	75,000	—	—	—	477	75,477
Provision	142,503	141,211	231,015	(60,029)	31,300	486,000
Ending Balance	331,078	1,326,949	711,857	215,896	100,027	2,685,807
Individually Evaluated for Impairment	—	—	—	—	—	—
Collectively Evaluated for Impairment	331,078	1,326,949	711,857	215,896	100,027	2,685,807
Loans Receivable						
Ending Balance	49,266,330	124,993,736	36,247,806	61,010,037	8,159,864	279,677,773
Individually Evaluated for Impairment	—	566,562	393,529	264,640	—	1,224,731
Collectively Evaluated for Impairment	49,266,330	124,427,174	35,854,277	60,745,397	8,159,864	278,453,042

An analysis of non-accrual and past due loans is as follows at December 31:

YEAR 2015	30-59 DAYS PAST DUE ($)	60-89 DAYS PAST DUE ($)	90 DAYS OR MORE PAST DUE ($)	TOTAL PAST DUE ($)	CURRENT ($)	TOTAL FINANCING RECEIVABLES ($)	NONACCRUAL LOANS ($)
Commercial Non-Real Estate							
Commercial and Industrial	—	10,403	—	10,403	44,043,928	44,054,331	106,052
Commercial Real Estate							
Owner Occupied	—	—	48,806	48,806	64,675,090	64,723,896	—
Non-Owner Occupied	—	—	—	—	81,772,494	81,772,494	—
Construction							
Residential	—	—	—	—	22,957,943	22,957,943	93,529
Commercial	—	—	—	—	18,076,112	18,076,112	—
Consumer Non-Real Estate							
Automobile	—	—	—	—	334,092	334,092	—
Other	—	—	—	—	13,435,037	13,435,037	—
Residential							
First Trusts	—	—	—	—	63,758,297	63,758,297	—
Equity Lines	849,714	—	—	849,714	9,874,174	10,723,888	—
TOTAL	849,714	10,403	48,806	908,923	318,927,167	319,836,090	199,581

YEAR 2014	30-59 DAYS PAST DUE ($)	60-89 DAYS PAST DUE ($)	90 DAYS OR MORE PAST DUE ($)	TOTAL PAST DUE ($)	CURRENT ($)	TOTAL FINANCING RECEIVABLES ($)	NONACCRUAL LOANS ($)
Commercial Non-Real Estate							
Commercial and Industrial	—	—	—	—	49,266,330	49,266,330	—
Commercial Real Estate							
Owner Occupied	—	—	—	—	54,173,344	54,173,344	—
Non-Owner Occupied	—	—	—	—	70,820,392	70,820,392	—
Construction							
Residential	—	—	—	—	15,989,057	15,989,057	393,529
Commercial	—	—	—	—	20,258,749	20,258,749	—
Consumer Non-Real Estate							
Automobile	—	—	—	—	233,693	233,693	—
Other	—	—	—	—	7,926,171	7,926,171	—
Residential							
First Trusts	—	—	—	—	49,950,577	49,950,577	—
Equity Lines	—	60,000	—	60,000	10,999,460	11,059,460	—
TOTAL	—	60,000	—	60,000	279,617,773	279,677,773	393,529

An analysis of impaired loans based on loan segment is as follows at December 31:

YEAR 2015	RECORDED INVESTMENT ($)	UNPAID PRINCIPAL BALANCE ($)	RELATED ALLOWANCE FOR LOAN LOSSES ($)	AVERAGE RECORDED INVESTMENT ($)	INTEREST INCOME RECOGNIZED ($)
With No Related Allowance Recorded:					
Real Estate					
Construction	93,529	93,529	—	326,433	—
Residential	892,265	892,265	—	907,843	32,039
Commercial	950,823	950,823	—	964,813	51,775
Commercial and Industrial	106,052	106,052	—	219,803	4,454
TOTAL					
Real Estate	1,936,617	1,936,617	—	2,199,089	83,814
Commercial and Industrial	106,052	103,052	—	219,803	4,454

YEAR 2014	RECORDED INVESTMENT ($)	UNPAID PRINCIPAL BALANCE ($)	RELATED ALLOWANCE FOR LOAN LOSSES ($)	AVERAGE RECORDED INVESTMENT ($)	INTEREST INCOME RECOGNIZED ($)
With No Related Allowance Recorded:					
Real Estate					
Construction	393,529	393,529	—	560,132	—
Residential	566,562	566,562	—	1,827,791	101,703
Commercial	264,640	264,640	—	271,251	15,295
Commercial and Industrial					
TOTAL					
Real Estate	1,224,731	1,224,731	—	2,659,174	116,998

No additional funds are committed to be advanced in connection with the impaired loans.

One of the most significant factors in assessing the Bank's loan portfolio is the risk rating. The Bank uses the following risk ratings to manage the credit quality of its loan portfolio: pass, special mention, substandard, doubtful and loss. Special mention loans are those loans that have potential weakness that deserves management's close attention. These loans have potential weaknesses that may result in deterioration of the repayment prospects for the loan or the Bank's credit position at some future date. Substandard loans are inadequately protected by current sound worth, paying capacity of the borrower, or pledged collateral. Doubtful loans have all the inherent weaknesses in the substandard classification and collection or liquidation in full is highly questionable. Loss loans are considered uncollectible and of such little value that continuance as an active asset is not warranted. All other loans not rated are considered to have a pass rating.

An analysis of the credit quality indicators is as follows at December 31:

YEAR 2015	PASS ($)	SPECIAL MENTION ($)	SUBSTANDARD ($)	DOUBTFUL ($)	LOSS ($)
Commercial — Non-Real Estate					
Commercial and Industrial	43,784,412	163,867	106,052	—	—
Commercial — Real Estate					
Owner Occupied	60,477,475	3,676,619	569,802	—	—
Non-Owner Occupied	81,772,494	—	—	—	—
Construction					
Residential	22,864,415	—	93,528	—	—
Commercial	18,076,112	—	—	—	—
Consumer-Non-Real Estate					
Automobile	334,092	—	—	—	—
Other	13,435,037	—	—	—	—
Residential					
First Trusts	63,523,134	235,164	—	—	—
Equity Lines	9,151,155	844,853	727,879	—	—
TOTAL	313,418,326	4,920,503	1,497,261	—	—

YEAR 2014	PASS ($)	SPECIAL MENTION ($)	SUBSTANDARD ($)	DOUBTFUL ($)	LOSS ($)
Commercial — Non-Real Estate					
Commercial and Industrial	48,943,957	157,486	164,887	—	—
Commercial — Real Estate					
Owner Occupied	52,926,770	1,246,574	—	—	—
Non-Owner Occupied	70,648,324	—	172,068		
Construction					
Residential	15,595,529	—	393,529	—	—
Commercial	20,258,748	—	—	—	—
Consumer-Non-Real Estate					
Automobile	233,693	—	—	—	—
Other	7,926,171	—	—	—	—
Residential					
First Trusts	49,651,751	238,828	—	—	—
Equity Lines	9,018,520	1,770,886	330,052	—	—
TOTAL	275,203,463	3,413,774	1,060,536	—	—

A loan modification is classified as a troubled debt restructuring (TDR) if both of the following exist: 1) the borrower is experiencing financial difficulty, and 2) the Bank has granted a concession to the borrower. The assessment of whether the above conditions exist is subjective and requires management's judgment. TDRs are typically modified through reductions in interest rates, reduction in payments, changing the payment terms or through extensions in term maturity.

There were no loans modified as TDRs for the years ended December 31, 2015 and 2014.

The Bank has entered into transactions with certain directors, executive officers, significant stockholders and their affiliates. Such transactions were made in the ordinary course of business on substantially the same terms and conditions, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other customers and did not, in the opinion of management, involve more than normal credit risk or present other unfavorable features. The aggregate amount of loans outstanding to such related parties was $2,431,316 and $2,665,314 at December 31, 2015 and 2014, respectively. New loans made to such related parties, including loans held by new directors, amounted to $2,484,992 and $313,463, and payments amounted to $2,718,990 and $793,362 at December 31, 2015 and 2014, respectively.

5. BANK PREMISES AND EQUIPMENT

Bank premises and equipment include the following:

	2015 ($)	2014 ($)
Furniture and Equipment	1,299,877	1,379,335
Leasehold Improvements	485,762	485,762
Software	58,340	238,382
Total cost	1,843,979	2,103,479
Less Accumulated Depreciation	(1,123,779)	(1,272,709)
NET BANK PREMISES AND EQUIPMENT	720,200	830,770

Depreciation and amortization of bank premises and equipment charged to expense amounted to $233,790 and $167,795 in 2015 and 2014, respectively.

6. DEPOSITS

Time deposits in denominations that meet or exceed the FDIC minimum limit of $250,000 or more totaled $46,086,607 and $47,860,702 at December 31, 2015 and 2014, respectively.

The following are time deposits maturing in years ending December 31:

2016	$135,431,724
2017	44,935,387
2018	18,908,020
2019	5,855,002
2020	1,829,518
TOTAL	$206,959,651

The Bank held related party deposits of approximately $11,577,000 and $10,943,000 at December 31, 2015 and 2014, respectively.

7. BORROWINGS

At December 31, 2015 and 2014, the Bank had $2,100,000 available under a line of credit Fed Funds facility to be used for temporary, short-term needs with borrowings not to exceed seven consecutive business days. There were no borrowings on this line at December 31, 2015 and 2014.

At December 31, 2015 and 2014, the Bank had an additional $6,000,000 and $2,000,000, respectively, available under a line of credit Fed Funds facility to be used for temporary, short-term needs with borrowings not to exceed 30 consecutive calendar days. The borrowings are secured by $200,000, plus any earnings credited, held in a cash and correspondent account that is recorded as cash and due from banks on the balance sheets. There were no borrowings on this line at December 31, 2015 and 2014.

At December 31, 2015 and 2014, the Bank also had $6,000,000 available under a line of credit Fed Funds facility to be used for overnight cash settlements. The borrowings are secured by $500,000 and $300,000 held in a cash and correspondent account that is recorded as cash and due from banks on the balance sheets at December 31, 2015 and 2014, respectively. There were no borrowings on this line at December 31, 2015 and 2014.

On September 23, 2015, the Bank entered into an agreement with the FHLB for $2,000,000 advanced under a principal reducing credit facility. The agreement calls for semi-annual principal payments of $142,857 beginning March 23, 2016, interest payments at 1.72 percent and matures on September 23, 2022.

On November 16, 2015, the Bank entered into an additional agreement with the FHLB for $4,200,000 advanced under a fixed rate credit facility to be used for temporary, short-term needs. The agreement calls for monthly interest payments at 0.28 percent and matures on February 18, 2016.

The principal reducing credit facility and the fixed rate credit facility with the FHLB are secured by certain residential and commercial mortgages. The Bank has an additional daily rate credit advance facility available with the FHLB. No amount was outstanding at December 31, 2015. For the years ended December 31, 2015 and 2014, interest expense on the borrowings was $10,930 and $-0-, respectively.

Principal maturities by year are as follows:

2016	$4,485,716
2017	285,714
2018	285,714
2019	285,714
2020	285,714
Thereafter	571,428
TOTAL	$6,200,000

8. INCOME TAXES

Significant components of deferred income tax assets and liabilities are as follows at December 31:

DEFERRED SOURCE	2015 ($)	2014 ($)
Loans and Loan Loss Reserve	1,534,000	1,305,000
Unearned Loan Fees and Costs, Net	261,000	234,000
Depreciation	(191,000)	(219,000)
Gross Deferred Tax Assets	1,604,000	1,320,000
Valuation Allowance	—	—
Net Deferred Tax Assets	1,604,000	1,320,000

The provision for income taxes consists of the following at December 31:

	2015 ($)	2014 ($)
Current Tax Expense	1,169,000	461,000
Deferred (Benefit) Tax Expense	(543,000)	82,000
Change in Valuation Allowance	—	(543,000)
	885,000	—

The following is a reconciliation of the Federal statutory income tax rate to the effective tax rate as a percent of pre-tax income for the years ended December 31:

	2015 (%)	2014 (%)
Federal Statutory Rate	34%	34%
Permanent Differences	—	—
Change in Valuation Allowance	—	(34)
Effective Tax Rate	34%	0%

9. CAPITAL REQUIREMENTS

The Bank is subject to various regulatory capital requirements administered by 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 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 their assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classification under the prompt corrective action guidelines are also subject to qualitative judgments by the regulators about components, risk weightings and other factors.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios as of January 1, 2015, of total capital, Tier 1 capital and common equity Tier 1 capital to risk-weighted assets (as defined in the regulations), and Tier 1 capital to adjusted average total assets (as defined). Prior to January 1, 2015, minimum amounts and ratios of total capital, Tier 1 capital and Tier 1 capital to adjusted average total assets (as defined), were required. Management believes, as of December 31, 2015 and 2014, that the Bank meets all the capital adequacy requirements to which it is subject.

As of December 31, 2015, the Bank was categorized as well capitalized under the regulatory framework for prompt corrective action. To remain categorized as well capitalized, the Bank will have to maintain minimum total risk-based, Tier 1 risk-based, and Tier 1 leverage ratios as disclosed in the following table. There are no conditions or events since the most recent notification that management believes have changed the Bank's prompt corrective action category.

The Bank's actual capital amounts and ratios as of December 31, 2015 and 2014 are as follows:

	ACTUAL		ADEQUACY PURPOSES		ACTION PROVISIONS	
DEC. 31, 2015	AMOUNT ($)	RATIO (%)	AMOUNT ($)	RATIO (%)	AMOUNT ($)	RATIO (%)
Total Capital (to Risk Weighted Assets)	42,580,925	13.03	26,138,400	8.00	32,673,000	10.00
Tier 1 Capital (to Risk Weighted Assets)	42,892,618	13.13	19,603,800	6.00	26,138,400	8.00
Common Equity Tier 1 (to Risk Weighted Assets)	42,892,618	13.13	14,702,850	4.50	21,237,450	6.50
Tier 1 Capital (to Adjusted Average Assets)	42,892,618	11.60	14,791,180	4.00	18,488,975	5.00
DEC. 31, 2014						
Total Capital (to Risk Weighted Assets)	29,769,220	10.95	21,749,040	8.00	27,186,300	10.00
Tier 1 Capital (to Risk Weighted Assets)	29,828,107	10.97	10,874,520	4.00	16,311,780	6.00
Tier 1 Capital (to Average Assets)	29,828,107	10.02	11,911,117	4.00	14,888,897	5.00

10. STOCK OPTION PLAN

In 2007, the Bank established the 2007 stock option and equity plan (the Plan) for executives, other employees, officers, directors and consultants. Shares under the Plan may be granted at not less than 100 percent of the fair market value at the grant date. The authorized and granted options under the Plan are as follows at December 31, 2015:

	AUTHORIZED	GRANTED	VESTED
2007 Plan	633,600	552,771	426,185

The stock options shall not be exercisable more than ten years after the date such option is granted. Shares typically vest over periods ranging from one to four years. At December 31, 2015, there was approximately $24,000 in unrecognized compensation expense related to non-vested share-based compensation. At December 31, 2014, there was approximately $58,000 in unrecognized compensation expense related to non-vested share-based compensation.

Amounts and the number of options have been retrospectively adjusted for the six-for-five stock splits that were effective on February 16, 2012 and August 13, 2013, and the eleven-for-ten stock split that was effective on April 1, 2014. The Bank canceled and reissued stock options granted in 2007.

The following summarizes the option activity under the Plan:

	NUMBER OF SHARES	OPTION PRICE PER SHARE ($)	WEIGHTED AVERAGE EXERCISE PRICE ($)
OUTSTANDING (DEC. 31, 2013)	458,602	6.50	6.50
Grants	96,275	8.99	8.99
Exercised	(23,260)	6.03	6.03
Canceled or Expired	(1,584)	6.27	6.27
OUTSTANDING (DEC. 31, 2014)	530,033	6.97	6.97
Grants	32,500	8.14	8.14
Exercised	(9,212)	6.50	6.50
Canceled or Expired	(550)	9.09	9.09
OUTSTANDING (DEC. 31, 2015)	552,771	7.04	7.04

The weighted average fair value of options granted during the year ended December 31, 2015 was $8.14. The weighted average remaining contractual life of options outstanding as of December 31, 2015 is 6.34 years.

Stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense on a straight-line basis over the requisite service period, which is the vesting period. The Bank uses the Black-Scholes option pricing model to determine the fair value of stock options. The fair value of the stock based payment awards is affected by the price of the stock and a number of financial assumptions and variables. These variables include the risk-free interest rate, expected dividend rate, expected stock price volatility and the expected life of the options. The following assumptions were used: a risk-free interest rate of 3.25 percent, an estimated dividend yield of zero percent, an expected holding period of 10 years and volatility of 5.00 percent.

The expected volatility is based on the historical volatility of peer institutions. The risk-free interest rate is the implied yield available on U.S. Treasury bonds with a remaining term equal to the expected term of the options granted. The expected life is based on the average of the contracted life and vesting schedule for the options granted. The dividend yield assumption is based on expected dividend payouts.

For the years ended December 31, 2015 and 2014, the Bank recognized approximately $55,000 and $8,000 in stock-based compensation expense, respectively.

11. OPERATING LEASES

In December 2015, the Bank exercised its third five-year option for the branch facility located at 502 Maple Avenue in Vienna, Virginia. The agreement provides for a term of five years ending December 2020. The total base annual lease payments for the base year of the third extension are $85,223, increasing a maximum of five percent per annum thereafter. The lease agreement includes approximately 1,862 square feet on the ground floor for the branch facility. The lease agreement includes additional rent payments based on a pro rata portion of annual taxes and common area maintenance charges.

In October 2004, the Bank entered into a lease for its headquarters and an additional branch facility at 10555 Main Street in Fairfax, Virginia. The agreement provides for an initial lease term of ten years commencing January 1, 2005 and ending December 31, 2014. In December 2014, the Bank entered into an updated agreement that separated the headquarters and branch space. The headquarters space lease for 6,002 square feet was extended for an additional year ending December 31, 2015. Total base annual lease payments under the one-year extension are $225,855 for both the headquarters and branch space. The agreement includes additional rent payments based on a pro rata portion of annual taxes, common area maintenance charges, and utilities. The lease for the headquarters space was extended through March 31, 2016.

The updated lease agreement for the branch is for an initial lease term of ten years commencing January 1, 2016 and ending December 31, 2025. Total base annual lease payments are $125,895 for the first year, increasing 3 percent per annum thereafter. The agreement includes additional rent payments based on a pro rata portion of annual taxes, common area maintenance charges, and utilities. The Bank has the right to renew the branch lease for two periods of five additional years as provided for in the lease.

In July 2011, the Bank renewed its lease for its loan operations on the second floor at 10555 Main Street in Fairfax, Virginia. The agreement provided for an initial lease term of five years commencing August 1, 2011 and ending July 31, 2016. Total base annual lease payments are $148,764 for the first year, increasing three percent per annum thereafter. In December 2014, the Bank entered into an updated agreement amending the lease to end on December 31, 2015. The lease agreement was for 6,072 square feet. The agreement included additional rent payments based on a pro rata portion of annual taxes, common area maintenance charges, and utilities.

In September 2015, the Bank entered into a lease agreement for suites on the second and sixth floors at 10555 Main Street in Fairfax, Virginia. The agreement provides for an initial lease term of eight years commencing January 1, 2016 and ending December 31, 2023. Total base annual lease payments are $349,509 for the first year, increasing three percent per annum thereafter. The lease agreement is for 13,189 square feet. The agreement includes the option to renew the lease for two periods of five additional years at the then current market rate. The agreement includes additional rent payments based on a pro rata portion of annual taxes, common area maintenance charges, and utilities.

In November 2013, the Bank entered into a lease for an additional branch facility at 11700 Plaza America Drive in Reston, Virginia. The agreement provides for an initial lease term of 10 years commencing May 1, 2014 and ending April 30, 2024 with the option to extend the term for two additional periods of five years each. Total base annual lease payments are $80,576 for the first year, increasing 1.0275 percent per annum thereafter. The lease agreement is for 2,518 square feet. The agreement includes additional rent payments based on a pro rata portion of annual taxes, common area maintenance charges, and utilities.

In February 2015, the Bank entered into a sub-lease agreement for office space in Chantilly, Virginia. The agreement provides for an initial lease term of two years commencing March 1, 2015 through February 28, 2017. Total base annual payments are $64,875 for 4,055 square feet.

The following are the future minimum lease payments at December 31, 2015:

YEARS ENDING DECEMBER 31	
2016	$731,804
2017	676,163
2018	685,467
2019	706,260
2020	727,754
Thereafter	2,329,920
	5,857,368

Rent expense amounted to $712,063 and $530,626 for the years ended December 31, 2015 and 2014, respectively.

12. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, ***Fair Value Measurements and Disclosures***, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable liquid market price existed (an exit price).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 – inputs to the valuation methodology are based upon unadjusted quoted prices for identical assets or liabilities in active markets that the Bank has the ability to access.

Level 2 – inputs to the valuation methodology include: quotes prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities measured at fair value are based on one or more of three valuation techniques (market, cost, or income approach). The market approach evaluates prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach evaluates the amount that would be required to replace the service capacity of an asset (i.e., replacement cost). The income approach uses techniques that convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following describes the valuation techniques used by the Bank to measure certain financial assets and liabilities recorded at fair value on a recurring basis in the financial statements:

Securities available-for-sale: Securities available-for-sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices, when available (Level 1). If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable market data. Third party vendors compile prices from various sources and may determine the fair value of identical or similar securities by using pricing models that considers observable market data (Level 2).

The following table presents the balances of financial assets and liabilities measured at fair value on a recurring basis as of December 31:

	FAIR VALUE ($)	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1) ($)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2) ($)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) ($)
DEC. 31, 2015				
Available-for-Sale Securities	46,315,581	—	46,315,581	—
DEC. 31, 2014				
Available-for-Sale Securities	27,294,953	—	27,294,953	—

Certain financial assets are measured at fair value on a nonrecurring basis in accordance with GAAP. Adjustments to the fair value of these assets usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets.

The following describes the valuation techniques used by the Bank to measure certain financial assets recorded at fair value on a nonrecurring basis in the financial statements:

Impaired loans: Loans are designated as impaired when, in the judgment of management based on current information and events, it is probable that all amounts due according to the contractual terms of the loan agreement will not be collected. The measurement of loss associated with impaired loans can be based on either the observable market price of the loan or the fair value of the collateral. Fair value is measured based on the value of the collateral securing the loans. Collateral may be in the form of real estate or business assets, including equipment, inventory and accounts receivable. The vast majority of the collateral is real estate. The value of real estate collateral is determined utilizing an income or market valuation approach based on an appraisal conducted by an independent, licensed appraiser outside of the Bank using observable market data (Level 2). However, if the collateral is a house or building in the process of construction, or if an appraisal of the real estate property is over two years old, then the fair value is considered Level 3. The value of business equipment is based upon an outside appraisal if deemed significant, or the net book value on the applicable business' financial statements if not considered significant using observable market data. Likewise, values for inventory and accounts receivable collateral are based on financial statement balances or aging reports (Level 3). Impaired loans allocated to the allowance for loan losses are measured at fair value on a nonrecurring basis. Any fair value adjustments are recorded in the period incurred as provision for possible loan losses on the statements of operations.

The following table summarizes the Bank's financial assets that were measured at fair value on a nonrecurring basis as of December 31:

	FAIR VALUE ($)	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1) ($)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2) ($)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) ($)
DEC. 31, 2015				
Impaired Loans	2,042,669	—	2,042,669	—
DEC. 31, 2014				
Impaired Loans	1,224,731	—	1,224,731	—

The following methods and assumptions were used by the Bank in estimating fair values of financial instruments as disclosed herein:

Cash and due from banks: The carrying amounts of cash and due from banks approximate their fair value.

Interest bearing deposits with banks: The carrying amounts of interest bearing deposits with banks payable on demand, consisting of money market deposits, approximate fair value. Fair value of fixed-rate certificates of deposit is estimated based on discounted cash flow analyses using the remaining maturity of the underlying accounts and interest rates currently offered on certificates of deposit with similar original maturities.

Securities available-for-sale and held-to-maturity: Fair values for securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Loans held for sale: The carrying amount is the lower of aggregate cost or fair value. The estimated fair value is dependent upon the terms of the outstanding loan purchase commitments as well as movement in market interest rates.

Loans receivable: For variable-rate loans that reprice frequently and have no significant change in credit risk, fair values are based on carrying values. Fair values for certain mortgage loans (for example, one to four family residential), credit card loans and other consumer loans are based on quoted market prices of similar loans sold in conjunction with securitization transactions, adjusted for differences in loan characteristics. Fair values for business real estate and business loans are estimated using discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values for impaired loans are estimated using discounted cash flows analyses or underlying collateral values, where applicable.

Accrued interest: The carrying amounts of accrued interest approximate fair value

Deposits: The carrying amounts of deposit liabilities payable on demand, consisting of money market deposits and saving deposits, approximate fair value. Fair value of fixed-rate certificates of deposit is estimated based on discounted cash flow analyses using the remaining maturity of the underlying accounts and interest rates currently offered on certificates of deposit with similar original maturities.

FHLB advances: The fair value of the FHLB advances is determined using rates currently available to the Bank for debt with similar terms and remaining maturities.

Off-balance sheet financial instruments: At December 31, 2015 and 2014, the fair values of loan commitments and standby letters of credit are immaterial. Therefore, they have not been included in the following table.

The estimated fair values of the Bank's financial instruments are as follows at December 31:

	2015		2014	
	CARRYING AMOUNT ($)	FAIR VALUE ($)	CARRYING AMOUNT ($)	FAIR VALUE ($)
Financial Assets				
Cash and Due from Banks	5,856,391	5,856,391	4,917,099	4,917,099
Interest Bearing Deposits with Banks	1,028,248	1,028,248	1,024,155	1,024,155
Federal Funds Sold	15,000,000	15,000,000	24,837,000	24,837,000
Securities Available-for-Sale	46,315,581	46,315,581	27,294,953	27,294,953
Loans Held for Sale	—	—	5,610	5,646
Securities Held-to-Maturity	7,634,844	7,634,844	649,975	649,975
Loans Receivable, net	315,936,190	314,624,624	276,303,779	275,320,723
Accrued Interest Receivable	963,995	963,995	864,224	864,224
Bank-owned Life Insurance	2,221,695	2,221,695	2,160,567	2,160,567
TOTAL FINANCIAL ASSETS	394,956,944	393,645,378	338,057,362	337,074,342
Financial Liabilities				
Non-interest Bearing Deposits	51,849,383	51,849,383	51,431,344	51,431,344
Interest Bearing Deposits	88,182,669	88,182,669	65,959,271	65,959,271
Saving Deposits	2,573,038	2,573,038	2,637,231	2,637,231
FHLB Advances	6,200,000	6,200,000	—	—
Time Deposits	206,959,651	207,858,044	191,660,138	191,945,611
Accrued Interest Payable	97,216	97,216	92,304	92,304
TOTAL FINANCIAL LIABILITIES	355,861,957	356,760,350	311,780,288	312,065,761

13. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of business, the Bank has outstanding commitments and contingent liabilities, such as commitments to extend credit and standby letters of credit, which are not included in the accompanying financial statements. The Bank's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit and standby letters of credit is represented by the contractual or notional amount of those instruments. The Bank uses the same credit policies in making such commitments as it does for instruments that are included in the balance sheets.

Financial instruments whose contract amount represents credit risk were approximately as follows:

	2015 ($)	2014 ($)
Commitments to Extend Credit	83,372,000	107,464,000
Standby Letters of Credit	1,709,000	1,001,000

Commitments to extend credit 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 many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Bank evaluates each customer's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Bank upon extension of credit, is based on management's credit evaluation. Collateral held varies, but may include accounts receivable, inventory, property and equipment, and income-producing commercial properties.

Standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Standby letters of credit generally have fixed expiration dates or other termination clauses and may require payment of a fee. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank's policy for obtaining collateral, and the nature of such collateral, is essentially the same as that involved in making commitments to extend credit.

The Bank has not been required to perform on any financial guarantees during the past two years. The Bank has not incurred any losses on its commitments in either 2015 or 2014.

14. RESTRICTION ON DIVIDENDS

The Bank is subject to certain restrictions on the amount of dividends that it may pay without prior regulatory approval. At December 31, 2014, capital was not available for payment of dividends.

15. DEFERRED BENEFITS

Effective July 1, 2002, the Bank adopted a contributory 401(k) savings plan covering substantially all employees, which allows eligible employees to contribute up to 25 percent of their compensation. The Board of Directors may elect to approve to match a portion of each employee's contribution. The Bank elected to make a discretionary contribution of approximately $193,000 and $140,700 for the years ended December 31, 2015 and 2014, respectively.

The Bank adopted deferred compensation plans for its directors, effective December 31, 2012, and its executives, effective February 1, 2013. Under the directors' plan, a director may elect to defer all or a portion of any director-related fees, including fees for serving on board committees. Under the executives' plan, certain employees may defer all or a portion of their compensation, including any bonus compensation.

16. LEGAL CONTINGENCIES

Various legal claims can arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Bank's financial statements.

SHAREHOLDER & COMPANY INFORMATION

BOARD OF DIRECTORS

RICHARD C. LITMAN
Chairman

CYNTHIA CARTER ATWATER
Corporate Secretary

G. THOMAS COLLINS, JR.

TERRY L. COLLINS, Ph.D.

H. JASON GOLD

NORMAN P. HORN

DAVID C. KARLGAARD, Ph.D.

ALVIN E. NASHMAN, Ph.D.

JOHN T. ROHRBACK
Vice Chairman

CRAIG S. UNDERHILL
President and
Chief Executive Officer

DIRECTORS EMERITUS

With Deepest Appreciation for the Directors Who Previously Served

IRVING BERNSTEIN
Founding Director
2000-2007
In Memoriam

JOHN F. CARMAN
Founding Director & Vice Chairman
2000-2006
In Memoriam

GEORGE C. DUKAS
Director
2002-2005
Director Emeritus

WILLIAM G. DUKAS
Founding Director
2000-2011
In Memoriam

MICHAEL A. FALKE
Founding Director
2000-2002

RICHARD L. HALL
Founding Director, President, & COO
2000-2003
In Memoriam

TIMOTHY P. HECHT
Director
2005-2007
Director Emeritus

GEORGE Z. KONTZIAS
Director
2002-2006
Director Emeritus

MICHAEL A. MIRANDA
Co-Founder & Organizing Director
2000-2013
In Memoriam

JAMES N. NEWSOME
Founding Chairman & CEO
2000-2003
Director Emeritus

RUSSEL E. SHERMAN
Founding Director
2000-2007
In Memoriam

HARRY N. SNYDER, O.D.
Founding Director
2000-2007

JAMES F. STEFFEY
Founding Director
2000-2007
Director Emeritus

C. STEPHEN TEMPLETON
Founding Director
2000-2002

CHARLES M. WRIGHT
Founding Director
2000-2002
Director Emeritus

ADVISORY BOARD

AZMAT ALI

DARREN BERNSTEIN

BRIAN BLOXOM

PHILIP DONDES

BRYAN FELDER

JARED JABLONKA

OWEN MICHAEL MCCALL

USAMA H. MISLEH

ELIZABETH J. MOFFETT

JAMES N. NEWSOME

ARLENE LYLES PRIPETON

THOMAS J. RILEY

JAMES F. STEFFEY

FRANK V. STURGEON

C. STEPHEN TEMPLETON

ROBERT G. WILLIAMS

CHARLES M. WRIGHT

EXECUTIVE OFFICERS & SENIOR LEADERSHIP TEAM

CRAIG S. UNDERHILL
President &
Chief Executive Officer

C. KEVIN CURTIS
Executive Vice President
Chief Lending Officer
NMLS# 1040247

RICHARD A. HUTCHISON
Executive Vice President
Chief Mortgage Officer
NMLS# 179316

DANIEL E. BURNETT, CPA
Executive Vice President
Chief Financial Officer

KARIN M. JOHNS
Executive Vice President
Chief Accounting Officer

SALLY T. SIVERONI
Executive Vice President
Chief Credit Officer

ROBERT D. WILLEY, JR.
Executive Vice President
Commercial Banking

DEBORAH A. FREE
Senior Vice President
Branch Administration

JOAN E. LISZKA
Senior Vice President
Human Resources

KIMBERLY J. RYMAN
Senior Vice President
Compliance

COMMERCIAL BANKING

VISHAL M. GANDHI
Vice President

E. ROBERT MUSSEMAN, JR.
Vice President
NMLS# 85152

MICHAEL J. UNDERWOOD
Senior Vice President and
Team Leader

ANGELA GANSOR
Vice President
Business Development Officer
NMLS # 431133

JAMES T. NELSON, III
Senior Vice President

STEPHEN A. WITT
Senior Vice President
NMLS# 1442969

EDWARD W. LULL, JR.
Senior Vice President

LAURA L. POWELL
Senior Vice President

DARREN T. TULLY
Vice President
NMLS# 1066465

DANIEL E. MARKS
Vice President
NMLS# 618696

RICHARD M. SOBONYA
Vice President
NMLS# 1442500

MORTGAGE DIVISION

RICHARD A. HUTCHISON
Executive Vice President
Chief Mortgage Officer
NMLS# 179316

CHANTILLY LOAN OFFICERS

KIM-ANN H. CYBULSKI
Senior Mortgage Loan Officer
NMLS# 188605

CHARLES G. HUTCHISON
Mortgage Loan Officer
NMLS# 1019699

BRENT MURPHY
Mortgage Loan Officer
NMLS# 1443532

KEVIN P. DENNIS
Senior Mortgage Loan Officer
NMLS# 185900

CHRISTINE S. KERN
Senior Mortgage Loan Officer
NMLS# 970512

CHRISTOPHER PERSIL
Senior Mortgage Loan Officer
NMLS# 188099

STEFAN GOLDFADEN
Senior Mortgage Loan Officer
NMLS# 886220

PAIGE LUTZ
Senior Mortgage Loan Officer
NMLS# 1052568

BONNIE L. ZAPF
Senior Mortgage Loan Officer
NMLS# 188572

SCOTT HILL
Senior Mortgage Loan Officer
NMLS# 187713

STEVEN L. MITCHELL
Senior Mortgage Loan Officer
NMLS# 888275

FAIRFAX LOAN OFFICERS

GEORGE J. DECKER
Senior Mortgage Loan Officer
NMLS# 525099

WILLIAM T. ROGERS
Senior Mortgage Loan Officer
NMLS# 141858

BRANCH LOCATIONS

FAIRFAX

G. VERONIKA CAVERO
Branch Officer/Manager
NMLS# 1307431

VIENNA

ALFREDO G. MOLINA
Branch Officer/Manager
NMLS# 1306195

RESTON

PAULA A. NEWSOME
Vice President/Branch Manager
NMLS# 993276

FBV CAPITAL ADVISORS, INC.

A subsidiary of The Freedom Bank of Virginia

ROBERT N. RUBIN
President

CORPORATE HEADQUARTERS

THE FREEDOM BANK OF VIRGINIA

10555 Main Street
Fairfax, VA 22030
703-242-5300

TRANSFER AGENT

American Stock Transfer & Trust Company
Shareholder Services – Admin 2 Team
6201 Fifteenth Avenue
Brooklyn, NY 11219
800-937-5449

www. amstock.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Thompson Greenspon
Fairfax, VA

COMMON STOCK

THE FREEDOM BANK OF VIRGINIA

Common stock is traded on the
OTC Markets Group (OTCQX)
under the symbol FDVA

NOTICE OF ANNUAL MEETING

The Annual Meeting of Shareholders
will be held on
Wednesday March 16, 2016 – 10:00 a.m.
at the Westwood Country Club
800 Maple Avenue East
Vienna, VA 22180

VIENNA

502 Maple Avenue W.
Vienna, VA 22180
703-667-4170

RESTON

11700 Plaza America Drive
Reston, VA 22190
703-663-2300

FAIRFAX

10555 Main Street
Fairfax, VA 22030
703-242-5300

MORTGAGE DIVISION

4211 Pleasant Valley Road
Chantilly, VA 20151
703-766-6400

FREEDOM BANK

THE FREEDOM BANK OF VIRGINIA

Member FDIC

freedombankva.com

EQUAL HOUSING LENDER