Freedom Bank
Experience Innovation • Bank With Freedom

2020 ANNUAL REPORT

Business Banking • Personal Banking • Mortgage Banking

freedom.bank

ABOUT THE BANK

Our Vision

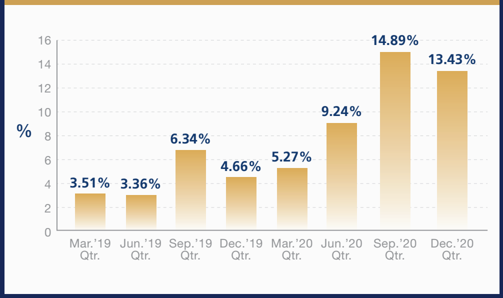
- Provide compelling ideas, relevant financial products, and exceptional service to our clients in the way they wish to be served
- Focus on building lead relationships with businesses, real estate owners, and professionals with sales offices across Northern Virginia and the DC Metropolitan Service Area
- Concentrate on industry verticals to deliver unique, sector-specific solutions and have market executives to engage local businesses and communities
- Use innovative technology, a network of sales offices, and a team of experienced bankers to make banking functional and convenient for businesses and consumers

Our Core Values

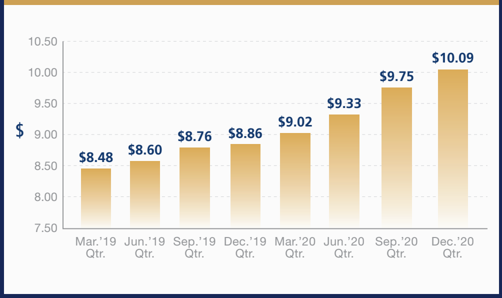
- Freedom Bank's innovative approach to banking starts with IDEAS based upon a keen understanding of client needs and market opportunities.
  - > **INNOVATION** - Exhaust all options and take smart risks
  - > **DISCIPLINE** - Act with unwavering integrity
  - > **EXPERIENCE** - Deliver exceptional outcomes
  - > **ATTITUDE** - Build relationships through teamwork and respect
  - > **SERVICE** - Participate in our communities and industries
- Our IDEAS help define the value we bring to lead client relationships and in the capabilities that we develop on our team or through partnering with best-in-class product providers.

FINANCIAL HIGHLIGHTS

RETURN ON AVERAGE EQUITY



TANGIBLE BOOK VALUE PER SHARE



FREEDOM BANK

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A LETTER TO OUR SHAREHOLDERS

March 1, 2021

Dear Shareholders:

On behalf of our directors and officers, we are pleased to present our 2020 Annual Report that highlights our breakout financial performance this past year. In the face of the unprecedented national health and economic crisis posed by the Coronavirus pandemic, Freedom Bank delivered exceptional outcomes for our clients and communities and produced record financial results in 2020. Freedom Bank nearly tripled net income in 2020, earning $7.6 million or $1.01 per diluted share, compared to net income of $2.7 million or $0.37 per diluted share in 2019.

The global health pandemic continues to hit companies in very uneven and unforgiving ways. We have seen the devastating impact on businesses in the recreation, resort, retail and restaurant segments where COVID-19 has most disrupted attendance and customer behavior. However, the new strategic plan adopted by the board in 2018 and subsequent investments in people and technology enabled Freedom and our employees to thrive during the crisis and provide hands-on assistance to our clients. Freedom Bank has served as an "economic first responder" by providing advice and access to capital to entrepreneurs and small businesses at this critical time. Freedom's forward leaning approach towards our clients has provided us with meaningful loan and deposit growth during this difficult period.

The Bank thoughtfully supported our small business clients – including 250 new clients - with over 510 Paycheck Protection Program (PPP) loans totaling $106 million. Additionally, we successfully participated in the Main Street Lending Program (MSLP) - one of the only banks in the greater DC Region to do so - and closed $75 million in these specialized loans. During the first quarter of 2021 we expect to close in excess of $50 million in new PPP2 loans for clients. Building on our success in government guaranteed lending, we launched a new SBA Division comprised of an experienced and dedicated 5-person team. We will focus on originating new SBA 7a and 504 loans to small businesses on the East Coast, fully supported by Freedom's rigorous underwriting standards.

A highlight of Freedom's results in 2020 was the exceptional performance of our Mortgage Division. Our team originated $471.8 million in mortgage loans for 1,288 clients, well in excess of any prior year performance. This produced a total gain on sale revenues of $14 million while increasing pre-tax operating margins to 120 basis points. We are fortunate to operate in the dynamic Washington DC region where the housing market has been incredibly strong and driven high levels of purchase activity. Furthermore, historically low interest rates over the past year sparked opportunities for consumers to refinance mortgages at lower rates. Our successful Mortgage Division has enabled us to invest in new businesses to help diversify our sources of non-interest income as net interest margins grind lower.

As many banks retreated and closed branches, Freedom extended its footprint by opening a new sales office in Manassas in July 2020 which was immediately accretive to earnings due to careful pre-opening planning, sales success and an efficient-build strategy. We are delighted to have the physical presence in Prince William County where there are so many small businesses and entrepreneurs aligned with our value proposition and enabling new lead relationships and core deposits. Freedom plans to open another new location in Tysons mid-year and continues evaluating expansion opportunities in Arlington and Loudoun counties as we focus on enhancing client accessibility to the Bank, both physically and digitally.

Freedom Bank made robust investments in our people, culture and technology in 2020. We continue to add talent and as of year-end over 50% of current employees have joined the Bank since we commenced the new strategy in 2018. The Bank also took countless measures to ensure client and employee safety during the pandemic while keeping all branches and offices open and staffed with multiple touch points for clients including drive-thrus and lobby appointments. The Bank's extensive outsourced digital infrastructure and technology platform enabled the staff to work entirely remote during the year and our clients to have a greater array of digital banking solutions with the personal service they have come to expect from Freedom bankers.

A LETTER TO OUR SHAREHOLDERS (CONT.)

The Bank stepped up our efforts to address our country's social struggles and formed a new Diversity and Inclusion Committee to help define our internal objectives and seek ways to pursue opportunities to assist minorities in our communities. We led the formation of the NOVA Technology Fund in partnership with the Community Business Partnership to provide capital and advice to local entrepreneurs of color in the technology sector and related service industries who are suffering substantial economic injury because of the Coronavirus outbreak. We made other meaningful strides in our community by contributing over $15,000 to Veterans Moving Forward through our Mortgage Division and won Leukemia & Lymphoma Society Light the Night Rookie of the Year through our successful all-employee fundraising effort.

The results of our two-year effort to implement a new strategic plan were in full display this year. The Bank increased full year 2020 net income by 172% to $7.6 million, originated 172% higher residential mortgage volume of $472 million, lifted total assets by 53% to $767 million, and grew tangible book value per share by 14.2% to $10.09 at December 31, 2020. We also moved ahead of many local peer banks with our relative performance metrics of Return on Assets of 1.12% and Return on Equity of 10.84% that were achieved while we were also building additional allowance for loan losses by $1.5 million during fiscal year 2020. Through disciplined expense control, the Bank improved its efficiency ratio to 69.7% for the year ending December 31, 2020 compared to 83.4% for the same period in 2019.

The Bank's success with PPP and our ability to attract new clients significantly grew total loans by 47.2% to $595.5 million at December 31, 2020 of which C&I loans represent 31.6%. Our non-interest DDA deposits were up 139.3% to $193.9 million at year-end and now represent 35.2% of total deposits which enabled the Bank to significantly reduce our funding costs to 0.63% for the fourth quarter, lower by 91 basis points compared to the same period in 2019. Our asset quality is strong with the ratio of non-performing assets to total assets at 0.41% on December 31, 2020 compared to 1.24% at the end of 2019. The Bank continues to be well capitalized with a Common Equity Tier 1 ratio of 13.21%, and a Total Capital ratio of 14.21%. These are among the strongest metrics of any bank in the Washington DC MSA.

It is clear that the challenges related to the pandemic and the economy will continue throughout 2021, but our company has demonstrated a resilience and ability to thrive in this environment. We have a strong team of colleagues throughout the Bank who are capable of sustaining this level of financial performance. There is a renaissance of sorts in community banking where small businesses have begun to focus more clearly on their banking relationship and Freedom's core values of IDEAS - Innovation, Discipline, Experience, Attitude and Service, have taken full bloom with our clients. We are inspired by the resourcefulness and resilience of entrepreneurs in the DC Region that make our economy so durable. We are also excited about the opportunity to continue building upon our company's positive momentum and unlocking the full potential of our franchise and building more value for shareholders over time.

Experience Innovation – Bank with Freedom.

Sincerely,

H Jason Gold

H. JASON GOLD
Chairman of the Board

Joseph J. Thomas

JOSEPH J. THOMAS, CFA
President & CEO

INDEPENDENT AUDITOR'S REPORT

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the board of directors of Freedom Bank of Virginia

Opinion on the Consolidated Financial Statements

We have audited the accompanying balance sheets of The Freedom Bank of Virginia (the "Company") as of December 31, 2020 and 2019, the related statements of operations, comprehensive income, changes in stockholders' equity and cash flows for the years ended December 31, 2020 and 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

BASIS FOR OPINION

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Dixon Hughes Goodman LLP

We have served as the Company's auditor since 2017.
Tysons, VA
March 9, 2021

FINANCIAL STATEMENTS

BALANCE SHEETS

December 31
2020 and 2019

ASSETS	2020	2019
Cash and due from banks	$ 1,792,660	$ 927,322
Interest-bearing deposits with banks	25,543,295	24,735,085
Securities available for sale	97,188,125	49,854,912
Securities held to maturity	16,132,367	-
Restricted stock investments	3,607,800	3,752,750
Loans held for sale	45,047,711	11,656,802
Loans receivable	550,426,851	392,941,874
Allowance for loan losses	(5,454,925)	(4,121,693)
Net Loans	544,971,926	388,820,181
Bank premises and equipment, net	1,298,409	1,480,535
Accrued interest receivable	2,868,868	1,278,037
Deferred tax asset	1,154,078	857,698
Bank-owned life insurance	17,035,214	12,783,605
Right-of-use asset, net	3,258,817	2,928,546
Other assets	7,145,687	1,317,201
TOTAL ASSETS	$767,044,957	$500,392,674

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

LIABILITIES

LIABILITIES	2020	2019
Deposits		
Demand deposits		
Non-interest bearing	$ 192,987,984	$ 80,630,053
Interest bearing	176,424,255	112,605,618
Savings deposits	2,962,303	2,153,939
Time deposits	176,114,292	199,821,006
Total Deposits	548,488,834	395,210,616
Federal Home Loan Bank advances	30,071,429	35,857,143
PPP liquidity facility advances	101,951,020	-
Accrued interest payable	480,816	433,586
Lease liability	3,347,075	2,981,132
Other liabilities	9,247,507	1,883,782
TOTAL LIABILITIES	**$ 693,586,681**	**$ 436,366,259**

STOCKHOLDERS' EQUITY

Preferred stock, $0.01 par value, 5,000,000 shares authorized; 0 shares issued and outstanding, 2020 and 2019 Common stock, $0.01 par value, 25,000,000 shares: 23,000,000 shares voting and 2,000,000 shares non-voting	-	-
Voting Common Stock:		
6,610,647 and 6,548,046 shares issued and outstanding at December 31, 2020 and 2019, respectively (includes 100,002 and 120,500 unvested shares, respectively)	65,106	64,275
Non-Voting Common Stock:		
673,000 shares issued and outstanding at December 31, 2020 and 2019, respectively	6,730	6,730
Additional paid-in capital	59,223,538	58,526,913
Accumulated other comprehensive income (loss), net	1,340,654	(29,274)
Retained earnings	12,822,248	5,457,771
Total Stockholders' Equity	73,458,276	64,026,415
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$767,044,957**	**$500,392,674**

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

STATEMENTS OF OPERATIONS

Years Ended December 31
2020 and 2019

INTEREST INCOME	2020	2019
Interest and fees on loans	$ 22,133,659	$ 21,113,850
Interest on investment securities	2,288,660	1,369,822
Interest on deposits with banks	109,557	391,377
Total Interest Income	24,531,876	22,875,049
INTEREST EXPENSE		
Interest on deposits	4,262,364	6,207,144
Interest on borrowings	800,940	545,141
Total Interest Expense	5,063,304	6,752,285
Net Interest Income	19,468,572	16,122,764
PROVISION FOR LOAN LOSSES	1,492,000	194,500
Net Interest Income After Provision for Loan Losses	17,976,572	15,928,264
NON-INTEREST INCOME		
Gain on sale of mortgage loans	12,296,296	4,083,717
Swap fee income	657,712	-
Service charges and other income	1,805,228	836,401
Gain (loss) on sales of investment securities	46,703	105,722
Increase in cash surrender value of Bank-owned life insurance	494,403	382,288
Bank-owned life insurance settlement income	144,810	-
Total Non-Interest Income	15,445,152	5,408,128
NON-INTEREST EXPENSES		
Officers and employee compensation and benefits	16,233,421	11,347,119
Occupancy expense	1,194,320	1,142,845
Equipment and depreciation expense	735,374	891,384
Insurance expense	196,442	118,226
Professional fees	1,298,943	1,106,208
Data and item processing	1,012,601	885,836
Business development	278,602	336,282
Franchise taxes	725,466	629,989
Mortgage fees and settlements	1,952,049	843,191
Other operating expense	711,503	858,874
Total Non-Interest Expenses	24,338,721	18,159,954
Income Before Income Taxes	9,083,003	3,176,438

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

	2020	2019
INCOME TAX EXPENSE	1,718,526	471,221
NET INCOME	$ 7,364,477	$ 2,705,217
EARNINGS PER COMMON SHARE – BASIC	$ 1.02	$ 0.38
EARNINGS PER COMMON SHARE – DILUTED	$ 1.01	$ 0.37
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – BASIC	7,247,895	7,144,052
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING – DILUTED	7,278,705	7,226,571

STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31

2020 and 2019

	2020	2019
Net Income	$ 7,364,477	$ 2,705,217
Other Comprehensive Income:		
Unrealized holding gains on securities available-for-sale arising during the year, net of taxes of ($410,805) and ($313,232) in 2020 and 2019, respectively	1,460,301	1,178,347
Unrealized loss related to fair value adjustments on cash flow derivatives arising during the year, net of taxes of $15,083 and $0 in 2020 and 2019, respectively and 2019, respectively	(53,478)	-
Gains on sales of securities available-for-sale, net of taxes of $9,808 and $22,202 in 2020 and 2019, respectively	(36,895)	(83,520)
Total Other Comprehensive Income	1,359,928	1,094,827
COMPREHENSIVE INCOME	$ 8,734,405	$ 3,800,044

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

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years Ended December 31
2020 and 2019

	Voting and Non-Voting SHARES OF COMMON STOCK	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	RETAINED EARNINGS	TOTAL STOCKHOLDERS' EQUITY
BALANCE, DEC. 31, 2018	**6,981,602**	**69,816**	**$57,416,068**	**$ (1,124,101)**	**$ 2,752,554**	**$ 59,114,337**
Net income	-	-	-	-	2,705,217	2,705,217
Other comprehensive income	-	-	-	1,094,827	-	1,094,827
Stock options exercised	93,944	939	663,305	-	-	664,244
Restricted stock - vested	25,000	250	(250)	-	-	-
Stock-based compensation - stock options	-	-	36,020	-	-	36,020
Stock-based compensation - restricted stock	-	-	411,770	-	-	411,770
BALANCE, DEC. 31, 2019	**7,100,546**	**71,005**	**58,526,913**	**(29,274)**	**5,457,771**	**64,026,415**
Net income	-	-	-	-	7,364,477	7,364,477
Other comprehensive income	-	-	-	1,369,928	-	1,369,928
Stock options exercised	49,896	499	286,403	-	-	286,902
Restricted stock - vested	33,203	332	(332)	-	-	-
Stock-based compensation - stock options	-	-	14,498	-	-	14,498
Stock-based compensation - restricted stock	-	-	396,056	-	-	396,056
BALANCE, DEC. 31, 2020	**7,183,645**	**71,836**	**$59,223,538**	**$ 1,340,654**	**$12,822,248**	**$ 73,458,276**

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

STATEMENTS OF CASH FLOWS

Years Ended December 31

2020 and 2019

CASH FLOWS FROM OPERATING ACTIVITIES	2020	2019
Net income	$ 7,364,477	$ 2,705,217
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation and amortization	254,675	291,582
Amortization of right-of-use asset	852,046	823,278
Provision for loan losses	1,492,000	194,500
Net amortization of available-for-sale securities	913,055	622,990
Gains on sales of investment securities	(46,703)	(105,722)
Gain on sale of mortgage loans	(12,296,296)	(4,083,717)
Loans held for sale originated	(469,549,472)	(176,560,647)
Proceeds from the sale of loans held for sale	447,655,668	173,403,082
Change in lease liability	(816,374)	(770,692)
Stock-based compensation expense	410,554	447,790
Loss on disposition of premises and equipment	33,220	-
Deferred income tax expense (benefit)	(682,296)	98,785
Increase in cash surrender value of bank-owned life insurance	(494,403)	(382,288)
(Increase) decrease in:		
Accrued interest receivable	(1,590,831)	(48,503)
Other assets	(840,799)	19,321
Increase in:		
Accrued interest payable	47,230	215,049
Other liabilities	2,307,478	276,291
Net Cash Provided by Operating Activities	(24,986,771)	(2,853,684)

CASH FLOWS FROM INVESTING ACTIVITIES	2020	2019
Purchase of bank-owned life insurance	(4,000,000)	-
Loan (originations) payments, net	(138,994,254)	6,828,950
Purchased loans, net of payments	(17,850,300)	(6,335,567)
Purchase of available-for-sale securities	(77,275,251)	(18,993,533)
Maturities, calls and paydowns of securities available-for-sale	26,101,185	9,209,349
Proceeds from sales of securities available-for-sale	4,798,905	9,002,200
Purchase of held-to-maturity securities	(21,050,948)	-
Maturities, calls and paydowns of securities held-to-maturity	4,918,581	-
Proceeds from settlement of BOLI policy	242,794	-
(Purchase) sale of restricted stock investments, net	144,950	(676,750)
Acquisition of bank premises and equipment	(105,769)	(23,182)
Net Cash Used in Investing Activities	(223,070,107)	(988,533)

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

STATEMENTS OF CASH FLOWS

Years Ended December 31

2020 and 2019

CASH FLOWS FROM FINANCING ACTIVITIES	2020	2019
(Decrease) increase in deposits, net	$ 153,278,218	$ (5,521,149)
Advances from the Federal Home Loan Bank	35,000,000	52,350,000
Repayment of advances from the Federal Home Loan Bank	(40,785,714)	(33,635,714)
Advances from the Payment Protection Plan Liquidity Facility ("PPPLF")	110,050,844	-
Repayment of advances from the PPPLF	(8,099,824)	-
Proceeds from stock options	286,902	664,244
Net Cash Provided (Used) in Financing Activities	249,730,426	13,857,381

	2020	2019
Net increase (decrease) in Cash and Cash Equivalents	1,673,548	10,015,164
Cash and Cash Equivalents, Beginning of Year	25,662,407	15,647,243
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 27,335,955	$ 25,662,407

SUPPLEMENTAL NONCASH DISCLOSURES	2020	2019
Unrealized gain on securities available-for-sale, net	$ 1,824,403	$ 1,385,860
Loans transferred from held-for-sale to portfolio	$ 799,191	$ -
Right-of-use assets obtained in exchange for lease liabilities	$ 1,182,317	$ 3,751,824
Unrealized loss on cash flow derivative	$ (68,561)	$ -
Unfunded commitment on limited partnership investments	$ 4,987,687	$ -

SUPPLEMENTAL INFORMATION	2020	2019
Cash paid during the year for interest	$ 5,016,075	$ 6,537,236
Cash paid during the year for income taxes	$ 1,825,000	$ 120,000

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

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 in the United States of America (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, Chantilly, Reston and Manassas, 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 in the United States of America 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. Significant estimates affecting the Bank's financial statements relate to the allowance for loan losses, the valuation of the deferred tax assets and other-than-temporary impairment assessments for investment securities. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Bank maintains interest bearing deposits with other institutions. Interest bearing deposits are valued at cost. Interest income is recorded as interest income on deposits with banks.

INVESTMENT SECURITIES

Investment securities are classified as either held-to-maturity, available-for-sale or trading securities. In determining such classification, securities that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity and are carried at amortized cost. Securities classified as available-for-sale are carried at estimated fair value with unrealized gains and losses included in stockholders' equity on an after tax basis. Trading securities are carried at estimated fair value with unrealized gains and losses included in non-interest 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 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.

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.

INTEREST RATE LOCK COMMITMENT

The Bank enters into interest rate lock commitments (IRLCs) to originate residential mortgage loans for sale in the secondary market whereby the interest rate on the loan is determined prior to funding. The period of time between issuance of a rate lock commitment and closing and sale of the loan generally ranges from 15 to 75 days. The IRLCs with customers are considered derivative financial instruments. The Bank recognizes derivative financial instruments at fair value as either an other asset or other liability in the balance sheet. Because the IRLCs are not designated as hedging instruments, adjustments to reflect unrealized gains and losses resulting from changes in fair value of the IRLCs are reported as noninterest income.

ALLOWANCE FOR LOAN LOSSES

The allowance for loan losses is maintained at a level that, in management's judgment, is adequate to absorb probable 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 amortizes software over three years using the straight-line method.

Expenditures for maintenance, repairs and improvements under $1,000 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.

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 non-interest expense, 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 had no other real estate owned at December 31, 2020 and 2019.

BANK-OWNED LIFE INSURANCE

The Bank has entered into bank-owned single premium life insurance policies 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.

DERIVATIVES

At the inception of a derivative contract, the Bank designates the derivative as one of three types based on the Bank's intentions and belief as to the likely effectiveness as a hedge. These three types are (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment ("fair value hedge"), (2) a hedge of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedge"), or (3) an instrument with no hedging designation ("stand-alone derivative"). For a fair value hedge, the gain or loss on the derivative, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings as fair value changes. For a cash flow hedge, the gain or loss on the derivative is reported in other comprehensive income and is reclassified to earnings in the same periods during which the hedged transaction affects earnings. Changes in the fair value of derivatives that do not qualify for hedge accounting are reported currently in earnings, as non-interest income.

Net cash settlements on derivatives that qualify for hedge accounting are recorded in interest income or interest expense, based on the item being hedged. Net cash settlements on derivatives that do not qualify for hedge accounting are reported in non-interest income. Cash flows on hedges are classified in the cash flow statement the same as cash flows of the items being hedged.

The Bank formally documents the relationship between derivatives and hedged items, as well as the risk-management objective and the strategy for undertaking hedge transactions at the inception of the hedging relationship. The documentation includes linking fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Bank also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative instruments that are used are highly effective in offsetting changes in fair values or cash flows of the hedged items. The Bank discontinues hedge accounting when it determines that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item, the derivative is settled or terminates, a hedged forecasted transaction is no longer probable, a hedged firm commitment is no longer firm, or treatment of the derivative as a hedge is no longer appropriate.

When hedge accounting is discontinued, subsequent changes in fair value of the derivative are recorded as non-interest income. When a fair value hedge is discontinued, the hedged asset or liability is no longer adjusted for changes in fair value and the existing basis adjustment is amortized or accreted over the remaining life of the asset or liability. When a cash flow hedge is discontinued but the hedged cash flows or forecasted transactions are still expected to occur, gains or losses that were accumulated in other comprehensive income are amortized into earnings over the same periods which the hedged transactions will affect earnings.

The Bank is exposed to losses if a counterparty fails to make its payments under a contract in which the Bank is in the net receiving position. The Bank anticipates that the counterparties will be able to fully satisfy their obligations under the agreements. All the contracts to which the Bank is a party settle monthly or quarterly. In addition, the Bank obtains collateral above certain thresholds of the fair value of its hedges for each counterparty based upon their credit standing and the Bank has netting agreements with the dealers with which it does business.

STOCKHOLDERS' EQUITY

The rights, preferences, and privileges of the voting and non-voting common stock shall be in all respects and for all purposes identical except with respect to voting power. The holders of voting common stock shall exclusively possess all voting power and each share is entitled to one vote. The holders of non-voting common stock have no voting power. Holders of common stock are entitled to receive an equal amount of dividends per share when declared from time to time by the Board of Directors.

Shares of non-voting common stock may be converted into shares of voting common stock at the option of the holder in accordance with the provisions outlined in the amended articles of incorporation.

Shares of preferred stock may be issued in one or more series. Authority is expressly vested in the Board of Directors to cause the preferred stock to be issued in one or more series and, to the fullest extent permitted by law, to fix and determine the preferences, limitations and relative rights of the shares of any series of preferred stock so established and provide for the issuance of shares thereof.

Comprehensive income represents all changes in equity that result from recognized transactions and other economic events of the period. Other comprehensive income (loss) 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 securities and qualifying derivative investments.

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.

A valuation allowance is recorded if, based upon the evidence available, it is more likely than not some portion or all of the net deferred tax assets will not be realized.

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 income tax returns of the Bank for 2017, 2018 and 2019 are subject to examination by income taxing authorities, generally for three years after they were filed.

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 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. Potential common shares that may be issued by the Bank relate solely to stock options outstanding during the period and are determined using the treasury stock method.

The following shows the weighted average number of shares used in computing earnings per common share and the effect on the weighted average number of shares of potentially dilutive common stock.

	2020	2019
Average number of common shares outstanding	7,247,895	7,144,052
Effect of dilutive options	30,810	82,519
Average number of common shares outstanding used to calculate diluted earnings per common share	7,278,705	7,226,571

Stock options for 22,734 and 8,401 shares of common stock and restricted stock awards of 24,667 and 10,000 were not considered in computing diluted earnings per common share for 2020 and 2019, respectively, because they were antidilutive.

Non-vested restricted common shares, which carry all rights and privileges of a common share with respect to the stock, including the right to vote, were included in the basic per common share calculations.

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.

STATEMENTS OF CASH FLOWS

Cash and cash equivalents include cash, deposits with other financial institutions with maturities fewer than 90 days, and federal funds sold. Net cash flows are reported for customer loan and deposit transactions and interest bearing deposits in other financial institutions. The Freedom Bank of Virginia periodically has bank deposits, including short-term investments, in excess of Federally insured limits.

COMPREHENSIVE INCOME

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income includes unrealized gains and losses on securities available-for-sale and unrealized gains and losses on cash flow hedges which are recognized as separate components of equity.

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.

REVENUE RECOGNITION

Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers ("ASC 606")*, provides guidance for reporting revenue from the entity's contracts to provide goods or services to customers. The guidance requires recognition of revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration that it expects to be entitled to receive in exchange for those goods or services recognized as performance obligations are satisfied.

The majority of revenue-generating transactions are excluded from the scope of *ASC 606*, including revenue generated from financial instruments, such as securities and loans. Revenue-generating transactions that are within the scope of *ASC 606*, classified within non-interest income, are described as follows:

- Deposit account service charges – represent service fees for monthly activity and maintenance on customer accounts. Attributes can be transaction-based, item-based or time-based. Revenue is recognized when our performance obligation is completed which is generally monthly for maintenance services or when a transaction is processed. Payment for such performance obligations are generally received at the time the performance obligations are satisfied.

Other non-interest income primarily includes income on bank-owned life insurance contracts, letter of credit fees and gains on sale of loans held for sale, none of which are within the scope of *ASC 606*.

RECENT ACCOUNTING PRONOUNCEMENTS

ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended*

In June 2016, the Financial Accounting Standards Board ("FASB") issued guidance to change the accounting for credit losses and modify the impairment model for certain debt securities. The guidance requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of operations will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. The amendments will be effective for the Bank for fiscal years beginning after December 15, 2022 including interim periods within those fiscal years. Early adoption is permitted for all organizations beginning after December 15, 2018. The Bank is currently in the process of evaluating the impact of adoption of this guidance on the financial statements.

ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*

In December 2019, the FASB issued guidance to simplify accounting for income taxes by removing specific technical exceptions that often produce information investors have a hard time understanding. The amendments also improve consistent application of and simplify GAAP for other areas of Topic 740 by clarifying and amending existing guidance. The amendments are effective for fiscal years beginning after December 15, 2020 including interim periods within those years. Early adoption is permitted. The Bank does not expect these amendments to have a material effect on its financial statements.

ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*

On March 12, 2020, the FASB issued Updated 2020-04 to ease the potential burden in accounting for reference rate reform. The amendments in Update 2020-04 are elective and apply to all entities that have contracts, hedging instruments, and other transactions that reference LIBOR or another reference rate expected to be discontinued due to reference rate reform. The new guidance provides the following options expedients that reduce costs and complexity of accounting for reference rate reform:

- Simplify accounting analysis for contract modifications.
- Allow hedging relationships to continue without de-designation if there are qualifying changes in the critical terms of an existing hedging relationship due to reference rate reform.
- Allow a change in the systematic and rational method used to recognize in earnings the components excluded from the assessment of hedge effectiveness.
- Allow a change in the designated benchmark interest rate to a different eligible benchmark interest rate in a fair value hedging relationship
- Allow the shortcut method for a fair value hedging relationship to continue for the remainder of the hedging relationship.
- Simplify the assessment of hedge effectiveness and provide temporary optional expedients for cash flow hedging relationships affected by reference rate reform.
- Allow a one-time election to sell or transfer debt securities classified as held-to-maturity that reference a rate affected by reference rate reform and are classified as held-to-maturity before January 1, 2020.

The amendments are effective for all entities from the beginning of an interim period that includes the issuance date of the ASU. An entity may elect to apply the amendments prospectively through December 31, 2022.

The adoption of this standard is not expected to have material effect on the Bank's operating results or financial condition.

RECLASSIFICATION

Certain items in the 2019 financial statements have been reclassified to conform to the 2020 financial statement presentation.

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, 2020 and 2019 was $0 and $2,069,000, respectively. Additionally, the Bank is required to pledge cash as collateral for its derivative positions with its counterparty. The required reserve at December 31, 2020 and 2019 was $400,000 and $0, respectively.

3. Investments

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

DEC. 31, 2020	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
Available-for-sale				
Corporate notes	$ 19,763,774	$ 174,642	$ (60,059)	$ 19,878,357
Mortgage-backed securities	43,853,112	817,934	(57,672)	44,613,374
Municipal securities - tax exempt	9,714,912	321,625	-	10,036,537
Municipal securities - taxable	13,255,621	298,644	(5,834)	13,548,431
SBA loan pools	3,582,406	26,128	(70,687)	3,537,847
Asset backed securities	5,230,952	342,627	-	5,573,579
Total Available-for-sale	$ 95,400,777	$1,981,600	$ (194,252)	$ 97,188,125
Held-to-maturity				
Municipal securities - tax exempt	$ 13,951,910	$ -	$ (8,784)	$ 13,943,126
Municipal securities - taxable	2,180,457	-	(185,928)	1,994,529
Total Held-to-maturity	$ 16,132,367	$ -	$ (194,712)	$ 15,937,655

DEC. 31, 2019	AMORTIZED COST	GROSS UNREALIZED GAINS	GROSS UNREALIZED LOSSES	FAIR VALUE
Available-for-sale				
Corporate notes	$ 7,052,733	$ 27,281	$ (34,909)	$ 7,045,105
Mortgage-backed securities	33,363,136	119,806	(140,309)	33,342,633
Municipal securities - tax exempt	4,419,299	64,847	-	4,484,146
Municipal securities - taxable	309,823	6,696	-	316,519
SBA loan pools	4,746,976	14,549	(95,016)	4,666,509
Total Available-For-Sale	$ 49,891,967	$ 233,179	$ (270,234)	$ 49,854,912

The amortized cost and estimated fair value of debt securities at December 31, 2020, by contractual maturity, are as follows:

	AVAILABLE-FOR-SALE		HELD-TO-MATURITY	
	AMORTIZED COST	FAIR VALUE	AMORTIZED COST	FAIR VALUE
Amounts maturing in				
1 year or less	$ 2,002,642	$ 2,007,004	$ 7,830,000	$ 7,825,067
After 1 year - 5 years	2,179,880	2,272,042	-	-
After 5 years - 10 years	21,266,325	21,380,492	1,540,294	1,536,443
After 10 years	26,098,818	26,915,213	6,762,073	6,576,145
	51,547,665	52,574,751	16,132,367	15,937,655
Mortgage-backed securities	43,853,112	44,613,374	-	-
	$ 95,400,777	$97,188,125	$ 16,132,367	$ 15,937,655

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, 2020 and 2019, the Bank had U.S. Government and agency securities and/or mortgage-backed securities with carrying values of $0 and $1,527,243, respectively, which were pledged to secure public deposits and for other purposes required or permitted by law.

Information pertaining to securities with gross unrealized losses at December 31, 2020, 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
Available-for-sale				
Corporate notes	$ 36,247	$ 8,435,868	$ 23,812	$ 976,188
Mortgage-backed securities	17,588	2,507,998	40,084	2,471,976
Municipal securities - taxable	5,834	3,204,330	-	-
SBA loan pools	-	-	70,687	2,103,941
TOTALS	**$ 59,669**	**$ 14,148,196**	**$ 134,583**	**$ 5,552,105**

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, 2020, seventeen debt securities with an unrealized loss for less than one year and sixteen debt securities with an unrealized loss for greater than one year depreciated approximately 0.98 percent from the Bank's amortized cost basis. Sixteen of the securities are secured by Federal agency mortgage-backed securities or U.S. Treasury obligations and direct obligations of U.S. Government agencies, ten of the securities are corporate bonds, four are private-label collateralized mortgage obligations, and three are taxable municipal securities. 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.

The Bank received $4,798,905 in proceeds from the sale of available-for-sale securities during the year ended December 31, 2020. As a result, the Bank recognized $46,703 in gross gains and $0 in gross losses for the year ended December 31, 2020.

Restricted stock investments consist of the following at December 31:

	2020	2019
Federal Reserve Bank stock	$ 1,764,700	$ 1,731,750
Federal Home Loan Bank stock	1,777,100	1,955,000
Community Bankers Bank stock	66,000	66,000
TOTALS	$ 3,607,800	$ 3,752,750

4. Loans Receivable

Loans receivable include the following at December 31:

	2020	2019
Commercial and industrial	$ 188,140,971	$ 76,796,738
Real estate - commercial	280,043,149	216,273,591
Real estate - construction	16,835,445	13,771,761
Real estate - residential	53,335,262	64,629,464
Consumer and other	14,953,647	21,564,096
Subtotals	553,308,474	393,035,650
Deferred loan fees, net	(2,881,623)	(93,776)
TOTALS	$ 550,426,851	$ 392,941,874

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 – construction loans: This portfolio consists of commercial and residential construction loans secured by real estate. The loans are secured by property and generally made with a loan-to-as-built and loan-to-as-completed value not exceeding 75 percent.

Real estate - residential and home equity loans: This portfolio consists of residential first and second mortgage 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.

Consumer loans: This portfolio consists of car loans, boat loans, loans secured by stock and unsecured loans. The consumer loans are generally made to borrowers with a minimum credit score of 700 and a maximum debt to income ratio of 40%.

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 2020	COMMERCIAL & INDUSTRIAL	REAL ESTATE - COMMERCIAL	REAL ESTATE - CONSTRUCTION	REAL ESTATE - RESIDENTIAL	CONSUMER	TOTAL
Allowance for Loan Losses						
Beginning balance	$ 805,618	$ 2,549,955	$ 163,258	$ 473,571	$ 129,291	$ 4,121,693
Charge-offs	(167,768)	-	-	-	-	(167,768)
Recoveries	8,000	-	-	1,000	-	9,000
Provision	205,008	1,353,483	56,329	(86,053)	(36,767)	1,492,000
Ending Balance	$ 850,858	$ 3,903,438	$ 219,587	$ 388,518	$ 92,524	$ 5,454,925
Individually evaluated for impairment	-	-	-	2,353	-	2,353
Collectively evaluated for impairment	850,858	3,903,438	219,587	386,165	92,524	5,452,572
Loans Receivable						
Ending Balance	$188,140,971	$280,043,149	$ 16,835,445	$ 53,335,262	$ 14,953,647	$553,308,474
Individually evaluated for impairment	$ 668,361	$ 3,858,376	$ -	$ 3,068,192	$ -	$ 7,594,929
Collectively evaluated for impairment	187,472,610	276,184,773	16,835,445	50,267,070	14,953,647	545,713,545

YEAR 2019	COMMERCIAL & INDUSTRIAL	REAL ESTATE - COMMERCIAL	REAL ESTATE - CONSTRUCTION	REAL ESTATE - RESIDENTIAL	CONSUMER	TOTAL
Allowance for Loan Losses						
Beginning balance	$ 834,126	$ 2,473,145	$ 452,106	$ 649,804	$ 163,212	$ 4,572,393
Charge-offs	(674,448)	-	-	-	-	(674,448)
Recoveries	28,748	-	-	500	-	29,248
Provision	617,192	76,810	(288,848)	(176,733)	(33,921)	194,500
Ending Balance	$ 805,618	$ 2,549,955	$ 163,258	$ 473,571	$ 129,291	$ 4,121,693
Individually evaluated for impairment	-	-	-	-	-	-
Collectively evaluated for impairment	805,618	2,549,955	163,258	473,571	129,291	4,121,693
Loans Receivable						
Ending Balance	$ 76,796,738	$ 216,273,591	$ 13,771,761	$ 64,629,464	$ 21,564,096	$ 393,035,650
Individually evaluated for impairment	$ 501,659	$ 7,730,407	$ -	$ 3,910,099	$ -	$ 12,142,165
Collectively evaluated for impairment	76,295,079	208,543,184	13,771,761	60,719,365	21,564,096	380,893,485

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

YEAR 2020	30-59 DAYS PAST DUE	60-89 DAYS PAST DUE	90 DAYS OR MORE PAST DUE	TOTAL PAST DUE	CURRENT	TOTAL LOANS RECEIVABLE	NONACCRUAL LOANS
Commercial and industrial	$ -	$ -	$ -	$ -	$188,140,971	$188,140,971	$ -
Real estate - commercial	-	-	1,557,073	1,557,073	278,486,076	280,043,149	1,563,108
Real estate - construction	-	-	-	-	16,835,445	16,835,445	-
Real estate - residential	-	-	1,615,228	1,615,228	51,720,034	53,335,262	1,615,228
Consumer	-	-	-	-	14,953,647	14,953,647	-
TOTALS	**$ -**	**$ -**	**$ 3,172,301**	**$ 3,172,301**	**$550,136,173**	**$553,308,474**	**$ 3,178,336**
YEAR 2019							
Commercial and industrial	$ -	$ -	$ -	$ -	$ 76,796,738	$ 76,796,738	$ 31,433
Real estate - commercial	614,857	-	4,001,558	4,616,415	211,657,176	216,273,591	-
Real estate - construction	-	-	-	-	13,771,761	13,771,761	-
Real estate - residential	-	-	2,166,825	2,166,825	62,462,639	64,629,464	1,670,228
Consumer	124,157	243,425	57,430	425,012	21,139,084	21,564,096	-
TOTALS	**$ 739,014**	**$ 243,425**	**$ 6,225,813**	**$ 7,208,252**	**$385,827,398**	**$393,035,650**	**$ 1,701,661**

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

YEAR 2020	RECORDED INVESTMENT	UNPAID PRINCIPAL BALANCE	RELATED ALLOWANCE FOR LOAN LOSSES	AVERAGE RECORDED INVESTMENT	INTEREST INCOME RECOGNIZED
With no related allowance recorded:					
Commercial and industrial	$ 668,361	$ 668,361	$ -	$ 782,678	$ 45,808
Real Estate - commercial	3,858,376	3,859,931	-	3,899,716	125,644
Real Estate - construction	-	-	-	-	-
Real Estate - residential	1,452,964	1,452,964	-	1,478,917	89,567
Consumer	-	-	-	-	-
With an allowance recorded:					
Commercial and industrial	-	-	-	-	-
Real Estate - commercial	-	-	-	-	-
Real Estate - construction	-	-	-	-	-
Real Estate - residential	1,615,228	1,738,228	2,353	1,642,728	55,000
Consumer	-	-	-	-	-
TOTAL					
Commercial and industrial	668,361	668,361	-	782,678	45,808
Real Estate - commercial	3,858,376	3,859,931	-	3,899,716	125,644
Real Estate - construction	-	-	-	-	-
Real Estate - residential	3,068,192	3,191,192	2,353	3,121,645	144,567
Consumer	-	-	-	-	-
	$ 7,594,929	**$ 7,719,484**	**$ 2,353**	**$ 7,804,039**	**$ 316,019**

YEAR 2019	RECORDED INVESTMENT	UNPAID PRINCIPAL BALANCE	RELATED ALLOWANCE FOR LOAN LOSSES	AVERAGE RECORDED INVESTMENT	INTEREST INCOME RECOGNIZED
With no related allowance recorded:					
Commercial and industrial	$ 501,659	$ 510,000	$ -	$ 594,301	$ 32,512
Real Estate - commercial	7,730,407	7,730,407	-	7,843,183	372,706
Real Estate - construction	-	-	-	-	-
Real Estate - residential	3,910,099	3,978,099	-	3,797,394	204,121
Consumer	-	-	-	-	-
With an allowance recorded:					
Commercial and industrial	-	-	-	-	-
Real Estate - commercial	-	-	-	-	-
Real Estate - construction	-	-	-	-	-
Real Estate - residential	-	-	-	-	-
Consumer	-	-	-	-	-
TOTAL					
Commercial and industrial	501,659	510,000	-	594,301	32,512
Real Estate - commercial	7,730,407	7,730,407	-	7,843,183	372,706
Real Estate - construction	-	-	-	-	-
Real Estate - residential	3,910,099	3,978,099	-	3,797,394	204,121
Consumer	-	-	-	-	-
	$ 12,142,165	$ 12,218,506	$ -	$ 12,234,878	$ 609,339

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 2020	PASS	SPECIAL MENTION	SUBSTANDARD	DOUBTFUL	LOSS	TOTAL
Commercial and industrial	$186,482,853	$ 989,757	$ 668,361	$ -	$ -	$188,140,971
Real estate - commercial	269,613,896	6,570,877	3,858,376	-	-	280,043,149
Real estate - construction	16,835,445	-	-	-	-	16,835,445
Real estate - residential	49,011,982	798,411	3,524,869	-	-	53,335,262
Consumer	14,953,647	-	-	-	-	14,953,647
TOTALS	$536,897,823	$ 8,359,045	$ 8,051,606	$ -	$ -	$553,308,474

YEAR 2019	PASS	SPECIAL MENTION	SUBSTANDARD	DOUBTFUL	LOSS	TOTAL
Commercial and industrial	$ 74,002,420	$ 2,292,659	$ 501,659	$ -	$ -	$ 76,796,738
Real estate - commercial	203,146,833	5,396,351	7,730,407	-	-	216,273,591
Real estate - construction	12,995,055	776,706	-	-	-	13,771,761
Real estate - residential	60,222,768	496,597	3,910,099	-	-	64,629,464
Consumer	21,564,096	-	-	-	-	21,564,096
TOTALS	$371,931,172	$ 8,962,313	$ 12,142,165	$ -	$ -	$393,035,650

A loan modification is classified as a troubled debt restructuring (TDR) if both of the following exist: 1) the borrower is 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.

As of December 31, 2020 and December 31, 2019, the Bank had $0 in recorded investment in troubled debt restructurings. As such, there was no specific reserve allocated to these types of loan classifications at December 31, 2020 and December 31, 2019.

On March 27, 2020, the President signed H.R. 748, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") into law. Among other provisions, the CARES Act authorized the Payment Protection Program ("PPP"). The PPP provides small businesses with 500 or fewer employees with funds to pay up to eight weeks of payroll costs including benefits, interest on mortgages, rent and utilities. Funds were made available in the form of fully guaranteed 7(a) loan administered by the Small Business Administration ("SBA"), and made by approved SBA lenders. The loan amounts disbursed may be forgiven in whole or in part by the SBA. The interest rate on the PPP loans is 1% and the term varies from two to five years (loan term of five years for PPP loans originated pursuant to the Paycheck Protection Program Flexibility Act, signed into law on June 5, 2020). Additionally, the SBA pays processing fees to the lenders, which vary depending upon the loan amount.

As an approved SBA lender, the Bank participated in the PPP loan program, processed and funded 512 loans with original balances of $109.60 million in the second and third quarter. As of December 31, 2020, there were 474 PPP loans with an outstanding balance of $101.21 million. These loans are included with commercial and industrial loans and have no allowance for loan loss reserve recorded as they all carry a full faith and guarantee by the SBA.

During the year ended December 31, 2020, pursuant to the CARES Act and interagency guidance on loan modifications related to COVID-19, the Bank granted loan payment deferrals of up to six months to ninety-six borrowers representing $89.35 million of outstanding loan balances at the time of deferral. As of December 31, 2020, thirteen loans with a total outstanding loan balance of $13.92 million are in deferral. All loans are scheduled to end their deferral terms in the first quarter of 2021.

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 $12,469,246 and $5,119,203 at December 31, 2020 and 2019, respectively. New loans made to such related parties amounted to $11,506,583, and repayments amounted to $121,484 in 2020. Three loans with an aggregate balance of $1,195,578 at December 31, 2019 were paid in full during the year ended December 31, 2020.

Additionally, one of the related loans was sold via a loan participation whereby the participant holds 99% of the outstanding principal balance. The balance that was sold was $2,839,478.

5. Bank Premises and Equipment

Bank premises and equipment include the following as of December 31:

	2020	2019
Furniture and equipment	$ 1,554,549	$ 1,809,589
Leasehold improvements	1,463,207	1,455,267
Software	180,115	218,014
Total Cost	3,197,871	3,482,870
Less accumulated depreciation	(1,899,462)	(2,002,335)
NET BANK PREMISES AND EQUIPMENT	$ 1,298,409	$ 1,480,535

Depreciation and amortization of bank premises and equipment charged to expense amounted to $254,675 and $291,582 in 2020 and 2019, respectively.

6. Other Assets

Other Assets include the following as of December 31:

	2020	2019
Investment in limited partnership - Small Business Investment Company	$ 1,495,674	$ -
Investment in limited partnership - Low Income Housing Investment Fund	3,492,013	-
Accounts receivable	540,124	465,610
Interest rate lock commitment	870,844	104,397
Prepaid expenses	691,715	670,213
Other assets	55,317	76,981
TOTAL	$ 7,145,687	$ 1,317,201

During the year ended December 31, 2020, the Bank committed $1.5 million to a Small Business Investment Company ("SBIC") with a sector focus in Communications Infrastructure and Technology ("CIT"). The investment is scheduled to phase in via General Partner ("GP") capital calls beginning in the fourth quarter of 2020 and phasing in entirely over an estimated eighteen month period. The Bank's financial investment in this SBIC limited partnership will not constitute a greater than 3% interest in the general partnership; therefore, the investment is recorded at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investments of the same issuer. The Bank has recognized a liability, in other liabilities, representing the unfunded portion of the partnership commitment. As of December 31, 2020, the Bank had received and paid capital calls for $329,272.

During the year ended December 31, 2020, the Bank committed $3.5 million to a Low Income Housing Tax Credit ("LIHTC") investment. The partnership was formed to pursue and make investments in multifamily rental apartment complexes rented, in whole or in part, to qualified low- and moderate-income tenants. The Bank's financial investment in this SBIC limited partnership will not constitute a greater than 3% interest in the general partnership; therefore, the investment is recorded at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investments of the same issuer. The Bank has recognized a liability, in other liabilities, representing the unfunded portion of the partnership commitment. As of December 31, 2020, the Bank had received and paid capital calls for $309,030.

7. Deposits

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

2021	$ 134,075,475
2022	35,184,516
2023	4,010,298
2024	1,976,248
2025 AND THEREAFTER	867,755
TOTAL	$ 176,114,292

Time deposits in denominations that meet or exceed the FDIC minimum limit of $250,000 or more totaled $83,000,897 and $84,141,775 at December 31, 2020 and 2019, respectively.

The Bank held related party deposits of $11,946,073 and $2,516,144 at December 31, 2020 and 2019, respectively.

8. Borrowings and Advances

The Bank's borrowings from the Federal Home Loan Bank of Atlanta (FHLB) were $30.1 million and $35.9 million at December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, the weighted average rates on FHLB advances were 1.59% and 1.69%, respectively. These advances were secured by a blanket collateral agreement with the FHLB pledging the Bank's portfolio of residential first mortgage loans with a collateral value of $104.2 million and $99.3 million.

FHLB advances are subject to prepayment penalties. During the year ended December 31, 2020 and 2019, the Bank prepaid no FHLB advances.

Callable advances are callable at the option of the FHLB. If an advance is called, the Bank has the option to pay off the advance without penalty, re-borrow funds on different terms, or convert the advance to a three-month floating rate advance tied to LIBOR. The Bank had $10.0 million in callable FHLB advances at December 31, 2020 and 2019 with a weighted average rate of 0.95% and 1.04%, respectively.

Advances from the FHLB are summarized by year of maturity and weighted average interest rate at December 31, 2020:

	AMOUNT	WEIGHTED AVERAGE RATE
2021	$ 15,750,000	1.85%
2022	4,321,429	2.15%
2023	-	n/a
2024	-	n/a
2025 AND THEREAFTER	10,000,000	0.95%
TOTAL	$ 30,071,429	

9. Other Liabilities

Other liabilities include the following as of December 31:

	2020	2019
Unfunded commitment in limited partnership - Small Business Investment Company	$ 1,170,728	$ -
Unfunded commitment in limited partnership - Low Income Housing Investment Fund	3,190,970	-
Accrued expenses	2,727,102	1,266,061
Automated clearing house transactions pending	1,555,775	431,169
Accounts payable	425,438	90,440
Other liabilities	177,494	96,112
TOTAL	$ 9,247,507	$ 1,883,782

10. Income Taxes

Year-end deferred tax assets and liabilities were due to the following:

	2020	2019
Deferred tax assets		
Allowance for loan losses	$ 1,184,064	$ 804,265
Unearned loan fees and costs, net	187,081	19,693
Accrued compensation	394,984	115,360
Non-accrual loan interest	32,933	16,032
Unrealized losses on securities	-	7,782
Restricted stock	79,541	75,440
Mark to market adjustment	-	45,760
Lease liability	702,886	626,038
Net operating loss carryforward	15,083	-
Other	32,129	14,427
	2,628,701	1,724,797
Deferred Tax Liabilities		
Depreciation	208,650	206,181
Unrealized gains on securities	393,217	-
Right-of-use asset	683,728	614,995
Interest rate lock	189,028	45,923
	1,474,623	867,099
NET DEFERRED TAX ASSET	$ 1,154,078	$ 857,698

Income tax expense (benefit) was as follows:

	2020	2019
Current tax expense		
Federal	$ 2,320,377	$ 372,436
State	80,445	-
Deferred tax expense (benefit)		
Federal	(612,352)	98,785
State	(69,944)	-
	$ 1,718,526	**$ 471,221**

Effective tax rates differ from the federal statutory rate of 21% applied to income before income tax expense due to the following:

	2020	2019
Federal statutory rate times financial statement income	$ 1,907,431	$ 667,052
Effect of:		
State income taxes, net of federal benefit	8,296	-
Tax-exempt interest income, net of disallowance	(71,192)	(54,213)
Earnings from bank-owned life insurance	(134,235)	(80,280)
Net operating loss carryback benefit	(87,701)	-
Unrecognized tax benefits, net	62,397	-
Stock compensation	10,798	(2,455)
Low income housing investment benefit	(1,956)	-
Other	24,688	(58,883)
	$ 1,718,526	**$ 471,221**

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted on March 27, 2020. Under the CARES Act, net operating losses arising in tax years beginning after December 31, 2017, and before January 1, 2021 can be carried back five tax years preceding the tax year which the loss originated. In the 2018 tax year, the Bank generated a net operating loss which it carried back following the passage of the CARES Act. As a result, the Bank recorded a tax benefit of $87,701 due to federal statutory rates being higher in the carry back year than the 2018 tax year.

A reconciliation of the beginning and ending amount of unrecognized tax benefits are as follows:

	2020	2019
Balance, beginning of year	$ -	$ -
Increases related to prior tax positions	69,605	-
Decreases related ot prior tax positions	-	-
Increases related to current tax positions	-	-
Settlements	-	-
Lapse of statute	-	-
Balance, end of year	**$ 69,605**	**$ -**

The Bank's policy is to recognize interest and penalties related to unrecognized tax benefits in income tax expense. The accrual for interest and penalties was not material for all years presented.

The Bank is subject to income tax by federal and state taxing authorities in which the Bank does business in. The Bank is subject to examination by the Internal Revenue Services for the tax periods ending after December 31, 2016. The Bank is subject to examination by state taxing authorities for the tax year beginning January 1, 2021, it's initial year of filing in income tax jurisdictions.

11. 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.

The Bank is required to maintain (i) a minimum ratio of CET1 to risk-weighted assets of at least 4.5%, plus a 2.5% "capital conservation buffer" (which is added to the 4.5% CET1 ratio, effectively resulting in a minimum ratio of CET1 to risk-weighted assets of at least 7.0%); (ii) a minimum ratio of Tier 1 capital to risk-weighted assets of at least 6.0%, plus the capital conservation buffer (which is added to the 6.0% Tier 1 capital ratio, effectively resulting in a minimum Tier 1 capital ratio of 8.5%); (iii) a minimum ratio of total capital (that is, Tier 1 plus Tier 2 capital) to risk-weighted assets of at least 8.0%, plus the capital conservation buffer (which is added to the 8.0% total capital ratio, effectively resulting in a minimum total capital ratio of 10.5%); and (iv) a minimum leverage ratio of 4.0%, calculated as the ratio of Tier 1 capital to adjusted average quarterly assets.

As of December 31, 2020, 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, CET1 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, 2020 and 2019 are as follows:

	ACTUAL		FOR CAPITAL ADEQUACY PURPOSES		MINIMUM TO BE WELL CAPITALIZED UNDER PROMPT CORRECTIVE ACTION PROVISIONS	
	AMOUNT	RATIO	AMOUNT	RATIO	AMOUNT	RATIO
DEC. 31, 2020						
Total capital (to risk weighted assets)	$77,572,547	14.21%	$57,310,313	10.50%	$54,581,251	10.00%
Tier 1 capital (to risk weighted assets)	$72,117,624	13.21%	$46,394,063	8.50%	$43,665,000	8.00%
Common equity tier 1 capital (to risk weighted assets)	$72,117,624	13.21%	$38,206,875	7.00%	$35,477,813	6.50%
Tier 1 capital (to adjusted average assets)	$72,117,624	11.20%	$25,758,677	4.00%	$32,198,346	5.00%
DEC. 31, 2019						
Total capital (to risk weighted assets)	$68,177,383	16.24%	$44,085,700	10.50%	$41,986,381	10.00%
Tier 1 capital (to risk weighted assets)	$64,055,691	15.26%	$35,688,423	8.50%	$33,589,104	8.00%
Common equity tier 1 capital (to risk weighted assets)	$64,055,691	15.26%	$29,390,466	7.00%	$27,291,147	6.50%
Tier 1 capital (to adjusted average assets)	$64,055,691	12.80%	$20,013,080	4.00%	$25,016,350	5.00%

12. Derivatives

The Bank uses interest rate swap agreements as part of its asset liability management strategy to help manage its interest rate risk position. The notional amount of the interest rate swaps does not represent amounts exchanged by parties. The amount is determined by reference to the notional amount and the other terms of the individual interest rate swap agreements.

Cash Flow Hedges: Interest rate swaps with notional amounts totaling $24 million and $0 as of December 31, 2020 and 2019, were designated as cash flow hedges on certain brokered deposits and were determined to be effective during all periods presented. The Bank expects the hedges to remain effective during the remaining terms of the swaps.

Derivatives Not Designated As Hedges: The Bank also enters into interest rates swaps with its loan customers. The notional amount of interest rate swaps with its loan customers as of December 31, 2020 and 2019 were $26,625,624 and $0, respectively. The Bank enters into corresponding offsetting derivatives with third parties. While these derivatives represent economic hedges, they do not qualify as hedges for accounting purposes. The fair value of these derivatives were deemed immaterial at December 31, 2020.

LINE ITEM IN THE BALANCE SHEET IN WHICH THE HEDGED ITEM IS INCLUDED	CARRYING AMOUNT OF THE HEDGED LIABILITIES		CUMULATIVE AMOUNT OF FAIR VALUE HEDGING ADJUSTMENT INCLUDED IN THE CARRYING AMOUNT OF THE HEDGED LIABILITY	
	2020	2019	2020	2019
Brokered Deposits	$ 14,000,000	$ -	$ -	$ -
Brokered Time Deposits	$ 10,000,000	$ -	$ -	$ -

The Bank presents the net derivative position on the balance sheet. The following table reflects the derivatives recorded on the balance sheet as of December 31:

	2020		2019	
	NOTIONAL AMOUNT	FAIR VALUE	NOTIONAL AMOUNT	FAIR VALUE
Included in other liabilities				
Derivatives designated as hedges:				
Interest rate swaps related to brokered deposits	$ 14,000,000	$ 19,082	$ -	$ -
Interest rate swaps related to brokered time deposits	10,000,000	(87,643)	-	-
TOTAL INCLUDED IN OTHER LIABILITIES	**$ 24,000,000**	**$ (68,561)**	**$ -**	**$ -**

The effect of cash flow hedge accounting on accumulated other comprehensive income for the years ended December 31 are as follows, net of taxes:

	2020		
	AMOUNT OF LOSS RECOGNIZED IN OCI ON DERIVATIVE	LOCATION OF GAIN (LOSS) RECLASSIFIED FROM OCI INTO INCOME	AMOUNT OF GAIN (LOSS) RECLASSIFIED FROM OCI INTO INCOME
Interest rate contracts	$ 53,478	N/A	$ -

For the years ended December 31, 2020 and 2019 there was no gain or loss recognized in income on cash flow hedging relationships.

13. Stock Option & Equity Plan

In 2007, the Bank established the 2007 stock option and equity plan (the Plan) for executives, other employees, officers, directors and consultants. Shares have been reserved for issuance by the Bank upon the grant of stock options or restricted stock awards. Shares issued 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, 2020:

	AUTHORIZED	GRANTED	VESTED
2007 Plan	1,075,280	808,278	609,345

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, 2020, there was approximately $615 in unrecognized compensation expense related to non-vested stock options that are expected to be recognized over a weighted average period of 0.07 years. At December 31, 2019, there was approximately $15,113 in unrecognized compensation expense related to non-vested share-based compensation.

The intrinsic value of options exercised during 2020 and 2019 was $167,152 and $215,043 respectively. The weighted average remaining contractual life of options outstanding was 2.60 and 4.16 years for the years ended December 31, 2020 and 2019, respectively. As of December 31, 2020 all outstanding options are fully vested. The intrinsic value of these fully vested options at December 31, 2020 was $217,221.

The following summarizes the option activity under the Plan:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
OUTSTANDING, DECEMBER 31, 2018	330,456	$ 6.67
Grants	-	-
Exercised	(93,944)	7.07
Expired	(59,228)	6.03
Forfeited	(10,250)	9.98
OUTSTANDING, DECEMBER 31, 2019	167,034	6.47
Grants	-	-
Exercised	(49,896)	5.75
Expired	(17,682)	5.59
Forfeited	(525)	10.05
OUTSTANDING, DECEMBER 31, 2020	98,931	$ 6.97

There were no stock options granted during the years ended December 31, 2020 and 2019. The weighted average remaining contractual life of options outstanding as of December 31, 2020 is 2.60 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 expected volatility is based on the average of the historical volatility of peer institutions and the Bank. 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 of zero.

During the year ended December 31, 2020, 18,000 voting common shares of restricted stock were granted to Bank employees. 8,000 shares were granted as part of a time-based restricted stock agreement with a fair value of $10.05 at the date of grant. These restricted shares cliff vest over a three year period based on their date of grant. 10,000 shares were granted as part of a performance-based restricted stock agreement with a fair value of $10.05 at the date of grant. These restricted stock shares vest over a five year (i.e., five annual performance tranches) period beginning March 15, 2021.

At December 31, 2020, there was $649,567 in unrecognized compensation expense related to non-vested restricted stock awards that are expected to be recognized over a weighted average period of 2.16 years. At December 31, 2019, there was $916,960 in unrecognized compensation expense related to non-vested restricted stock awards.

The following summarizes the restricted stock activity under the Plan:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
OUTSTANDING, DECEMBER 31, 2018	115,000	$ 11.05
Grants	35,500	10.19
Vested	(25,000)	11.14
Expired	-	-
Forfeited	(5,000)	10.40
OUTSTANDING, DECEMBER 31, 2019	120,500	10.81
Grants	18,000	10.05
Vested	(33,498)	10.90
Expired	-	-
Forfeited	(5,000)	10.00
OUTSTANDING, DECEMBER 31, 2020	100,002	$ 10.68

For the years ended December 31, 2020 and 2019, the Bank recognized $410,554 and $447,790 in stock-based compensation expense, respectively.

14. Operating Leases

The Bank enters into leases in the normal course of business primarily for operations facilities, branch locations, and mortgage operations facilities. The Bank's leases have remaining terms ranging from twenty-six months to sixty-one months, some of which include renewal options to extend the lease for up to ten years.

The Bank includes lease extensions if, after considering relevant economic factors, it is reasonably certain the Bank will exercise the option. The Bank has elected not to recognize leases with original lease terms of twelve months or less (short-term leases) on the Bank's balance sheet.

Leases are classified as operating or finance leases at the lease commencement date. Lease expense for operating leases and short-term leases is recognized on a straight-line basis over the lease term. Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term.

The Bank uses its incremental borrowing rate at lease commencement to calculate the present value of lease payments when the rate implicit in a lease is not known. The Bank's incremental borrowing rate is based on the FHLB amortizing advance rate, adjusted for the lease term and other factors.

The Bank entered into two renewal agreements on its Vienna branch location and its Mortgage operations location during the current year. These renewal options extend the duration of the lease agreements for five years and three years, respectively. For lease accounting purposes, the Bank utilized a discount rate based on FHLB advance funding rates of 0.66% and 0.63%, respectively.

Additionally, the Bank opened a new branch in Manassas, Virginia on August 24, 2020. The lease contract for this location is a five-year term with one five-year renewal option. For lease accounting purposes, the Bank utilized a discount rate based on an FHLB advance funding rate of 1.17%.

Right-of-use assets and lease liabilities by lease type, and the associated balance sheet classifications are as follows:

	BALANCE SHEET CLASSIFICATION	DECEMBER 31, 2020
Right-of-use assets: Operating leases	Right-of-use asset	$ 3,258,817
Lease liabilities: Operating leases	Lease liability	$ 3,347,075

Lease Expense

The components of total lease cost were as follows for the period ending:

Operating lease cost	DECEMBER 31, 2020
Right-of-use asset amortization	$ 852,046
Lease accretion	89,173

Lease Obligations

Future undiscounted lease payments for operating leases with initial terms of one year or more as of December 31, 2020 are as follows:

	OPERATING LEASE
2021	$ 949,312
2022	972,517
2023	801,544
2024	275,372
2025 AND THEREAFTER	503,721

Supplemental Lease Information

	DECEMBER 31, 2020
Operating lease weighted average remaining lease term (years)	4.34 years
Operating lease weighted average discount rate	2.38%

15. Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. U.S. GAAP also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of the three levels. These levels are:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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:

INVESTMENT SECURITIES:

The fair values for investment securities are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2), using matrix pricing. Matrix pricing is a mathematical technique commonly used to price debt securities that are not actively traded, values debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs). For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

INTEREST RATE LOCK COMMITMENT (IRLC):

The Bank recognizes IRLCs at fair value. Fair value of IRLCs is based on either (i) the price of the underlying loans obtained from an investor for loans that will be delivered on a best efforts basis or (ii) the observable price for individuals loans traded in the secondary market for loans that will be delivered on a mandatory basis. All of the Bank's IRLCs are classified as Level 3.

DERIVATIVES:

The fair values of derivatives are based on valuation models using observable market data as of the measurement date (Level 2). Our derivatives are traded in an over-the-counter market where quoted market prices are not always available. Therefore, the fair value of derivatives are determined using quantitative models that utilize multiple market inputs. The inputs will vary based on the type of derivative, but could include interest rates, prices and indices to generate continuous yield or pricing curves, prepayment rates, and volatility factors to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing sources.

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)
2020				
Available-for-sale securities	$ 97,188,125	$ -	$ 94,849,021	$ 2,339,104
Interest rate lock commitment	870,844	-	-	870,844
Cash flow derivatives	(68,561)	-	(68,561)	-
	$ 97,990,408	**$ -**	**$ 94,780,460**	**$19,147,603**
2019				
Available-for-sale securities	$ 49,854,912	$ -	$ 49,854,912	$ -
Interest rate lock commitment	104,397	-	-	104,397
	$ 49,959,309	**$ -**	**$ 49,854,912**	**$ 104,397**

The following table represents recurring level III assets:

	AVAILABLE-FOR-SALE SECURITIES	INTEREST RATE LOCK COMMITMENTS
BALANCE AT DECEMBER 31, 2018	$ -	$ 65,694
Realized and unrealized gains included in earnings	-	38,703
Purchase of securities	-	-
Sales, maturities, calls, and paydowns of securities	-	-
Unrealized gain/(loss) included in other comprehensive income	-	-
Unrealized gain/(loss) not included in other comprehensive income	-	-
BALANCE AT DECEMBER 31, 2019	$ -	$ 104,397
Realized and unrealized gains included in earnings	-	766,447
Purchase of securities	1,089,563	-
Sales, maturities, calls, and paydowns of securities	(459)	-
Transfer to level III assets	1,250,000	-
Unrealized gain/(loss) included in other comprehensive income	-	-
Unrealized gain/(loss) not included in other comprehensive income	-	-
BALANCE AT DECEMBER 31, 2020	$ 2,339,104	$ 870,844

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:

The fair value of impaired loans with specific allocations of the allowance for loan losses is generally based on recent real estate appraisals. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach. Adjustments are routinely made in the appraisal process by independent appraisers to adjust for differences between the comparable sales and income data available for similar loans and collateral underlying such loans. For this reason, the fair value classification of these loans is Level 3. Non-real estate collateral may be valued using an appraisal, net book value per the borrower's financial statements, or aging reports, adjusted or discounted based on management's expertise and knowledge, changes in market conditions from the time of the valuation, and management's expertise and knowledge of the client and client's business, resulting in a Level 3 fair value classification. Impaired loans are evaluated on a quarterly basis for additional impairment and adjusted in accordance with the allowance policy.

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)
2020				
Impaired loans	$ 1,612,875	$ -	$ -	$ 1,612,875
2019				
Impaired loans	$ -	$ -	$ -	$ -

The following table presents quantitative information about Level 3 fair value measurements for financial assets measured at fair value on a non-recurring basis as of December 31:

	FAIR VALUE MEASUREMENTS			
	FAIR VALUE	VALUATION TECHNIQUE(S)	UNOBSERVABLE INPUTS	RANGE OF INPUTS
2020				
Impaired loans	$ 1,612,875	Appraisals	Discount to reflect current market conditions and estimated selling costs	10% - 15%
2019				
Impaired loans	$ -	Appraisals	Discount to reflect current market conditions and estimated selling costs	10% - 15%

FASB ASC 825, *Financial Instruments*, requires disclosure about fair value of financial instruments, including those financial assets and financial liabilities that are not required to be measured and reported at fair value on a recurring or nonrecurring basis. ASC 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Bank. Additionally, in accordance with ASU 2016-01, which the Bank adopted on January 1, 2018 on a prospective basis, the Bank uses the exit price notion, rather than the entry price notion, in calculating the fair values of financial instruments not measured at fair value on a recurring basis.

		FAIR VALUE MEASUREMENTS AT DECEMBER 31, 2020 USING			
	CARRYING AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets					
Cash and due from banks	$ 1,792,660	$ 1,792,660	$ -	$ -	$ 1,792,660
Interest bearing deposits with banks	25,543,295	25,543,295	-	-	25,543,295
Securities available-for-sale	97,188,125	-	94,849,021	2,339,104	97,188,125
Securities held-to-maturity	16,132,367	-	-	15,937,655	15,937,655
Loans held for sale	45,047,711	-	45,047,711	-	45,047,711
Loans receivable, net	544,971,926	-	-	553,812,000	553,812,000
Accrued interest receivable	2,868,868	2,868,868	-	-	2,868,868
Bank-owned life insurance	17,035,214	-	17,035,214	-	17,035,214
Interest rate lock commitment	870,844	-	-	870,844	870,844
TOTAL FINANCIAL ASSETS	**$751,451,010**	**$ 30,204,823**	**$156,931,946**	**$572,959,603**	**$760,096,372**
Financial liabilities					
Demand deposits	$372,374,542	$372,374,542	$ -	$ -	$372,374,542
Time deposits	176,114,292	-	178,064,000	-	178,064,000
Federal Home Loan Bank advances	30,071,429	-	29,482,881	-	29,482,881
PPP liquidity facility advances	101,951,020	-	101,951,020	-	101,951,020
Accrued interest payable	480,816	480,816	-	-	480,816
Cash flow derivatives	68,561	-	68,561	-	68,561
TOTAL FINANCIAL LIABILITIES	**$681,060,660**	**$372,855,358**	**$309,566,462**	**$ -**	**$682,421,820**

		FAIR VALUE MEASUREMENTS AT DECEMBER 31, 2019 USING			
	CARRYING AMOUNT	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets					
Cash and due from banks	$ 927,322	$ 927,322	$ -	$ -	$ 927,322
Interest bearing deposits with banks	24,735,085	24,735,085	-	-	24,735,085
Securities available-for-sale	49,854,912	-	49,854,912	-	49,854,912
Loans held for sale	11,656,802	-	11,656,802	-	11,656,802
Loans receivable, net	388,820,181	-	-	389,690,000	389,690,000
Accrued interest receivable	1,278,037	1,278,037	-	-	1,278,037
Bank-owned life insurance	12,783,605	-	12,783,605	-	12,783,605
Interest rate lock commitment	104,397	-	-	104,397	104,397
TOTAL FINANCIAL ASSETS	$490,160,341	$ 26,940,444	$ 74,295,319	$389,794,397	$491,030,160
Financial liabilities					
Demand deposits	$195,389,610	$195,389,610	$ -	$ -	$195,389,610
Time deposits	199,821,006	-	200,761,000	-	200,761,000
Federal Home Loan Bank advances	35,857,143	-	35,736,392	-	35,736,392
Accrued interest payable	433,586	433,586	-	-	433,586
TOTAL FINANCIAL LIABILITIES	$431,501,345	$195,823,196	$236,497,392	$ -	$432,320,588

16. 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:

	2020	2019
Commitments to extend credit	$ 154,077,000	$ 78,240,000
Standby letters of credit	$ 1,394,000	$ 1,896,000

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.

17. Deferred Benefits

The Bank has a traditional contributory 401(k) savings plan covering substantially all employees, which allows eligible employees to contribute up to 100 percent of their compensation, subject to the limits established by the IRS for 401(k) contributions. During the year ended December 31, 2020, the Bank began offering a post-tax Roth deferral plan to substantially all employees. Both deferral options receive a non-discretionary match subject to limitations based on annual salary. Expenses related to this non-discretionary match were $239,162 and $169,254 for the years ended December 31, 2020 and 2019, respectively.

The Bank has deferred compensation plans for its directors, and its executives. 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.

18. Accumulated Other Comprehensive Loss

The following table presents the changes in accumulated other comprehensive loss, by category, net of tax, for the periods indicated:

	UNREALIZED GAINS (LOSSES) ON AVAILABLE-FOR-SALE SECURITIES	UNREALIZED LOSSES ON CASH FLOW DERIVATIVES	ACCUMULATED OTHER COMPREHENSIVE (LOSS)
BALANCE AT DECEMBER 31, 2018	$ (1,124,101)	$ -	$ (1,124,101)
Unrealized gains net of tax of $(313,232)	1,178,347	-	1,178,347
Reclassification for gains on sales net of tax of $22,202	(83,520)	-	(83,520)
BALANCE AT DECEMBER 31, 2019	$ (29,274)	$ -	$ (29,274)
Unrealized gains net of tax of $(410,805)	1,460,301	-	1,460,301
Reclassification for gains on sales net of tax of $9,808	(36,895)	-	(36,895)
Unrealized loss on cash flow derivative, net of tax of $15,083	-	(53,478)	(53,478)
BALANCE AT DECEMBER 31, 2020	$ 1,394,132	$ (53,478)	$ 1,340,654

19. Legal Contingencies

Loss contingencies, including claims and legal actions arising in the ordinary course of business are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. Management does not believe there now are such matters that will have a material effect on the financial statements.

20. Related Party Transactions

For the years ended December 31, 2020 and 2019, the Bank used a brokerage firm, at which one of the Bank's directors is a principal. This brokerage firm offers benefits such as payroll services and health and dental insurance for employees of the Bank. The brokerage firm receives commission payments directly from the benefit providers. Bank-paid fees amounted to $400 and $0 for the years ended December 31, 2020 and 2019.

For the years ended December 31, 2020 and 2019, the Bank obtained legal services from one law firm, for which one of its directors was a former partner. The aforementioned director departed this legal firm in May of 2019.

21. Subsequent Events

The date to which events occurring after December 31, 2020, the date of the most recent balance sheet, have been evaluated for possible adjustments to the financial statements or disclosure is March 9, 2020, which is the date on which the financial statements were available to be issued.

SHAREHOLDER & COMPANY INFORMATION

BOARD OF DIRECTORS

H. JASON GOLD
CHAIRMAN

JOHN T. ROHRBACK
VICE CHAIRMAN

CYNTHIA CARTER ATWATER
DIRECTOR

JOSEPH M. ENGLISH III
DIRECTOR

KEVIN J. KOOMAN
DIRECTOR

LAUREN FRIEND MCKELVEY
DIRECTOR

BRANDON C. PARK
DIRECTOR

MAURY PEIPERL
DIRECTOR

JOSEPH J. THOMAS
PRESIDENT & CEO

EXECUTIVE OFFICERS & SENIOR LEADERSHIP TEAM

SHAUN E. MURPHY
EXECUTIVE VICE PRESIDENT &
CHIEF OPERATING AND CREDIT OFFICER

RAJ MEHRA
EXECUTIVE VICE PRESIDENT &
CHIEF FINANCIAL OFFICER

RICHARD A. HUTCHISON
EXECUTIVE VICE PRESIDENT &
CHIEF MORTGAGE OFFICER

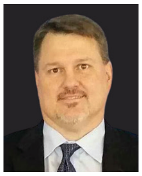
KATHLEEN S. CROSON
EXECUTIVE VICE PRESIDENT &
CHIEF BANKING OFFICER

STEVE WITT
SENIOR VICE PRESIDENT & MARKET PRESIDENT
PRINCE WILLIAM COUNTY

STEPHEN H. MACNABB
SENIOR VICE PRESIDENT &
MANAGING DIRECTOR, COMMERCIAL BANKING

VICTORIA S. LOUCKS
SENIOR VICE PRESIDENT &
HEAD OF TREASURY MANAGEMENT

DARREN TULLY
SENIOR VICE PRESIDENT &
MARKET PRESIDENT, FAIRFAX



KEVIN FERRYMAN
SENIOR VICE PRESIDENT &
HEAD OF SBA DIVISION

CORPORATE HEADQUARTERS

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Shareholder Services – Admin 5 Team
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Brooklyn, NY 11219
718-921-8300
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INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Dixon Hughes Goodman LLP
Gaithersburg, Maryland

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 virtual this year and will be held on
Thursday, April 29, 2021 at 4 pm
Shareholders may participate in the meeting by logging into Zoom using the following Meeting ID: 898 3874 5165 and Passcode: 149986. Shareholders will have the ability to ask questions during the Annual Meeting via the "chat" function on the Zoom platform.

FREEDOM BANK

Experience Innovation • Bank With Freedom

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