FREEDOM BANK

Dear Shareholders,

On behalf of our board of directors and management, we are please to present these results. The Freedom Bank of Virginia earned a record fourth quarter pre-tax net income of $890,697 for the quarter ending December 31, 2015, almost triple the $299,949 earned the same quarter the prior year. Net profit after tax provision was $588,197 at December 31, 2015, surpassing the pre-tax results of the prior year. There was no provision for income taxes required in 2014.

The significant improvement in net income in the fourth quarter of 2015 was due to both increased commercial banking and mortgage banking activity. Net interest income increased to $3,739,624 up 24.5% from the $3,004,903 earned the prior year. Non interest income, primarily from mortgage banking, increased to $875,362 in the fourth quarter of 2015 from $162,790 in 2014.

Freedom Bank continued its impressive record of growth at December 31, 2015 with total assets of $400,437,524, up (16.9%) from $342,611,644 a year earlier. Gains occurred across the bank's major earning asset groups of marketable securities, loans held for sale and loans receivable. Marketable securities consisting of bonds increased to $46,315,581 up (69.7%) from $27,294,953 a year earlier. Strong performance by the mortgage division increased loans available for sale at December 31, 2015 to $7,634,844, up from $649,975 the prior year. The bank's highest yielding asset, loans receivable, grew to $319,069,611 at year end, up (14.4%) from $278,989,586 at December 31, 2014.

The bank continues maintaining high quality credit standards. Past due loans were only 0.28% at December 31, 2015 and non-performing assets for the bank were 0.06%. Both of these measures of asset quality are superior to the bank's peer group and are better than national averages.

Large increases in assets were funded by more deposits and capital. Non-interest bearing checking deposits were $51,849,383 at December 31, 2015 compared with $51,431,344 a year earlier. Interest bearing checking deposits were $88,182,669, up 33.7% from $65,959,271 the prior year. Certificates of Deposits increased to $206,959,651 at December 31, 2015 from $191,660,138 the prior year. Capital increased to $42,580,924 at December 31, 2015, up $12,811,704 (43.0%) from the $29,769,220 balance at December 31, 2014. Two stock sales by the bank provided approximately $12 million after expenses and retained earnings accounted for the balance of the capital increase.

Provisions of the Basel III accords governing banks worldwide went into effect January 1, 2015 so now Freedom Bank must adhere to a new set of capital ratios. We are please that we remain well capitalized. Our ratios at December 31, 2015 were Leverage 11.60%, Tier 1 Capital 13.13% and Tier 2 Capital 14.09%.

We thank you for your continued support of the bank.

Craig S. Underhill
President

Richard Litman
Chairman of the Board

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