



ANNUAL
REPORT
2015

Behind
the Scenes

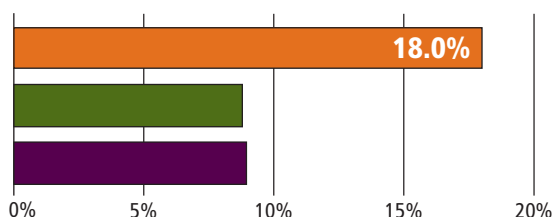


Peer Group Analytics

John Marshall Bank's financial performance continues to compare favorably to its peers in the Southeast and Mid-Atlantic regions with respect to growth, profitability and asset quality. Peer group data was obtained from SNL Financial, a leading provider of financial data in the banking sector.

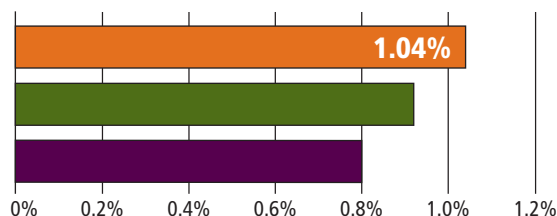
2015 ASSET GROWTH

(percentage)



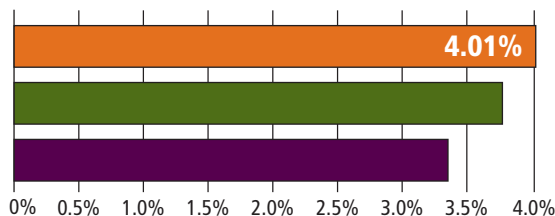
2015 RETURN ON AVERAGE ASSETS

(percentage)



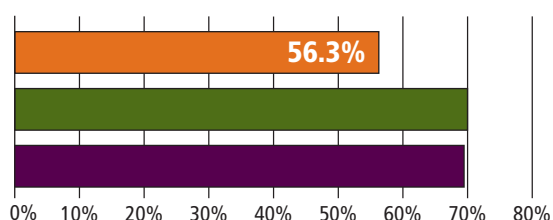
2015 NET INTEREST MARGIN

(percentage)



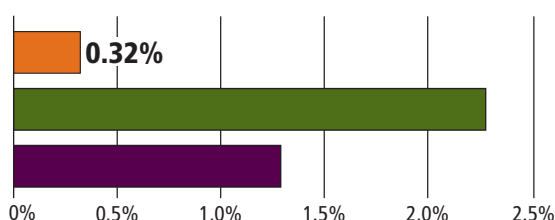
2015 EFFICIENCY RATIO ⁽¹⁾

(percentage)



NON PERFORMING ASSETS ⁽²⁾

(percentage)



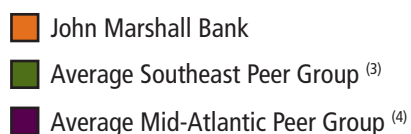
⁽¹⁾ Non-interest expense / net-interest income plus non-interest income

⁽²⁾ Non-accrual loans plus other real estate owned / total assets

⁽³⁾ Banks with assets between \$500 million and \$1 billion headquartered in the Southeast

⁽⁴⁾ Banks with assets between \$500 million and \$1 billion headquartered in the Mid-Atlantic

Source: SNL Financial



To Our Shareholders

I am pleased to present the 2015 Annual Report for John Marshall Bank. Your Bank concluded another successful year, reflecting our commitment to balanced growth and profitability. Together, our banking team has once again produced outstanding results in a challenging environment:

- An 18.0% increase in assets. At December 31, 2015, total assets were \$928.6 million, an increase of \$141.8 million from total assets of \$786.8 million at December 31, 2014.
- An 18.3% increase in deposits. Total deposits were \$730.9 million at December 31, 2015, representing an increase of \$113.3 million, compared to \$617.6 million at December 31, 2014.
- A 14.4% increase in loans. Gross loans increased \$98.6 million to \$783.2 million at December 31, 2015, compared to \$684.6 million at December 31, 2014.
- A 10.6% increase in earnings. The bank reported net income of \$8.9 million for the year ended December 31, 2015, an increase of \$848 thousand as compared to net income of \$8.0 million for the year ended December 31, 2014. Net income per diluted share increased 10.4% during 2015 to \$0.85 per share, compared to \$0.77 per share during 2014, as adjusted for the 6 for 5 stock split in the form of a 20% dividend paid July 1, 2015.
- A 9.1% increase in tangible book value per share. As of December 31, 2015, the Bank's tangible book value per share was \$10.91 compared to \$10.00 as of December 31, 2014.

- For the twelve months ended December 31, the Bank produced a 1.04% return on average assets and an 8.44% return on average equity, compared to 1.11% and 8.38%, respectively during 2014.
- The Bank's capital ratios remain well above regulatory minimums for well-capitalized banks. As of December 31, 2015, the Bank's total risk-based capital ratio was 13.6%.
- Our 2015 year end efficiency ratio of 56.3% and net interest margin of 4.01% remain strong.

Our performance has been recognized by a number of bank rating agencies over the years, and we were honored once again in 2015. We were included in SNL's annual list of top-performing community banks in the United States, ranking John Marshall Bank in the top 100 of all financial institutions between \$500 million and \$5 billion in assets. In its research, DepositAccounts.com evaluated the financial health of more than 6,998 federally insured banks in the United States and ranked John Marshall Bank among the top 200 healthiest.

April 17, 2016 marks the ten year anniversary of John Marshall Bank. We have much to celebrate as we reflect on our achievements and the significant impact we have made in our communities. We have experienced a decade of recessions, the banking crisis, significant regulatory increases and margin compression, all creating a climate of uncertainty in the economy. Through it all, we never wavered from our business model, resulting in balance sheet growth to over \$900 million in assets and a history



of increased profitability. Given the economic challenges over the past ten years, we can be very proud of our accomplishments. We are committed to building upon our success, providing unparalleled service to our clients and long-term value to our shareholders.

While customers and shareholders often see our branch personnel, lenders and business development officers who make up the "face" of John Marshall Bank, equally vital are the bankers who perform less visible roles. The following pages highlight the various operational departments and the people who work to make your Bank efficient, reliable, and one that presents a strong brand image in the marketplace. I am grateful for their leadership, guidance and commitment to your Bank.

The directors and employees of John Marshall Bank join me in thanking you, our shareholder, for the trust you place in us. I am thankful for your support and confident in the continuing success of John Marshall Bank.

Sincerely,

A handwritten signature in black ink, appearing to read "John R. Maxwell".

John R. Maxwell
Chairman & Chief Executive Officer

What Makes Us Tick

“The credit and loan document analysts, deposit operatives and accountants at John Marshall Bank quietly go about their routines making sure loans are expertly processed, customers have a superb banking experience and investors realize the maximum return on their investments.

The following pages introduce the teams of bankers who are all critical to the success of our Bank. In terms of a clock, these teams are the intricate gears rarely seen yet necessary for maintaining accuracy and efficiency with on-time performance.”



Carl Dodson
Executive Vice President
Chief Operating Officer

Board of Directors



LEFT TO RIGHT

Jean Edelman

Co-Founder, Edelman Financial Services

Ronald J. Gordon

Chairman & CEO, ZGS Communications

Philip R. Chase

President, Synergis LLC

O. Leland Mahan

Partner, Hall, Monahan, Engle, Mahan & Mitchell

John R. Maxwell

Chairman & Chief Executive Officer, John Marshall Bank

Jonathan C. Kinney

Partner, Bean, Kinney & Korman PC

Michael T. Foster

FAIA, Principal - Founder of MTFA Architecture, Inc

Lim Nguonly

Co-Founder and President of Princess Jewelers

Philip W. Allin

Chairman & CEO, Systems Furniture Group

Subhash K. Garg

Principal, Wiener and Garg LLC.

“John Marshall Bank benefits from the varied and distinguished careers of our directors. Each is generous with sharing time and talent in the community, whether serving in leadership roles for a business organization or working to help those less fortunate. I am grateful for their corporate stewardship, and together, our shared goal of providing an exceptional financial performance will profit our investors, our employees, and most especially, our customers.”

John R. Maxwell
Chairman & CEO

Finance and Accounting



“The accounting and finance team at John Marshall Bank helped me re-title my stock certificate and convert to an electronic format to prevent my documents from being lost or stolen. They were extremely helpful. The entire experience was much easier than I thought, thanks to the extra attention I was given.”

Ann Rounsennell
Shareholder

LEFT TO RIGHT

Lingxi Chen Accountant

Martha Trejo SVP/Controller

Jennifer Manning SVP/Director of Finance and Accounting

Rosa Ashby Bank Officer/Accountant

Shanti Maharjan Accountant

Credit Administration



LEFT TO RIGHT (BACK ROW)

Sylvia Sookdeo Loan Operations Officer

Ericka Merida Loan Document Specialist

Ulonda Skinner Loan Document Specialist

Emily Beavers Loan Operations Specialist

Ramin Rasuli Loan Document Specialist

Edna Martinez Loan Operations Officer

Myra Hiser Loan Closing Specialist

Ellie Abdo Loan Document Specialist

Lucy Eze Loan Document Specialist

Darshanie Singh Loan Operations Specialist

Jackie Forbes VP/Loan Closing Manager

Aday Lakew Loan Closing Specialist

(FRONT ROW)

Barry Benishek SVP/Loan Documentation Manager

Don Hancock SVP/Credit Administration

Teresa Peterson SVP/Loan Operations Manager

Not Pictured: Jacque Purnell, AVP/Sr. Loan Closing Specialist

“The opportunity came up for me to purchase an investment property, but I had a very tight window to close. The Credit Administration team at John Marshall Bank stepped up and expedited the process so I could close on time.”

*Brian Fowler, President
FFC Properties, LLC.*

Credit Risk Management



“Business was growing rapidly, and we won a sizeable new contract. John Marshall Bank provided working capital financing that allowed me to meet the increasing demands of my company as a result of growth.”

*Tony Braddock, Owner and CEO
Loch Harbour Group*

LEFT TO RIGHT (BACK ROW)

Manisha Mahnot AVP/Credit Analyst III

Penny Beidelman Bank Officer/Credit Risk Management

Thomas Kennedy Credit Analyst I

Kyla Ferrell AVP/Credit Analyst III

Linda Presgraves AVP/Credit Analyst III

Mark Miner Credit Analyst I

Eveline VanDijk Credit Analyst

Roland St. Clair-Barrie Credit Analyst I

Liam Yao Credit Analyst II

(FRONT ROW)

Dan Leber VP/Underwriting Manager

Heather Skigen EVP/Chief Credit Officer

Yvonne Gray VP/Credit Risk Management

Deposit Operations



LEFT TO RIGHT

Jorge Hernandez AVP/Cash Management Supervisor

Josie Catilo VP/Assistant Manager

Michelle Collings Deposit Operations Specialist

Debbie Boyd SVP/Deposit Operations

Frank Lussier Deposit Operations Specialist

David Deal Cash Management Specialist

Ashleigh Rector Cash Management Specialist

Dominique Puller Cash Management Specialist

“It was Christmas Eve, 2015, and the company that manages my payroll did not process payment from my account at John Marshall Bank. I called the Department Ops team at John Marshall Bank to help. Every single person in this department stayed well past the holiday closure time to ensure my employees received payment. To achieve this magnificent customer service involved over 25 wires. The teamwork at John Marshall Bank rocks!”

*Vicki Vasques, President
Tribal Tech*

Bank Specialists

“The specialists at John Marshall Bank are experts in the areas of cash management oversight, human resources, facilities management, compliance, Internet technology, marketing and public relations. Together and separately, these professionals perform tasks necessary for the orderly functioning of our Bank, from hiring the best people, to ensuring secure and seamless Internet use, making certain state and federal banking compliance are met, and that through earned media and advertising, our brand is frequently introduced in the marketplace.”



William J. Ridenour
President
Chief Administrative Officer



Left to right

Bob McCoy SVP/Cash Management
Jose Castillo SVP/Director of IT & Information Security
Jennifer Dellinger SVP/Compliance & Training
Susie Kitchin VP/Consumer Lending
R. Bruce Gemmill SVP/Chief Marketing Officer
Kevin Clarke SVP/Facilities & Branch Operations
Linda Fourney SVP/Director of Human Resources
Joe Timko Network Administrator
Becky Nestor Human Resources Generalist
Chhaya Muth AVP/Cash Management Sales
Cynthia Lee Bank Officer/Branch Operations Specialist

JOHN MARSHALL BANK

Balance Sheets

December 31, 2015 and 2014
(In thousands, except per share data)

Assets	2015	2014	% Change
Cash and due from banks	\$ 8,217	\$ 10,799	-23.9%
Interest-bearing deposits in banks	46,738	17,786	162.8%
Securities available-for-sale, at fair value	32,145	13,482	138.4%
Securities held-to-maturity, fair value of \$46,780 in 2015 and \$50,499 in 2014	46,479	49,934	-6.9%
Restricted securities, at cost	6,210	5,401	15.0%
Loans, net of allowance for loan losses of \$7,130 in 2015 and \$6,506 in 2014	774,633	676,777	14.5%
Bank premises and equipment, net	2,690	3,041	-11.5%
Accrued interest receivable	2,318	2,168	6.9%
Other assets	9,190	7,450	23.4%
Total Assets	\$ 928,620	\$ 786,838	18.0%

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities

Deposits:			
Non-interest bearing demand deposits	\$ 136,361	\$ 121,219	12.5%
Interest bearing demand deposits	235,313	198,438	18.6%
Savings deposits	17,154	6,500	163.9%
Time deposits	342,025	291,456	17.4%
Total deposits	730,853	617,613	18.3%
Repurchase agreements	11,972	12,404	-3.5%
Federal Home Loan Bank advances	71,000	52,000	36.5%
Accrued interest payable	109	132	-17.4%
Other liabilities	5,384	5,040	6.8%
Total liabilities	\$ 819,318	\$ 687,189	19.2%

Shareholders' Equity

Common stock, voting, par value \$5 per share; authorized 20,000,000 shares; issued and outstanding, 10,016,574 shares in 2015 and 8,305,086 in 2014	50,083	41,525	20.6%
Additional paid-in capital	31,313	39,023	-19.8%
Retained earnings	28,153	19,288	46.0%
Accumulated other comprehensive income (loss)	(247)	(187)	-32.1%
Total shareholders' equity	109,302	99,649	9.7%
Total liabilities and shareholders' equity	\$ 928,620	\$ 786,838	18.0%

JOHN MARSHALL BANK

Statements of Income

Years Ended December 31, 2015 and 2014

(In thousands, except per share data)

Interest and Dividend Income	2015	2014 ⁽¹⁾	% Change
Interest and fees on loans	\$ 37,145	\$ 32,873	13.0%
Interest on investment securities, taxable	1,280	1,061	20.6%
Interest on investment securities, tax-exempt	104	91	14.3%
Dividends	296	237	24.9%
Interest on deposits in banks	65	74	-12.2%
Total interest and dividend income	38,890	34,336	13.3%
Interest Expense			
Deposits	4,572	3,926	16.5%
Federal Home Loan Bank advances	580	392	48.0%
Other short-term borrowings	61	54	13.0%
Total interest expense	5,213	4,372	19.2%
Net interest income	33,677	29,964	12.4%
Provision for loan losses	1,197	1,018	17.6%
Net interest income after provision for loan losses	32,480	28,946	12.2%
Noninterest Income			
Service charges on deposit accounts	482	409	17.8%
Other service charges and fees	68	57	19.3%
Other operating income	29	—	N/M
Total noninterest income	579	466	24.2%
Noninterest Expenses			
Salaries and employee benefits	11,421	10,154	12.5%
Occupancy expense of premises	1,781	1,581	12.7%
Furniture and equipment expenses	1,065	994	7.1%
Other real estate owned expenses	247	—	N/M
Other operating expenses	4,767	4,294	11.0%
Total noninterest expenses	19,281	17,023	13.3%
Income before income taxes	13,778	12,389	11.2%
Income tax expense	4,911	4,370	12.4%
Net income	\$ 8,867	\$ 8,019	10.6%
Earnings Per Common Share			
Basic	\$ 0.89	\$ 0.81	9.9%
Diluted	\$ 0.85	\$ 0.77	10.4%

⁽¹⁾ Per share amounts for all periods have been adjusted to reflect a 6 for 5 stock split in the form of a 20% stock dividend declared May 19, 2015 and paid July 1, 2015.

DIRECTORS

John R. Maxwell
Chairman
Philip W. Allin

Philip R. Chase
Jean M. Edelman
Michael T. Foster

Subhash K. Garg
Ronald J. Gordon
Jonathan C. Kinney

O. Leland Mahan
Lim Nguonly

OFFICERS

John R. Maxwell
Chairman
Chief Executive Officer

Bill Ridenour
President
Chief Administrative Officer

Carl Dodson
Executive Vice President
Chief Operating Officer

Mark D. Moore
Executive Vice President
Chief Lending Officer

Paul W. Bice
Regional President
Loudoun

Edward Harrington
Regional President
Maryland/DC

Sonia N. Johnston
Regional President
Arlington

Heather D. Skigen
Executive Vice President
Chief Credit Officer

Ted Johnson
Senior Vice President
Regional Executive
Alexandria

R. Bruce Gemmill
Senior Vice President
Chief Marketing Officer

Barry Benishek
Senior Vice President

Debbie H. Boyd
Senior Vice President

B. Drew Brown
Senior Vice President

José Castillo
Senior Vice President

Kevin Clarke
Senior Vice President

Charles K. Collum, Jr.
Executive Officer

Thomas S. Davis
Senior Vice President

Pamela C. De Candio
Senior Vice President

Jennifer Dellinger
Senior Vice President

Jeffrey DiMeglio
Senior Vice President

Kerry Donley
Senior Vice President

Erik J. Dorn
Senior Vice President

Linda Fourney
Senior Vice President

Donald A. Hancock, Jr.
Senior Vice President

Gregory Jay
Senior Vice President

Michael Kuhns
Senior Vice President

Jennifer Manning
Senior Vice President

Robert McCoy
Senior Vice President

Teresa Peterson
Senior Vice President

Craig Sacknoff
Senior Vice President

Martha Trejo
Senior Vice President

Josephine C. Catilo
Vice President

Shannon Catlett
Vice President

Gabriel Derosier
Vice President

Jackie C. Forbes
Vice President

Betty Gillen
Vice President

Lynn Gonzalez
Vice President

Yvonne Gray
Vice President

Daniel L. Hampton
Vice President

Susie Kitchin
Vice President

Daniel L. Leber
Vice President

Christopher J. Lipscomb
Vice President

Natalia Shulinina
Vice President

Tripta Sachdev
Vice President

Steven Blanco
Assistant Vice President

Kay C. Bond
Assistant Vice President

Kyla Ferrell
Assistant Vice President

Ann M. Ford
Assistant Vice President

Jorge (George) Hernandez
Assistant Vice President

Manisha Mahnot
Assistant Vice President

Chhaya Muth
Assistant Vice President

Linda Presgraves
Assistant Vice President

Jacqueline Harmon Purnell
Assistant Vice President

Marissa Sellner
Assistant Vice President

Jacqueline Angulo
Bank Officer

Rosa M. Ashby
Bank Officer

Penny A. Beidelman
Bank Officer

Betsy Bennett
Bank Officer

Stephen Birbalsingh
Bank Officer

Patrick Collins
Bank Officer

Maria Corey
Bank Officer

Thomas Kennedy
Bank Officer

Cynthia Lee
Bank Officer

Kim Ma
Bank Officer

Edna Martinez
Bank Officer

Monica Rodriguez
Bank Officer

Roland St. Clair-Barrie
Bank Officer

Sylvia Sookdeo
Bank Officer

Rosalie M. White
Bank Officer



John Marshall Bank
1943 Isaac Newton Square, Suite 100
Reston, VA 20190
www.JohnMarshallBank.com



Independent Accountants

Yount, Hyde & Barbour, P.C.
Winchester, Virginia

Additional Information

For financial information about John Marshall Bank, please contact:

Carl Dodson
Executive Vice President & COO
cdodson@johnmarshallbank.com

John Marshall Bank is an equal opportunity employer.