

# EMV CARDS ARE COMING

We are upgrading Frontier's debit cards to the EMV enhanced security standard. EMV cards contain embedded microchips that protect against fraud risk more effectively. Frontier will replace expiring debit cards with improved EMV cards beginning in September.

In the meantime, your current debit card will continue to work as it currently does. Please stop in for a visit or give us a call in September if you prefer to upgrade your existing debit card before the expiration date. Replacement cards will be issued at no charge.



For more information, please visit...  
[www.frontiercommunitybank.com/chip-card-faqs](http://www.frontiercommunitybank.com/chip-card-faqs)



NEWSLETTER

MARCH 2016

## CONSTRUCTION LOANS & FINANCING

Looking to Build?  
Want to Renovate?  
Maybe an Addition?



Let Frontier help you with the financial support to make your next project a reality.

Our guarantee to you...

**PROMPTNESS**  
Get a decision fast!  
Submit a loan application and receive a response that day. We won't make you wait.

**SERVICE**  
Your loan officer will work with you every step of the way.

**COMPETITIVE RATES**  
Frontier can offer you exceptional financing options.

Contact one of our dedicated loan officers today.

**Seth Bokelman**  
NMLS #646588  
Cell 540-294-2318

**Laurie Landes**  
NMLS #491082  
Cell 540-256-8140

**Chris Chamberlin**  
NMLS #646587  
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[www.frontiercommunitybank.com](http://www.frontiercommunitybank.com)

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Contact Us: 540.932.9100

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# HOW TO AVOID IDENTITY THEFT

**1. Never give personal information to anyone** who contacts you by phone, text message or email unless you have confirmed that the request is legitimate.

**2. Sign up for the Federal Do Not Call list at donotcall.gov** to avoid telemarketing calls.

**3. Consider opting out of pre-approved credit card offers.**

**4. Check your credit report at each of the three credit reporting agencies,** Equifax, Experian and TransUnion at least once a year.

**5. Limit your use of your debit card to use at ATMs.** Don't use it for retail purchases because the law provides much more protection from liability when your credit card is illegally used than when your debit card is fraudulently used.



**6. Use a strong unique password for each of your accounts.** If you use the same password for all of your accounts, you are more susceptible if your password is stolen in a data breach at one of the companies with which you do online business.

**7. Security questions are an important part of your online safety.** Armed with the answer to your security questions, a hacker can change your passwords and take over your online accounts.

Source: How to avoid identity theft in 2016 by Steve Weisman - USAToday.com

# FROM YOUR PRESIDENT



Dear Shareholders:

Your Bank is coming to Staunton! Frontier recently obtained regulatory authority to establish its first branch office, which will be located along U.S. Route 250 at the corner of the entrance to Martin's Food Market. We are putting the final touches on the building renovation plans, and looking forward to beginning construction during the next quarter. The past recession certainly extended our wait to deliver this good news, but it has not diminished our excitement whatsoever. The Frontier team is excited to meet new customers and serve the financial needs of the Queen City!

Net income for 2015 was \$261,216; reduced by a write down expense of \$163,517 to the only foreclosure property the Bank has ever encountered. Nonetheless, asset quality at Frontier is excellent. Few banks suffered only one loan loss

during the past recession. In addition, Frontier did not report any loan so much as thirty days past due at year-end. Our commitment to evaluate loan requests "as if we were going to fund them from our own hip pocket" stands. On a more positive note, total assets increased by nearly eight percent, which is substantially more than the three percent growth rate of 2014. In addition, we lowered the Bank's cost of deposits significantly; net interest income increased by \$289,033. Finally, book value increased from \$8.86 to \$9.13 per share.

During the following year, we will focus upon increasing earning assets, non-interest income, and the net interest margin to affect further increases to net income. The Board of Directors deems that establishing branch offices in new markets, which are familiar to the Bank, is the best way to accomplish this goal over the short and long term. Frontier's existing operational infrastructure will support a significant amount of additional assets, thereby fostering economic growth. During 2017, we intend to increase the Bank's economy of scale further by establishing a market presence in the City of Lynchburg.

Please think of your Bank, and contact us, whenever a financial need arises. We appreciate every opportunity to learn more about you and earn your business. As always, feel free to contact me directly at 540.932.9100 if you have further questions about Frontier.



Alan J. Sweet  
President and Chief Executive Officer



## 2016 HOLIDAY CLOSINGS

**Memorial Day** - May 30  
**Independence Day** - July 4  
**Labor Day** - September 5  
**Columbus Day** - October 10  
**Veterans Day** - November 11  
**Thanksgiving Day** - November 24  
 \*\*Christmas Day & New Years Day fall on weekends.

### WE ARE COMMITTED TO YOU

**Our pledge of providing exceptional customer service is stronger than ever.**  
 If any questions or concerns ever arise, please do not hesitate to contact us at 932.9100. If we have exceeded your expectations, spread the word and let your friends & family know why you bank with Frontier.

## STAUNTON IS ON THE HORIZON

Proposed, photo-realistic architectural rendering provided by Lineage Architects.



# FINANCIAL HIGHLIGHTS

	2015	2014
<b>Results of Operations:</b>		
Interest income	\$ 3,964,311	\$ 3,771,725
Interest expense	927,140	1,023,587
Net interest income	3,037,171	2,748,138
Provision for loan losses	93,276	323,400
Noninterest income	172,328	176,721
Noninterest expense	2,682,568	2,410,492
Net income before tax	433,655	190,967
Federal tax benefit	172,439	(573,335)
Net income	\$ 261,216	\$ 764,302
<b>Period-end Balances:</b>		
Loans, net of unearned income	\$ 83,652,406	\$ 73,370,926
Deposits	88,176,018	82,786,445
Assets	102,065,164	94,578,514
Shareholder's equity	10,662,709	10,346,794
<b>Per Share Information:</b>		
Earnings – basic	0.22	0.65
Earnings – diluted	0.22	0.64
Book value	9.13	8.86
<b>Ratios:</b>		
Return on average assets	0.3 %	0.8 %
Return on average equity	2.5 %	7.7 %
Net interest margin	3.16 %	3.00 %