

INVEST IN THE FUTURE



2.60% APY* 66 Month CD

*APY is Annual Percentage Yield. Above rates are as of 8/1/18. Minimum deposit of \$1,000 required. 180 day interest penalty for early withdrawal. Offer subject to change.



**MOBILE
BANKING
IS ON
THE WAY!**



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FROM YOUR PRESIDENT

Frontier's performance through the first half of 2018 reflects substantial improvement when compared to the first two quarters of 2017. Year to date net income of \$340,000.00 reflects a \$160,000.00, or 89% increase. The economy improved significantly during this time period, providing the Bank with the opportunity to grow assets and enhance the revenue stream. Total assets increased by \$8,869,000.00, or 8%. The Staunton branch and Lynchburg loan production office are working in unison with each other to fund quality loans with local deposits. They are the primary drivers for the asset growth and earnings accretion. We will continue to concentrate upon increasing Frontier's balance sheet and income stream during the second half of this year.

We are also focused upon introducing our newest portable banking product, mobile banking, during the second half of this year. The app will be available in October, just a few short months away. The platform is comprehensive and user-friendly, supporting any handheld device with internet connectivity. Please contact a Frontier team member to



learn more about how mobile banking can enhance your personal or small enterprise banking experience at your earliest convenience.

Please think of your Bank whenever a financial need arises. We appreciate every opportunity to learn more about you and earn your business.

Alan J. Sweet,
President and Chief Executive Officer

STATEMENT OF INCOME

Statement of Income for the Six Months Ended June 30, (unaudited)

	<u>2018</u>	<u>2017</u>
	<u>(in 000's)</u>	
Interest and Dividend Income	\$ 2,464	\$ 2,136
Interest Expense	574	450
Net Interest Income	1,890	1,686
Provision for/ (recovery of) loan losses	50	85
Net interest income after provision for/ (recovery of) loan losses	1,840	1,601
Noninterest income	142	157
Noninterest expense	1,512	1,497
Net income before income taxes	470	261
Income tax expense	130	81
Net income	\$ 340	\$ 180
Earnings per common share	\$ 0.28	\$ 0.15
Book Value	\$ 10.20	\$ 9.74

Balance Sheet at June 30, (unaudited)

	<u>2018</u>	<u>2017</u>
	<u>(in 000's)</u>	
Assets		
Total cash and cash equivalents	\$ 15,717	\$ 13,896
Restricted stock, at cost	593	557
Securities available for sale, at fair value	--	1,499
Securities held to maturity (fair value \$739 and \$868, respectively)	696	839
Loans, net of allowance for loan losses of \$1,181 and \$1,100, respectively	98,257	89,319
Premises and equipment, net	3,400	3,516
Accrued interest receivable	243	168
Other real estate owned, net	250	250
DIT and other assets	394	637
Total assets	\$ 119,550	\$ 110,681
Liabilities		
Deposits:		
Noninterest-bearing	\$ 10,503	\$ 8,727
Interest-bearing	93,390	88,204
Total deposits	103,893	96,931
Long-term borrowings	2,933	1,667
Accrued expenses and other liabilities	317	239
Total liabilities	107,143	98,837
Stockholders' Equity	12,407	11,844
Total liabilities and stockholders' equity	\$ 119,550	\$ 110,681

BALANCE SHEET

CUSTOMER APPRECIATION DAY



SEPTEMBER 6, 2018

*Rain Date of 9/13/18

5:30pm-7:30pm
Waynesboro Branch
400 Lew Dewitt Blvd.