Board of Governors of the Federal Reserve System

Annual Report of Holding Companies—FR Y-6

Report at the close of business as of the end of fiscal year

This Report is required by law: Section 5(c)(1)(A) of the Bank Holding Company Act (12 U.S.C. § 1844(c)(1)(A)); sections 8(a) and 13(a) of the International Banking Act (12 U.S.C. §§ 3106(a) and 3108(a)); sections 11(a)(1), 25, and 25A of the Federal Reserve Act (12 U.S.C. §§ 248(a)(1), 602, and 611a); and sections 113, 165, 312, 618, and 809 of the Dodd-Frank Act (12 U.S.C. §§ 5361, 5365, 5412, 1850a(c)(1), and 5468(b)(1)). Return to the appropriate Federal Reserve Bank the original and the number of copies specified.

This report form is to be filed by all top-tier bank holding companies, top-tier savings and loan holding companies, and U.S. intermediate holding companies organized under U.S. law, and by any foreign banking organization that does not meet the requirements of and is not treated as a qualifying foreign banking organization under Section 211.23 of Regulation K (12 C.F.R. § 211.23). (See page one of the general instructions for more detail of who must file.) The Federal Reserve may not conduct or sponsor, and an organization (or a person) is not required to respond to, an information collection unless it displays a currently valid OMB control number.

NOTE: The *Annual Report of Holding Companies* must be signed by one director of the top-tier holding company. This individual should also be a senior official of the top-tier holding company. In the event that the top-tier holding company does not have an individual who is a senior official and is also a director, the chairman of the board must sign the report. If the holding company is an ESOP/ESOT formed as a corporation or is an LLC, see the General Instructions for the authorized individual who must sign the report.

I, Patricia A. Ferrick
Name of the Holding Company Director and Official

President and Secretary
Title of the Holding Company Director and Official

attest that the *Annual Report of Holding Companies* (including the supporting attachments) for this report date has been prepared in conformance with the instructions issued by the Federal Reserve System and are true and correct to the best of my knowledge and belief.

With respect to information regarding individuals contained in this report, the Reporter certifies that it has the authority to provide this information to the Federal Reserve. The Reporter also certifies that it has the authority, on behalf of each individual, to consent or object to public release of information regarding that individual. The Federal Reserve may assume, in the absence of a request for confidential treatment submitted in accordance with the Board's "Rules Regarding Availability of Information," 12 C.F.R. Part 261, that the Reporter and individual consent to public release of all details in the report concerning that individual.

Patricia A Ferrick
Signature of Holding Company Director and Official

04/02/2018
Date of Signature

For holding companies not registered with the SEC–
Indicate status of Annual Report to Shareholders:

- [x] is included with the FR Y-6 report
- [ ] will be sent under separate cover
- [ ] is not prepared

For Federal Reserve Bank Use Only

RSSD ID _____
C.I. _____

Date of Report (top-tier holding company's fiscal year-end):
December 31, 2017
Month / Day / Year

No LEI
Reporter's Legal Entity Identifier (LEI) (20-Character LEI Code)

Reporter's Name, Street, and Mailing Address

FVCBankcorp, Inc.
Legal Title of Holding Company

11325 Random Hills Rd, Ste 240
(Mailing Address of the Holding Company) Street / P.O. Box

Fairfax	VA	22030
City	State	Zip Code

Physical Location (if different from mailing address)

Person to whom questions about this report should be directed:

Jennifer Deacon	EVP, CFO
Name	Title

703-436-3895
Area Code / Phone Number / Extension

703-436-3816
Area Code / FAX Number

jdeacon@fvcbank.com
E-mail Address

www.fvcbank.com
Address (URL) for the Holding Company's web page

Is confidential treatment requested for any portion of this report submission? ..... 0=No 1=Yes: 0

In accordance with the General Instructions for this report (check only one),

1. a letter justifying this request is being provided along with the report ..... [ ]
2. a letter justifying this request has been provided separately ... [ ]

NOTE: Information for which confidential treatment is being requested must be provided separately and labeled as "confidential."

For Use By Tiered Holding Companies

Top-tiered holding companies must list the names, mailing address, and physical locations of each of their subsidiary holding companies below.

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

Legal Title of Subsidiary Holding Company

(Mailing Address of the Subsidiary Holding Company) Street / P.O. Box

City State Zip Code

Physical Location (if different from mailing address)

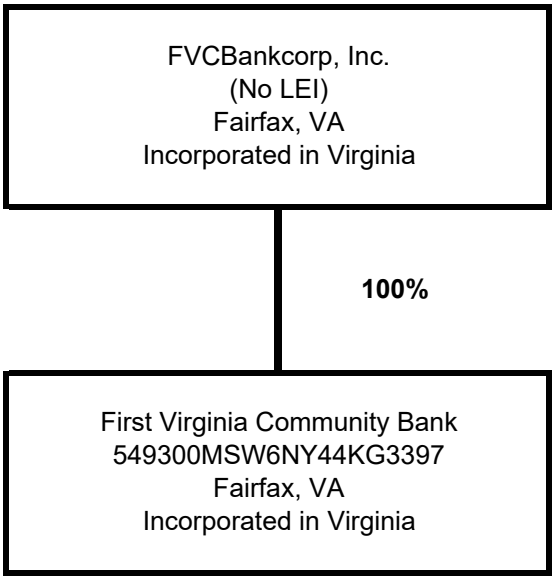
Form FR Y-6
FVCBankcorp, Inc.
Fairfax, Virginia
Fiscal Year Ending December 31, 2017

Report Item 1:

The bank holding company prepares an annual report for its securities holders and is not registered with the SEC. As specified by the Federal Reserve Bank of Richmond (Fifth-District), two (2) copies are enclosed.

Form FR Y-6
FVCBankcorp, Inc.
Fairfax, Virginia
Fiscal Year Ending December 31, 2017

Report Item 2.a.: Organizational Chart



Form FR Y-6
FVCBankcorp, Inc.
Fairfax, Virginia
Fiscal Year Ending December 31, 2017

Report Item 2.b.: Domestic Branch Listing
Please note that the downloaded excel file from http://structures.federalreserve.gov
has been send to our contact at Federal Reserve Bank of Richmond (Fifth District)
Strum, Phyllis <phyllis.strum@rich.frb.org>

Results: A list of branches for your depository institution: FIRST VIRGINIA COMMUNITY BANK (ID_RSSD: 3614976).
This depository institution is held by FVCBANKCORP, INC. (4875907) of FAIRFAX, VA.
The data IS as of 12/31/2017. Data reflects information that was received and processed through 01/04/2018.

Reconciliation and Verification Steps
1. In the **Data Action** column of each branch row, enter one or more of the actions specified below
2. If required, enter the date in the **Effective Date** column

Actions
OK: If the branch information is correct, enter 'OK' in the **Data Action** column.
Change: If the branch information is incorrect or incomplete, revise the data, enter 'Change' in the **Data Action** column and the date when this information first became valid in the **Effective Date** column.
Close: If a branch listed was sold or closed, enter 'Close' in the **Data Action** column and the sale or closure date in the **Effective Date** column.
Delete: If a branch listed was never owned by this depository institution, enter 'Delete' in the **Data Action** column.
Add: If a reportable branch is missing, insert a row, add the branch data, and enter 'Add' in the **Data Action** column and the opening or acquisition date in the **Effective Date** column.

If printing this list, you may need to adjust your page setup in MS Excel. Try using landscape orientation, page scaling, and/or legal sized paper.

Submission Procedure
When you are finished, send a saved copy to your FRB contact. See the detailed instructions on this site for more information.
If you are e-mailing this to your FRB contact, put your institution name, city and state in the subject line of the e-mail.

Note:
To satisfy the **FR Y-10 reporting requirements**, you must also submit FR Y-10 Domestic Branch Schedules for each branch with a **Data Action** of Change, Close, Delete, or Add.
The FR Y-10 report may be submitted in a hardcopy format or via the FR Y-10 Online application - https://y10online.federalreserve.gov.

* FDIC UNINUM, Office Number, and ID_RSSD columns are for reference only. Verification of these values is not required.

Data Action	Effective Date	Branch Service Type	Branch ID_RSSD*	Popular Name	Street Address	City	State	Zip Code	County	Country	FDIC UNINUM*	Office Number*	Head Office	Head Office ID_RSSD*	Comments
OK		Full Service (Head Office)	3614976	FVCBANK HQ / FAIRFAX BRANCH	11325 RANDOM HILLS ROAD	FAIRFAX	VA	22030	FAIRFAX	UNITED STATES	463069	0	FIRST VIRGINIA COMMUNITY BANK	3614976	
OK		Full Service	3688678	ARLINGTON BRANCH	2500 WILSON BOULEVARD, SUITE 100	ARLINGTON	VA	22201	ARLINGTON	UNITED STATES	467605	3	FIRST VIRGINIA COMMUNITY BANK	3614976	
OK		Full Service	3798184	MANASSAS BRANCH	7900 SUDLEY ROAD SUITE 100	MANASSAS	VA	20109	PRINCE WILLIAM	UNITED STATES	477840	1	FIRST VIRGINIA COMMUNITY BANK	3614976	
OK		Full Service	4304292	RESTON BRANCH	11260 ROGER BACON DRIVE, SUITE 101	RESTON	VA	20190	FAIRFAX	UNITED STATES	521933	2	FIRST VIRGINIA COMMUNITY BANK	3614976	
OK		Full Service	4585961	SPRINGFIELD BRANCH	6975 SPRINGFIELD BOULEVARD	SPRINGFIELD	VA	22150	FAIRFAX	UNITED STATES	557781	4	FIRST VIRGINIA COMMUNITY BANK	3614976	
ADD	10/27/16	Full Service	5213113	ASHBURN BRANCH	43800 CENTRAL STATION DRIVE, SUITE 150	ASHBURN	VA	20147	LOUDOUN	UNITED STATES	590075	5	FIRST VIRGINIA COMMUNITY BANK	3614976	

Form FR Y-6
FVCBankcorp, Inc.
Fairfax, Virginia
Fiscal Year Ending December 31, 2017

Report Item 3: Securities holders
(1)(a)(b)(c) and 2(a)(b)(c)

Current securities holders with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2017			**Securities holders not listed in 3(1)(a) through 3(1)(c) with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2017**		
(1)(a) **Name** **City, State** **Country**	**(1)(b)** **Country of Citizenship or Incorporation**	**(1)(c)** **Number and percentage of each class of voting securities**	**(2)(a)** **Name** **City, State** **Country**	**(2)(b)** **Country of Citizenship or Incorporation**	**(2)(c)** **Number and percentage of each class of voting securities**
Nino R. Vaghi Kensington, MD USA	USA	905,392 - 7.91% Common Stock 15,553 - 0.14% Options on Common Stock	N/A - No securities holders not listed in 3(1)(a) through 3(1)(c) with ownership, control or holdings of 5% or more with power to vote as of fiscal year ending 12-31-2017		

Form FR Y-6
FVCBankcorp, Inc.
Fairfax, Virginia
Fiscal Year Ending December 31, 2017

Report Item 4: Insiders
(1), (2), (3)(a)(b)(c), and 4(a)(b)(c)

(1) Name City, State Country	(2) Principal Occupation if other than with Holding Company	(3)(a) Total & Position with Holding Company	(3)(b) Total & Position with Subsidiaries (include names of subsidiaries)	(3)(c) Total & Position with Other Businesses (include names of other businesses)	(4)(a) Percentage of Voting Shares in Holding Company	(4)(b) Percentage of Voting Shares in Subsidiaries (including names of subsidiaries)	(4)(b) List names of other companies (includes partnerships) if 25% or more of voting securities are held (list names of companies and percentage of voting securities held)
David W. Pijor Fairfax, VA USA	N/A	Chairman and Chief Executive Officer	Chief Executive Officer (First Virginia Community Bank)	N/A	6.8%	None	N/A
L. Burwell Gunn Southport, NC USA	N/A	Vice Chairman	N/A	N/A	0.9%	None	N/A
Scott D. Laughlin Oakton, VA USA	Entrepreneur and venture investor	Director	N/A	Board member - Lurn Inc. and LM&O Advertising	1.4%	None	N/A
Thomas L. Patterson Chevy Chase, MD USA	N/A	Director	N/A	N/A	2.3%	None	N/A
Devin A. Satz Clifton, VA USA	N/A	Director	N/A	N/A	1.4%	None	N/A
Lawrence W. Schwartz Oakton, VA USA	Audit partner	Director	N/A	Partner - PB Mares, LLP	0.8%	None	N/A
Sidney G. Simmonds Arlington, VA USA	Audit/tax partner	Director	N/A	President - Simmonds and Klima, P.C.	0.7%	None	N/A
Daniel M. Testa Woodbridge, VA USA	N/A	Director	N/A	President, CEO and Owner - TCI	2.2%	None	N/A
Philip R. Wills Vienna, VA USA	Business owner	Director	N/A	Manager - Related Wills' family corporations	2.6%	None	N/A
Steve Wiltse Longboat Key, FL USA	N/A	Director	N/A	N/A	0.1%	None	N/A
Patricia A. Ferrick Centreville, VA USA	N/A	President and Secretary	President (First Virginia Community Bank)	N/A	1.3%	None	N/A

FVCBankcorp, Inc. and Subsidiary

Fairfax, Virginia

CONSOLIDATED FINANCIAL REPORT

December 31, 2017

C O N T E N T S

Yount Hyde & Barbour

Certified Public Accountants
and Consultants

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
FVCBankcorp, Inc.
Fairfax, Virginia

Opinion on the Financial Statements
We have audited the accompanying consolidated balance sheets of FVCBankcorp, Inc. and its subsidiary (the Company) as of December 31, 2017 and 2016, and the related consolidated statements of income, comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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 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.

We have served as the Company's auditor since 2010.

Yount, Hyde & Barbour, P.C.

Winchester, Virginia
March 22, 2018

FVCBankcorp, Inc. and Subsidiary

Consolidated Balance Sheets
December 31, 2017 and 2016

Assets	**2017**	**2016**
Cash and due from banks	$ 7,427,599	$ 5,174,470
Interest-bearing deposits at other financial institutions	15,139,300	3,509,686
Securities held-to-maturity (fair market value of $1,762,088 in 2017 and $1,754,084 in 2016)	1,760,257	1,759,763
Securities available-for-sale, at fair market value	115,952,221	112,228,111
Restricted stock, at cost	3,438,200	4,431,900
Loans, net of allowance for loan losses of $7,725,383 for 2017 and $6,452,481 for 2016	880,951,947	761,649,079
Premises and equipment, net	1,235,820	1,270,742
Accrued interest receivable	2,964,161	2,496,427
Prepaid expenses	697,983	603,182
Deferred tax assets, net	3,154,706	4,368,117
Core deposit intangible, net	98,600	119,000
Bank owned life insurance (BOLI)	15,968,610	10,828,189
Other real estate owned (OREO)	3,866,098	- -
Other assets	568,383	866,456
Total assets	$ 1,053,223,885	$ 909,305,122
Liabilities and Stockholders' Equity		
Liabilities		
Deposits:		
Noninterest-bearing	$ 175,446,349	$ 165,661,647
Interest-bearing checking, savings and money market	379,099,966	369,281,290
Time deposits	373,616,272	241,048,042
Total deposits	$ 928,162,587	$ 775,990,979
FHLB advances	$ - -	$ 27,000,000
Subordinated notes, net of issuance costs	24,327,274	24,247,346
Accrued interest payable	416,744	170,367
Accrued expenses and other liabilities	2,034,295	2,084,992
Total liabilities	$ 954,940,900	$ 829,493,684
Commitments and Contingent Liabilities		
Stockholders' Equity		
Common stock		
$0.01 par value, authorized 20,000,000 shares; 10,868,984 and 8,143,127 shares issued and outstanding in 2017 and 2016, respectively	108,690	81,431
Additional paid-in capital	74,008,475	63,144,830
Retained earnings	25,859,340	17,884,209
Accumulated other comprehensive (loss), net	(1,693,520)	(1,299,032)
Total stockholders' equity	$ 98,282,985	$ 79,811,438
Total liabilities and stockholders' equity	$ 1,053,223,885	$ 909,305,122

See Notes to Consolidated Financial Statements.

FVCBankcorp, Inc. and Subsidiary

Consolidated Statements of Income
For the Years Ended December 31, 2017 and 2016

	2017	2016
Interest and Dividend Income		
Interest and fees on loans	$ 37,505,322	$ 30,595,706
Interest and dividends on securities held-to-maturity	50,663	28,435
Interest and dividends on securities available-for-sale	2,433,267	1,691,363
Dividends on restricted stock	222,651	170,320
Interest on deposits at other financial institutions	90,264	101,396
Interest on federal funds sold	6	4
Total interest and dividend income	$ 40,302,173	$ 32,587,224
Interest Expense		
Interest on deposits	$ 6,417,600	$ 4,473,459
Interest on federal funds purchased	7,905	475
Interest on short-term debt	188,970	39,415
Interest on long-term debt	1,002	32,251
Interest on subordinated notes	1,579,928	841,165
Total interest expense	$ 8,195,405	$ 5,386,765
Net Interest Income	$ 32,106,768	$ 27,200,459
Provision for loan losses	1,200,000	1,471,000
Net interest income after provision for loan losses	$ 30,906,768	$ 25,729,459
Noninterest Income		
Service charges on deposit accounts	$ 546,354	$ 564,005
Gains on sale of securities available for sale	164,171	71,124
Gain on foreclosure of other real estate owned	1,075,489	- -
BOLI income	854,884	303,400
Other fee income	334,378	281,595
Total noninterest income	$ 2,975,276	$ 1,220,124
Noninterest Expenses		
Salaries and employee benefits	$ 11,658,783	$ 9,803,624
Occupancy and equipment expense	2,258,694	2,097,731
Data processing and network administration	1,017,347	911,497
State franchise taxes	1,040,969	747,970
Audit, legal and consulting fees	513,322	376,116
Loan related expenses	285,368	363,362
FDIC insurance	384,170	355,856
Marketing, business development and advertising	346,151	349,686
Director fees	405,231	336,600
Postage, courier and telephone	244,544	206,006
Internet banking	241,617	186,058
Dues, memberships & publications	128,650	114,292
Bank insurance	134,194	108,736
Printing and supplies	119,845	107,632
Bank charges	70,910	67,127
State assessments	133,359	56,122
Core deposit intangible amortization	20,400	20,400
Other operating expenses	343,045	237,008
Total noninterest expenses	$ 19,346,599	$ 16,445,823
Net income before income tax expense	$ 14,535,445	$ 10,503,760
Income tax expense	6,845,724	3,571,123
Net income	$ 7,689,721	$ 6,932,637
Earnings per share, basic	$ 0.74	$ 0.68
Earnings per share, diluted	$ 0.67	$ 0.63

See Notes to Consolidated Financial Statements.

FVCBankcorp, Inc. and Subsidiary

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2017 and 2016

	2017	2016
Net income	$ 7,689,721	$ 6,932,637
Other comprehensive (loss):		
Unrealized gain (loss) on securities available for sale, net of tax $3,708 and $328,749, respectively	2,606	(638,160)
Reclassification adjustment for gains realized in income, net of tax $56,737 and $24,182, respectively	(107,434)	(46,942)
Total other comprehensive (loss)	$ (104,828)	$ (685,102)
Total comprehensive income	$ 7,584,893	$ 6,247,535

See Notes to Consolidated Financial Statements.

FVCBankcorp, Inc. and Subsidiary

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities		
Reconciliation of net income to net cash provided by operating activities:		
Net income	$ 7,689,721	$ 6,932,637
Depreciation	535,692	523,392
Provision for loan losses	1,200,000	1,471,000
Net amortization of premium of securities	579,334	386,164
Net amortization of deferred loan costs and purchase premiums	657,112	423,970
Amortization of subordinated debt issuance costs	79,928	45,332
Stock-based compensation expense	627,544	697,809
BOLI income	(854,884)	(303,400)
Realized gains on securities sales	(164,171)	(71,124)
Deferred income tax (benefit)	1,327,274	(313,357)
Core deposits intangible amortization	20,400	20,400
Gain on foreclosure of other real estate owned	(1,075,489)	- -
Changes in assets and liabilities:		
Increase (decrease) in accrued interest receivable, prepaid expenses and other assets	93,386	(881,971)
Increase (decrease) in accrued interest payable, accrued expenses and other liabilities	(223,001)	489,421
Net cash provided by operating activities	$ 10,492,846	$ 9,420,273
Cash Flows From Investing Activities		
Maturities of certificates of deposits purchased for investment	$ 250,000	$ 245,000
(Increase) decrease in interest-bearing deposits at other financial institutions	(11,629,614)	19,933,248
Purchases of securities held-to-maturity	- -	(1,496,475)
Purchases of securities available-for-sale	(22,136,540)	(67,229,584)
Proceeds from sales of securities available-for-sale	2,630,821	3,955,150
Proceeds from maturities and calls of securities held-to-maturity	- -	2,000,000
Proceeds from maturities and calls of securities available-for-sale	- -	2,500,000
Proceeds from redemptions of securities available-for-sale	14,958,094	12,462,261
Net redemption (purchase) of restricted stock	993,700	(383,900)
Net (increase) in loans	(123,950,589)	(146,224,012)
Purchases of BOLI	(4,285,537)	- -
(Purchases) of premises and equipment, net	(500,770)	(282,234)
Net cash used in investing activities	$ (143,670,435)	$ (174,520,546)
Cash Flows From Financing Activities		
Net increase in noninterest-bearing, interest-bearing checking, savings, and money market deposits	$ 19,603,378	$ 120,241,598
Net increase in time deposits	132,568,230	29,109,590
Decrease in FHLB advances	(27,000,000)	(8,650,000)
Issuance of subordinated notes, net	- -	24,202,014
Cash paid in lieu of fractional shares	(4,250)	(5,250)
Common stock issuance	10,263,360	119,654
Net cash provided by financing activities	$ 135,430,718	$ 165,017,606
Net increase (decrease) in cash and cash equivalents	$ 2,253,129	$ (82,667)
Cash and cash equivalents, beginning of year	5,174,470	5,257,137
Cash and cash equivalents, end of year	$ 7,427,599	$ 5,174,470
Cash payments for interest	$ 7,949,028	$ 5,349,141
Cash payments for income taxes	$ 5,934,219	$ 3,040,000
Supplemental Disclosures of Noncash Investing Activity		
Unrealized (losses) on securities available for sale	$ (157,857)	$ (1,055,243)
Transfer of loans to other real estate owned	$ 2,790,609	$ - -

See Notes to Consolidated Financial Statements.

FVCBankcorp, Inc. and Subsidiary

Consolidated Statements of Changes in Stockholders' Equity

For the Years Ended December 31, 2017 and 2016

	Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss)	Total
Balance at December 31, 2015	6,490,420	$ 64,904	$ 62,343,894	$ 10,956,822	$ (613,930)	$ 72,751,690
Net income	- -	- -	- -	6,932,637	- -	6,932,637
Other comprehensive loss	- -	- -	- -	- -	(685,102)	(685,102)
5-for-4 stock split	1,627,379	16,274	(16,274)	(5,250)	- -	(5,250)
Common stock issuance for options exercised	25,328	253	119,401	- -	- -	119,654
Stock-based compensation expense	- -	- -	697,809	- -	- -	697,809
Balance at December 31, 2016	8,143,127	$ 81,431	$ 63,144,830	$ 17,884,209	$ (1,299,032)	$ 79,811,438
Net income	- -	- -	- -	7,689,721	- -	7,689,721
Other comprehensive loss	- -	- -	- -	- -	(104,828)	(104,828)
Common stock issuance at $20 per share	500,000	5,000	9,995,000	- -	- -	10,000,000
5-for-4 stock split	2,171,401	21,714	(21,714)	(4,250)	- -	(4,250)
Common stock issuance for options exercised	54,456	545	262,815	- -	- -	263,360
Reclassification of stranded effects from change in tax rate	- -	- -	- -	289,660	(289,660)	- -
Stock-based compensation expense	- -	- -	627,544	- -	- -	627,544
Balance at December 31, 2017	10,868,984	$ 108,690	$ 74,008,475	$ 25,859,340	$ (1,693,520)	$ 98,282,985

See Notes to Consolidated Financial Statements.

Note 1. Organization and Summary of Significant Accounting Policies

Organization

FVCBankcorp, Inc. (the "Company"), a Virginia corporation, was formed in 2015 and is registered as a bank holding company under the Bank Holding Company Act of 1956, as amended. The Company is headquartered in Fairfax, Virginia. The Company conducts its business activities through the branch offices of its wholly owned subsidiary bank, First Virginia Community Bank (the "Bank"). The Company exists primarily for the purposes of holding the stock of its subsidiary, the Bank.

The Bank was organized under the laws of the Commonwealth of Virginia to engage in a general banking business serving the community in and around Fairfax, Virginia. The Bank commenced regular operations on November 27, 2007 and is a member of the Federal Reserve System and the Federal Deposit Insurance Corporation. It is subject to the regulations of the Federal Reserve System and the State Corporation Commission of Virginia. Consequently, it undergoes periodic examinations by these regulatory authorities.

Principles of Consolidation

The consolidated financial statements include the accounts of FVCBankcorp, Inc. and its wholly owned subsidiary. All material intercompany balances and transactions have been eliminated in consolidation.

Significant Accounting Policies

The accounting and reporting policies of the Company are in accordance with accounting principles generally accepted in the United States of America and conform to general practices within the banking industry. The more significant of these policies are summarized below.

Stock Split and Par Value

On August 31, 2017, the Company declared a five-for-four common stock split. The earnings per share for the years ended December 31, 2017 and 2016 have been retroactively adjusted for this split as if it occurred on January 1, 2016.

On May 26, 2016, the Company declared a five-for-four common stock split. The earnings per share for the year ended December 31, 2016 has been retroactively adjusted for this split as if it occurred on January 1, 2015.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include cash on hand, amounts due from banks and federal funds sold. Generally, federal funds are purchased and sold for one day periods.

Securities

Debt securities that management has the positive intent and ability to hold to maturity are classified as "held-to-maturity" and recorded at amortized cost. Securities not classified as held-to-maturity, including equity securities with readily determinable fair values, are classified as "available-for-sale" and recorded at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. Restricted stock, such as Federal Reserve Bank stock, Federal Home Loan Bank (FHLB) stock and Community Bankers' Bank stock, is carried at cost, based on the redemption provisions of these correspondent banks.

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Declines in the fair value of available-for-sale securities below their cost that are deemed to be other than temporary are reflected in earnings as realized losses. In estimating other-than-temporary impairment losses, management considers (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) whether the Company intends to sell the security, whether it is more likely than not that the Company will be required to sell the security before recovery of its amortized costs basis and whether the Company expects to recover the security's entire cost basis. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Loans

The Company grants commercial real estate, commercial non-real estate and consumer loans to its customers. A substantial portion of the loan portfolio includes commercial loans throughout the greater Washington, D.C. metropolitan area, initially focusing on the counties of Arlington, Fairfax, Loudoun and Prince William, Virginia. The ability of the Company's debtors to honor their contracts is dependent upon the real estate and general economic conditions in this area.

The recorded investment in loans that management has the intent and ability to hold represents the customers unpaid principal balances, net of partial charge-offs. Interest income is accrued on the unpaid principal balance. Loan origination and commitment fees and certain direct costs are deferred and the net amount is amortized as an adjustment of the related loans' yield. The Company is amortizing these amounts over the loans' contractual lives.

Past due status is monitored based on customers' contractual payment status for all loans. The accrual of interest on mortgage and commercial loans is discontinued at the time the loan becomes 90 days delinquent unless the credit is well-secured and in process of collection. Non-performing loans are placed either on nonaccrual status pending further collection efforts or charged off if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on loans in nonaccrual status is accounted for on the 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.

Troubled Debt Restructurings

In situations where, for economic or legal reasons related to a borrower's financial condition, the Company may grant a concession to the borrower that it would not otherwise consider, the related loan is classified as a troubled debt restructuring (TDR). The Company strives to identify borrowers in financial difficulty early and work with them to modify their loan to more affordable terms before their loan reaches nonaccrual status. These modified terms may include rate reductions, principal forgiveness, payment forbearance and other actions intended to minimize the economic loss and to avoid foreclosure or repossession of the collateral. In cases where borrowers are granted new terms that provide for a reduction of either interest or principal, the Company measures any impairment on the restructuring as noted above for impaired loans.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Management estimates the allowance balance required using past loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off. Charge-offs of loans are made by portfolio segment at the time that the collection of the full principal, in management's judgment, is doubtful. This methodology for determining charge-offs is consistently applied to each segment.

The allowance consists of specific, general and unallocated reserves. Specific reserves relate to loans that are individually classified as impaired. A loan is impaired when, based on current information and events, it is probable that the Company will be unable to collect all amounts due according to the contractual terms of the loan agreement. Measurement of impairment is based on the expected future cash flows of an impaired loan, which are to be discounted at the loan's effective interest rate, or measured by reference to an observable market value, if one exists, or the fair value of the collateral for a collateral-dependent loan. The Company selects the measurement method on a loan-by-loan basis except that collateral-dependent loans for which foreclosure is probable are measured at the fair value of the collateral.

Larger balance, non-homogeneous loans are individually evaluated for possible impairment. If a loan is impaired, a portion of the allowance is allocated so that the loan is reported, net, at the present value of estimated future cash flows using the loan's existing rate or at the fair value of collateral if repayment is expected solely from the collateral. Smaller balance, homogeneous loans are collectively evaluated for impairment.

The Company recognizes interest income on impaired loans based on its existing methods of recognizing interest income on nonaccrual loans. Loans for which the terms have been modified resulting in a concession and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings and classified as impaired with measurement of impairment based on expected future cash flows discounted using the loan's effective rate immediately prior to the restructuring.

General reserves cover non-impaired loans and are based on peer group historical loss rates for each portfolio segment, adjusted for the effects of qualitative or environmental factors that are likely to cause estimated credit losses as of the evaluation date to differ from the portfolio segment's historical loss experience. Qualitative factors include consideration of the following: changes in lending policies and procedures; changes in economic conditions; changes in the nature and volume of the portfolio; changes in the experience, ability and depth of lending management and other relevant staff; changes in the volume and severity of past due, nonaccrual and other adversely graded loans; changes in the loan review system; changes in the value of the underlying collateral for collateral-dependent loans; concentrations of credit and the effect of other external factors such as competition and legal and regulatory requirements.

The unallocated component of the allowance is maintained to cover uncertainties that could affect management's estimate of losses inherent in the loan portfolio. The unallocated component of the allowance reflects the margin of imprecision inherent in the underlying assumptions used for estimating the specific and general losses in the loan portfolio.

Portfolio segments identified by the Company include commercial real estate, commercial and industrial, commercial construction, consumer residential, consumer nonresidential and consumer construction. Relevant risk characteristics for these portfolio segments generally include debt service coverage, loan-to-value ratios and financial performance on non-consumer loans and credit scores, debt-to income, collateral type and loan-to-value ratios for consumer loans. The Company uses the same segments and classes for analyzing adequacy of general allowances.

Premises and Equipment

Leasehold improvements, computer software, furniture, fixtures and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the assets' estimated useful lives or life of lease. Estimated useful lives are 10 years for leasehold improvements and 3 to 7 years for computer software, furniture, fixtures and equipment.

Intangible Assets

The Company's intangible assets were acquired in the acquisition of 1st Commonwealth in 2012. ASC 350, Intangibles-Goodwill and Other (ASC 350), prescribes accounting for intangible assets subsequent to initial recognition. Acquired intangible assets (such as core deposit intangibles) are separately recognized if the benefit of the assets can be sold, transferred, licensed, rented, or exchanged, and amortized over their useful lives. Intangible assets related to acquisition are amortized. The core deposit intangible asset, based on an independent valuation, is being amortized over its estimated life of 10 years.

Other Real Estate Owned

Assets acquired through, or in lieu of, loan foreclosure are held for sale. At the time of acquisition, these properties are recorded at fair value less estimated selling costs, with any write down charged to the allowance for loan losses and any gain on foreclosure is recorded in net income, establishing a new cost basis. Subsequent to foreclosure, valuations of the assets are periodically performed by management, and these assets are subsequently accounted for at lower of cost or fair value less estimated selling costs. Adjustments are made for subsequent decline in the fair value of the assets less selling costs. Revenue and expenses from operations

and valuation changes are charged to operating income in the year of the transaction. The Company foreclosed on one property for the year ended December 31, 2017 and none during the year ended December 31, 2016.

As of December 31, 2017 and 2016, the Company had no residential real estate foreclosures included in the carrying value.

The Company had no consumer mortgage loans secured by residential real estate properties for which formal foreclosure proceedings were in process as of December 31, 2017 and 2016.

Bank Owned Life Insurance

The Company has purchased life insurance policies on certain key employees. Bank owned life insurance is recorded at the amount that can be realized under the insurance contract at the balance date, which is the cash surrender value.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales, when control over the assets has been surrendered. Control over transferred assets is deemed surrendered when (1) the assets have been isolated from the Company – put presumptively beyond reach of the transferor and its creditors, even in bankruptcy or other receivership, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity or the ability to unilaterally cause the holder to return specific assets.

Use of Estimates

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for loan losses, the valuation of deferred tax assets, other-than-temporary impairment, and the valuation of other real estate owned.

Income Taxes

Deferred taxes are provided on a liability method whereby deferred tax assets and liabilities are recognized for deductible temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Deferred income tax expense results from changes in deferred tax assets and liabilities between periods. Deferred tax assets are recognized if it is more likely than not, based on the technical merits, that the tax position will be realized or sustained upon examination. The term more likely than not means a likelihood of more than 50 percent; the terms examined and upon

examination also include resolution of the related appeals or litigation processes, if any. A tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized upon settlement with a taxing authority that has full knowledge of all relevant information. The determination of whether or not a tax position has met the more-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment. The Company had no such liability recorded as of December 31, 2017 and 2016. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence available, it is more likely than not that some portion or all of a deferred tax asset will not be realized.

The results for the year ended December 31, 2017 include the effect of the Tax Cuts and Jobs Act (the Tax Act), which was signed into law on December 22, 2017. Among other things, the Tax Act permanently lowers the federal corporate income tax rate to 21% from the maximum rate prior to the passage of the Tax Act of 35%, effective January 1, 2018. As a result of the federal corporate income tax rate, U.S. GAAP requires companies to re-measure their deferred tax assets and deferred tax liabilities, including those accounted for in accumulated other comprehensive income (loss), as of the date of the Tax Act's enactment and record the corresponding effects in income tax expense in the fourth quarter of 2017. As a result of the permanent reduction in the corporate income tax rate, the Company recognized a $2,036,284 reduction in the value of its net deferred tax asset and recorded a corresponding incremental income tax expense in the Company's consolidated statement of income for 2017. The Company's evaluation of the effect of the Tax Act is considered a preliminary estimate and is subject to refinement in 2018. No material adjustment is anticipated.

Advertising Costs

The Company follows the policy of charging all of advertising to expense as incurred.

Comprehensive Income (Loss)

Comprehensive income consists of net income and other comprehensive income. Other comprehensive income (loss) includes unrealized gains (losses) on securities available-for-sale, which are also recognized as separate components of equity. Items reclassified out of accumulated other comprehensive income (loss) to net income relate solely to realized gains (losses) on sales of securities available-for-sale and appear under the caption "Gains on sale of securities available-for-sales" in the Company's statements of income.

In February 2018, the FASB issued ASU 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income ("AOCI"). The Company early adopted this new standard in the current year. ASU 2018-02 requires reclassification from AOCI to retained earnings for stranded tax effects resulting from the impact of the newly enacted federal corporate tax rate on items included in AOCI. The amount of this reclassification in 2017 was $289,660.

Fair Value of Financial Instruments

Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in Note 15. Fair value estimates involve uncertainties and matters of significant judgment. Changes in assumptions or in market conditions could significantly affect the estimates.

Stock Compensation Plans

Authoritative accounting guidance requires that the compensation cost relating to share-based payment transactions be recognized in the financial statements. That cost is measured based on the fair value of the equity or liability instruments issued. The guidance covers a wide range of share-based compensation arrangements including stock options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. The guidance requires entities to measure the cost of employee services recognized in exchange for stock options based on the grant-date fair value of the award, and to recognize the cost over the period the employee is required to provide services for the award. The Company uses the Black-Scholes option-pricing model to meet the fair value objective as outlined in the accounting literature.

The Company recognizes in the income statement the grant-date fair value of stock options and other equity-based compensation. The fair value related to forfeitures of stock options and other equity-based compensation are recorded to the income statement as they occur, reducing equity -based compensation expense in that period. The Company classifies stock awards as either an equity award or a liability award. Equity classified awards are valued as of the grant date using either an observable market price or a valuation methodology. Liability classified awards are valued at fair value at each reporting date. For the periods presented, all of the Company's stock options are classified as equity awards.

During 2017, the Company began granting restricted stock awards which are granted at the fair market value of the Company's common stock on the grant date. Most employee restricted stock grants vest in one-quarter increments on the anniversary date of the grant.

The weighted average per share fair values of stock option grants made in 2017 and 2016 were $15.20 and $14.38. The fair values of the options granted were estimated on the grant date using the Black-Scholes option-pricing model based on the following weighted average assumptions:

	2017	2016
Dividend yield	- -	- -
Expected life (in years)	5.5	6.5
Expected volatility	16.6%	16.70-18.70%
Risk-free interest rate	1.94%	1.05%

Retirement Plan

Employee 401(k) expense is the amount of matching contributions paid by the Company. 401(k) expense was $230,161 and $180,214 for the years ended December 31, 2017 and 2016, respectively.

Earnings Per Share

Basic earnings per share represent income available to common shareholders divided by the weighted-average number of common shares outstanding during the period. Diluted earnings per share reflect additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustment to income that would result

from the assumed issuance. Potential common shares that may be issued by the Company consist solely of outstanding stock options, and are determined using the treasury method. Earnings and dividends per share are restated for all stock splits and dividends through the date of issuance of the financial statements.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year's method of presentation. None of these reclassifications were significant.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers: Topic 606." This ASU revised guidance for the recognition, measurement, and disclosure of revenue from contracts with customers. The original guidance has been amended through subsequent accounting standard updates that resulted in technical corrections, improvements, and a one-year deferral of the effective date to January 1, 2018. The guidance, as amended, is applicable to all entities and, once effective, will replace significant portions of existing industry and transaction-specific revenue recognition rules with a more principles-based recognition model. Most revenue associated with financial instruments, including interest income, loan origination fees, and credit card fees, is outside the scope of the guidance. Gains and losses on investment securities, derivatives, and sales of financial instruments are similarly excluded from the scope. Entities can elect to adopt the guidance either on a full or modified retrospective basis. Full retrospective adoption will require a cumulative effect adjustment to retained earnings as of the beginning of the earliest comparative period presented. Modified retrospective adoption will require a cumulative effect adjustment to retained earnings as of the beginning of the reporting period in which the entity first applies the new guidance. The Company plans to adopt this guidance on the effective date, January 1, 2018 via the modified retrospective approach. The Company has completed its assessment of the adoption of this ASU, noting the standard will result in expanded disclosures related to non-interest income and enhance the qualitative disclosures on the revenues within the scope of the new guidance. The Company has concluded the adoption of ASU 2014-09 will not have a material impact on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities." The amendments in ASU 2016-01, among other things: 1) Requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. 2) Requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes. 3) Requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset (i.e., securities or loans and receivables). 4) Eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The amendments in this ASU are effective for public companies for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company is currently in the process of identifying a third party to assist in the measurement of its financial assets and liabilities. The Company does not expect the adoption of ASU 2016-01 to have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." Among other things, in the amendments in ASU 2016-02, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date: (1) A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Under the new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, Revenue from Contracts with Customers. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application is permitted upon issuance. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. The Company is currently assessing the impact that ASU 2016-02 will have on its consolidated financial statements.

During June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The amendments in this ASU, among other things, require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses. In addition, the ASU amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The amendments in this ASU are effective for SEC filers for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. For public companies that are not SEC filers, the amendments in this ASU are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The Company is currently identifying third party vendors to assist in the measurement of expected credit losses under this standard and has identified an implementation committee to assess the impact that ASU 2016-13 will have on its consolidated financial statements.

During August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments", to address diversity in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The amendments should be applied using a retrospective transition method to each period presented. If retrospective application is impractical for some of the issues addressed by the update, the amendments for those issues would be applied prospectively as of the earliest date practicable. Early adoption is permitted, including adoption in an interim period. The Company does not expect the adoption of ASU 2016-15 to have a material impact on its consolidated financial statements.

During January 2017, the FASB issued ASU No. 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business". The amendments in this ASU clarify the definition of a business with the objective of adding guidance to assist entities with evaluating

whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. Under the current implementation guidance in Topic 805, there are three elements of a business—inputs, processes, and outputs. While an integrated set of assets and activities (collectively referred to as a "set") that is a business usually has outputs, outputs are not required to be present. In addition, all the inputs and processes that a seller uses in operating a set are not required if market participants can acquire the set and continue to produce outputs. The amendments in this ASU provide a screen to determine when a set is not a business. If the screen is not met, the amendments (1) require that to be considered a business, a set must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and (2) remove the evaluation of whether a market participant could replace missing elements. The ASU provides a framework to assist entities in evaluating whether both an input and a substantive process are present. The amendments in this ASU are effective for annual periods beginning after December 15, 2017, including interim periods within those annual periods. The amendments in this ASU should be applied prospectively on or after the effective date. No disclosures are required at transition. The Company does not expect the adoption of ASU 2017-01 to have a material impact on its consolidated financial statements.

During January 2017, the FASB issued ASU No. 2017-04, "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment". The amendments in this ASU simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Instead, under the amendments in this ASU, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. Public business entities that are U.S. Securities and Exchange Commission (SEC) filers should adopt the amendments in this ASU for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Public business entities that are not SEC filers should adopt the amendments in this ASU for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2020. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company does not expect the adoption of ASU 2017-04 to have a material impact on its consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, "Income Statement – Reporting Comprehensive Income (Topic 220): reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income." The amendments provide financial statement preparers with an option to reclassify stranded tax effects within accumulated other comprehensive income to retained earnings in each period in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act (or portion thereof) is recorded. The amendments are effective for all organizations for fiscal years beginning after December 15, 2018, and interim periods with those fiscal years. Early adoption is permitted. Organizations should apply the proposed amendments either in the period of adoption or retrospectively to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized. The Company has elected to reclassify the stranded effects from the Tax Cuts and Jobs Act in the consolidated financial statements for the period ending December 31, 2017. The amount of this reclassification in 2017 was $289,660.

Note 2. Restrictions on Cash and Amounts Due From Banks

The Company is required to maintain average balances on hand or with the Federal Reserve Bank. At December 31, 2017 and 2016, these reserve balances amounted to $1,178,000 and $646,000, respectively.

Note 3. Securities

Amortized cost and fair values of securities held-to-maturity and securities available-for-sale as of December 31, 2017 and 2016, are as follows:

	2017			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Held-to-maturity				
Securities of state and local municipalities tax exempt	$ 263,432	$ 2,697	$ - -	$ 266,129
Securities of U.S. government and federal agencies	1,496,825	- -	(866)	1,495,959
Total Held-to-maturity Securities	$ 1,760,257	$ 2,697	$ (866)	$ 1,762,088
Available-for-sale				
Securities of U.S. government and federal agencies	$ 1,000,000	$ - -	$ (31,867)	$ 968,133
Securities of state and local municipalities tax exempt	3,694,137	22,844	(678)	3,716,303
Securities of state and local municipalities taxable	2,590,562	3,401	(41,376)	2,552,587
Corporate bonds	5,000,000	56,875	(60,837)	4,996,038
Certificates of deposit	490,000	532	(133)	490,399
SBA pass-through securities	253,824	- -	(7,777)	246,047
Mortgage-backed securities	84,614,488	257	(1,401,960)	83,212,785
Collateralized mortgage obligations	20,452,508	- -	(682,579)	19,769,929
Total Available-for-sale Securities	$ 118,095,519	$ 83,909	$ (2,227,207)	$ 115,952,221

	2016			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Held-to-maturity				
Securities of state and local municipalities tax exempt	$ 263,285	$ - -	$ (4,197)	$ 259,088
Securities of U.S. government and federal agencies	1,496,478	- -	(1,482)	1,494,996
Total Held-to-maturity Securities	$ 1,759,763	$ - -	$ (5,679)	$ 1,754,084
Available-for-sale				
Securities of U.S. government and federal agencies	$ 1,000,000	$ - -	$ (38,970)	$ 961,030
Securities of state and local municipalities tax exempt	3,709,473	- -	(91,738)	3,617,735
Securities of state and local municipalities taxable	2,832,466	1,190	(63,057)	2,770,599
Corporate bonds	7,000,000	81,223	(57,330)	7,023,893
Corporate securities	466,650	44,550	- -	511,200
Certificates of deposit	740,000	4,301	- -	744,301
SBA pass-through securities	317,427	- -	(11,637)	305,790
Mortgage-backed securities	80,787,404	- -	(1,362,361)	79,425,043
Collateralized mortgage obligations	17,360,132	6,449	(498,061)	16,868,520
Total Available-for-sale Securities	$ 114,213,552	$ 137,713	$ (2,123,154)	$ 112,228,111

At December 31, 2016, securities with a market value of $807,411 were pledged to secure borrowings at the Federal Reserve Bank. As of December 31, 2017, no securities were pledged with the Federal Reserve Bank.

At December 31, 2017 and 2016, securities with a market value of $0 and $9,165,968 were pledged to secure borrowings at the Federal Home Loan Bank of Atlanta.

At December 31, 2017 and 2016, securities with a market value of $0 and $92,756,879 were pledged to secure public deposits with the Treasury Board of Virginia at the Community Bankers' Bank.

The following table shows fair value and gross unrealized losses, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at December 31, 2017 and 2016, respectively. The reference point for determining when securities are in an unrealized loss position is month-end. Therefore, it is possible that a security's market value exceeded its amortized cost on other days during the past twelve-month period. Available-for-sale securities that have been in a continuous unrealized loss position are as follows:

At December 31, 2017	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities of U.S. government and federal agencies	$ - -	$ - -	$ 968,133	$ (31,867)	$ 968,133	$ (31,867)
Securities of state and local municipalities tax exempt	272,095	(678)	- -	- -	272,095	(678)
Securities of state and local municipalities taxable	497,045	(2,955)	1,278,242	(38,421)	1,775,287	(41,376)
Corporate bonds	1,492,691	(7,310)	946,473	(53,527)	2,439,164	(60,837)
Certificates of deposit	244,867	(133)	- -	- -	244,867	(133)
SBA pass-through securities	- -	- -	246,047	(7,777)	246,047	(7,777)
Mortgage-backed securities	38,038,802	(404,218)	44,662,947	(997,742)	82,701,749	(1,401,960)
Collateralized mortgage obligations	2,730,535	(28,006)	17,039,394	(654,573)	19,769,929	(682,579)
Total	$ 43,276,035	$ (443,300)	$ 65,141,236	$ (1,783,907)	$ 108,417,271	$ (2,227,207)

At December 31, 2016	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Securities of U.S. government and federal agencies	$ 961,030	$ (38,970)	$ - -	$ - -	$ 961,030	$ (38,970)
Securities of state and local municipalities tax exempt	3,617,735	(91,738)	- -	- -	3,617,735	(91,738)
Securities of state and local municipalities taxable	1,979,109	(63,057)	- -	- -	1,979,109	(63,057)
Corporate bonds	942,670	(57,330)	- -	- -	942,670	(57,330)
SBA pass-through securities	305,790	(11,637)	- -	- -	305,790	(11,637)
Mortgage-backed securities	78,598,292	(1,344,371)	826,751	(17,990)	79,425,043	(1,362,361)
Collateralized mortgage obligations	5,958,540	(102,821)	8,955,627	(395,240)	14,914,167	(498,061)
Total	$ 92,363,166	$ (1,709,924)	$ 9,782,378	$ (413,230)	$ 102,145,544	$ (2,123,154)

As of December 31, 2017, the Company had one held-to-maturity security in an unrealized loss position of less than twelve months. The fair value of the security was $1,495,959 and the unrealized loss was $866. As of December 31, 2016, the Company had two held-to-maturity securities in an unrealized loss position of less than twelve months. The fair value was $1,754,084 and the unrealized loss was $5,679.

Securities of U.S. government and federal agencies: The unrealized losses were caused by interest rate increases. The contractual terms of these investments do not permit the issuer to settle the securities at a price less than the amortized cost basis of the investments. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2017.

Securities of state and local municipalities: The unrealized losses on the investments in securities of state and local municipalities were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost basis of the investments. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2017. Three of these nine investments carry an S&P investment grade rating of AA+ or above.

Corporate bonds: The unrealized losses on the investments in corporate bonds were caused by interest rate increases. The contractual terms of those investments do not permit the issuer to settle the securities at a price less than the amortized cost basis of the investments. Because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2017. One of these two investments carries an S&P investment grade rating of A. The remaining investment does not carry a rating.

Certificates of Deposit: The unrealized losses on certificates of deposit were caused by interest rate increases. Certificates of deposit are cash deposits with a stated maturity at a correspondent bank of the Company. Because the Company does not intend to redeem the certificates prior to maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2017.

SBA pass-through securities: The unrealized losses on the Company's investment in SBA pass-through securities were caused by interest rate increases. Repayment of the principal on those investments is guaranteed by an agency of the U.S. Government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost basis of the Company’s investments. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2017.

Mortgage-backed securities: The unrealized losses on the Company's investment in mortgage-backed securities were caused by interest rate increases. The contractual cash flows of those investments are guaranteed by an agency of the U.S. Government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost basis of the Company's investments. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2017.

Collateralized mortgage obligations (CMOs): The unrealized loss associated with CMOs was caused by interest rate increases. The contractual cash flows of these investments are guaranteed by an agency of the U.S. Government. Accordingly, it is expected that the securities would not be settled at a price less than the amortized cost basis of the Company's investments. Because the decline in market value is attributable to changes in interest rates and not credit quality, and because the Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost basis, which may be maturity, the Company does not consider those investments to be other-than-temporarily impaired at December 31, 2017.

The amortized cost and fair value of securities available-for-sale as of December 31, 2017, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations without penalties.

	Held-to-maturity		Available-for-sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Less than 1 year	$ - -	$ - -	$ 245,000	$ 245,532
After 1 year through 5 years	- -	- -	3,913,900	3,867,022
After 5 years through 10 years	1,760,257	1,762,088	23,456,237	23,134,745
After 10 years	- -	- -	90,480,382	88,704,922
Total	$ 1,760,257	$ 1,762,088	$ 118,095,519	$ 115,952,221

For the years ended December 31, 2017 and 2016, proceeds from maturities, calls, and principal repayments of securities were $14,958,094 and $16,962,261, respectively. During 2017 and 2016, proceeds from sales of securities available-for-sale amounted to $2,630,821 and $3,955,150, gross realized gains were $164,171 and $71,124. There were no realized losses in 2017 or 2016.

Note 4. Loans and Allowance for Loan Losses

A summary of loan balances by type follows:

	2017	2016
Commercial real estate	$ 558,965,041	$ 476,851,256
Commercial and industrial	98,153,431	112,060,996
Commercial construction	91,131,475	53,166,871
Consumer residential	108,926,240	106,549,420
Consumer nonresidential	32,232,789	19,547,551
Consumer construction	- -	- -
	$ 889,408,976	$ 768,176,094
Less:		
Allowance for loan losses	7,725,383	6,452,481
Unearned income and (unamortized premiums)	731,646	74,534
Loans, net	$ 880,951,947	$ 761,649,079

An analysis of the allowance for loan losses for the years ended December 31, 2017 and 2016 follows:

	Commercial Real Estate	Commercial and Industrial	Commercial Construction	Consumer Residential	Consumer Nonresidential	Consumer Construction	Unallocated	Total
2017								
Allowance for credit losses:								
Beginning Balance	$ 4,266,233	$ 1,031,821	$ 374,826	$ 500,364	$ 121,557	$ - -	$ 157,680	$ 6,452,481
Charge-offs	- -	(44,081)	- -	- -	(32,871)	- -	- -	(76,952)
Recoveries	- -	116,817	- -	- -	33,037	- -	- -	149,854
Provision	566,342	(336,732)	816,163	125,957	146,310	- -	(118,040)	1,200,000
Ending Balance	$ 4,832,575	$ 767,825	$ 1,190,989	$ 626,321	$ 268,033	$ - -	$ 39,640	$ 7,725,383
2016								
Allowance for credit losses:								
Beginning Balance	$ 4,001,842	$ 1,442,338	$ 301,494	$ 281,965	$ 98,612	23,327	$ 89,028	$ 6,238,606
Charge-offs	(512,442)	(668,513)	- -	(76,170)	- -	- -	- -	(1,257,125)
Recoveries	- -	- -	- -	- -	- -	- -	- -	- -
Provision	776,833	257,996	73,332	294,569	22,945	(23,327)	68,652	1,471,000
Ending Balance	$ 4,266,233	$ 1,031,821	$ 374,826	$ 500,364	$ 121,557	$ - -	$ 157,680	$ 6,452,481

The following table presents the recorded investment in loans and impairment method as of December 31, 2017 and 2016 by portfolio segment:

	Commercial Real Estate	Commercial and Industrial	Commercial Construction	Consumer Residential	Consumer Nonresidential	Consumer Construction	Unallocated	Total
2017								
Allowance for credit losses:								
Ending Balance:								
Individually evaluated for impairment	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Collectively evaluated for impairment	4,832,575	767,825	1,190,989	626,321	268,033	--	39,640	7,725,383
	$ 4,832,575	$ 767,825	$ 1,190,989	$ 626,321	$ 268,033	$ --	$ 39,640	$ 7,725,383
Financing receivables:								
Ending Balance								
Individually evaluated for impairment	$ 1,881,958	$ 2,846,225	$ --	587,068	4,833	$ --	$ --	$ 5,320,084
Collectively evaluated for impairment	557,083,083	95,307,206	91,131,475	108,339,172	32,227,956	--	--	884,088,892
	$ 558,965,041	$ 98,153,431	$ 91,131,475	$ 108,926,240	$ 32,232,789	$ --	$ --	$ 889,408,976

	Commercial Real Estate	Commercial and Industrial	Commercial Construction	Consumer Residential	Consumer Nonresidential	Consumer Construction	Unallocated	Total
2016								
Allowance for credit losses:								
Ending Balance:								
Individually evaluated for impairment	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Collectively evaluated for impairment	4,266,233	1,031,821	374,826	500,364	121,557	--	157,680	6,452,481
	$ 4,266,233	$ 1,031,821	$ 374,826	$ 500,364	$ 121,557	$ --	$ 157,680	$ 6,452,481
Financing receivables:								
Ending Balance								
Individually evaluated for impairment	$ 10,276,080	$ 1,633,583	$ --	$ -	$ --	$ --	$ --	$ 11,909,663
Collectively evaluated for impairment	466,575,176	110,427,413	53,166,871	106,549,420	19,547,551	--	--	$ 756,266,431
	$ 476,851,256	$ 112,060,996	$ 53,166,871	$ 106,549,420	$ 19,547,551	$ --	$ --	$ 768,176,094

Impaired loans by class as of December 31, 2017 and 2016 are summarized as follows:

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
2017					
With an allowance recorded:					
Commercial real estate	$ - -	$ - -	$ - -	$ - -	$ - -
Commercial and industrial	- -	- -	- -	- -	- -
Commercial construction	- -	- -	- -	- -	- -
Consumer residential	- -	- -	- -	- -	- -
Consumer nonresidential	- -	- -	- -	- -	- -
Consumer construction	- -	- -	- -	- -	- -
	$ - -	$ - -	$ - -	$ - -	$ - -
With no related allowance:					
Commercial real estate	$ 1,881,958	$ 1,881,958	$ - -	$ 1,893,849	$ 108,047
Commercial and industrial	2,846,225	2,860,426	- -	2,515,720	150,060
Commercial construction	- -	- -	- -	- -	- -
Consumer residential	587,068	587,068	- -	587,040	23,872
Consumer nonresidential	4,833	4,833	- -	8,531	1,450
Consumer construction	- -	- -	- -	- -	- -
	$ 5,320,084	$ 5,334,285	$ - -	$ 5,005,140	$ 283,429

	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
2016					
With an allowance recorded:					
Commercial real estate	$ - -	$ - -	$ - -	$ - -	$ - -
Commercial and industrial	- -	- -	- -	- -	- -
Commercial construction	- -	- -	- -	- -	- -
Consumer residential	- -	- -	- -	- -	- -
Consumer nonresidential	- -	- -	- -	- -	- -
Consumer construction	- -	- -	- -	- -	- -
	$ - -	$ - -	$ - -	$ - -	$ - -
With no related allowance:					
Commercial real estate	$ 10,276,079	$ 10,324,523	$ - -	$ 10,240,475	$ 506,804
Commercial and industrial	1,633,583	1,647,783	- -	1,761,146	93,209
Commercial construction	- -	- -	- -	- -	- -
Consumer residential	- -	- -	- -	- -	- -
Consumer nonresidential	- -	- -	- -	- -	- -
Consumer construction	- -	- -	- -	- -	- -
	$ 11,909,662	$ 11,972,306	$ - -	$ 12,001,621	$ 600,013

No additional funds are committed to be advanced in connection with the impaired loans. There were no nonaccrual loans excluded from the impaired loan disclosure.

The Company categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as current financial information, historical payment experience, collateral adequacy, credit documentation, and current economic trends, among other factors. The Company analyzes loans individually by classifying the loans as to credit risk. This analysis typically includes larger, non-homogeneous loans such as commercial real estate and commercial and industrial loans. This analysis is performed on an ongoing basis as new information is obtained. The Company uses the following definitions for risk ratings:

Pass – Loans listed as pass include larger non-homogeneous loans not meeting the risk rating definitions below and smaller, homogeneous loans not assessed on an individual basis.

Special Mention – Loans classified as special mention have a potential weakness that deserves management's close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or of the institution's credit position at some future date.

Substandard – Loans classified as substandard are inadequately protected by the current net worth and paying capacity of the obligor or of the collateral pledged, if any. Loans so classified have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the enhanced possibility that the institution will sustain some loss if the deficiencies are not corrected.

Doubtful – Loans classified as doubtful include those loans which have all the weaknesses inherent in those classified Substandard with the added characteristic that the weaknesses make collection or liquidation in full, based on currently known facts, conditions and values, improbable.

Loss – Loans classified as loss include those loans which are considered uncollectible and of such little value that their continuance as loans is not warranted. Even though partial recovery may be achieved in the future, it is neither practical nor desirable to defer writing off these loans.

Based on the most recent analysis performed, the risk category of loans by class of loans was as follows as of December 31, 2017 and 2016:

As of December 31, 2017

	Commercial Real Estate	Commercial and Industrial	Commercial Construction	Consumer Residential	Consumer Nonresidential	Consumer Construction	Total
Grade:							
Pass	$ 558,115,571	$ 95,134,770	$ 91,131,475	$ 106,700,407	$ 32,208,711	$ - -	$ 883,290,934
Special mention	695,221	542,637	- -	1,638,765	24,078	- -	2,900,701
Substandard	154,249	2,476,024	- -	587,068	- -	- -	3,217,341
Doubtful	- -	- -	- -	- -	- -	- -	- -
Loss	- -	- -	- -	- -	- -	- -	- -
Total	$ 558,965,041	$ 98,153,431	$ 91,131,475	$ 108,926,240	$ 32,232,789	$ - -	$ 889,408,976

As of December 31, 2016

	Commercial Real Estate	Commercial and Industrial	Commercial Construction	Consumer Residential	Consumer Nonresidential	Consumer Construction	Total
Grade:							
Pass	$ 465,512,835	$ 109,653,413	$ 53,166,871	$ 104,055,903	$ 19,528,306	$ - -	$ 751,917,328
Special mention	8,590,646	2,163,501	- -	2,493,517	19,245	- -	13,266,909
Substandard	2,747,775	244,082	- -	- -	- -	- -	2,991,857
Doubtful	- -	- -	- -	- -	- -	- -	- -
Loss	- -	- -	- -	- -	- -	- -	- -
Total	$ 476,851,256	$ 112,060,996	$ 53,166,871	$ 106,549,420	$ 19,547,551	$ - -	$ 768,176,094

Past due and nonaccrual loans presented by loan class were as follows as of December 31, 2017 and 2016:

As of December 31, 2017

	30-59 days past due	60-89 days past due	90 days or more past due	Total past due	Current	Total loans	90 days past due and still accruing	Nonaccruals
Commercial real estate	$ - -	$ - -	$ - -	$ - -	$ 558,965,041	$ 558,965,041	$ - -	$ 154,248
Commercial and industrial	- -	- -	48,000	48,000	98,105,431	98,153,431	- -	- -
Commercial construction	- -	910,532	- -	910,532	90,220,943	91,131,475	- -	- -
Consumer residential	275,461	- -	- -	275,461	108,650,779	108,926,240	- -	587,068
Consumer nonresidential	- -	- -	- -	- -	32,232,789	32,232,789	- -	- -
Consumer construction	- -	- -	- -	- -	- -	- -	- -	- -
Total	$ 275,461	$ 910,532	$ 48,000	$ 1,233,993	$ 888,174,983	$ 889,408,976	$ - -	$ 741,316

As of December 31, 2016

	30-59 days past due	60-89 days past due	90 days or more past due	Total past due	Current	Total loans	90 days past due and still accruing	Nonaccruals
Commercial real estate	$ 906,738	$ 1,605,427	$ 155,200	$ 2,667,365	$ 474,183,891	$ 476,851,256	$ 155,200	$ - -
Commercial and industrial	- -	211,548	94,082	305,630	111,755,366	112,060,996	- -	94,082
Commercial construction	- -	- -	- -	- -	53,166,871	53,166,871	- -	- -
Consumer residential	1,135,961	- -	- -	1,135,961	105,413,459	106,549,420	- -	- -
Consumer nonresidential	- -	9,986	- -	9,986	19,537,565	19,547,551	- -	- -
Consumer construction	- -	- -	- -	- -	- -	- -	- -	- -
Total	$ 2,042,699	$ 1,826,961	$ 249,282	$ 4,118,942	$ 764,057,152	$ 768,176,094	$ 155,200	$ 94,082

There were overdrafts of $162,231 and $77,479 at December 31, 2017 and 2016 which have been reclassified from deposits to loans. At December 31, 2017 and 2016, loans with a carrying value of $128,748,012 and $81,107,118 were pledged to the Federal Home Loan Bank of Atlanta.

There was one commercial real estate and one commercial and industrial loan in the loan portfolio that defaulted during the year ended December 31, 2017. This resulted in the recording of $3,866,098 of other real estate owned. A summary of the troubled debt restructurings presented by loan class follows for the years ended December 31, 2017 and 2016:

For the year ended December 31, 2017

Troubled Debt Restructurings	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Commercial real estate	- -	$ - -	$ - -
Commercial and industrial	1	203,567	187,486
Commercial construction	- -	- -	- -
Consumer residential	- -	- -	- -
Consumer nonresidential	1	9,517	4,833
Consumer construction	- -	- -	- -
Total	2	$ 213,084	$ 192,319

For the year ended December 31, 2016

Troubled Debt Restructurings	Number of Contracts	Pre-Modification Outstanding Recorded Investment	Post-Modification Outstanding Recorded Investment
Commercial real estate	1	$ 6,182,709	$ 6,182,709
Commercial and industrial	2	677,774	677,774
Commercial construction	- -	- -	- -
Consumer residential	- -	- -	- -
Consumer nonresidential	- -	- -	- -
Consumer construction	- -	- -	- -
Total	3	$ 6,860,483	$ 6,860,483

As of December 31, 2017 and 2016, the Company has a recorded investment in troubled debt restructurings of $1,671,379 and $11,522,972 respectively.

The concessions made in troubled debt restructurings were extensions of the maturity dates or reductions in the stated interest rate for the remaining life of the debt.

Note 5. Other Real Estate Owned

Other real estate owned activity was as follows for December 31, 2017. The Company had no other real estate owned as of December 31, 2016.

	2017
Beginning Balance	$ - -
Loans transferred to real estate owned	2,790,609
Capitalized expenditures	- -
Gain on foreclosure	1,075,489
Sales of other real estate owned	- -
Ending Balance	$ 3,866,098

At December 31, 2017 and 2016, there were no foreclosed residential real estate properties recorded in other real estate owned as a result of obtaining physical possession of the

property and there was no residential real estate properties for which formal foreclosure proceedings are in process.

Note 6. Premises and Equipment

A summary of the cost and accumulated depreciation of premises and equipment follows:

	2017	2016
Leasehold improvements	$ 2,586,030	$ 2,367,030
Furniture, fixtures and equipment	3,246,296	3,010,721
Computer software	369,273	323,078
	$ 6,201,599	$ 5,700,829
Less: accumulated depreciation	4,965,779	4,430,087
	$ 1,235,820	$ 1,270,742

For the years ended December 31, 2017 and 2017, depreciation expense was $535,692 and $523,392, respectively.

As of October 31, 2017, the Company has a non-cancellable lease agreement for the operating headquarters and a branch in Fairfax, Virginia. The lease states that if the Company holds possession of the premises after the expiration date, the Company shall become a tenant on a month-to-month basis. The monthly rental payment shall continue as provided unless notice is given. The lease expires November 30, 2027.

In July 2017, the Company entered into a non-cancellable lease agreement to operate a branch and operations center in Manassas, Virginia. The lease expires December 31, 2022. The lease contains an option to extend for two five-year periods.

In December 2010, the Company entered into a five-year lease agreement to operate a branch in Reston, Virginia. The lease, which is cancellable with penalty, expires December 31, 2020. The lease contains an option to extend for two five-year periods.

In October 2012, the Company assumed the remaining term of a non-cancellable 10-year lease agreement to operate a branch in Arlington, Virginia. The lease expires on July 31, 2018. The lease contains an option to extend for two five-year periods. As part of the acquisition accounting, the Company recorded a liability for the terms of the lease relative to the market terms at the time of the acquisition. The liability is accreted against rent expense over the remaining lease term.
In May 2013, the Company entered into a 10-year lease agreement to operate a branch in Springfield, Virginia. The lease, which is cancellable with penalty, expires August 31, 2023. The lease contains an option to extend for two five-year periods.

In March 2016, the Company entered into a 10-year lease agreement to operate a branch in Ashburn, Virginia. The lease, which is cancellable with penalty, expires August 31, 2026.

Total rent expense for the years ended December 31, 2017 and 2016 amounted to $1,113,846 and $1,029,109, respectively.

The minimum base rent for the remainder of the leases are as follows:

2018	$	1,129,940
2019		1,212,001
2020		1,248,716
2021		1,183,464
2022		1,144,714
Thereafter		3,306,056
	$	9,224,892

Note 7. Deposits

Remaining maturities on certificates of deposit are as follows:

2018	$ 262,207,559
2019	80,531,334
2020	19,330,339
2021	7,694,270
2022	3,852,770
Thereafter	- -
	$ 373,616,272

Total time deposits of $250,000 and greater were $119,791,787 and $75,872,386 at December 31, 2017 and 2016, respectively.

At December 31, 2017 and 2016, the Company had one and four customer relationships, whose related balance on deposit exceeded 5% of outstanding deposits. These customer relationships comprise 9% of outstanding deposits at December 31, 2017 and 25% of outstanding deposits at December 31, 2016.

Brokered deposits totaled $177,465,823 and $85,256,573 at December 31, 2017 and 2016, respectively.

Note 8. Federal Home Loan Bank (FHLB) Advances and Other Borrowings

The Company had no FHLB advances at December, 31, 2017. FHLB advances at December 31, 2016 totaled $27,000,000.
At December 31, 2017, 1-4 family residential loans with a book value of $1,489,248, multi-family residential loans with a book value of $7,389,112, home equity lines of credit with a book value of $7,983,047 and commercial real estate loans with book value of $111,886,605 were pledged against an available line of credit with the Federal Home Loan Bank totaling $169,151,000 as of December 31, 2017. The company obtained a letter of credit with the Federal Home Loan Bank in the amount of $80,000,000 for the purpose of collateral against Virginia public deposits. The remaining lendable collateral value at December 31, 2017 totaled $10,708,594.

The Company has unsecured lines of credit with correspondent banks totaling $44,000,000 and

$37,000,000 at December 31, 2017 and 2016, available for overnight borrowing. At December 31, 2017 and 2016, these lines of credit with correspondent banks were not drawn upon.

Note 9. Subordinated Notes

On June 20, 2016, the Company issued $25,000,000 in private placement of fixed-to-floating subordinated notes due June 30, 2026. Interest is payable at 6.00% per annum, from and including June 20, 2016 to, but excluding June 30, 2021, payable semi-annually in arrears. From and including June 30, 2021 to the maturity date or early redemption date, the interest rate shall reset quarterly to an interest rate per annum equal to the then current three-month LIBOR rate plus 487 basis points, payable quarterly in arrears.

The Company may, at its option, beginning with the interest payment date of June 30, 2021 and on any scheduled interest payment date thereafter redeem the subordinated notes, in whole or in part, upon not fewer than 30 nor greater than 60 days' notice to holders, at a redemption price equal to 100% of the principal amount of the subordinated notes to be redeemed plus accrued and unpaid interest to, but excluding, the date of redemption. Any partial redemption will be made pro rata among all of the holders.

The subordinated notes may be included in Tier 1 capital for the Bank (with certain limitations applicable) under current regulatory guidelines and interpretations. Since December 31, 2016, $21,000,000 of the Company's subordinated notes have been included in the Bank's Tier 1 capital.

Note 10. Related Party Transactions

Officers, directors and their affiliates had borrowings of $11,453,515 and $8,811,847 at December 31, 2017 and 2016 with the Company. During the years ended December 31, 2017 and 2016, total principal additions were $3,126,857 and $5,235,095 and total principal payments were $485,189 and $1,402,124, respectively.

Related party deposits amounted to $22,952,738 and $24,059,602 at December 31, 2017 and 2016, respectively.

Note 11. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2017 and 2016 are presented below:

	2017	2016
Deferred Tax Assets:		
Allowance for loan losses	$ 1,622,330	$ 2,193,844
Net operating loss carryforward	258,542	446,812
Bank premises and equipment and deferred rent	279,619	417,233
Unrealized loss on securities available for sale	449,453	686,410
Nonqualified stock options and restricted stock	261,007	364,321
Organizational and start-up expenses	68,446	130,431
Acquisition accounting adjustments	58,250	102,849
Non-accrual loan interest	3,413	876
Deferred loan (fees) costs	153,646	25,341
Net Deferred Tax Assets	$ 3,154,706	$ 4,368,117

As part of the 2012 acquisition, the Company acquired approximately $1.7 million of unused net operating loss carryforwards. The Company may utilize the carryforwards, subject to certain limitations, through 2032. The income tax expense charged to operations for the years ended December 31, 2017 and 2016 consists of the following:

	2017	2016
Current tax expense	$ 5,518,450	$ 3,884,480
Deferred tax expense (benefit) [1]	1,327,274	(313,357)
	$ 6,845,724	$ 3,571,123

[1] The deferred tax expense for December 31, 2017 includes the impact of the Tax Act as described in Note 1.

Income tax expense differed from amounts computed by applying the U.S. federal income tax rate to income, before income tax expense as a result of the following:

	2017	2016
Computed "expected" tax expense	$ 5,023,450	$ 3,582,833
Increase (decrease) in income taxes resulting from:		
Non-deductible expense	154,025	153,922
Tax free income	(328,677)	(135,531)
Deferred tax asset adjustment for enacted change in tax rate	2,036,284	- -
Other	(39,358)	(30,101)
	$ 6,845,724	$ 3,571,123

The Company files income tax returns in the U.S. federal jurisdiction. With few exceptions, the Company is no longer subject to U.S. federal examination by tax authorities for years prior to 2014.

Note 12. Financial Instruments with Off-Balance Sheet Risk

The Company is party to credit-related financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend credit and standby letters of credit. Such commitments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the balance sheet.

The Company's exposure to credit loss is represented by the contractual amount of these commitments. The Company follows the same credit policies in making commitments as it does for on-balance sheet instruments.

At December 31, 2017 and 2016, the following financial instruments were outstanding which contract amounts represent credit risk:

	2017	2016
Commitments to grant loans	$ 23,078,095	$ 41,536,793
Unused commitments to fund loans and lines of credit	170,802,095	142,566,701
Commercial and standby letters of credit	9,724,767	3,424,258

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. The commitments for equity lines of credit may expire without being drawn upon. Therefore, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained, if it is deemed necessary by the Company, is based on management's credit evaluation of the customer.

Unfunded commitments under commercial lines of credit, revolving credit lines and overdraft protection agreements are commitments for possible future extensions of credit to existing customers. These lines of credit usually do not contain a specified maturity date and may not be drawn upon to the total extent to which the Company is committed. The amount of collateral obtained, if it is deemed necessary by the Company, is based on management's credit evaluation of the customer.

Commercial and standby letters of credit are conditional commitments issued by the Company to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public and private borrowing arrangements. Essentially all letters of credit issued have expiration dates within one year. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Company generally holds collateral supporting those commitments, if deemed necessary.

The Company maintains its cash accounts with the Federal Reserve and correspondent banks.

The total amount of cash on deposit in correspondent banks exceeding the federally insured limits was $607,703 and $108,858 at December 31, 2017 and 2016, respectively.

Note 13. Minimum Regulatory Capital Requirements

Banks and bank holding companies are subject to various regulatory capital requirements administered by the federal banking agencies. Failure to meet minimum capital requirements can initiate certain mandatory, possibly additional discretionary, actions by regulators that, if undertaken, could have a direct material effect on the Company's consolidated financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, financial institutions must meet specific capital guidelines that involve quantitative measures of assets, liabilities, and certain off-balance-sheet items as calculated under regulatory accounting practices. A financial institution's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

The final rules implementing Basel Committee on Banking Supervision's capital guidelines for U.S. banks (the Basel III rules) became effective for the Company on January 1, 2015 with full compliance with all of the requirements being phased in over a multi-year schedule, and fully phased in by January 1, 2019. As a part of the new requirements, the Common Equity Tier 1 Capital ratio is calculated and utilized in the assessment of capital for all institutions. The net unrealized gain or loss on available-for-sale securities is not included in computing regulatory capital. Under the Basel III rules, the Company must hold a capital conservation buffer above the adequately capitalized risk-based capital ratios. The capital conservation buffer is being phased in from 0.625% for 2016 to 2.50% by 2019. The capital conservation buffer for 2017 is 1.25%. Management believes as of December 31, 2017 and 2016, the Company meets all capital adequacy requirement to which they are subject.

Prompt corrective action regulations provide five classifications: well capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized, although these terms are not used to represent overall financial condition. If adequately capitalized, regulatory approval is required to accept brokered deposits. If undercapitalized, capital distributions are limited, as is asset growth and expansion, and capital restoration plans are required. At year-end 2017 and 2016, the most recent regulatory notification categorized the Bank as well capitalized under the regulatory framework for prompt corrective action. There are no conditions or events since that notification that management believes have changed the institution's category.

Federal and state banking regulations place certain restrictions on dividends paid by the Company. The total amount of dividends which may be paid at any date is generally limited to retained earnings of the Company.

The following table shows the minimum capital requirement and capital position for the Company for December 31, 2017 and for the Bank at December 31, 2017 and 2016.

FVCBankcorp, Inc. (Consolidated)

	Actual		Minimum Capital Requirement [1]		Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Amounts in Thousands)			
As of December 31, 2017:						
Total Risk Based Capital (to Risk Weighted Assets)	$131,410	13.46%	$ 90,337	9.250%	$ 97,662	10.000%
Tier 1 Capital (to Risk Weighted Assets)	$ 99,358	10.17%	$ 70,805	7.250%	$ 78,129	8.000%
Common Tier 1 (CET1) (to Risk Weighted Assets)	$ 99,358	10.17%	$ 56,155	5.750%	$ 63,480	6.500%
Tier 1 Capital (to Average Assets)	$ 99,358	9.81%	$ 40,523	4.000%	$ 50,654	5.000%

First Virginia Community Bank

	Actual		Minimum Capital Requirement [1]		Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
			(Amounts in Thousands)			
As of December 31, 2017:						
Total Risk Based Capital (to Risk Weighted Assets)	$127,020	12.83%	$ 91,594	9.250%	$ 99,021	10.000%
Tier 1 Capital (to Risk Weighted Assets)	$119,295	12.05%	$ 71,790	7.250%	$ 79,217	8.000%
Common Tier 1 (CET1) (to Risk Weighted Assets)	$119,295	12.05%	$ 56,937	5.750%	$ 64,364	6.500%
Tier 1 Capital (to Average Assets)	$119,295	11.79%	$ 40,456	4.000%	$ 50,571	5.000%
As of December 31, 2016:						
Total Risk Based Capital (to Risk Weighted Assets)	$108,764	13.16%	$ 71,311	8.625%	$ 82,679	10.000%
Tier 1 Capital (to Risk Weighted Assets)	$102,312	12.37%	$ 54,775	6.625%	$ 66,143	8.000%
Common Tier 1 (CET1) (to Risk Weighted Assets)	$102,312	12.37%	$ 42,373	5.125%	$ 53,741	6.500%
Tier 1 Capital (to Average Assets)	$102,312	11.89%	$ 33,072	4.000%	$ 43,010	5.000%

[1] Except with regard to the Company's and Bank's Tier 1 to average assets ratio, the minimum capital requirement includes the phased-in portion of the Basel III Capital Rules capital conservation buffer.

Note 14. Stock-Based Compensation Plan

The Company's 2008 Stock Option Plan (the Plan), which is shareholder-approved, was adopted to advance the interests of the Company by providing selected key employees of the Company, their affiliates, and directors with the opportunity to acquire shares of common stock. The Plan granted options to purchase 5,858 shares of common stock to each of the 21 organizing shareholders of the Company, who had funds at risk during the Company's organizational period and assumed the financial risk that the Company would not open. These shares immediately vested upon grant. In April 2016, the shareholders approved an amendment to the Amended and Restated 2008 Stock Plan to increase the number of shares authorized for issuance under the Plan by 312,500 shares.

The maximum number of shares with respect to which awards may be made is 2,529,296 shares of common stock, subject to adjustment for certain corporate events. Option awards are generally granted with an exercise price equal to the market price of the Company's stock at the date of grant, generally vest annually over three years of continuous service and have ten year contractual terms. At December 31, 2017, 33,868 shares were available to grant under the Plan.

The fair value of each option award is estimated on the date of grant using a Black-Scholes option-pricing model for determining fair value. The model employs the following assumptions:

- Dividend yield – calculated as the ratio of historical dividends paid per share of common stock to the stock price on the date of grant;
- Expected life (term of options) – based on the average contractual life and vesting schedule for the respective options;
- Expected volatility – based on the monthly historical volatility of the stock price of similar banks over the expected life of the options;
- Risk-free interest rate – based upon the U.S. Treasury bill rate in effect at date of grant for bonds with a maturity equal to the expected life of the options.

A summary of option activity under the Plan as of December 31, 2017, and changes during the year then ended is presented below**:**

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value (1)
Outstanding at January 1, 2017	2,302,113	$ 7.69	6.40	
Granted	625	15.20		
Exercised	(77,144)	5.83		
Forfeited or expired	(7,384)	9.98		
Outstanding at December 31, 2017	2,218,210	$ 7.74	5.51	$ 21,683,068
Exercisable at December 31, 2017	1,772,807	$ 7.11	4.92	$ 18,457,355

(1) The aggregate intrinsic value of stock options represents the total pre-tax intrinsic value (the amount by which the current market value of the underlying stock exceeds the exercise price of the option) that would have been received by the option holders had all option holders exercised their options on December 31, 2017. This amount changes based on changes in the market value of the Company's stock.

The weighted average grant date fair value of options granted during the years ended December 31, 2017 and 2016 was $3.08 and $2.85, respectively.

The compensation cost that has been charged to income for the plan was $627,544 and $697,809 for 2017 and 2016, respectively. As of December 31, 2017, there was unamortized compensation expense of $738,351 that will be amortized over 46 months. Tax benefits recognized for qualified stock options during 2017 and 2016 totaled $39,360 and $91,953.

Stock option information has been retroactively adjusted for the five-for-four stock splits declared in August 2017 and June 2016.

A summary of the Company's restricted stock grant activity as of December 31, 2017 is shown below. Prior to January 1, 2017, the Company had no restricted stock grants outstanding.

	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested at January 1, 2017	- -	$ - -
Granted	66,155	17.50
Vested	- -	- -
Forfeited	- -	- -
Balance at December 31, 2017	66,155	$ 17.50

As of December 31, 2017, there was $1,130,249 of total unrecognized compensation cost related to nonvested restricted shares granted under the Plan. The cost is expected to be recognized over a weighted-average period of 47 years.

Note 15. Fair Value Measurements

Determination of Fair Value

The Company uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with *Fair Value Measurements and Disclosures* topic of FASB ASC, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

Fair Value Hierarchy

In accordance with this guidance, the Company groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 − Valuation is based on quoted prices in active markets for identical assets and liabilities.

Level 2 − Valuation is based on observable inputs including quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in less active markets, and model-based valuation techniques for which significant assumptions can be derived primarily from or corroborated by observable data in the market.

Level 3 − Valuation is based on model-based techniques that use one or more significant inputs or assumptions that are unobservable in the market.

The following describes the valuation techniques used by the Company to measure certain financial assets and liabilities recorded at fair value on a recurring basis in the financial statements:

Securities available-for-sale: Securities available-for-sale are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted market prices, when available (Level 1). If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable market data. Third party vendors compile prices from various sources and may determine the fair value of identical or similar securities by using pricing models that considers observable market data (Level 2).

The following table presents the balances of financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2017 and 2016:

Description	Balance as of December 31, 2017	Fair Value Measurements at December 31, 2017 Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Available-for-sale				
Securities of U.S. government and federal agencies	$ 968,133	$ - -	$ 968,133	$ - -
Securities of state and local municipalities tax exempt	3,716,303	- -	3,716,303	- -
Securities of state and local municipalities taxable	2,552,587	- -	2,552,587	- -
Corporate bonds	4,996,038	- -	4,996,038	- -
Certificates of deposit	490,399	- -	490,399	- -
SBA pass-through securities	246,047	- -	246,047	- -
Mortgage-backed securities	83,212,785	- -	83,212,785	- -
Collateralized mortgage obligations	19,769,929	- -	19,769,929	- -
Total Available-for-Sale Securities	$ 115,952,221	$ - -	$ 115,952,221	$ - -

Description	Balance as of December 31, 2016	Fair Value Measurements at December 31, 2016 Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Available-for-sale				
Securities of U.S. government and federal agencies	$ 961,030	$ - -	$ 961,030	$ - -
Securities of state and local municipalities tax exempt	3,617,735	- -	3,617,735	- -
Securities of state and local municipalities taxable	2,770,599	- -	2,770,599	- -
Corporate bonds	7,023,893	- -	7,023,893	- -
Corporate securities	511,200	- -	511,200	- -
Certificates of deposit	744,301	- -	744,301	- -
SBA pass-through securities	305,790	- -	305,790	- -
Mortgage-backed securities	79,425,043	- -	79,425,043	- -
Collateralized mortgage obligations	16,868,520	- -	16,868,520	- -
Total Available-for-Sale Securities	$ 112,228,111	$ - -	$ 112,228,111	$ - -

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 Company to measure certain financial assets recorded at fair value on a nonrecurring basis in the financial statements:

Impaired Loans: Loans are designated as impaired when, in the judgment of management based on current information and events, it is probable that all amounts due according to the contractual terms of the loan agreement will not be collected. The measurement of loss associated with impaired loans can be based on either the observable market price of the loan or the fair value of the collateral. Fair value is measured based on the value of the collateral

securing the loans. Collateral may be in the form of real estate or business assets including equipment, inventory, and accounts receivable. The vast majority of the collateral is real estate. The value of real estate collateral is determined utilizing a market valuation approach based on an appraisal conducted by an independent, licensed appraiser outside of the Company using observable market data (Level 2). However, if the collateral is a house or building in the process of construction, has the value derived by discounting comparable sales due to lack of similar properties, or is discounted by the Company due to marketability, then the fair value is considered Level 3. The value of business equipment is based upon an outside appraisal if deemed significant, or the net book value on the applicable business's financial statements if not considered significant using observable market data. Likewise, values for inventory and accounts receivables collateral are based on financial statement balances or aging reports (Level 3). Impaired loans allocated to the Allowance for Loan Losses are measured at fair value on a nonrecurring basis. Any fair value adjustments are recorded in the period incurred as provision for loan losses on the Statements of Income. No loans were recorded at fair value at December 31, 2017 or December 31, 2016.

Other Real Estate Owned: Assets acquired through or instead of loan foreclosure are initially recorded at fair value less costs to sell when acquired, establishing a new cost basis. These assets are subsequently accounted for at lower of cost or fair value less estimated costs to sell. Fair value is commonly based on recent real estate appraisals which are updated no less frequently than annually. These appraisals may utilize a single valuation approach or a combination of approaches including comparable sales and the income approach with data from comparable properties. Adjustments are routinely made in the appraisal process by the independent appraisers to adjust for differences between the comparable sales and income data available, which results in a Level 3 classification of the inputs for determining fair value. Other real estate owned properties are evaluated regularly for impairment and adjusted accordingly.

The following table summarizes the Company's assets that were measured at fair value on a nonrecurring basis at December 31, 2017:

		Fair Value Measurements at December 31, 2017 Using		
Description	**Balance as of December 31, 2017**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Assets				
Other Real Estate Owned	$ 3,866,098	$ - -	$ - -	$ 3,866,098

The following table displays quantitative information about Level 3 Fair Value Measurements for December 31, 2017:

Quantitative information about Level 3 Fair Value Measurements for December 31, 2017

Assets	Fair Value	Valuation Technique(s)	Unobservable input	Range
Other real estate owned	$3,866,098	Discounted appraised value	Selling costs	10.51%

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. The aggregate fair value amounts presented may not necessarily represent the underlying fair value of the Company.

The following methods and assumptions were used by the Company in estimating fair values of financial instruments as disclosed herein:

Cash and Due from Banks and Federal Funds Sold

The carrying amounts of cash and due from banks and federal funds sold approximate their fair value.

Securities

Fair values for securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments or third party vendor pricing models.

Interest-Bearing Deposits at Other Financial Institutions

The carrying amounts of interest-bearing deposits at other financial institutions payable on demand, consisting of money market deposits, approximate fair value. Fair value of fixed-rate certificates of deposit is estimated based on discounted cash flow analyses using the remaining maturity of the underlying accounts and interest rates currently offered on certificates of deposit with similar original maturities.

Restricted Stock

The carrying amount of Federal Reserve Bank stock, Federal Home Loan Bank stock and Community Bankers' Bank Stock approximates fair value based on redemption provisions.

Loans Receivable

For variable-rate loans that reprice frequently and have no significant change in credit risk, fair values are based on carrying values. Fair values for certain mortgage loans (for example, one

to four family residential), credit-card loans and other consumer loans are based on quoted market prices of similar loans sold in conjunction with securitization transactions, adjusted for differences in loan characteristics. Fair values for business real estate and business loans are estimated using a discounted cash flow analyses, using interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Fair values for impaired loans are estimated using discounted cash flow analyses or underlying collateral values, where applicable.

Bank Owned Life Insurance

Bank owned life insurance represents insurance policies on senior officers of the Company. The cash values of the policies are estimated using information provided by insurance carriers. These policies are carried at their cash surrender values, which approximates fair values.

Accrued Interest

The carrying amount of accrued interest approximates fair value.

Deposits

The carrying amounts of deposit liabilities payable on demand, consisting of NOW accounts, money market deposits, and saving deposits approximate fair value. Fair value of fixed-rate certificates of deposit is estimated based on discounted cash flow analyses using the remaining maturity of the underlying accounts and interest rates currently offered on certificates of deposit with similar original maturities.

FHLB Advances

The fair value of FHLB advances is estimated based on discounted cash flow analyses using the remaining maturity of the underlying accounts and interest rates currently offered of advance with similar original maturities.

Subordinated Notes

The fair value of the subordinated notes are estimated using discounted cash flow analyses based on the current borrowing rates for similar for similar types of borrowing arrangements.

Off-Balance Sheet Financial Instruments

At December 31, 2017 and 2016, the fair values of loan commitments and standby letters of credit are immaterial. Therefore, they have not been included in the following table.

		Fair Value Measurements as of December 31, 2017, using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets	Significant Unobservable Inputs	Significant Unobservable Inputs
		Level 1	Level 2	Level 3
Financial assets:				
Cash and due from banks	$ 7,427,599	$ 7,427,599	$ - -	$ - -
Interest-bearing deposits at other institutions	15,139,300	15,139,300	- -	- -
Securities held-to-maturity	1,760,257	- -	1,762,088	
Securities available-for-sale	115,952,221	- -	115,952,221	- -
Restricted stock	3,438,200	- -	3,438,200	- -
Loans, net	880,951,947	- -	- -	876,569,000
Bank owned life insurance	15,968,610	- -	15,968,610	- -
Accrued interest receivable	2,964,161	- -	2,964,161	- -
Financial liabilities:				
Checking, savings and money market accounts	$ 554,546,315	$ - -	$ 554,546,315	$ - -
Time deposits	373,616,272	- -	371,782,000	- -
FHLB advances and Subordinated notes	24,327,274	- -	23,462,000	- -
Accrued interest payable	416,744	- -	416,744	- -

		Fair Value Measurements as of December 31, 2016, using		
	Carrying Amount	Quoted Prices in Active Markets for Identical Assets	Significant Unobservable Inputs	Significant Unobservable Inputs
		Level 1	Level 2	Level 3
Financial assets:				
Cash and due from banks	$ 5,174,470	$ 5,174,470	$ - -	$ - -
Interest-bearing deposits at other institutions	3,509,686	3,509,686	- -	- -
Securities held-to-maturity	1,759,763	- -	1,754,084	
Securities available-for-sale	112,228,111	- -	112,228,111	- -
Restricted stock	4,431,900	- -	4,431,900	- -
Loans, net	761,649,079	- -	- -	769,435,000
Bank owned life insurance	10,828,189	- -	10,828,189	- -
Accrued interest receivable	2,496,427	- -	2,496,427	- -
Financial liabilities:				
Checking, savings and money market accounts	$ 534,942,937	$ - -	$ 534,942,937	$ - -
Time deposits	241,048,042	- -	240,449,000	- -
FHLB advances	51,247,346	- -	49,690,000	- -
Accrued interest payable	170,367	- -	170,367	- -

Note 16. Earnings Per Share

Basic earnings per share excludes dilution and is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur if contracts to issue common stock were exercised or converted into common stock, or resulted in the issuance of stock which then shared in the earnings of the Company.

Earnings per share has been retroactively adjusted for the five-for-four stock splits declared in August 2017 and June 2016.

The following shows the weighted average number of shares used in computing earnings per share and the effect of weighted average number of shares of dilutive potential common stock. Dilutive potential common stock has no effect on income available to common shareholders. There were 625 and 273,302 shares, respectively, excluded from 2017 and 2016 the calculation because their effects were anti-dilutive.

	2017	2016
Net income	$ 7,689,721	$ 6,932,637
Weighted average number of shares	10,434,709	10,169,711
Options effect of dilutive securities	1,110,699	752,760
Weighted average diluted shares	11,545,408	10,922,471
Basic EPS	$ 0.74	$ 0.68
Diluted EPS	$ 0.67	$ 0.63

Note 17. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income ("AOCI") for the years ended December 31, 2017 and 2016 are shown in the following table. The Company has only one component, which is available-for-sale securities, for the years presented.

Available-for-Sale Securities	2017	2016
Balance, beginning of period	$ (1,299,032)	$ (613,930)
Net unrealized gains (losses) during the period	2,606	(638,160)
Net reclassification adjustment for gains realized in income	(107,434)	(46,942)
Other comprehensive (loss), net of tax	(104,828)	(685,102)
Reclassification of stranded effects from change in tax rate	(289,660)	- -
Balance, end of period	$ (1,693,520)	$ (1,299,032)

The following table presents information related to reclassifications from accumulated other comprehensive income.

Details about AOCI	Amount Reclassified from AOCI into Income For the Years Ended December 31, 2017	2016	Affected Line Item in the Consolidated Statements of Income
Available-for-sale securities			Gain on sale of securities available-for-sale
	$ 164,171	$ 71,124	
Tax effects	(56,737)	(24,182)	Income tax expense
Total	$ 107,434	$ 46,942	Net of tax

Note 18. Parent Company Only Financial Statements

The FVCBankcorp, Inc. (Parent Company only) condensed financial statements are as follows:

PARENT COMPANY ONLY CONDENSED STATEMENTS OF CONDITION
December 31, 2017 and 2016

Assets	**2017**	**2016**
Cash and cash equivalents	$ 2,453,784	$ 748,475
Securities available-for-sale	1,015,000	1,511,200
Investment in subsidiaries	118,211,118	101,360,729
Other assets	152,481	146,427
Total assets	$ 121,832,383	$ 103,766,831
Liabilities and Stockholders' Equity		
Subordinated debt	$ 24,327,274	$ 24,247,346
Other liabilities	(777,876)	(291,953)
Total liabilities	$ 23,549,398	$ 23,955,393
Total stockholders' equity	$ 98,282,985	$ 79,811,438
Total liabilities and stockholders' equity	$ 121,832,383	$ 103,766,831

PARENT COMPANY ONLY CONDENSED STATEMENTS OF OPERATIONS
December 31, 2017 and 2016

	2017	2016
Income:		
Interest on securities available-for-sale	$ 65,181	$ 2,889
Interest on subordinated debt	(1,579,928)	(841,165)
Gains on sale of securities available-for-sale	119,171	- -
Total income (loss)	$ (1,395,576)	$ (838,276)
Salaries and employee benefits	(596,644)	(706,269)
Audit, legal and consulting fees	(108,247)	(111,206)
Other operating expenses	(183,717)	(183,548)
Total expense	(888,608)	(1,001,023)
Net income (loss) before income taxes and equity in undistributed earnings of subsidiaries	$ (2,284,184)	$ (1,839,299)
Income tax benefit	(788,043)	(556,248)
Equity in undistributed earnings of subsidiaries	9,185,862	8,215,688
Net income	$ 7,689,721	$ 6,932,637

PARENT COMPANY ONLY CONDENSED STATEMENTS OF CASH FLOWS
December 31, 2017 and 2016

	2017	2016
Cash Flows From Operating Activities		
Net income	$ 7,689,721	$ 6,932,637
Equity in undistributed earnings of subsidiaries	(9,185,862)	(8,215,688)
Stock-based compensation expense	627,544	697,809
Realized gains on securities sales	(119,171)	- -
Change in other assets and liabilities	(662,048)	(546,014)
Net cash used in operating activities	$ (1,649,816)	$ (1,131,256)
Cash Flows From Investing Activities		
Proceeds from sales of securities available-for-sale	596,015	(1,482,019)
Pushdown of capital to bank subsidiary	(7,500,000)	(21,000,000)
Net cash used in investing activities	$ (6,903,985)	$ (22,482,019)
Cash Flows From Financing Activities		
Issuance of subordinated notes, net	$ - -	$ 24,247,346
Cash paid in lieu of fractional shares	(4,250)	(5,250)
Stock options exercised	263,360	119,654
Common stock issuance	10,000,000	- -
Net cash provided by financing activities	$ 10,259,110	$ 24,361,750
Net increase in cash and cash equivalents	$ 1,705,309	$ 748,475
Cash and cash equivalents, beginning of year	748,475	- -
Cash and cash equivalents, end of year	$ 2,453,784	$ 748,475

Note 18. Subsequent Events

In preparing the financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through March 22, 2018, the date the financial statements were available to be issued.