

April 23, 2019

Delmar Bancorp Reports Continued Profitability for the First Quarter of 2019

John W. Breda, President and CEO, announced net income of \$1.4 million for Delmar Bancorp, the holding company for The Bank of Delmarva, for the first three months of 2019. This is an increase of 7.9% over 2018 first quarter earnings.

Net interest income before the provision for credit losses increased from March 31, 2018 to March 31, 2019 by \$1.2 million or 20.5%, and the provision for credit losses increased by \$50,000. Operating overhead increased by \$935,000 for the same period.

During December of 2018 the Bank announced a share exchange with Virginia Partners Bank, located in Fredericksburg, Virginia. Costs related to the share exchange included in other operating expenses were approximately \$270,000 for the first quarter of 2019.

In addition to an increase in income, Delmar's assets grew by \$20.1 million or 2.7% in the first quarter of 2019. The Bank's loan portfolio, net of the allowance, grew by \$16.8 million or 2.7% from the end of December through March. Loan growth over the 12 month period ending March 31, 2019 was \$38.0 million or 6.3%. Loan growth was partially funded by an increase in deposits of \$15.7 million or 2.6% during the first quarter and \$14.0 million or 2.3% over the prior year first quarter balances. Most of this growth was in certificate of deposits and interest bearing demand accounts. Tangible book value per share increased from \$5.52 to \$6.16 or 11.7% over the twelve month period from March 31, 2018 to March 31, 2019.

The Company paid a cash dividend to common stockholders of \$.025 per share for the first quarter of 2019. The Board Directors of Delmar Bancorp is committed to returning capital to shareholders in the form of cash dividends with the expectation that the cash dividend will increase as earnings continue to grow.

For further information contact John W. Breda, 410-548-1100 extension 18112 or Betsy Holland, CPA, 410-548-1722 extension 18305.

**DELMAR BANCORP**  
**CONSOLIDATED BALANCE SHEET**  
**March 31, 2019 and 2018**  
December 31, 2018

| <b>ASSETS</b>  | March 31,<br>2019     | March 31,<br>2018  | December 31,<br>2018 |
|--|-----------------------|--------------------|----------------------|
| Cash and due from banks  | \$ 13,821,197         | 13,345,235         | 24,346,568           |
| Federal funds sold   | 812,953               | 3,796,683          | 1,254,413            |
| Interest bearing deposits in other banks   | 15,109,405            | 22,348,894         | 4,093,198            |
| Investment securities  |                       |                    |                      |
| Available-for-sale, at fair value  | 51,523,010            | 52,384,995         | 51,300,284           |
| Loans, less allowance for credit losses  |                       |                    |                      |
| 2019 \$7,063,224; 2018 \$7,027,481   | 642,300,787           | 604,331,556        | 625,513,347          |
| Accrued interest receivable on investment securities and loans                                 | 2,235,865             | 1,923,432          | 2,102,891            |
| Bank premises and equipment, at cost net of accumulated depreciation                           |                       |                    |                      |
| 2019 \$14,251,678; 2018 \$13,659,178   | 13,475,161            | 10,261,952         | 10,047,960           |
| Federal Home Loan Bank stock, at cost  | 2,761,400             | 2,501,700          | 2,651,800            |
| Atlantic Central Bankers Bank stock, at cost   | 131,250               | 131,250            | 131,250              |
| Maryland Financial Bank stock  | -                     | 30,000             | -                    |
| Other real estate owned  | 3,869,768             | 4,348,336          | 3,660,354            |
| Intangible assets  | 6,230,567             | 7,321,481          | 6,306,067            |
| Other assets   | 7,253,829             | 9,073,896          | 8,007,592            |
| <b>Total assets</b>  | <b>\$ 759,525,192</b> | <b>731,799,410</b> | <b>739,415,724</b>   |
| <br><b>LIABILITIES</b>   |                       |                    |                      |
| Deposits   |                       |                    |                      |
| Non-interest bearing demand  | \$ 185,299,445        | 190,696,317        | 185,475,609          |
| Interest bearing demand  | 56,895,264            | 36,825,579         | 54,481,160           |
| Savings and money market   | 122,658,183           | 146,650,735        | 123,948,577          |
| Time deposits  | 265,821,980           | 242,463,524        | 251,020,001          |
| Total deposits   | 630,674,872           | 616,636,155        | 614,925,347          |
| Federal funds purchased, securities sold under repurchase agreements, and borrowed money       | -                     | 726,760            | -                    |
| Short-term borrowings  | 6,000,000             | -                  | 7,000,000            |
| Long-term borrowings   | 53,333,558            | 49,756,097         | 49,988,929           |
| Accrued interest payable on deposits   | 566,298               | 332,677            | 391,579              |
| Other liabilities  | 1,175,032             | 2,009,816          | 1,121,817            |
| <b>Total liabilities</b>   | <b>691,749,760</b>    | <b>669,461,505</b> | <b>673,427,672</b>   |
| <br><b>STOCKHOLDERS' EQUITY</b>  |                       |                    |                      |
| Common stock, par value \$.01, authorized 20,000,000 shares: issued and outstanding            |                       |                    |                      |
| 2019 9,985,321; 2018 9,973,651   | 99,853                | 99,737             | 99,853               |
| Surplus  | 29,475,155            | 29,412,896         | 29,469,680           |
| Retained earnings  | 38,298,856            | 33,711,493         | 37,149,484           |
| Accumulated other comprehensive loss, net of deferred tax assets 2019 \$35,426; 2018 \$319,314 | (98,432)              | (886,221)          | (730,965)            |
| <b>Total stockholders' equity</b>  | <b>67,775,432</b>     | <b>62,337,905</b>  | <b>65,988,052</b>    |
| <b>Total liabilities and stockholders' equity</b>  | <b>\$ 759,525,192</b> | <b>731,799,410</b> | <b>739,415,724</b>   |
| <br><b>Tangible Book Value per Share</b>   | <br>\$ 6.16           | <br>5.52           | <br>5.98             |

The Consolidated Statements of Financial Condition as of March 31, 2019 and 2018 presented herein are unaudited but include all adjustments which, in Management's opinion, are necessary for fair presentation.

**DELMAR BANCORP**  
**CONSOLIDATED STATEMENT OF INCOME**  
**Three Months Ended March 31, 2019 and 2018**

| <b>INTEREST INCOME ON</b>  | <b>2019</b>      | <b>2018</b>      |
|--|------------------|------------------|
| Loans, including fees  | \$ 8,465,927     | 6,657,136        |
| Investment securities  |                  |                  |
| Taxable  | 180,723          | 137,684          |
| Exempt from federal income tax                                   | 143,533          | 144,031          |
| Federal funds sold   | 14,892           | 14,937           |
| Other interest income  | 176,499          | 85,333           |
|  | <u>8,981,574</u> | <u>7,039,121</u> |
| <b>INTEREST EXPENSE ON</b>                                       |                  |                  |
| Deposits   | 1,345,984        | 699,313          |
| Long-term borrowings   | 311,066          | 260,534          |
|  | <u>1,657,050</u> | <u>959,847</u>   |
| <b>NET INTEREST INCOME</b>                                       | 7,324,524        | 6,079,274        |
| Provision for credit losses                                      | 300,000          | 250,000          |
| <b>NET INTEREST INCOME AFTER<br/>PROVISION FOR CREDIT LOSSES</b> | <u>7,024,524</u> | <u>5,829,274</u> |
| <b>OTHER INCOME</b>  | <u>750,714</u>   | <u>721,509</u>   |
| <b>OTHER EXPENSES</b>  |                  |                  |
| Salaries and employee benefits                                   | 2,837,531        | 2,406,733        |
| Premises and equipment   | 938,118          | 637,419          |
| Other operating expenses   | 1,937,691        | 1,734,300        |
|  | <u>5,713,340</u> | <u>4,778,452</u> |
| <b>INCOME BEFORE TAXES ON INCOME</b>                             | 2,061,898        | 1,772,331        |
| Federal and state income taxes                                   | 662,892          | 475,981          |
| <b>NET INCOME</b>  | \$ 1,399,006     | 1,296,350        |
| Basic earnings per common share                                  | \$ 0.14          | 0.13             |

The Consolidated Statements of Financial Condition as of March 31, 2019 and 2018 presented herein are unaudited but include all adjustments which, in Management's opinion, are necessary for fair presentation.