

August 1, 2018

Delmar Bancorp Reports Growth and Continued Profitability for First Half of 2018

John W. Breda, President and CEO, reported that Delmar Bancorp had significant asset growth in the twelve months ended June 30, 2018. A significant portion of this growth was a direct result of the merger with Liberty Bell Bank, effective March 1, 2018. The Bank's loan portfolio, net of the allowance, grew by \$162.7 million or 37.33% and the Bank's bond portfolio grew by \$3.3 million or 6.8%. The loan and bond growth was accompanied by an increase in deposits of \$176.6 million or 40.0%. The merger with Liberty contributed approximately \$121.6 million in loan balances and \$137.6 million in deposit balances. The remaining 9.4% growth in loans and 8.8% growth in deposits is attributable to the Bank's organic growth. Total assets grew by 37.1%, while stockholder's equity increased by 30.1%. Tangible book value per share was \$5.57 at June 30, 2018. All of the Bank's capital ratios continue to exceed regulatory capital requirements, with total risk-based capital substantially above well-capitalized regulatory requirements.

From June 30, 2017 to June 30, 2018 Delmar Bancorp's net interest income increased by \$3.3 million, or 33.1%, while the provision for credit losses increased by \$30,000 or 6.1%. Operating overhead increased by \$3.8 million for the same period. Included in operating overhead for the first two quarters of 2018 are nonrecurring expenses related to the merger of \$1.3 million compared to nonrecurring merger related expenses for the first six months of 2017 of \$88,000. Delmar Bancorp had net income of \$2.1 million compared to net income of \$2.2 million for the first six months of 2017, a decrease of \$105,000 or 4.9%. Due to the "Tax Cuts and Jobs Act" enacted on December 22, 2017, the Bank has benefited from a permanently lowered federal corporate income tax rate. This resulted in a lower effective tax rate for the first six months of 2018 as compared to the first six months of 2017.

Basic earnings per share were \$.25 at June 30, 2018 compared to \$.26 at June 30, 2017. In January and April of 2018 the Company paid a cash dividend to common stockholders of \$.02 per share. In July of 2018 the cash dividend paid to common stockholders increased to \$.025 per share. 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.

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DELMAR BANCORP
CONSOLIDATED BALANCE SHEET
June 30, 2018 and 2017
December 31, 2017

	June 30, 2018	June 30, 2017	December 31, 2017
ASSETS			
Cash and due from banks	\$ 16,838,524	12,586,974	22,057,980
Federal funds sold	10,519,986	7,510,064	3,492,835
Interest bearing deposits in other banks	21,394,075	15,551,069	7,031,667
Investment securities			
Available-for-sale, at fair value	51,076,811	47,814,584	46,661,741
Loans, less allowance for credit losses			
2018 \$7,095,962; 2017 \$6,422,333	598,545,606	435,835,568	462,701,244
Accrued interest receivable on investment securities and loans	1,941,675	1,287,167	1,597,819
Bank premises and equipment, at cost net of accumulated depreciation			
2018 \$13,886,480; 2017 \$8,844,997	10,599,779	7,595,944	7,841,470
Federal Home Loan Bank stock, at cost	2,377,700	2,353,700	2,353,700
Atlantic Central Bankers Bank stock, at cost	131,250	75,000	75,000
Maryland Financial Bank stock	30,000	30,000	30,000
Other real estate owned	4,143,804	2,648,002	3,654,958
Intangible assets	7,219,086	-	-
Other assets	8,846,867	4,176,778	4,761,123
Total assets	\$ 733,665,163	537,464,850	562,259,537
LIABILITIES			
Deposits			
Non-interest bearing demand	\$ 202,900,458	167,211,180	154,188,173
NOW	36,784,362	23,040,943	39,552,035
Savings and money market	135,832,442	101,927,573	107,316,819
Time deposits	243,181,576	149,921,120	164,399,687
Total deposits	618,698,838	442,100,816	465,456,714
Long term borrowings	50,318,214	46,476,786	46,147,500
Accrued interest payable on deposits	353,491	213,812	229,540
Other liabilities	1,508,420	410,295	1,359,784
Total liabilities	670,878,963	489,201,709	513,193,538
STOCKHOLDERS' EQUITY			
Common stock, par value \$.01, authorized			
10,459,494 shares: issued and outstanding			
2018 9,974,679 shares; 2017 8,219,576 shares	99,747	82,196	82,196
Surplus	29,427,054	16,604,495	16,622,245
Retained earnings	34,226,030	31,649,861	32,614,597
Accumulated other comprehensive loss, net of deferred taxes 2018 \$348,290; 2017 \$47,717	(966,631)	(73,411)	(253,039)
Total stockholders' equity	62,786,200	48,263,141	49,065,999
Total liabilities and stockholders' equity	\$ 733,665,163	537,464,850	562,259,537
Tangible Book Value per Share	\$ 5.57	5.87	5.97

The Consolidated Statements of Financial Condition as of June 30, 2018 and 2017 presented herein are unaudited but include all adjustments which, in Management's opinion, are necessary for fair presentation.

DELMAR BANCORP
CONSOLIDATED STATEMENT OF INCOME
Six Months Ended June 30, 2018 and 2017

INTEREST INCOME ON	2018	2017
Loans, including fees	\$ 14,587,491	10,702,450
Investment securities		
Taxable	307,142	265,480
Exempt from federal income tax	274,200	240,585
Federal funds sold	38,078	15,731
Other interest income	220,267	85,489
	<u>15,427,178</u>	<u>11,309,735</u>
INTEREST EXPENSE ON		
Deposits	1,652,051	959,906
Long-term borrowings	519,966	390,450
	<u>2,172,017</u>	<u>1,350,356</u>
NET INTEREST INCOME	13,255,161	9,959,379
Provision for credit losses	525,000	495,000
	<u>12,730,161</u>	<u>9,464,379</u>
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	<u>12,730,161</u>	<u>9,464,379</u>
OTHER INCOME	<u>1,498,844</u>	<u>1,414,931</u>
OTHER EXPENSES		
Salaries and employee benefits	5,469,262	4,121,061
Premises and equipment	1,562,445	1,010,603
Other operating expenses	4,244,162	2,309,488
	<u>11,275,869</u>	<u>7,441,152</u>
INCOME BEFORE TAXES ON INCOME	2,953,136	3,438,158
Federal and state income taxes	892,887	1,272,672
	<u>2,060,249</u>	<u>2,165,486</u>
NET INCOME	\$ 2,060,249	2,165,486
Basic earnings per common share	\$ 0.25	0.26

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