

November 7, 2018

Delmar Bancorp Reports Growth and Profitability through September 30, 2018

John W. Breda, President and CEO, reported that Delmar Bancorp had significant asset growth in the twelve months ended September 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 \$172.4 million or 38.9% and the Bank's bond portfolio grew by \$6.8 million or 14.4%. The loan and bond growth was accompanied by an increase in deposits of \$170.8 million or 37.9%. Approximately 11.0% of the growth in loans and 7.4% growth in the deposits is attributable to the Bank's organic growth over the past 12 months. Total assets grew by 34.9%, while stockholder's equity increased by 30.9%. Tangible book value per share was \$6.43 at September 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 September 30, 2017 to September 30, 2018 Delmar Bancorp's net interest income increased by \$5.4 million, or 36.0%, while the provision for credit losses increased by \$105,000 or 14.9%. Operating overhead increased by \$4.8 million for the same period. Included in operating overhead for the first three quarters of 2018 are nonrecurring expenses related to the merger of \$1.4 million compared to nonrecurring merger related expenses for the first nine months of 2017 of \$513,000. Delmar Bancorp had net income of \$4.1 million compared to net income of \$3.1 million for the first nine months of 2017, an increase of \$1.0 million or 32.9%. 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 nine months of 2018 as compared to the first nine months of 2017.

Basic earnings per share were \$.41 at September 30, 2018 compared to \$.37 at September 30, 2017. In January and April of 2018 the Company paid a cash dividend to common stockholders of \$.02 per share. In July and October 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 SHEETS**  
**September 30, 2018 and 2017**  
December 31, 2017

<b>ASSETS</b>	September 30, 2018	September 30, 2017	December 31, 2017
Cash and due from banks	\$ 15,783,312	\$ 13,595,573	\$ 22,057,980
Federal funds sold	3,116,179	5,776,480	3,492,835
Interest bearing deposits in other banks	15,508,168	17,584,381	7,031,667
Investment securities			
Available-for-sale, at fair value	53,587,851	46,824,351	46,661,741
Loans, less allowance for credit losses			
2018 \$7,225,823; 2017 \$6,558,671	615,301,196	442,863,663	462,701,244
Accrued interest receivable on investment securities and loans	2,066,644	1,400,505	1,597,819
Bank premises and equipment, at cost net of accumulated depreciation			
2018 \$14,123,139; 2017 \$8,981,952	10,598,916	7,809,056	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	4,103,304	3,793,750	3,654,958
Intangible assets	7,093,103	-	-
Other assets	8,226,810	4,807,653	4,761,123
<b>Total assets</b>	<b>\$ 737,924,433</b>	<b>\$ 546,914,112</b>	<b>\$ 562,259,537</b>
<b>LIABILITIES</b>			
Deposits			
Non-interest bearing demand	\$ 187,622,249	\$ 169,709,007	\$ 154,188,173
Interest bearing demand	53,891,674	22,428,870	39,552,035
Savings and money market	132,224,315	105,650,840	107,316,819
Time deposits	248,304,965	153,416,618	164,399,687
Total deposits	<u>622,043,203</u>	<u>451,205,335</u>	<u>465,456,714</u>
Long term borrowings	50,153,571	46,312,143	46,147,500
Accrued interest payable on deposits	392,495	233,644	229,540
Other liabilities	1,167,376	155,427	1,359,784
<b>Total liabilities</b>	<b><u>673,756,645</u></b>	<b><u>497,906,549</u></b>	<b><u>513,193,538</u></b>
<b>STOCKHOLDERS' EQUITY</b>			
Common stock, par value \$.01, authorized 10,459,494 shares: issued and outstanding			
2018 9,975,707 shares; 2017 8,219,576 shares	99,757	82,196	82,196
Surplus	29,441,212	16,604,495	16,622,245
Retained earnings	35,864,891	32,374,908	32,614,597
Accumulated other comprehensive loss, net of deferred tax benefits 2018 \$446,106; 2017 \$35,098	<u>(1,238,072)</u>	<u>(54,036)</u>	<u>(253,039)</u>
<b>Total stockholders' equity</b>	<b><u>64,167,788</u></b>	<b><u>49,007,563</u></b>	<b><u>49,065,999</u></b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 737,924,433</b>	<b>\$ 546,914,112</b>	<b>\$ 562,259,537</b>
<b>Tangible Book Value per Share</b>	<b>\$ 5.72</b>	<b>\$ 5.96</b>	<b>\$ 5.97</b>

The Consolidated Statements of Financial Condition as of September 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 STATEMENTS OF INCOME**  
**Nine Months Ended September 30, 2018 and 2017**

	<b>2018</b>	2017
<b>INTEREST INCOME ON</b>		
Loans, including fees	\$ <b>22,696,275</b>	\$ 16,269,429
Investment securities		
Taxable	<b>464,580</b>	383,597
Exempt from federal income tax	<b>410,524</b>	362,076
Federal funds sold	<b>86,425</b>	36,370
Other interest income	<b>359,754</b>	156,539
	<b>24,017,558</b>	17,208,011
<b>INTEREST EXPENSE ON</b>		
Deposits	<b>2,657,851</b>	1,453,387
Long-term borrowings	<b>802,659</b>	635,124
	<b>3,460,510</b>	2,088,511
<b>NET INTEREST INCOME</b>	<b>20,557,048</b>	15,119,500
Provision for credit losses	<b>825,000</b>	720,000
<b>NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES</b>	<b>19,732,048</b>	14,399,500
<b>OTHER INCOME</b>	<b>2,228,033</b>	2,109,714
<b>OTHER EXPENSES</b>		
Salaries and employee benefits	<b>8,164,522</b>	6,161,961
Premises and equipment	<b>2,347,203</b>	1,524,037
(Gains) losses on sales of other assets	<b>(9,043)</b>	7,974
Losses on other real estate owned	<b>144,155</b>	7,053
Amortization	<b>294,000</b>	-
Other operating expenses	<b>5,429,951</b>	3,891,348
	<b>16,370,787</b>	11,592,373
<b>INCOME BEFORE TAXES ON INCOME</b>	<b>5,589,294</b>	4,916,841
Federal and state income taxes	<b>1,529,903</b>	1,861,913
<b>NET INCOME</b>	<b>\$ 4,059,391</b>	\$ 3,054,928
Basic earnings per common share	<b>\$ 0.41</b>	\$ 0.37

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