



VIRGINIA PARTNERS BANK®
MARYLAND PARTNERS BANK®
(A Division of Virginia Partners Bank)

PRESS RELEASE

Virginia Partners Bank Announces 41.4% Increase in Earnings for First Nine Months of 2017

FREDERICKSBURG, VA – October 25, 2017 – Virginia Partners Bank (OTCQX: PTRS) reported net income of \$461,000 for the third quarter 2017, a 6.0% increase compared to \$435,000 for the third quarter 2016. For the nine months ended September 30, 2017, net income totaled \$1,288,000, a 41.4% increase compared to \$911,000 for the first nine months of 2016.

Assets as of September 30, 2017 were \$380.4 million, an increase of \$57.8 million or 17.9% from September 30, 2016. Over the same period, gross loans increased 10.5% to \$276.1 million, and deposits grew 16.1% to \$310.5 million. Non-interest bearing deposits grew 48.6% to \$46.1 million as of September 30, 2017. All capital ratios continue to exceed regulatory requirements, with total risk-based capital substantially above well-capitalized regulatory requirements.

“For the first nine months of the year, earnings have continued to run well ahead of last year. We had a very strong quarter for loan production. Almost all of our loan growth is organic. Non-interest bearing deposit growth has been very strong for the past couple of years. This is particularly important as interest rates start to rise. Through the remainder of the year, we expect total assets and liabilities to remain somewhat steady as we anticipate reallocating investments into loans, and borrowings into deposits,” said Lloyd B. Harrison, III, Virginia Partners Bank President & CEO. “The Annapolis loan production office, which we opened in January, is gaining traction. Earlier this month, we did a team lift-out of an experienced group of lenders to augment our Annapolis operations.”

About Virginia Partners Bank

Virginia Partners Bank, headquartered in Fredericksburg, Virginia, was founded in 2008 and has three branches in Fredericksburg, Virginia. In Maryland, the bank trades under the name Maryland Partners Bank (a division of Virginia Partners Bank), and operates a full service branch and commercial banking office in La Plata and a Loan Production Office in Annapolis.

For further information, please contact Lloyd B. Harrison, III, President & CEO, at 540-899-2234.

Cautionary Statement Regarding Forward-Looking Statements

This earnings release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact and are based on assumptions and describe future plans, strategies, and expectations of management, and are inherently subject to risks and uncertainties. These statements are generally identifiable by use of words such as “believe,” “expect,” “intend,” “anticipate,” “estimate,” “project,” “may,” “will” or similar expressions. Forward-looking statements in this earnings release may include, without limitation, statements regarding anticipated future financial performance, funding sources including loan portfolio composition, deposit and loan growth, adequacy of the allowance for loan losses and future provisions for loan losses, securities portfolio composition and future performance, and strategic business initiatives. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, the effects of or changes in: management’s efforts to maintain asset quality and control operating expenses; the quality, composition and

growth of the loan and investment portfolios; interest rates; and general economic and financial market conditions. These risks and uncertainties should be considered in evaluating forward-looking statements contained herein. We have based our forward-looking statements on management's beliefs, assumptions, expectations and projections based on information available as of the date of this earnings release. You should not place undue reliance on such statements, because the beliefs, assumptions, expectations and projections about future events on which they are based may, and often do, differ materially from actual events and, in many cases, are outside of our control. We undertake no obligation to update any forward-looking statement to reflect developments occurring after the statement is made.

Virginia Partners Bank

Balance Sheet

As of September 30, 2016 and 2017

Unaudited

	Actual September 30, 2017	Actual September 30, 2016
ASSETS		
Cash and due from banks	\$ 4,021,612	\$ 5,900,500
Fed Funds sold & repos	\$ 1,553,000	\$ 1,133,000
Interest bearing deposits with banks	\$ 2,000,000	\$ 996,000
Investment securities - taxable	\$ 73,942,501	\$ 48,527,950
Investment securities - tax-exempt	\$ 11,579,369	\$ 7,340,676
Loans, net of unearned income	\$ 276,052,442	\$ 249,725,617
Less: Allowance for loan losses	\$ (3,416,518)	\$ (3,125,166)
Premises and equipment, net	\$ 4,021,772	\$ 4,233,546
Accrued interest receivable	\$ 982,103	\$ 722,184
Deferred income taxes, net	\$ 1,608,822	\$ 1,074,982
Bank owned life insurance	\$ 7,329,756	\$ 5,148,893
Other real estate owned	\$ -	\$ 383,160
Other assets	\$ 747,500	\$ 551,369
Total Assets	\$ 380,422,359	\$ 322,612,711
LIABILITIES		
Non-interest bearing deposits	\$ 46,103,566	\$ 31,019,219
Interest bearing demand deposits	\$ 17,499,659	\$ 15,590,919
Savings and money market deposits	\$ 90,836,210	\$ 88,417,989
Time deposits - retail	\$ 129,949,032	\$ 108,042,581
Time deposits - wholesale	\$ 26,163,000	\$ 24,480,000
Total deposits	\$ 310,551,467	\$ 267,550,708
FHLB advances	\$ 31,000,000	\$ 25,000,000
Other borrowings	\$ 1,505,080	\$ 1,547,388
Accrued expenses and other liabilities	\$ 690,502	\$ 681,460
Total Liabilities	\$ 343,747,049	\$ 294,779,556
EQUITY		
Common stock	\$ 17,104,145	\$ 12,458,385
Capital surplus	\$ 16,482,120	\$ 13,270,265
Retained earnings	\$ 2,028,691	\$ 806,836
Accumulated other comprehensive income	\$ (227,716)	\$ 387,139
Net income	\$ 1,288,070	\$ 910,530
Total equity	\$ 36,675,310	\$ 27,833,155
Total Liabilities and Equity	\$ 380,422,359	\$ 322,612,711

Virginia Partners Bank

Statement of Income

As of September 30, 2016 and 2017

Unaudited

	For the Quarter Ending September 30,		For the Nine Months ending September 30,	
	2017	2016	2017	2016
INTEREST INCOME				
Interest on loans	\$ 3,194,592	\$ 2,821,681	\$ 9,116,592	\$ 8,142,297
Fees on loans	\$ 124,743	\$ 79,374	\$ 309,882	\$ 189,406
Interest on federal funds sold	\$ 6,756	\$ 2,301	\$ 15,838	\$ 24,355
Interest on deposits with banks	\$ 13,572	\$ 18,596	\$ 34,331	\$ 70,446
Investment securities - taxable	\$ 415,716	\$ 281,308	\$ 1,385,922	\$ 812,990
Investment securities - tax-exempt	\$ 62,117	\$ 28,681	\$ 179,863	\$ 48,986
Total interest income	\$ 3,817,496	\$ 3,231,941	\$ 11,042,428	\$ 9,288,480
INTEREST EXPENSE				
Interest bearing demand deposits	\$ 8,996	\$ 8,102	\$ 25,163	\$ 22,141
Savings and money market deposits	\$ 91,675	\$ 84,772	\$ 268,087	\$ 265,692
Time deposits - retail	\$ 488,139	\$ 386,626	\$ 1,287,768	\$ 1,181,593
Time deposits - wholesale	\$ 107,061	\$ 44,527	\$ 286,400	\$ 119,791
Total interest expense on deposits	\$ 695,871	\$ 524,027	\$ 1,867,418	\$ 1,589,217
FHLB advances	\$ 114,276	\$ 74,683	\$ 360,229	\$ 208,151
Interest on other borrowings	\$ 29,482	\$ 28,795	\$ 87,347	\$ 84,053
Total interest expense	\$ 839,629	\$ 627,505	\$ 2,314,994	\$ 1,881,421
Net interest income	\$ 2,977,867	\$ 2,604,436	\$ 8,727,434	\$ 7,407,059
Provision for loan losses	\$ 110,000	\$ -	\$ 200,845	\$ 46,896
Net interest income after provision	\$ 2,867,867	\$ 2,604,436	\$ 8,526,589	\$ 7,360,163
NONINTEREST INCOME				
Service charges and fees	\$ 70,034	\$ 61,632	\$ 201,363	\$ 165,083
Securities gains, net	\$ -	\$ 37,138	\$ 5,384	\$ 41,655
Gain (loss) on the sale of assets	\$ (996)	\$ (3,838)	\$ 46,938	\$ 21,330
Other noninterest income	\$ 114,619	\$ 85,854	\$ 252,178	\$ 268,612
Total noninterest income	\$ 183,657	\$ 180,786	\$ 505,863	\$ 496,680
NONINTERST EXPENSE				
Salaries and employee benefits	\$ 1,243,622	\$ 1,097,166	\$ 3,781,434	\$ 3,331,146
Occupancy and equipment expense	\$ 232,285	\$ 264,251	\$ 692,225	\$ 728,705
Professional services	\$ 320,104	\$ 303,139	\$ 1,029,100	\$ 896,131
Data processing	\$ 126,267	\$ 111,038	\$ 385,156	\$ 348,974
Promotion and marketing	\$ 30,274	\$ 47,999	\$ 125,824	\$ 163,997
FDIC assessment	\$ 44,500	\$ 50,170	\$ 98,614	\$ 160,189
Other operating expense	\$ 410,635	\$ 359,982	\$ 1,110,020	\$ 945,832
Total noninterest expense	\$ 2,407,687	\$ 2,233,745	\$ 7,222,373	\$ 6,574,974
Income before income taxes	\$ 643,837	\$ 551,477	\$ 1,810,079	\$ 1,281,869
Income tax expense	\$ 182,758	\$ 116,355	\$ 522,009	\$ 371,339
Net income	\$ 461,079	\$ 435,122	\$ 1,288,070	\$ 910,530

