



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

PRESS RELEASE

Virginia Partners Bank Reports Results of Operations for the First Quarter 2018

FREDERICKSBURG, VA – April 26, 2018 – Virginia Partners Bank (OTCQX: PTRS) (the “Bank”) reported net income of \$493 thousand for the first quarter 2018, a 12.0% increase when compared to net income of \$440 thousand for the first quarter 2017. The period-over-period increase in net income was driven by an increase in net interest income, due primarily to loan and deposit growth, and noninterest income, lower income tax expense, and partially offset by higher noninterest expense. The Bank’s results of operations in the first quarter of 2018 were directly impacted by the inclusion of Johnson Mortgage Company, LLC, which the Bank acquired a 51% ownership interest in effective January 1, 2018. In addition, the Bank’s results of operations in the first quarter of 2018 were positively impacted by the enactment of the “Tax Cuts and Jobs Act” on December 22, 2017. The Tax Cuts and Jobs Act, which permanently lowered the federal corporate income tax rate from 35% to 21%, resulted in the Bank incurring less income tax expense in the first quarter of 2018 when compared to the same period of 2017.

Total assets as of March 31, 2018 were \$412.7 million, an increase of \$38.6 million or 10.3% from March 31, 2017. Over the same period, gross loans held for investment increased 14.9% to \$298.9 million, total deposits increased 14.6% to \$342.0 million including growth in non-interest bearing deposits of 21.6% to \$52.2 million, and total equity increased 14.0% to \$40.4 million. All of the Bank’s capital ratios continue to exceed regulatory requirements, with total risk-based capital substantially above well-capitalized regulatory requirements.

“I am very pleased with our start to 2018 as we have continued to build upon our momentum from 2017 of successfully growing our core community banking business,” said Lloyd B. Harrison, III, Virginia Partners Bank President & CEO. “Loan and deposit growth for the first quarter of 2018 was very strong, and I am excited by the growth activity we are seeing in our existing markets and our current pipeline of opportunities. We continue to see solid growth in non-interest bearing deposits, which now represent 15.3% of total deposits. Throughout the remainder of 2018, we will continue to evaluate and implement strategies that focus on achieving scale in the community bank space, reducing noninterest expenses and increasing profitability going forward which we believe will be the keys to our long term success and increasing shareholder value.”

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, Maryland and a Loan Production Office in Annapolis, Maryland. Virginia Partners Bank also owns a controlling stake in Johnson Mortgage Company, LLC, which is a residential mortgage company headquartered in Newport News, Virginia, with a branch office in Williamsburg, Virginia. For more information, visit www.vapartnersbank.com.

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, investment securities portfolio composition and future performance, strategic business initiatives and future tax savings or other effects of the Tax Cuts and Jobs Act. 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 securities 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 March 31, 2018 and 2017

Unaudited

	Actual March 31, 2018	Actual March 31, 2017
ASSETS		
Cash and due from banks	\$ 7,864,219	\$ 5,485,160
Federal funds sold	4,764,000	3,273,000
Interest bearing deposits in other banks	2,000,000	2,000,000
Investment securities - taxable	78,071,902	82,390,971
Investment securities - tax-exempt	7,955,407	11,341,177
Loans held for sale	2,311,607	-
Loans, net of unearned income	298,866,046	260,100,428
Less: Allowance for loan losses	(3,704,879)	(3,246,744)
Premises and equipment, net	3,980,155	4,099,120
Accrued interest receivable	965,460	897,032
Deferred income taxes, net	1,502,302	1,821,572
Bank owned life insurance	7,441,444	5,230,017
Other assets	661,406	646,199
Total Assets	\$ 412,679,069	\$ 374,037,932
LIABILITIES		
Non-interest bearing deposits	\$ 52,213,682	\$ 42,948,372
Interest bearing demand deposits	18,982,029	16,752,610
Savings and money market deposits	118,713,870	92,825,745
Time deposits - retail	123,041,824	107,844,617
Time deposits - wholesale	29,002,360	38,025,000
Total deposits	341,953,765	298,396,344
FHLB Advances	25,900,000	38,000,000
Warehouse line	2,210,257	-
Other borrowings	1,483,233	1,526,697
Accrued expenses and other liabilities	764,398	705,329
Total Liabilities	372,311,653	338,628,370
EQUITY		
Common stock	19,635,905	17,104,145
Capital surplus	18,406,018	16,477,692
Retained earnings	2,810,211	2,028,691
Noncontrolling interest in consolidated subsidiaries	613,713	-
Accumulated other comprehensive loss	(1,591,101)	(640,702)
Net income	492,670	439,736
Total Equity	40,367,416	35,409,562
Total Liabilities and Equity	\$ 412,679,069	\$ 374,037,932

Virginia Partners Bank

Statement of Income

As of March 31, 2018 and 2017

Unaudited

	For the Quarter Ending March 31,	
	2018	2017
INTEREST INCOME		
Interest on loans	\$ 3,457,715	\$ 2,937,284
Fees on loans	128,369	66,374
Interest on federal funds sold	8,144	5,601
Interest on deposits with banks	12,240	10,642
Investment securities - taxable	389,670	493,512
Investment securities - tax-exempt	42,376	53,655
Total interest income	4,038,514	3,567,068
INTEREST EXPENSE		
Interest bearing demand deposits	8,742	8,028
Savings and money market deposits	120,491	87,009
Time deposits - retail	497,944	381,006
Time deposits - wholesale	107,042	60,810
Total interest expense on deposits	734,219	536,853
FHLB Advances	99,766	134,275
Interest on other borrowings	36,193	28,938
Total interest expense	870,178	700,066
Net interest income	3,168,336	2,867,002
Provision for loan losses	100,000	56,000
Net interest income after provision	3,068,336	2,811,002
NONINTEREST INCOME		
Service charges and fees	70,328	67,335
Securities gains, net	-	3,487
Gain on the sale of assets	-	49,454
Other noninterest income	265,989	71,071
Total noninterest income	336,317	191,347
NONINTEREST EXPENSE		
Salaries and employee benefits	1,546,505	1,251,119
Occupancy and equipment expense	262,838	237,028
Professional services	403,918	330,506
Data processing	80,869	131,116
Promotion and marketing	57,975	49,275
FDIC assessment	45,400	10,556
Other operating expense	424,380	363,971
Total noninterest expense	2,821,885	2,373,571
Income before income taxes	582,768	628,778
Income tax expense	113,385	189,042
Net income	\$ 469,383	\$ 439,736
Net loss attributable to noncontrolling interest	23,287	-
Net income attributable to Virginia Partners Bank	\$ 492,670	\$ 439,736