



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

## PRESS RELEASE

### Virginia Partners Bank Announces 74% Increase in Earnings for First Six Months of 2017

FREDERICKSBURG, VA – July 24, 2017 – Virginia Partners Bank (OTCQX: PTRS) reported net income of \$387,000 for the second quarter 2017, a 21.0% increase compared to \$320,000 for the second quarter 2016. For the six months ended June 30, 2017, net income totaled \$827,000, a 74.0% increase compared to \$475,000 for the first six months of 2016.

Assets as of June 30, 2017 were \$373.2 million, an increase of \$49.9 million or 15.4% from June 30, 2016. Over the same period, gross loans increased 11.7% to \$267.8 million, and deposits grew 10.3% to \$297.7 million. Non-interest bearing deposits grew 38.3% to \$42.7 million as of June 30, 2017. All capital ratios continue to exceed regulatory requirements, with total risk-based capital substantially above well-capitalized regulatory requirements.

“Earnings for the first half of 2017 are running well ahead of last year. We used the new capital injection from our \$8.6 million capital raise in the fourth quarter of 2016 to lever the balance sheet to increase earnings in combination with continued organic growth in loans and deposits. Through the remainder of the year, we expect total footings 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.

#### About Virginia Partners Bank

Virginia Partners Bank, headquartered in 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 June 30, 2016 and 2017**  
**Unaudited**

	<u>Actual</u> <u>June 30, 2017</u>	<u>Actual</u> <u>June 30, 2016</u>
<b>ASSETS</b>		
Cash and due from banks	5,743,914	4,130,302
Fed Funds sold & repos	2,565,000	4,101,000
Interest bearing deposits with banks	2,000,000	6,474,000
Investment securities - taxable	72,705,517	56,178,211
Investment securities - tax-exempt	11,260,361	3,675,075
Loans, net of unearned income	267,811,229	239,742,758
Less: Allowance for loan losses	(3,302,465)	(3,134,359)
Premises and equipment, net	4,060,064	4,148,402
Accrued interest receivable	796,995	671,263
Deferred income taxes, net	1,554,354	1,158,927
Bank owned life insurance	7,269,996	5,104,717
Other real estate owned	-	438,514
Other assets	776,555	644,751
<b>Total Assets</b>	<b><u>373,241,520</u></b>	<b><u>323,333,561</u></b>
<b>LIABILITIES</b>		
Non-interest bearing deposits	42,729,439	30,898,145
Interest bearing demand deposits	16,814,700	19,161,602
Savings and money market deposits	87,487,758	90,712,599
Time deposits - retail	118,877,965	108,397,187
Time deposits - wholesale	31,750,000	20,762,000
Total Deposits	<u>297,659,862</u>	<u>269,931,533</u>
FHLB Advances	37,000,000	24,000,000
Other borrowings	1,515,835	1,557,794
Accrued expenses and other liabilities	748,074	612,848
<b>Total Liabilities</b>	<b><u>336,923,771</u></b>	<b><u>296,102,175</u></b>
<b>EQUITY</b>		
Common stock	17,104,145	12,458,385
Capital surplus	16,479,906	13,266,571
Retained earnings	2,028,691	806,836
Accumulated other comprehensive income	(121,983)	224,187
Net income	826,990	475,407
Total Equity	<u>36,317,749</u>	<u>27,231,386</u>
<b>Total Liabilities and Equity</b>	<b><u>373,241,520</u></b>	<b><u>323,333,561</u></b>

**Virginia Partners Bank**  
**Statement of Income**  
**As of June 30, 2016 and 2017**  
**Unaudited**

	For the Quarter Ending June 30,		For the Six Months ending June 30,	
	2017	2016	2017	2016
<b>INTEREST INCOME</b>				
Interest on loans	2,984,717	2,680,748	5,922,000	5,320,617
Fees on loans	118,765	72,814	185,139	110,032
Interest on federal funds sold	3,481	4,849	9,081	22,054
Interest on deposits with banks	10,116	25,154	20,758	51,850
Investment securities - taxable	476,694	288,742	970,206	531,682
Investment securities - tax-exempt	64,091	12,613	117,746	20,305
Total Interest Income	3,657,864	3,084,920	7,224,931	6,056,540
<b>INTEREST EXPENSE</b>				
Interest bearing demand deposits	8,139	7,256	16,167	14,039
Savings and money market deposits	89,403	83,831	176,412	180,920
Time deposits - retail	418,623	396,504	799,628	794,967
Time deposits - wholesale	118,529	37,665	179,340	75,265
Total Interest expense on deposits	634,694	525,256	1,171,547	1,065,191
FHLB Advances	111,676	67,741	245,952	133,468
Interest on other borrowings	28,928	26,937	57,866	55,259
Total interest expense	775,298	619,934	1,475,364	1,253,918
Net interest income	<b>2,882,566</b>	<b>2,464,986</b>	<b>5,749,567</b>	<b>4,802,622</b>
Provision for loan losses	34,845	10,000	90,845	46,896
Net interest income after provision	<b>2,847,721</b>	<b>2,454,986</b>	<b>5,658,722</b>	<b>4,755,726</b>
<b>NONINTEREST INCOME</b>				
Service charges and fees	70,177	58,332	142,076	103,452
Securities gains, net	1,898	4,518	5,384	4,518
Gain (loss) on the sale of assets	(1,520)	25,169	47,934	25,169
Other noninterest income	60,304	100,091	126,812	182,756
Total noninterest income	130,859	188,110	322,206	315,895
<b>NONINTEREST EXPENSE</b>				
Salaries and employee benefits	1,286,693	1,088,352	2,537,812	2,233,980
Occupancy and equipment expense	222,912	243,113	459,940	464,454
Professional services	348,490	296,337	678,996	592,992
Data processing	127,773	116,813	258,889	237,936
Promotion and marketing	46,275	57,999	95,550	115,998
FDIC assessment	43,558	57,526	54,114	110,019
Other operating expense	365,415	303,384	729,386	585,850
Total noninterest expense	2,441,116	2,163,524	4,814,687	4,341,229
Income before income taxes	<b>537,464</b>	<b>479,572</b>	<b>1,166,241</b>	<b>730,392</b>
Income tax expense	150,209	159,730	339,251	254,985
Net income	<b>387,255</b>	<b>319,842</b>	<b>826,990</b>	<b>475,407</b>