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

PRESS RELEASE

Virginia Partners Bank Reports 70.0% Increase in Net Income Excluding Merger Expense (Non-GAAP) of $1.0 Million for the Second Quarter 2019

FREDERICKSBURG, VA – July 19, 2019 – Virginia Partners Bank (OTCQX: PTRS) (the "Bank") reported adjusted net income (Non-GAAP, excluding tax-effected merger expense of $159 thousand) of $1.0 million for the three months ended June 30, 2019, a 70.0% increase when compared to net income of $613 thousand for the same period in 2018. For the six months ended June 30, 2019, the Bank reported adjusted net income (Non-GAAP, excluding tax-effected merger expense of $459 thousand) of $1.9 million, a 70.7% increase when compared to net income of $1.1 million for the same period in 2018. The Bank's results of operations for the three and six months ended June 30, 2019 were negatively impacted by merger expense of $162 thousand and $474 thousand, respectively, related to the pending merger of equals with Delmar Bancorp ("Delmar") and The Bank of Delmarva ("Delmarva").

On a GAAP basis, the Bank reported net income of $884 thousand for the three months ended June 30, 2019, a 44.1% increase when compared to net income of $613 thousand for the same period in 2018. For the six months ended June 30, 2019, the Bank reported net income of $1.4 million, a 29.2% increase when compared to net income of $1.1 million for the same period in 2018.

For the three months ended June 30, 2019, the Bank's return on average assets, return on average equity and efficiency ratio was 0.82%, 7.68% and 70.77%, respectively, as compared to 0.59%, 6.06% and 74.58%, respectively, for the same period in 2018. Excluding tax-effected merger expense for the three months ended June 30, 2019, return on average assets (Non-GAAP), return on average equity (Non-GAAP) and efficiency ratio (Non-GAAP) was 0.97%, 9.06% and 66.90%, respectively. For the six months ended June 30, 2019, the Bank's return on average assets, return on average equity and efficiency ratio was 0.67%, 6.33% and 74.56%, respectively, as compared to 0.56%, 5.65% and 77.29%, respectively, for the same period in 2018. Excluding tax-effected merger expense for the six months ended June 30, 2019, return on average assets (Non-GAAP), return on average equity (Non-GAAP) and efficiency ratio (Non-GAAP) was 0.89%, 8.36% and 68.69%, respectively.

The increase in net income for the three months ended June 30, 2019, as compared to the same period in 2018, was driven by increases in net interest income, due primarily to loan growth, and noninterest income, lower provision for loan losses, and partially offset by higher noninterest expense and income tax expense. The increase in net income for the six months ended June 30, 2019, as compared to the same period in 2018, was driven by increases in net interest income, due primarily to loan growth, and noninterest income, lower provision for loan losses, and partially offset by higher noninterest expense and income tax expense. The Bank's results of operations for the three and six months ended June 30, 2019 were positively impacted by lower provision for loan losses due primarily to lower loan growth and the overall improvement in the risks inherent in the loan portfolio over the same periods in 2018. The Bank's results of operations, primarily noninterest income and noninterest expense, for the three and six months ended June 30, 2019 and 2018 were directly affected by Johnson Mortgage Company, LLC, the Bank's majority-owned subsidiary. For the three months ended June 30, 2019, the Bank recorded net income of approximately $41 thousand (net of income tax expense and noncontrolling interest) related to Johnson Mortgage Company, LLC as compared to a net loss of approximately $11 thousand (net of income tax benefit and noncontrolling interest) for the same period in 2018.

For the six months ended June 30, 2019, the Bank recorded net income of approximately $26 thousand (net of income tax expense and noncontrolling interest) related to Johnson Mortgage Company, LLC as compared to a net loss of approximately $30 thousand (net of income tax benefit and noncontrolling interest) for the same period in 2018. In addition, the Bank's results of operations for the three and six months ended June 30, 2019 were negatively impacted by higher income tax expense due primarily to higher consolidated income before income taxes and the non-deductibility of merger expense. For the three months ended June 30, 2019, the Bank's effective tax rate was 24.0% as compared to 18.6% for the same period in 2018. For the six months ended June 30, 2019, the Bank's effective tax rate was 25.6% as compared to 18.6% for the same period in 2018.

Total assets as of June 30, 2019 were $437.0 million, an increase of $19.7 million or 4.7% from June 30, 2018. Over the same period, gross loans held for investment increased 4.4% to $329.6 million, total investment securities – taxable decreased 11.9% to $65.5 million, total deposits decreased 4.3% to $334.2 million, however noninterest bearing deposits grew 15.6% to $61.6 million, total Federal Home Loan Bank borrowings increased 108.3% to $47.9 million and total equity increased 15.2% to $47.3 million. The decrease in investment securities – taxable was due to the strategic utilization of the cash flows from these investment securities to fund loan growth. The decrease in total deposits and the corresponding increase in total Federal Home Loan Bank borrowings were due to a decrease in money market deposits which was driven by withdrawals by several large deposit customers due to other business related needs and not due to the loss of relationships. In addition, the Bank has been able to reduce its utilization of time deposits - wholesale. As of June 30, 2019, time deposits - wholesale were $20.9 million, which represents a decrease of 12.8% from June 30, 2018. 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 pleased with our Bank's profitability and growth during the first half of 2019," said Lloyd B. Harrison, III, Virginia Partners Bank President & CEO. "Net income (Non-GAAP) for the second quarter of 2019 improved by $430 thousand or 70.0% when compared to the second quarter of 2018. The net income improvement from the second quarter of 2018 to the second quarter of 2019 was due primarily to higher net interest income, lower provision for loan losses and total noninterest expense excluding merger expense, and a net income contribution from Johnson Mortgage Company, LLC. Net interest income for the second quarter of 2019 increased by $87 thousand or 2.5% when compared to the second quarter of 2018 and was due to our efforts to grow top-line revenue. During the second quarter of 2019, Johnson Mortgage Company, LLC recorded its highest level of net income since the Bank acquired its majority-ownership at the beginning of 2018 and was the primary driver of the higher total noninterest income and total noninterest expense as compared to the second quarter of 2018. The overall increase in Johnson Mortgage Company, LLC's profitability was due to a higher volume of loan closings which lead to a 92.9% increase in mortgage banking income from the second quarter of 2018 to the second quarter of 2019. Despite a higher total noninterest expense contribution from Johnson Mortgage Company, LLC, excluding merger expense, we were able to reduce our total noninterest expense by $61 thousand or 2.1% during the second quarter of 2019, as compared to the second quarter of 2018. Although loan production was strong during the second quarter of 2019, loan balances declined due to several large pay-offs which occurred late in the period. Despite this, our total loan growth over the first half of 2019 was 2.2% and 4.4% over the trailing twelve months. We continue to remain optimistic about the growth activity we are seeing in our current markets and our current pipeline of opportunities. We believe this growth activity, combined with our emphasis on total relationship banking, positions us to deliver solid growth and increased profitability throughout the balance of 2019."

Harrison continued, "We continue to be very excited and focused on our pending merger of equals with Delmar and Delmarva. Earlier this month Delmar's registration statement on Form S-4, which included a proxy statement and prospectus, was declared effective by the SEC. As such, the Bank has commenced its mailing to shareholders for its special meeting to occur on August 12, 2019 and we remain on track to close the merger during the third quarter of 2019. We are very excited about the future prospects and increased efficiencies of our combined organization and look forward to maximizing the potential of this combined franchise."

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 branch offices in Fredericksburg and Williamsburg, Virginia. For more information, visit www.vapartnersbank.com.

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

Non-GAAP Financial Measures

The accounting and reporting policies of the Bank conform to generally accepted accounting principles ("GAAP") in the United States of America and prevailing practices in the banking industry. However, management uses certain Non-GAAP financial measures to supplement the evaluation of the Bank's performance. These financial measures include net income, return on average assets, return on average equity and efficiency ratio excluding merger expense. Management believes presentations of these Non-GAAP financial measures provide useful supplemental information that is essential to a proper understanding of the operating results of the Bank's core business. These Non-GAAP financial measures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to Non-GAAP financial measures that may be presented by other companies. Reconciliations of GAAP to Non-GAAP financial measures are included as tables at the end of this earnings release.

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, and strategic business initiatives, including the pending merger of equals of the Bank and Delmar and Delmarva. 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

Unaudited

	June 30, 2019	June 30, 2018
ASSETS		
Cash and due from banks	$ 4,721,816	$ 4,843,510
Federal funds sold	7,748,000	-
Interest bearing deposits in other banks	2,000,000	2,000,000
Investment securities - taxable	65,461,222	74,310,778
Investment securities - tax-exempt	8,172,004	7,953,355
Loans held for sale	5,481,331	1,719,978
Loans, net of unearned income	329,579,554	315,818,250
Less: Allowance for loan losses	(4,095,692)	(3,914,848)
Premises and equipment, net	3,754,435	3,920,617
Accrued interest receivable	1,108,553	948,646
Deferred income taxes, net	1,171,929	1,533,598
Bank owned life insurance	7,711,961	7,496,825
Right of use asset	3,619,916	-
Other assets	560,656	689,779
Total Assets	**$ 436,995,685**	**$ 417,320,488**
LIABILITIES		
Noninterest bearing deposits	$ 61,551,631	$ 53,256,674
Interest-bearing demand deposits	19,659,938	18,985,673
Savings and money market deposits	94,678,103	121,346,954
Time deposits - retail	137,415,877	131,757,287
Time deposits - wholesale	20,905,000	23,982,000
Total deposits	334,210,549	349,328,588
Federal funds purchased	-	1,604,000
Federal Home Loan Bank borrowings	47,900,000	23,000,000
Warehouse line of credit	1,200,194	6,154
Other borrowings	1,426,981	1,472,183
Lease liability	3,638,387	-
Accrued expenses and other liabilities	1,287,741	815,938
Total Liabilities	**389,663,852**	**376,226,863**
EQUITY		
Common stock	20,425,905	19,785,905
Capital surplus	19,226,164	18,562,728
Retained earnings	5,462,524	2,810,211
Noncontrolling interest in consolidated subsidiaries	635,117	600,198
Accumulated other comprehensive income (loss)	152,871	(1,771,562)
Net income	1,429,252	1,106,145
Total Equity	**47,331,833**	**41,093,625**
Total Liabilities and Equity	**$ 436,995,685**	**$ 417,320,488**

Virginia Partners Bank

Statement of Income

Unaudited

	For the Quarter Ending June 30,		For the Six Months Ending June 30,	
	2019	2018	2019	2018
INTEREST INCOME				
Interest and fees on loans	$ 4,299,140	$ 3,803,847	$ 8,462,753	$ 7,389,927
Interest on federal funds sold	6,277	13,036	15,624	21,181
Interest on deposits with banks	21,844	13,647	44,754	25,888
Investment securities - taxable	437,186	481,889	886,991	871,560
Investment securities - tax-exempt	42,376	42,376	84,753	84,753
Total interest income	4,806,823	4,354,795	9,494,875	8,393,309
INTEREST EXPENSE				
Interest-bearing demand deposits	16,125	9,328	30,889	18,070
Savings and money market deposits	158,124	152,765	311,818	273,256
Time deposits - retail	695,033	535,604	1,318,701	1,049,343
Time deposits - wholesale	83,566	92,904	164,602	184,152
Total interest expense on deposits	952,848	790,601	1,826,010	1,524,821
Interest on federal funds purchased	4,052	196	15,966	1,784
Interest on Federal Home Loan Bank borrowings	281,114	97,107	565,905	196,873
Interest on warehouse line of credit	24,932	9,561	44,674	16,618
Interest on other borrowings	27,090	27,494	54,281	55,041
Total interest expense	1,290,036	924,959	2,506,836	1,795,137
Net interest income	**3,516,787**	**3,429,836**	**6,988,039**	**6,598,172**
Provision for loan losses	-	213,000	84,500	313,000
Net interest income after provision	**3,516,787**	**3,216,836**	**6,903,539**	**6,285,172**
NONINTEREST INCOME				
Service charges and fees	90,597	82,385	169,435	152,713
Securities (losses), net	-	(12,500)	-	(12,500)
Mortgage banking income	485,129	251,544	765,523	445,153
Earnings on bank owned life insurance policies	53,080	55,381	105,165	109,833
Other noninterest income	35,289	11,143	40,512	29,072
Total noninterest income	664,095	387,953	1,080,635	724,271
NONINTEREST EXPENSE				
Salaries and employee benefits	1,555,238	1,575,184	3,151,605	3,121,689
Occupancy and equipment expense	252,908	243,109	512,739	505,946
Professional services	144,958	193,330	279,051	380,738
Data processing	305,029	299,634	593,861	605,250
Promotion and marketing	43,234	57,975	80,971	115,950
FDIC assessment	25,000	32,000	47,800	77,400
Merger expense	162,440	-	474,467	-
Other operating expense	478,018	463,773	891,932	879,920
Total noninterest expense	2,966,825	2,865,005	6,032,426	5,686,893
Consolidated income before income taxes	**1,214,057**	**739,784**	**1,951,748**	**1,322,550**
Income tax expense	279,176	139,822	490,549	253,207
Consolidated net income	**$ 934,881**	**$ 599,962**	**$1,461,199**	**$ 1,069,343**
Net (income) loss attributable to noncontrolling interest	(51,098)	13,514	(31,947)	36,802
Net income	**$ 883,783**	**$ 613,476**	**$1,429,252**	**$ 1,106,145**

Reconciliation of Non-GAAP Financial Measures

	For the Quarter Ending June 30,		For the Six Months Ending June 30,	
	2019	**2018**	**2019**	**2018**
Net income excluding merger expense				
Net income	$ 883,783	$ 613,476	$1,429,252	$ 1,106,145
Merger expense	162,440	-	474,467	-
Income tax effect of adjustment	(3,167)	-	(15,245)	-
Net income excluding merger expense (Non-GAAP)	$1,043,056	$ 613,476	$1,888,474	$ 1,106,145
Return on average assets excluding merger expense (1)				
Return on average assets	0.82%	0.59%	0.67%	0.56%
Effect to adjust for merger expense	0.15%	0.00%	0.22%	0.00%
Return on average assets excluding merger expense (Non-GAAP)	0.97%	0.59%	0.89%	0.56%
Return on average equity excluding merger expense (1)				
Return on average equity	7.68%	6.06%	6.33%	5.65%
Effect to adjust for merger expense	1.38%	0.00%	2.03%	0.00%
Return on average equity excluding merger expense (Non-GAAP)	9.06%	6.06%	8.36%	5.65%
Efficiency ratio excluding merger expense				
Efficiency ratio	70.77%	74.58%	74.56%	77.29%
Effect to adjust for merger expense	-3.87%	0.00%	-5.87%	0.00%
Efficiency ratio excluding merger expense (Non-GAAP)	66.90%	74.58%	68.69%	77.29%

(1) Annualized for the quarter and six months ending June 30, 2019 and 2018, respectively.