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

PRESS RELEASE

Virginia Partners Bank Reports 44.9% Increase in Net Income Excluding Merger Expense (Non-GAAP) of $2.8 million for the First Nine Months of 2019 and a 10.5% Increase in Net Income Excluding Merger Expense (Non-GAAP) of $914 thousand for the Third Quarter 2019

FREDERICKSBURG, VA – October 22, 2019 – Virginia Partners Bank (OTCQX: PTRS) (the "Bank") reported adjusted net income (Non-GAAP, excluding tax-effected merger expense of $174 thousand) of $914 thousand for the three months ended September 30, 2019, a 10.5% increase when compared to net income of $827 thousand for the same period in 2018. For the nine months ended September 30, 2019, the Bank reported adjusted net income (Non-GAAP, excluding tax-effected merger expense of $633 thousand) of $2.8 million, a 44.9% increase when compared to net income of $1.9 million for the same period in 2018. The Bank's results of operations for the three and nine months ended September 30, 2019 were negatively impacted by merger expense of $187 thousand and $662 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 $740 thousand for the three months ended September 30, 2019, a 10.5% decrease when compared to net income of $827 thousand for the same period in 2018. On a GAAP basis, the Bank reported net income of $2.2 million for the nine months ended September 30, 2019, a 12.2% increase when compared to net income of $1.9 million for the same period in 2018.

For the three months ended September 30, 2019, the Bank's return on average assets, return on average equity and efficiency ratio was 0.67%, 6.14% and 72.35%, respectively, as compared to 0.78%, 7.88% and 72.95%, respectively, for the same period in 2018. Excluding tax-effected merger expense for the three months ended September 30, 2019, return on average assets (Non-GAAP), return on average equity (Non-GAAP) and efficiency ratio (Non-GAAP) was 0.83%, 7.58% and 68.21%, respectively. For the nine months ended September 30, 2019, the Bank's return on average assets, return on average equity and efficiency ratio was 0.67%, 6.26% and 73.76%, respectively, as compared to 0.63%, 6.43% and 75.74%, respectively, for the same period in 2018. Excluding tax-effected merger expense for the nine months ended September 30, 2019, return on average assets (Non-GAAP), return on average equity (Non-GAAP) and efficiency ratio (Non-GAAP) was 0.87%, 8.08% and 68.52%, respectively.

The decrease in net income for the three months ended September 30, 2019, as compared to the same period in 2018, was driven by a decrease in net interest income, higher provision for loan losses, noninterest expense and income tax expense, and partially offset by higher noninterest income. The Bank's results of operations for the three months ended September 30, 2019 were negatively impacted by lower net interest income as compared to the same period in 2018. The decrease in net interest income was due to an increase in total interest expense due primarily to an increase in Federal Home Loan Bank borrowings and increases in the average rate paid on interest bearing deposits and Federal Home Loan Bank borrowings, which were partially offset by an increase in total interest income due primarily to loan growth and an increase in the average yield earned on loans. The Bank's results of operations for the three months ended September 30, 2019 were negatively impacted by higher provision for loan losses due primarily to higher loan growth over the same period in 2018 and not due to asset quality issues in the loan portfolio. The Bank's results of operations, primarily noninterest income and noninterest expense, for the three months ended September 30, 2019 and 2018 were directly affected by Johnson Mortgage Company, LLC, the Bank's majority-owned subsidiary. For the three months ended

September 30, 2019, the Bank recorded net income of approximately $67 thousand (net of income tax expense and noncontrolling interest) related to Johnson Mortgage Company, LLC as compared to a net loss of approximately $8 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 months ended September 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 September 30, 2019, the Bank's effective tax rate was 23.7% as compared to 19.9% for the same period in 2018.

The increase in net income for the nine months ended September 30, 2019, as compared to the same period in 2018, was driven by increases in net interest income, 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 nine months ended September 30, 2019 were positively impacted by higher net interest income as compared to the same period in 2018. The increase in net interest income was due to an increase in total interest income due primarily to loan growth and an increase in the average yield earned on loans, which were partially offset by an increase in total interest expense due primarily to an increase in Federal Home Loan Bank borrowings and increases in the average rate paid on interest bearing deposits and Federal Home Loan Bank borrowings. The Bank's results of operations for the nine months ended September 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 period in 2018. The Bank's results of operations, primarily noninterest income and noninterest expense, for the nine months ended September 30, 2019 and 2018 were directly affected by Johnson Mortgage Company, LLC, the Bank's majority-owned subsidiary. For the nine months ended September 30, 2019, the Bank recorded net income of approximately $93 thousand (net of income tax expense and noncontrolling interest) related to Johnson Mortgage Company, LLC as compared to a net loss of approximately $39 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 nine months ended September 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 nine months ended September 30, 2019, the Bank's effective tax rate was 24.9% as compared to 19.2% for the same period in 2018.

Total assets as of September 30, 2019 were $441.8 million, an increase of $21.7 million or 5.2% from September 30, 2018. Over the same period, gross loans held for investment increased 7.4% to $346.7 million, total investment securities – taxable decreased 11.8% to $62.3 million, total deposits decreased 1.5% to $339.5 million, however noninterest bearing deposits grew 13.4% to $63.4 million, total Federal Home Loan Bank borrowings increased 90.8% to $47.9 million and total equity increased 15.9% to $48.2 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 September 30, 2019, time deposits - wholesale were $19.2 million, which represents a decrease of 11.8% from September 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 nine months of 2019," said Lloyd B. Harrison, III, Virginia Partners Bank President & CEO. "Net income (Non-GAAP) for the third quarter of 2019 improved by $87 thousand or 10.5% when compared to the third quarter of 2018. The net income improvement from the third quarter of 2018 to the third quarter of 2019 was due primarily to a net income contribution from Johnson Mortgage Company, LLC, which was partially offset by higher provision for loan losses and total noninterest expense excluding merger expense. Building on its momentum from the second quarter of 2019, during the third 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 third 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 120.1% increase in mortgage banking income from the third quarter of 2018 to the third quarter of 2019. Excluding the total noninterest expense contribution from Johnson Mortgage Company, LLC and merger expense, we were able to reduce Bank only total noninterest expense by approximately $67 thousand or 2.5% during the third quarter of 2019, as compared to the third quarter of 2018. During the third quarter of 2019 we generated loan growth of 5.2% bringing our total loan growth over the first nine months of 2019 to 7.6%, which outpaced our internal targets. This loan growth was the primary driver of the increase in provision for loan losses during the third quarter of 2019 as compared to the same period in 2018, which negatively impacted our current period earnings. 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. In late August 2019, we announced the joint agreement to extend the time to complete the share exchange to November 30, 2019 and we remain on track to close the merger prior to that date. 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

	September 30, 2019	September 30, 2018
ASSETS		
Cash and due from banks	$ 5,036,574	$ 3,715,184
Federal funds sold	1,046,000	-
Interest bearing deposits in other banks	2,000,000	2,000,000
Investment securities - taxable	62,297,777	70,614,369
Investment securities - tax-exempt	8,191,418	7,821,264
Loans held for sale	2,985,619	2,407,007
Loans, net of unearned income	346,692,278	322,735,098
Less: Allowance for loan losses	(4,281,692)	(3,981,591)
Premises and equipment, net	3,742,480	3,853,254
Accrued interest receivable	1,079,821	1,102,253
Deferred income taxes, net	1,170,597	1,628,417
Bank owned life insurance	7,765,399	7,552,280
Right of use asset	3,531,977	-
Other assets	546,685	612,244
Total Assets	**$ 441,804,933**	**$ 420,059,779**
LIABILITIES		
Noninterest bearing deposits	$ 63,368,626	$ 55,896,213
Interest-bearing demand deposits	22,770,720	17,476,157
Savings and money market deposits	97,953,860	114,068,148
Time deposits - retail	136,198,797	135,329,731
Time deposits - wholesale	19,171,000	21,745,000
Total deposits	339,463,003	344,515,249
Federal funds purchased	-	5,931,000
Federal Home Loan Bank borrowings	47,900,000	25,100,000
Warehouse line of credit	-	221,441
Other borrowings	1,415,425	1,461,035
Lease liability	3,559,682	-
Accrued expenses and other liabilities	1,300,720	1,269,369
Total Liabilities	**393,638,830**	**378,498,094**
EQUITY		
Common stock	20,425,905	19,785,905
Capital surplus	19,231,174	18,569,435
Retained earnings	5,462,524	2,810,211
Noncontrolling interest in consolidated subsidiaries	718,962	590,781
Accumulated other comprehensive income (loss)	157,883	(2,128,259)
Net income	2,169,655	1,933,612
Total Equity	**48,166,103**	**41,561,685**
Total Liabilities and Equity	**$ 441,804,933**	**$ 420,059,779**

Virginia Partners Bank

Statement of Income

Unaudited

	For the Quarter Ending September 30, 2019	For the Quarter Ending September 30, 2018	For the Nine Months Ending September 30, 2019	For the Nine Months Ending September 30, 2018
INTEREST INCOME				
Interest and fees on loans	$ 4,375,696	$ 4,062,976	$ 12,838,450	$ 11,452,903
Interest on federal funds sold	14,068	2,894	29,692	24,075
Interest on deposits with banks	23,705	20,527	68,459	46,415
Investment securities - taxable	415,487	464,761	1,302,478	1,336,321
Investment securities - tax-exempt	42,376	42,376	127,129	127,129
Total interest income	4,871,332	4,593,534	14,366,208	12,986,843
INTEREST EXPENSE				
Interest-bearing demand deposits	22,095	9,773	52,984	27,843
Savings and money market deposits	166,893	159,963	478,711	433,219
Time deposits - retail	710,853	572,024	2,029,554	1,621,367
Time deposits - wholesale	97,097	88,901	261,699	273,053
Total interest expense on deposits	996,938	830,661	2,822,948	2,355,482
Interest on federal funds purchased	2,560	3,591	18,526	5,375
Interest on Federal Home Loan Bank borrowings	247,507	119,520	813,412	316,393
Interest on warehouse line of credit	57,119	17,419	101,793	34,037
Interest on other borrowings	26,986	27,394	81,268	82,435
Total interest expense	1,331,110	998,585	3,837,947	2,793,722
Net interest income	**3,540,222**	**3,594,949**	**10,528,261**	**10,193,121**
Provision for loan losses	186,000	66,600	270,500	379,600
Net interest income after provision	**3,354,222**	**3,528,349**	**10,257,761**	**9,813,521**
NONINTEREST INCOME				
Service charges and fees	97,596	84,739	266,543	237,227
Securities (losses), net	-	(8,114)	-	(20,614)
Mortgage banking income	716,424	325,507	1,481,947	770,660
Earnings on bank owned life insurance policies	53,438	55,455	158,602	165,288
Other noninterest income	108,555	32,458	149,556	61,755
Total noninterest income	976,013	490,045	2,056,648	1,214,316
NONINTEREST EXPENSE				
Salaries and employee benefits	1,762,273	1,676,491	4,913,878	4,798,180
Occupancy and equipment expense	269,397	247,266	782,136	753,212
Professional services	155,888	169,068	434,939	549,806
Data processing	323,147	333,450	917,008	938,700
Promotion and marketing	31,616	50,875	112,587	166,825
FDIC assessment	-	35,000	47,800	112,400
Merger expense	187,227	-	661,694	-
Other operating expense	546,055	482,126	1,437,988	1,362,045
Total noninterest expense	3,275,603	2,994,276	9,308,030	8,681,168
Consolidated income before income taxes	**1,054,632**	**1,024,118**	**3,006,379**	**2,346,669**
Income tax expense	230,383	206,068	720,932	459,275
Consolidated net income	**$ 824,249**	**$ 818,050**	**$2,285,447**	**$ 1,887,394**
Net (income) loss attributable to noncontrolling interest	(83,845)	9,417	(115,792)	46,218
Net income	**$ 740,404**	**$ 827,467**	**$2,169,655**	**$ 1,933,612**

Reconciliation of Non-GAAP Financial Measures

	For the Quarter Ending September 30,		For the Nine Months Ending September 30,	
	2019	**2018**	**2019**	**2018**
Net income excluding merger expense				
Net income	$ 740,404	$ 827,467	$ 2,169,655	$ 1,933,612
Merger expense	187,227	-	661,694	-
Income tax effect of adjustment	(13,597)	-	(28,842)	-
Net income excluding merger expense (Non-GAAP)	$ 914,034	$ 827,467	$ 2,802,507	$ 1,933,612
Return on average assets excluding merger expense (1)				
Return on average assets	0.67%	0.78%	0.67%	0.63%
Effect to adjust for merger expense	0.16%	0.00%	0.20%	0.00%
Return on average assets excluding merger expense (Non-GAAP)	0.83%	0.78%	0.87%	0.63%
Return on average equity excluding merger expense (1)				
Return on average equity	6.14%	7.88%	6.26%	6.43%
Effect to adjust for merger expense	1.44%	0.00%	1.82%	0.00%
Return on average equity excluding merger expense (Non-GAAP)	7.58%	7.88%	8.08%	6.43%
Efficiency ratio excluding merger expense				
Efficiency ratio	72.35%	72.95%	73.76%	75.74%
Effect to adjust for merger expense	-4.14%	0.00%	-5.24%	0.00%
Efficiency ratio excluding merger expense (Non-GAAP)	68.21%	72.95%	68.52%	75.74%

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