

November 7, 2018

Delmar Bancorp Reports Growth and Profitability through September 30, 2018

John W. Breda, President and CEO, reported that Delmar Bancorp had significant asset growth in the twelve months ended September 30, 2018. A significant portion of this growth was a direct result of the merger with Liberty Bell Bank, effective March 1, 2018. The Bank's loan portfolio, net of the allowance, grew by \$172.4 million or 38.9% and the Bank's bond portfolio grew by \$6.8 million or 14.4%. The loan and bond growth was accompanied by an increase in deposits of \$170.8 million or 37.9%. Approximately 11.0% of the growth in loans and 7.4% growth in the deposits is attributable to the Bank's organic growth over the past 12 months. Total assets grew by 34.9%, while stockholder's equity increased by 30.9%. Tangible book value per share was \$6.43 at September 30, 2018. All of the Bank's capital ratios continue to exceed regulatory capital requirements, with total risk-based capital substantially above well-capitalized regulatory requirements.

From September 30, 2017 to September 30, 2018 Delmar Bancorp's net interest income increased by \$5.4 million, or 36.0%, while the provision for credit losses increased by \$105,000 or 14.9%. Operating overhead increased by \$4.8 million for the same period. Included in operating overhead for the first three quarters of 2018 are nonrecurring expenses related to the merger of \$1.4 million compared to nonrecurring merger related expenses for the first nine months of 2017 of \$513,000. Delmar Bancorp had net income of \$4.1 million compared to net income of \$3.1 million for the first nine months of 2017, an increase of \$1.0 million or 32.9%. Due to the "Tax Cuts and Jobs Act" enacted on December 22, 2017, the Bank has benefited from a permanently lowered federal corporate income tax rate. This resulted in a lower effective tax rate for the first nine months of 2018 as compared to the first nine months of 2017.

Basic earnings per share were \$.41 at September 30, 2018 compared to \$.37 at September 30, 2017. In January and April of 2018 the Company paid a cash dividend to common stockholders of \$.02 per share. In July and October of 2018 the cash dividend paid to common stockholders increased to \$.025 per share. The Board Directors of Delmar Bancorp is committed to returning capital to shareholders in the form of cash dividends with the expectation that the cash dividend will increase as earnings continue to grow.

For further information contact John W. Breda, 410-548-1100 extension 18112 or Betsy Eicher, CPA, 410-548-1722 extension 18305.

DELMAR BANCORP
CONSOLIDATED BALANCE SHEETS
September 30, 2018 and 2017
December 31, 2017

	September 30, 2018	September 30, 2017	December 31, 2017
ASSETS			
Cash and due from banks	\$ 15,783,312	\$ 13,595,573	\$ 22,057,980
Federal funds sold	3,116,179	5,776,480	3,492,835
Interest bearing deposits in other banks	15,508,168	17,584,381	7,031,667
Investment securities			
Available-for-sale, at fair value	53,587,851	46,824,351	46,661,741
Loans, less allowance for credit losses			
2018 \$7,225,823; 2017 \$6,558,671	615,301,196	442,863,663	462,701,244
Accrued interest receivable on			
investment securities and loans	2,066,644	1,400,505	1,597,819
Bank premises and equipment, at cost			
net of accumulated depreciation			
2018 \$14,123,139; 2017 \$8,981,952	10,598,916	7,809,056	7,841,470
Federal Home Loan Bank stock, at cost	2,377,700	2,353,700	2,353,700
Atlantic Central Bankers Bank stock, at cost	131,250	75,000	75,000
Maryland Financial Bank stock	30,000	30,000	30,000
Other real estate owned	4,103,304	3,793,750	3,654,958
Intangible assets	7,093,103	-	-
Other assets	8,226,810	4,807,653	4,761,123
Total assets	\$ 737,924,433	\$ 546,914,112	\$ 562,259,537
LIABILITIES			
Deposits			
Non-interest bearing demand	\$ 187,622,249	\$ 169,709,007	\$ 154,188,173
Interest bearing demand	53,891,674	22,428,870	39,552,035
Savings and money market	132,224,315	105,650,840	107,316,819
Time deposits	248,304,965	153,416,618	164,399,687
Total deposits	<u>622,043,203</u>	<u>451,205,335</u>	<u>465,456,714</u>
Long term borrowings	50,153,571	46,312,143	46,147,500
Accrued interest payable on deposits	392,495	233,644	229,540
Other liabilities	1,167,376	155,427	1,359,784
Total liabilities	<u>673,756,645</u>	<u>497,906,549</u>	<u>513,193,538</u>
STOCKHOLDERS' EQUITY			
Common stock, par value \$.01, authorized			
10,459,494 shares: issued and outstanding			
2018 9,975,707 shares; 2017 8,219,576 shares	99,757	82,196	82,196
Surplus	29,441,212	16,604,495	16,622,245
Retained earnings	35,864,891	32,374,908	32,614,597
Accumulated other comprehensive loss, net of			
deferred tax benefits 2018 \$446,106; 2017 \$35,098	<u>(1,238,072)</u>	<u>(54,036)</u>	<u>(253,039)</u>
Total stockholders' equity	<u>64,167,788</u>	<u>49,007,563</u>	<u>49,065,999</u>
Total liabilities and stockholders' equity	\$ 737,924,433	\$ 546,914,112	\$ 562,259,537
Tangible Book Value per Share	\$ 6.43	5.96	5.97

The Consolidated Statements of Financial Condition as of September 30, 2018 and 2017 presented herein are unaudited but include all adjustments which, in Management's opinion, are necessary for fair presentation.

DELMAR BANCORP
CONSOLIDATED STATEMENTS OF INCOME
Nine Months Ended September 30, 2018 and 2017

	2018	2017
INTEREST INCOME ON		
Loans, including fees	\$ 22,696,275	\$ 16,269,429
Investment securities		
Taxable	464,580	383,597
Exempt from federal income tax	410,524	362,076
Federal funds sold	86,425	36,370
Other interest income	359,754	156,539
	24,017,558	17,208,011
INTEREST EXPENSE ON		
Deposits	2,657,851	1,453,387
Long-term borrowings	802,659	635,124
	3,460,510	2,088,511
NET INTEREST INCOME	20,557,048	15,119,500
Provision for credit losses	825,000	720,000
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES	19,732,048	14,399,500
OTHER INCOME	2,228,033	2,109,714
OTHER EXPENSES		
Salaries and employee benefits	8,164,522	6,161,961
Premises and equipment	2,347,203	1,524,037
(Gains) losses on sales of other assets	(9,043)	7,974
Losses on other real estate owned	144,155	7,053
Amortization	294,000	-
Other operating expenses	5,429,951	3,891,348
	16,370,787	11,592,373
INCOME BEFORE TAXES ON INCOME	5,589,294	4,916,841
Federal and state income taxes	1,529,903	1,861,913
NET INCOME	\$ 4,059,391	\$ 3,054,928
Basic earnings per common share	\$ 0.41	\$ 0.37

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