DELMAR BANCORP CONSOLIDATED BALANCE SHEET June 30, 2018 and 2017

December 31, 2017

ACCETC		June 30,	June 30,	December 31,
ASSETS		2018	2017	2017
Cash and due from banks Federal funds sold	\$	16,838,524	12,586,974	22,057,980
Interest bearing deposits in other banks		10,519,986 21,394,075	7,510,064 15,551,069	3,492,835 7,031,667
Investment securities		21,394,073	13,331,009	7,031,007
Available-for-sale, at fair value		51,076,811	47,814,584	46,661,741
Loans, less allowance for credit losses		31,070,011	47,014,304	40,001,741
2018 \$7,095,962; 2017 \$6,422,333		598,545,606	42E 02E E40	442 701 244
		398,343,000	435,835,568	462,701,244
Accrued interest receivable on investment securities and loans		1 041 475	1 207 147	1 507 010
		1,941,675	1,287,167	1,597,819
Bank premises and equipment, at cost				
net of accumulated depreciation		10 500 770	7.505.044	7.044.470
2018 \$13,886,480; 2017 \$8,844,997		10,599,779	7,595,944	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		4,143,804	2,648,002	3,654,958
Intangible assets		7,219,086	-	-
Other assets		8,846,867	4,176,778	4,761,123
Total assets	\$	733,665,163	537,464,850	562,259,537
LIABILITIES				
Deposits				
Non-interest bearing demand	\$	202,900,458	167,211,180	154,188,173
NOW		36,784,362	23,040,943	39,552,035
Savings and money market		135,832,442	101,927,573	107,316,819
Time deposits		243,181,576	149,921,120	164,399,687
Total deposits		618,698,838	442,100,816	465,456,714
Long term borrowings		50,318,214	46,476,786	46,147,500
Accrued interest payable on deposits		353,491	213,812	229,540
Other liabilities		1,508,420	410,295	1,359,784
Total liabilities	_	670,878,963	489,201,709	513,193,538
		0.010.01.00	107/201/107	0.01.701000
STOCKHOLDERS' EQUITY				
Common stock, par value \$.01, authorized				
10,459,494 shares: issued and outstanding				
2018 9,974,679 shares; 2017 8,219,576 shares		99,747	82,196	82,196
Surplus		29,427,054	16,604,495	16,622,245
Retained earnings		34,226,030	31,649,861	32,614,597
Accumulated other comprehensiveloss,				
net of deferred taxes 2018 \$348,290; 2017 \$47,717		(966,631)	(73,411)	(253,039)
Total stockholders' equity	<u> </u>	62,786,200	48,263,141	49,065,999
Total liabilities and stockholders' equity	\$	733,665,163	537,464,850	562,259,537
Tangible Book Value per Share	\$	5.57	5.87	5.97

The Consolidated Statements of Financial Condition as of June 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 STATEMENT OF INCOME Six Months Ended June 30, 2018 and 2017

Loans, including fees Investment securities Investment securities I Taxable 307,142 265,480 Exempt from federal income tax 274,200 240,585 Federal funds sold 38,078 15,731 Other interest income 220,267 85,489 Expensit income 15,427,178 11,309,735 INIEREST EXPENSE ON 1,652,051 959,006 Long-term borrowings 519,966 390,450 Long-term borrowings 519,966 390,450 NET INTEREST INCOME 13,255,161 9,959,379 Provision for credit losses 525,000 495,000 NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES 12,730,161 9,464,379 OTHER INCOME 1,498,844 1,414,931 OTHER EXPENSES 5,469,262 4,121,061 Premises and employee benefits Premises and equipment Of the operating expenses 5,469,262 4,121,061 Other operating expenses 2,953,136 3,438,158 Income BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NE	INTEREST INCOME ON	2018	2017
Taxable 307,142 265,480 Exempt from federal income tax 274,200 240,585 Federal funds sold 38,078 15,731 Other interest income 220,267 85,489 Instance 15,427,178 11,309,735 INTERST EXPENSE ON 15,277,178 19,909 Deposits 1,652,051 95,906 Long-term borrowings 519,966 390,450 NET INTEREST INCOME 13,255,161 9,959,379 Provision for credit losses 12,730,161 9,959,379 PROVISION FOR CREDIT LOSSES 12,730,161 9,464,379 OTHER INCOME 1,498,844 1,414,931 OTHER EXPENSES 1,498,844 1,414,931 Premises and employee benefits 5,469,262 4,121,061 Premises and equipment 1,562,445 1,010,603 Other operating expenses 4,244,162 2,309,488 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,953,136 3,438,158 Federal and state income taxes \$ 2,060,249 <td>Loans, including fees</td> <td>\$ 14,587,491</td> <td>10,702,450</td>	Loans, including fees	\$ 14,587,491	10,702,450
Exempt from federal income tax 274,200 240,585 Federal funds sold 38,078 15,731 Other interest income 15,427,178 11,309,735 INTEREST EXPENSE ON 1,652,051 959,006 Deposits 1,652,051 959,006 Long-term borrowings 519,966 390,450 NET INTEREST INCOME 13,255,161 9,959,379 Provision for credit losses 525,000 495,000 NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES 12,730,161 9,464,379 OTHER INCOME 1,498,844 1,414,931 OTHER EXPENSES 5,469,262 4,121,061 Premises and employee benefits 5,469,262 4,121,061 Premises and equipment 1,562,445 1,010,603 Other operating expenses 4,244,162 2,309,488 INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486			
Federal funds sold Other interest income 38,078 220,267 15,731 85,489 INTEREST EXPENSE ON Deposits Long-term borrowings 1,652,051 959,906 390,450 NET INTEREST INCOME Provision for credit losses 13,255,161 9,959,379 959,379 952,000 495,000 NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES 12,730,161 9,464,379 970 OTHER INCOME 1,498,844 1,414,931 OTHER EXPENSES 5,469,262 4,121,061 Premises and employee benefits Premises and equipment Other operating expenses 5,469,262 4,121,061 Premises and equipment Properating expenses 1,1275,869 7,441,152 Premises Properating expenses INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Prederal and state income taxes 892,887 1,272,672 Prederal and state income taxes NET INCOME \$ 2,060,249 2,165,486		•	· ·
Other interest income 220,267 85,489 INTEREST EXPENSE ON 15,427,178 11,309,735 Deposits 1,652,051 959,006 Long-term borrowings 519,966 390,450 NET INTEREST INCOME 13,255,161 9,959,379 Provision for credit losses 525,000 495,000 NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES 12,730,161 9,464,379 OTHER INCOME 1,498,844 1,414,931 OTHER EXPENSES 5,469,262 4,121,061 Premises and employee benefits Premises and equipment 1,562,445 1,010,603 Other operating expenses 4,244,162 2,309,488 INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486	·	•	
INTEREST EXPENSE ON 15,427,178 11,309,735 Deposits 1,652,051 959,906 Long-term borrowings 519,966 390,450 NET INTEREST INCOME 13,255,161 9,959,379 Provision for credit losses 525,000 495,000 NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES 12,730,161 9,464,379 OTHER INCOME 1,498,844 1,414,931 OTHER EXPENSES 5,469,262 4,121,061 Premises and employee benefits Premises and equipment Other operating expenses 1,562,445 1,010,603 Other operating expenses 4,244,162 2,309,488 INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486		•	
NET INTEREST EXPENSE ON Deposits 1,652,051 959,906 519,966 390,450 519,966 390,450 2,172,017 1,350,356 1,350,356 13,255,161 9,959,379 70 70 70 70 70 70 70	Other interest income	 220,267	85,489
Deposits Long-term borrowings 1,652,051 519,966 959,906 390,450 NET INTEREST INCOME Provision for credit losses 13,255,161 525,000 9,959,379 495,000 NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES 12,730,161 9,464,379 OTHER INCOME 1,498,844 1,414,931 OTHER EXPENSES 5,469,262 4,121,061 Premises and employee benefits Premises and equipment Other operating expenses 5,469,262 4,121,061 Other operating expenses 4,244,162 2,309,488 INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486		15,427,178	11,309,735
Long-term borrowings 519,966 390,450 NET INTEREST INCOME 13,255,161 9,959,379 Provision for credit losses 525,000 495,000 NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES 12,730,161 9,464,379 OTHER INCOME 1,498,844 1,414,931 OTHER EXPENSES 5,469,262 4,121,061 Premises and equipment Premises and equipment Other operating expenses 1,562,445 1,010,603 Other operating expenses 4,244,162 2,309,488 INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486	INTEREST EXPENSE ON		
NET INTEREST INCOME 2,172,017 1,350,356 Provision for credit losses 13,255,161 9,959,379 NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES 12,730,161 9,464,379 OTHER INCOME 1,498,844 1,414,931 OTHER EXPENSES 5,469,262 4,121,061 Premises and equipment Premises and equipment Other operating expenses 1,562,445 1,010,603 Other operating expenses 4,244,162 2,309,488 INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486	Deposits	1,652,051	959,906
NET INTEREST INCOME Provision for credit losses 13,255,161 525,000 9,959,379 495,000 NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES 12,730,161 9,464,379 OTHER INCOME 1,498,844 1,414,931 OTHER EXPENSES Salaries and employee benefits Premises and equipment Other operating expenses 5,469,262 4,121,061 Other operating expenses 4,244,162 2,309,488 INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486	Long-term borrowings	 519,966	390,450
Provision for credit losses 525,000 495,000 NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES 12,730,161 9,464,379 OTHER INCOME 1,498,844 1,414,931 OTHER EXPENSES 5,469,262 4,121,061 Premises and employee benefits 5,469,262 4,121,061 Premises and equipment 1,562,445 1,010,603 Other operating expenses 4,244,162 2,309,488 INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486		 2,172,017	1,350,356
NET INTEREST INCOME AFTER PROVISION FOR CREDIT LOSSES 12,730,161 9,464,379 OTHER INCOME 1,498,844 1,414,931 OTHER EXPENSES Salaries and employee benefits Premises and equipment Other operating expenses 5,469,262 4,121,061 Other operating expenses 4,244,162 2,309,488 INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486	NET INTEREST INCOME	13,255,161	9,959,379
PROVISION FOR CREDIT LOSSES 12,730,161 9,464,379 OTHER INCOME 1,498,844 1,414,931 OTHER EXPENSES 5,469,262 4,121,061 Premises and equipment 1,562,445 1,010,603 Other operating expenses 4,244,162 2,309,488 INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486	Provision for credit losses		495,000
OTHER INCOME 1,498,844 1,414,931 OTHER EXPENSES 5,469,262 4,121,061 Premises and equipment Other operating expenses 1,562,445 1,010,603 Other operating expenses 4,244,162 2,309,488 INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486	NET INTEREST INCOME AFTER		
OTHER EXPENSES Salaries and employee benefits 5,469,262 4,121,061 Premises and equipment 1,562,445 1,010,603 Other operating expenses 4,244,162 2,309,488 INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486	PROVISION FOR CREDIT LOSSES	12,730,161	9,464,379
Salaries and employee benefits 5,469,262 4,121,061 Premises and equipment 1,562,445 1,010,603 Other operating expenses 4,244,162 2,309,488 INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486	OTHER INCOME	1,498,844	1,414,931
Premises and equipment 1,562,445 1,010,603 Other operating expenses 4,244,162 2,309,488 INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486	OTHER EXPENSES		
Premises and equipment 1,562,445 1,010,603 Other operating expenses 4,244,162 2,309,488 INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486	Salaries and employee benefits	5,469,262	4,121,061
INCOME BEFORE TAXES ON INCOME 11,275,869 7,441,152 Federal and state income taxes 2,953,136 3,438,158 NET INCOME 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486	·	1,562,445	1,010,603
INCOME BEFORE TAXES ON INCOME 2,953,136 3,438,158 Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486	Other operating expenses	4,244,162	2,309,488
Federal and state income taxes 892,887 1,272,672 NET INCOME \$ 2,060,249 2,165,486		11,275,869	7,441,152
NET INCOME \$ 2,060,249 2,165,486	INCOME BEFORE TAXES ON INCOME	2,953,136	3,438,158
	Federal and state income taxes	 892,887	1,272,672
Basic earnings per common share \$ 0.25 0.26	NET INCOME	\$ 2,060,249	2,165,486
	Basic earnings per common share	\$ 0.25	0.26

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