

SECOND QUARTER 2020 EARNINGS

Delmarva Bancshares, Inc. (the “Company” or “Delmarva”), parent company for 1880 Bank (the “Bank”), today reported net income of \$846 thousand or \$0.14 per share for the quarter ended June 30, 2020, compared to \$397 thousand or \$0.07 per share for the quarter ended March 31, 2020 and net income of \$906 thousand or \$0.15 per share for the second quarter of 2019. The June 2020 quarter was impacted by a decline in net interest income primarily due to the 225 basis points decrease in the Fed Funds rate since June 2019, a decrease in deposit account fees as a result of the COVID-19 epidemic and \$200 thousand of merger costs. The Company benefited from deferred costs associated with loans made under the Payroll Protection Program (PPP) of the CARES Act and a decrease in recurring noninterest expense. The March 2020 results reflect a 19% increase in the provisions for loan losses and unfunded commitments totaling \$378 thousand which equates to \$0.04 per share on an after-tax basis. Fully diluted tangible book value per share increased to \$8.03 at June 30, 2020 from \$7.93 and \$7.57 at March 31, 2020 and June 30, 2019, respectively.

Delmarva’s total assets were \$401 million at June 30, 2020, compared to \$378 million and \$370 million at March 31, 2020 and June 30, 2019, respectively. During the June 2020 quarter, the Bank made 265 PPP loans totaling \$24 million which is reflected in the loan and deposit balances at June 30, 2020. Total loans were \$283 million at June 30, 2020, compared to \$249 million and \$249 million at March 31, 2020 and June 30, 2019, respectively. In addition to the PPP loans, the Company experienced net organic loan growth of approximately \$10 million during the June 2020 quarter. Total deposits were \$338 million at June 30, 2020, compared to \$316 million at March 31, 2020 and \$310 million at June 30, 2019. Non-interest bearing deposits represented 33% of total deposits at June 30, 2020. As of June 30, 2020, non-performing assets were 0.83% of total assets compared to 0.89% at March 31, 2020 and 0.91% at June 30, 2019.

Second Quarter Performance Highlights:

- Net income was \$846 thousand or \$0.14 per share for the June 2020 quarter, compared to net income of \$397 thousand or \$0.07 per share for the March 2020 quarter and \$906 thousand or \$0.15 per share in the second quarter of 2019.
- Total loans were \$283 million at June 30, 2020, compared to \$249 million and \$249 million at March 31, 2020 and June 30, 2019, respectively.
- Non-performing assets were 0.83% of total assets at June 30, 2020, compared to 0.89% and 0.91% of total assets at March 31, 2020 and June 30, 2019, respectively.
- Total assets at June 30, 2020 were \$401 million versus \$378 million and \$370 million at March 31, 2020 and June 30, 2019, respectively.
- Cost of funds at the Bank was 0.29% for the three months ended June 30, 2020, compared to 0.39% and 0.42% for the three months ended March 31, 2020 and June 30, 2019, respectively.
- Net interest margin at the Bank was 3.29% for the three months ended June 30, 2020, compared to 3.54% and 3.83% for the three months ended March 31, 2020 and June 30, 2019, respectively.

- Return on assets (ROA) was 0.86% for the three months ended June 30, 2020, compared to 0.43% and 0.97% for the three months ended March 31, 2020 and June 30, 2019, respectively.
- Return on equity (ROE) was 6.68% for the three months ended June 30, 2020, compared to 3.17% and 7.65% for the three months ended March 31, 2020 and June 30, 2019, respectively.
- The efficiency ratio was 62.87% for the three months ended June 30, 2020, compared to 75.69% and 67.62% for the three months ended March 31, 2020 and June 30, 2019, respectively.
- Fully diluted tangible book value per share was \$8.03 at June 30, 2020, compared to \$7.93 and \$7.57 at March 31, 2020 and June 30, 2019, respectively.
- Liquidity remained strong and capital ratios exceeded all regulatory guidelines for a “well-capitalized” financial institution.

“The second quarter was uniquely busy as all of us continued to experience the fallout of COVID-19. 1880 Bank was pleased to help 265 businesses receive upwards of \$24 million in Paycheck Protection Program (“PPP”) loans, and our team members remain ready to assist those who may need it. We re-opened our branch lobbies, and continue to follow the latest health guidelines to ensure safe banking with us. And, as announced on June 18, we entered into a definitive merger agreement to be acquired by BV Financial in an all cash-transaction. I am pleased with our financial performance for the second quarter 2020. It speaks to the ongoing commitment of our team to deliver quality results with exceptional service” said Kim C. Liddell, Delmarva’s Chairman and President.

Delmarva Bancshares, Inc. and Subsidiaries

Consolidated Balance Sheets

June 30, 2020

	June 30, 2020	June 30, 2019	March 31, 2020
Assets			
Cash and due from banks	\$ 3,733,542	\$ 3,966,071	\$ 7,333,352
Interest-bearing deposits in other banks	43,799,813	43,727,938	49,560,814
Federal funds sold	288,228	721,596	930,721
Total cash and cash equivalents	<u>47,821,583</u>	<u>48,415,605</u>	<u>57,824,887</u>
Investment securities available-for-sale, at fair value	36,608,249	40,612,985	37,479,766
Investment securities held-to-maturity, at cost	4,634,258	4,421,093	4,658,553
Restricted stock, at cost	1,751,600	1,754,200	1,754,200
Total investment securities	<u>42,994,107</u>	<u>46,788,278</u>	<u>43,892,519</u>
Loans receivable, gross	282,827,539	248,651,784	248,869,256
Allowance for loan losses	(2,182,697)	(1,893,304)	(2,182,697)
Loans receivable, net of allowance for loan losses	<u>280,644,842</u>	<u>246,758,480</u>	<u>246,686,559</u>
Bank premises and equipment, net	4,909,687	5,239,089	5,010,417
Other real estate owned, net of valuation allowance	2,636,999	-	2,636,999
Accrued interest receivable	1,149,629	765,691	671,893
Cash surrender value of life insurance	14,681,611	14,391,289	14,556,265
Goodwill	1,852,120	1,852,120	1,852,120
Core Deposit Intangible	92,595	241,722	123,297
Deferred tax asset	3,876,423	4,752,366	4,034,997
Other assets	791,622	1,201,205	1,043,177
Total Assets	<u>\$ 401,451,218</u>	<u>\$ 370,405,845</u>	<u>\$ 378,333,130</u>
Liabilities and Stockholders' Equity			
Liabilities:			
Deposits:			
Non-interest-bearing	\$ 113,157,477	\$ 83,421,087	\$ 93,467,208
Interest-bearing	225,000,433	226,408,167	222,246,714
Total deposits	<u>338,157,910</u>	<u>309,829,254</u>	<u>315,713,922</u>
Accrued interest payable	120,726	140,441	151,813
Accrued benefit obligations	4,825,786	4,869,031	4,790,440
FRB/FHLB Borrowings	-	-	-
Noncumulative subordinated notes	4,100,000	4,100,000	4,100,000
Trust preferred	2,586,759	2,553,188	2,578,369
Other liabilities	677,750	792,359	803,750
Total Liabilities	<u>350,468,931</u>	<u>322,284,273</u>	<u>328,138,294</u>
Commitments and Contingent Liabilities	-	-	-
Stockholders' Equity:			
Preferred stock, \$.01 par value per share - 2,059,713 shares authorized, issued and outstanding	20,597	20,597	20,597
Common stock, \$.01 par value per share - 7,940,287 shares authorized, 3,999,468, 3,971,351 and 3,999,468 issued and outstanding, respectively	39,995	39,263	39,995
Additional paid-in capital	44,297,365	44,045,935	44,223,990
Retained earnings	5,499,246	3,627,174	4,956,169
Accumulated other comprehensive income	1,125,084	388,603	954,085
Total Stockholders' Equity	<u>50,982,287</u>	<u>48,121,572</u>	<u>50,194,836</u>
Total Liabilities and Stockholders' Equity	<u>\$ 401,451,218</u>	<u>\$ 370,405,845</u>	<u>\$ 378,333,130</u>

Delmarva Bancshares, Inc. and Subsidiaries

Consolidated Statements of Operations

June 30, 2020

	Three Months Ended		
	June 30, 2020	June 30, 2019	March 31, 2020
Interest and Dividend Income			
Loans, including fees	\$ 2,905,639	\$ 3,022,489	\$ 2,891,080
Investment securities	232,011	265,236	244,841
Dividends on restricted stock	48,104	48,844	6,273
Interest on deposits in other banks	9,765	286,489	167,122
Interest on federal funds sold/due from banks	684	4,031	3,390
Total interest income	<u>3,196,203</u>	<u>3,627,089</u>	<u>3,312,706</u>
Interest Expense			
Deposits	240,552	330,157	305,131
Junior subordinated debt	39,556	51,238	44,918
Senior subordinated debt	72,547	72,547	72,547
Borrowed funds	2	4	3
Total interest expense	<u>352,657</u>	<u>453,946</u>	<u>422,599</u>
Net interest income	<u>2,843,546</u>	<u>3,173,143</u>	<u>2,890,107</u>
Provision for Loan Losses			
	-	-	288,205
Net interest income after provision for loan losses	<u>2,843,546</u>	<u>3,173,143</u>	<u>2,601,902</u>
Noninterest Income			
Service charges on deposit accounts	66,066	168,870	180,936
Other fees and commissions	155,438	216,600	157,422
Income on bank owned life insurance	125,345	123,369	55,340
Other income	12,490	14,105	14,137
Total noninterest income	<u>359,339</u>	<u>522,944</u>	<u>407,835</u>
Noninterest Expense			
Salaries and employee benefits	522,087	1,149,241	1,118,594
Premises and equipment	268,158	291,007	270,289
Data processing	513,919	479,405	511,795
OREO write-downs, net losses on sales and operating expenses	57,220	(38,915)	35,177
Professional fees	122,314	197,520	152,052
Director fees	60,000	60,000	60,000
Core deposit amortization	30,702	48,247	35,089
Merger expenses	200,000	-	-
FDIC assessments	16,383	25,177	-
Regulatory examination assessments	10,650	10,650	10,650
Other insurance expense	34,065	35,784	34,216
Other expense	178,273	241,189	268,420
Total noninterest expense	<u>2,013,771</u>	<u>2,499,305</u>	<u>2,496,282</u>
Net Income before income taxes	1,189,114	1,196,782	513,455
Provision for Income Taxes	343,075	290,655	116,080
Net Income	<u>\$ 846,039</u>	<u>\$ 906,127</u>	<u>\$ 397,375</u>
Net Income Per Common Share: Basic	<u>\$ 0.14</u>	<u>\$ 0.15</u>	<u>\$ 0.07</u>
Net Income Per Common Share: Diluted	<u>\$ 0.14</u>	<u>\$ 0.15</u>	<u>\$ 0.07</u>
Average Common Shares Outstanding: Basic	<u>6,059,181</u>	<u>6,033,773</u>	<u>6,032,246</u>
Average Common Shares Outstanding: Diluted	<u>6,099,328</u>	<u>6,080,709</u>	<u>6,064,171</u>