



**BENCHMARK
COMMUNITY BANK**

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PRESS RELEASE

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Benchmark Bankshares, Inc. Reports First Quarter Earnings

KENBRIDGE, VA, April 21, 2017 - Benchmark Bankshares, Inc. (BMBN), the Kenbridge-based holding company for Benchmark Community Bank, announced earnings of \$1,667,506, or \$0.32 per share, for the first quarter of 2017. This compares to \$1,600,401, or \$0.31 per share, for the first quarter of 2016. Return on average equity for the quarter was 10.43% and return on average assets was 1.20%, compared to 10.48% and 1.21%, respectively, reported for the first quarter of 2016.

Total loans as of March 31, 2017 amounted to \$452.8 million, up \$4.5 million for the quarter. Although loan growth was low during the first quarter, loans have increased by \$25.1 million, or 5.88%, over the past twelve months. Yield on loans declined from 5.41% to 5.28% when comparing the first quarter of 2017 to the first quarter of 2016; however, the increase in loan volume generated interest and fees on loans of \$5.8 million, up from \$5.7 million last year.

Total deposits at quarter-end amounted to \$506.9 million, an increase of \$6.3 million during the quarter and an increase of \$37.5 million over the past twelve months. During this time noninterest-bearing checking deposits are up \$16.0 million, interest-bearing checking accounts are up \$17.0 million, savings accounts are up \$7.0 million, MMDA accounts are up \$11.2 million, and time deposits are down \$13.7 million. The bank's cost of funds has declined from 0.48% to 0.40%, thereby reducing interest expense for the quarter from \$555 thousand to \$486 thousand. The bank's net interest margin remained steady at 4.47% when compared to the margin of 4.48% one year ago.

Net charge-offs for the quarter amounted to \$139 thousand, up from \$23 thousand charged off during the first quarter of 2016. Overall asset quality at the bank remains very strong as identified impaired loans and past-due loans continue to decline. Although charge-offs remain low and past-due loans are declining, management provisioned \$181 thousand to the loan loss reserve during the first quarter of 2017, primarily as a result of loan growth. No provision was made during the first quarter of 2016. The current loan loss reserve stands at \$4.7 million, or 1.04% of total loans.

The common stock of Benchmark Bankshares, Inc. trades on the OTC Pink marketplace under the symbol BMBN. Any stockbroker can assist with purchases of the company's stock, as well as with sales of holdings.

Benchmark Community Bank, founded in 1971, is headquartered in Kenbridge, VA, and is the company's sole subsidiary which operates twelve banking offices throughout central Southside Virginia and loan production offices in Wake Forest, NC and Henderson, NC. Additional information is available at the company's website, www.BCBonline.com.

| | Three Months Ended March 31, | | |
|-----------------------|--|-------------|-------------|
| | <i>(Dollars in thousands, except per share data)</i> | | |
| | 2017 | 2016 | 2015 |
| Assets | \$576,196 | \$535,440 | \$492,813 |
| Loans (gross) | \$448,021 | \$423,879 | \$398,491 |
| Deposits | \$506,992 | \$469,501 | \$431,239 |
| Equity | \$65,672 | \$61,801 | \$57,715 |
| Equity to Assets | 11.40% | 11.54% | 11.71% |
| Loans to Deposits | 89.32% | 91.09% | 92.41% |
| | | | |
| Net Income | \$1,668 | \$1,600 | \$1,535 |
| Return on Avg. Assets | 1.20% | 1.21% | 1.27% |
| Return on Avg. Equity | 10.43% | 10.48% | 10.92% |
| Earnings per Share | \$0.32 | \$0.31 | \$0.30 |
| Book Value per Share | \$12.71 | \$11.97 | \$11.18 |