



**BENCHMARK  
COMMUNITY BANK**

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## PRESS RELEASE

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### **Benchmark Bankshares, Inc. Reports Third Quarter and Year-to-Date Earnings**

**KENBRIDGE, VA, October 27, 2016** - Benchmark Bankshares, Inc. (BMBN), the Kenbridge-based holding company for Benchmark Community Bank, announced earnings of \$1,734,759, or \$0.34 per share, for the third quarter of 2016. This compares to \$1,620,502, or \$0.31 per share, for the third quarter of 2015. Net income through the first nine months of the year amounted to \$4,991,235, or \$0.97 per share, up from the \$4,806,516, or \$0.93 per share, reported through the first nine months of 2015.

Return on average equity of 10.65% and return on average assets of 1.25% year-to-date, while below the 11.04% and 1.29%, respectively, reported for the first nine months of last year, remain strong and are very competitive within the banking industry.

Loan demand has greatly improved, as evidenced by the \$14.2 million growth in loans over the past nine months. Continued low interest rates decreased the bank's yield on loans from 5.49% to 5.36% through the first nine months of the year; however, the increase in loan volume drove the bank's interest and fee income up by \$638 thousand through the first nine months of the year.

Total deposits of \$474.9 million are relatively unchanged from \$474.5 million as of December 31, 2015. Despite a \$13.2 million increase in non-interest bearing checking accounts this year, interest-bearing checking accounts are down \$19.2 million. This decline is due to a normal fluctuation in municipal checking accounts, and management expects this number to increase during the fourth quarter as these municipalities collect year-end taxes. Money market checking accounts, in combination with savings accounts, have increased by \$18.8 million year-to-date while time deposits are down \$12.3 million, partly due to management's decision not to renew \$5 million in brokered deposits that matured during the year. The current 0.46% cost of deposits is down from 0.55% last September, reducing year-to-date interest expense from \$1.8 million to \$1.6 million through the first nine months of the year. Overall, the bank's net interest margin declined from 4.62% to 4.49% when comparing the first nine months of 2016 to the same period last year.

Net charge-offs for the first nine months of the year amounted to \$115 thousand, down from the \$245 thousand charged off in the first nine months of 2015. With charge-offs remaining low, overall asset quality remains very strong. As a result, no provision has been made to the loan loss reserve during 2016. This compares to a provision of \$353 thousand to the loan loss reserve during the first nine months of 2015. The current loan loss reserve of \$4.6 million represents 1.05% 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 Henderson and Wake Forest, NC. In June, for the 10<sup>th</sup> year in a row, Benchmark was named one of the Top 200 Community Banks in the nation by American Banker magazine. Additional information is available at the company's website, [www.BCOnline.com](http://www.BCOnline.com).

**Nine Months Ended September 30,**

*(Dollars in thousands, except per share data)*

	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total assets	\$542,712	\$508,026	\$477,296
Gross loans	\$438,463	\$418,149	\$380,719
Total deposits	\$474,889	\$444,636	\$418,947
Stockholders' equity	\$64,225	\$59,891	\$55,337
Common shares outstanding	5,165,824	5,167,086	5,151,540
Net income	\$4,991	\$4,807	\$4,678
Earnings per share	\$0.97	\$0.93	\$0.91
Return on average assets	1.25%	1.29%	1.32%
Return on average equity	10.65%	11.04%	11.73%
Net interest margin	4.49%	4.62%	4.44%
Efficiency ratio	65.58%	63.36%	63.15%
Book value per share	\$12.43	\$11.59	\$10.74
Equity to assets	11.83%	11.79%	11.59%
Loans to deposits	92.33%	94.04%	90.88%