

**Severn Bancorp, Inc.**  
**Selected Financial Data**  
(dollars in thousands, except per share data)  
(Unaudited)

**Quarterly income statement results:**

	<u>Three Months Ended March 31,</u>		<b>\$ Change</b>	<b>% Change</b>
	<b>2017</b>	<b>2016</b>		
<b>Interest Income</b>				
Interest on loans	\$ 7,131	\$ 7,107	\$ 24	0.34%
Interest on securities	269	311	(42)	-13.49%
Other interest income	157	86	71	82.56%
Total interest income	<u>7,557</u>	<u>7,504</u>	54	0.71%
<b>Interest Expense</b>				
Interest on deposits	975	979	(4)	-0.45%
Interest on long term borrowings	996	1,290	(294)	-22.75%
Total interest expense	<u>1,971</u>	<u>2,269</u>	(298)	-13.13%
Net interest income	<u>5,586</u>	<u>5,235</u>	351	6.70%
Provision for loan losses	(275)	0	(275)	100.00%
Net interest income after provision for loan losses	<u>5,861</u>	<u>5,235</u>	626	11.96%
<b>Other Income</b>				
Mortgage-banking revenue	450	721	(271)	-37.58%
Real Estate Commissions	380	118	262	221.95%
Real Estate Management Income	194	165	29	17.87%
All other income	334	246	88	35.77%
Net other income	<u>1,358</u>	<u>1,250</u>	108	8.67%
Net interest income plus other income	<u>7,219</u>	<u>6,485</u>	734	11.32%
<b>Non-Interest Expenses</b>				
Compensation and related expenses	3,757	3,636	121	3.32%
Net Occupancy & Depreciation	336	452	(116)	-25.56%
Net Costs of Foreclosed Real Estate	33	45	(12)	-25.91%
Other	1,549	1,445	104	7.18%
Total non-interest expenses	<u>5,675</u>	<u>5,578</u>	97	1.75%
Income before income tax provision	<u>1,544</u>	<u>907</u>	637	70.22%
Income tax provision	619	0	619	100.00%
Net income	<u>\$ 925</u>	<u>\$ 907</u>	<u>\$ 18</u>	<u>2.02%</u>
Net income available to common shareholders	<u>\$ 787</u>	<u>\$ 313</u>	<u>\$ 474</u>	<u>151.49%</u>

**Severn Bancorp, Inc.**  
**Selected Financial Data**  
(dollars in thousands, except per share data)  
(Unaudited)

<b>Balance Sheet Data:</b>	<b>March 31, 2017</b>	<b>December 31, 2016</b>	<b>\$ Change</b>	<b>% Change</b>
<b><u>ASSETS</u></b>				
Cash	\$ 19,782	\$ 39,396	\$ (19,614)	-49.79%
Federal funds and Interest bearing deposits in other banks	63,775	27,718	36,057	130.09%
Investment securities available for sale	7,151	-	7,151	100.00%
Investment securities held to maturity	59,283	62,757	(3,474)	-5.54%
Loans held for sale	2,755	10,307	(7,552)	-73.27%
Loans receivable	609,741	610,278	(537)	-0.09%
Loan valuation allowance	(8,332)	(8,969)	637	-7.11%
Accrued interest receivable	2,262	2,249	13	0.58%
Foreclosed real estate, net	1,243	973	270	27.76%
Premises and equipment, net	23,792	24,030	(238)	-0.99%
Restricted stock investments	4,701	5,103	(402)	-7.88%
Deferred income taxes	9,473	10,081	(608)	-6.03%
Prepaid expenses and other assets	3,115	3,562	(447)	-12.55%
	<b>\$ 798,741</b>	<b>\$ 787,485</b>	<b>\$ 11,256</b>	<b>1.43%</b>
<b><u>LIABILITIES AND STOCKHOLDERS EQUITY</u></b>				
Deposits	\$ 593,762	\$ 571,946	\$ 21,816	3.81%
Borrowings	93,500	103,500	(10,000)	-9.66%
Subordinated debentures	20,619	20,619	-	0.00%
Accounts payable and accrued expenses	2,020	3,490	(1,470)	-42.13%
Total Liabilities	709,901	699,555	10,346	1.48%
Preferred stock	4	4	0	0.00%
Common stock	121	121	0	0.00%
Additional paid-in capital	64,098	63,960	138	0.22%
Retained earnings	24,632	23,845	787	3.30%
Accumulated comprehensive loss	(15)	-	(15)	-100.00%
Total Stockholders' Equity	88,840	87,930	910	1.03%
	<b>\$ 798,741</b>	<b>\$ 787,485</b>	<b>\$ 11,256</b>	<b>1.43%</b>

**Severn Bancorp, Inc.**  
**Selected Financial Data**

(dollars in thousands, except per share data)  
(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>Per Share Data:</b>		
Basic earnings per share	\$ 0.06	\$ 0.03
Diluted earnings per share	\$ 0.06	\$ 0.03
Average basic shares outstanding	12,125,553	10,088,879
Average diluted shares outstanding	12,210,580	10,128,251

<b>Performance Ratios:</b>		
Return on average assets	0.47%	0.12%
Return on average equity	4.24%	1.07%
Net interest margin	3.05%	3.07%
Efficiency ratio*	81.25%	85.32%

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
<b>Asset Quality Data:</b>		
Non-accrual loans	\$ 7,577	\$ 9,852
Foreclosed real estate	1,243	973
Total non-performing assets	8,820	10,825
Total non-accrual loans to total loans	1.2%	1.6%
Total non-accrual loans to total assets	0.9%	1.3%
Allowance for loan losses	8,332	8,969
Allowance for loan losses to total loans	1.4%	1.5%
Allowance for loan losses to total non-accrual loans	110.0%	91.0%
Total non-performing assets to total assets	1.1%	1.4%
Non-accrual troubled debt restructurings (included above)	2,782	2,392
Performing troubled debt restructurings	16,305	18,066
Loan to deposit ratio	102.7%	106.7%

\* The efficiency ratio is general and administrative expenses as a percentage of net interest income plus non-interest income