

Severn Bancorp, Inc.
Consolidated Income Statement
(dollars in thousands, except per share data)
(Unaudited)

Quarterly income statement results:

	<u>Three Months Ended June 30,</u>		\$ Change	% Change
	2017	2016		
Interest Income				
Interest on loans	\$ 7,394	\$ 7,261	\$ 133	1.83%
Interest on securities	328	299	29	9.74%
Other interest income	174	82	92	112.20%
Total interest income	7,896	7,642	254	3.32%
Interest Expense				
Interest on deposits	938	1,004	(66)	-6.60%
Interest on long term borrowings	951	1,097	(146)	-13.32%
Total interest expense	1,889	2,101	(212)	-10.11%
Net interest income	6,007	5,541	466	8.41%
Provision for loan losses	(375)	100	(475)	-475.00%
Net interest income after provision for loan losses	6,382	5,441	941	17.29%
Other Income				
Mortgage-banking revenue	281	340	(59)	-17.28%
Real Estate Commissions	268	673	(405)	-60.22%
Real Estate Management Income	122	185	(63)	-33.82%
All other income	334	645	(311)	-48.20%
Net other income	1,005	1,843	(838)	-45.44%
Net interest income after provision for loan losses plus other income	7,387	7,284	103	1.42%
Non-Interest Expenses				
Compensation and related expenses	3,674	3,814	(140)	-3.67%
Net Occupancy & Depreciation	325	449	(124)	-27.70%
Net Costs of Foreclosed Real Estate	7	98	(91)	-93.03%
Other	1,818	1,642	176	10.72%
Total non-interest expenses	5,824	6,003	(179)	-2.97%
Income before income tax provision	1,563	1,281	282	22.02%
Income tax provision	581	(11,194)	11,775	-105.19%
Net income	\$ 982	\$ 12,475	\$ (11,493)	-92.13%
Net income available to common shareholders	\$ 845	\$ 12,012	\$ (11,167)	-92.97%

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Year-to-Date income statement results:	Six Months Ended June 30,		\$ Change	% Change
	2017	2016		
Interest Income				
Interest on loans	\$ 14,525	\$ 14,368	\$ 157	1.09%
Interest on securities	597	610	(13)	-2.11%
Other interest income	331	168	162	96.42%
Total interest income	15,453	15,146	307	2.02%
Interest Expense				
Interest on deposits	1,913	1,983	(70)	-3.54%
Interest on long term borrowings	1,947	2,387	(440)	-18.44%
Total interest expense	3,860	4,370	(510)	-11.68%
Net interest income	11,593	10,776	817	7.58%
Provision for loan losses	(650)	100	(750)	-750.00%
Net interest income after provision for loan losses	12,243	10,676	1,567	14.68%
Other Income				
Mortgage-banking revenue	816	1,032	(216)	-20.91%
Real Estate Commissions	648	791	(143)	-18.12%
Real Estate Management Income	316	350	(34)	-9.59%
All other income	583	891	(308)	-34.56%
Net other income	2,363	3,064	(701)	-22.86%
Net interest income after provision for loan losses plus other income	14,606	13,740	866	6.31%
Non-Interest Expenses				
Compensation and related expenses	7,431	7,450	(19)	-0.25%
Net Occupancy & Depreciation	661	901	(240)	-26.68%
Net Costs of Foreclosed Real Estate	40	143	(103)	-72.15%
Other	3,367	3,058	309	10.10%
Total non-interest expenses	11,499	11,552	(53)	-0.46%
Income before income tax provision	3,107	2,188	919	42.00%
Income tax provision	1,200	(11,194)	12,394	-110.72%
Net income	\$ 1,907	\$ 13,382	\$ (11,475)	-85.75%
Net income available to common shareholders	\$ 1,632	\$ 12,325	\$ (10,693)	-86.76%

Severn Bancorp, Inc.
Consolidated Balance Sheet
(dollars in thousands, except per share data)
(Unaudited)

Balance Sheet Data:	June 30, 2017	December 31, 2016	\$ Change	% Change
<u>ASSETS</u>				
Cash	\$ 19,759	\$ 39,396	\$ (19,637)	-49.85%
Federal funds and Interest bearing deposits in other banks	14,242	27,718	(13,476)	-48.62%
Investment securities available for sale	7,171	-	7,171	100.00%
Investment securities held to maturity	64,442	62,757	1,685	2.68%
Loans held for sale	3,489	10,307	(6,818)	-66.15%
Loans receivable	631,444	610,278	21,166	3.47%
Loan valuation allowance	(7,718)	(8,969)	1,251	-13.95%
Accrued interest receivable	2,285	2,249	36	1.62%
Foreclosed real estate, net	1,015	973	42	4.29%
Premises and equipment, net	23,644	24,030	(386)	-1.61%
Restricted stock investments	4,276	5,103	(827)	-16.20%
Deferred income taxes	8,769	10,081	(1,312)	-13.02%
Prepaid expenses and other assets	2,626	3,562	(936)	-26.28%
	<u>\$ 775,444</u>	<u>\$ 787,485</u>	<u>\$ (12,041)</u>	<u>-1.53%</u>
<u>LIABILITIES AND STOCKHOLDERS EQUITY</u>				
Deposits	\$ 579,626	\$ 571,946	\$ 7,680	1.34%
Borrowings	83,500	103,500	(20,000)	-19.32%
Subordinated debentures	20,619	20,619	-	0.00%
Accounts payable and accrued expenses	1,877	3,490	(1,613)	-46.23%
Total Liabilities	685,622	699,555	(13,933)	-1.99%
Preferred stock	4	4	-	0.00%
Common stock	121	121	-	0.00%
Additional paid-in capital	64,214	63,960	254	0.40%
Retained earnings	25,477	23,845	1,632	6.84%
Accumulated comprehensive income	6	-	6	100.00%
Total Stockholders' Equity	89,822	87,930	1,892	2.15%
	<u>\$ 775,444</u>	<u>\$ 787,485</u>	<u>\$ (12,041)</u>	<u>-1.53%</u>

Severn Bancorp, Inc.
Selected Financial Data

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

	Six Months Ended June 30,		Three Months Ended June 30,	
	2017	2016	2017	2016
Per Share Data:				
Basic earnings per share	\$ 0.13	\$ 1.13	\$ 0.07	\$ 1.02
Diluted earnings per share	\$ 0.13	\$ 1.12	\$ 0.07	\$ 1.02
Average basic shares outstanding	12,124,566	10,930,537	12,125,324	11,772,195
Average diluted shares outstanding	12,209,911	10,978,325	12,209,250	11,827,642
Performance Ratios:				
Return on average assets	0.43%	3.50%	0.38%	6.53%
Return on average equity	3.82%	30.13%	3.41%	56.17%
Net interest margin	3.18%	3.06%	3.26%	3.15%
Efficiency ratio*	82.11%	82.43%	82.96%	79.97%
Asset Quality Data:				
	June 30, 2017	December 31, 2016		
Non-accrual loans	\$ 5,042	\$ 9,852		
Foreclosed real estate	1,015	973		
Total non-performing assets	6,057	10,825		
Total non-accrual loans to total loans	0.8%	1.6%		
Total non-accrual loans to total assets	0.7%	1.3%		
Allowance for loan losses	7,718	8,969		
Allowance for loan losses to total loans	1.2%	1.5%		
Allowance for loan losses to total non-accrual loans	153.1%	91.0%		
Total non-performing assets to total assets	0.8%	1.4%		
Non-accrual troubled debt restructurings (included above)	2,382	2,392		
Performing troubled debt restructurings	15,864	18,066		
Loan to deposit ratio	108.9%	106.7%		

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