

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

Quarterly income statement results:	Three Months Ended June 30,		\$ Change	% Change
	2018	2017		
<b>Interest Income</b>				
Interest on loans	\$ 8,516	\$ 7,394	\$ 1,122	15.17%
Interest on securities	307	328	(21)	-6.40%
Other interest income	178	174	4	2.30%
Total interest income	9,001	7,896	1,105	13.99%
<b>Interest Expense</b>				
Interest on deposits	1,274	938	336	35.82%
Interest on long term borrowings	800	951	(151)	-15.88%
Total interest expense	2,074	1,889	185	9.79%
Net interest income	6,927	6,007	920	15.32%
Provision for (reversal of) loan losses	0	(375)	375	-100.00%
Net interest income after provision for (reversal of) loan losses	6,927	6,382	545	8.54%
<b>Non-Interest Income</b>				
Mortgage-banking revenue	635	281	354	125.98%
Real Estate Commissions	360	268	92	34.33%
Real Estate Management Income	187	122	65	53.28%
All other income	1,010	334	676	202.40%
Net Non-Interest Income	2,192	1,005	1,187	118.11%
Net interest income plus non-interest income after provision for (reversal of) loan losses	9,119	7,387	1,732	23.45%
<b>Non-Interest Expenses</b>				
Compensation and related expenses	4,420	3,674	746	20.30%
Net Occupancy & Depreciation	391	325	66	20.31%
Net Costs of Foreclosed Real Estate	(18)	7	(25)	-357.14%
Other	1,684	1,818	(134)	-7.37%
Total non-interest expenses	6,477	5,824	653	11.21%
Income before income tax provision	2,642	1,563	1,079	69.03%
Income tax provision	724	581	143	24.61%
Net income	\$ 1,918	\$ 982	\$ 936	95.32%
Net income available to common shareholders	\$ 1,918	\$ 912	\$ 1,006	110.31%

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**Consolidated Income Statement**  
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(Unaudited)

**Year-to-Date income statement results:**

	<u>Six Months Ended June 30,</u>		<b>\$ Change</b>	<b>% Change</b>
	<b>2018</b>	<b>2017</b>		
<b>Interest Income</b>				
Interest on loans	\$ 16,887	\$ 14,525	\$ 2,362	16.26%
Interest on securities	627	597	30	5.03%
Other interest income	364	331	33	9.97%
Total interest income	<u>17,878</u>	<u>15,453</u>	<u>2,425</u>	<u>15.69%</u>
<b>Interest Expense</b>				
Interest on deposits	2,407	1,913	494	25.82%
Interest on long term borrowings	1,560	1,947	(387)	-19.88%
Total interest expense	<u>3,967</u>	<u>3,860</u>	<u>107</u>	<u>2.77%</u>
Net interest income	<u>13,911</u>	<u>11,593</u>	<u>2,318</u>	<u>19.99%</u>
Provision for (reversal of) loan losses	0	(650)	650	-100.00%
Net interest income after provision for (reversal of) loan losses	<u>13,911</u>	<u>12,243</u>	<u>1,668</u>	<u>13.62%</u>
<b>Non-Interest Income</b>				
Mortgage-banking revenue	1,230	816	414	50.74%
Real Estate Commissions	745	648	97	14.97%
Real Estate Management Income	370	316	54	17.09%
All other income	1,716	583	1,133	194.34%
Net Non-Interest Income	<u>4,061</u>	<u>2,363</u>	<u>1,698</u>	<u>71.86%</u>
Net interest income plus non-interest income after provision for (reversal of) loan losses	<u>17,972</u>	<u>14,606</u>	<u>3,366</u>	<u>23.05%</u>
<b>Non-Interest Expenses</b>				
Compensation and related expenses	8,698	7,431	1,267	17.05%
Net Occupancy & Depreciation	735	661	74	11.20%
Net Costs of Foreclosed Real Estate	14	40	(26)	-65.00%
Other	3,253	3,367	(114)	-3.39%
Total non-interest expenses	<u>12,700</u>	<u>11,499</u>	<u>1,201</u>	<u>10.44%</u>
Income before income tax provision	<u>5,272</u>	<u>3,107</u>	<u>2,165</u>	<u>69.68%</u>
Income tax provision	1,469	1,200	269	22.42%
Net income	<u>\$ 3,803</u>	<u>\$ 1,907</u>	<u>\$ 1,896</u>	<u>99.42%</u>
Net income available to common shareholders	<u>\$ 3,733</u>	<u>\$ 1,767</u>	<u>\$ 1,966</u>	<u>111.26%</u>

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

<b>Balance Sheet Data:</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>	<b>\$ Change</b>	<b>% Change</b>
<b>ASSETS</b>				
Cash	\$ 2,239	\$ 2,382	\$ (143)	-6.00%
Federal funds and Interest bearing deposits in other banks	19,926	19,471	455	2.34%
Certificates of deposit held as investment	8,780	8,780	0	0.00%
Investment securities available for sale	11,975	10,119	1,856	18.34%
Investment securities held to maturity	46,487	54,303	(7,816)	-14.39%
Loans held for sale	9,444	4,530	4,914	108.48%
Loans receivable	686,912	668,151	18,761	2.81%
Loan valuation allowance	(8,257)	(8,055)	(202)	2.51%
Accrued interest receivable	2,604	2,640	(36)	-1.36%
Foreclosed real estate, net	295	403	(108)	-26.80%
Premises and equipment, net	23,059	23,139	(80)	-0.35%
Restricted stock investments	4,227	4,489	(262)	-5.84%
Bank owned life insurance	5,146	5,064	82	1.62%
Deferred income taxes	3,993	5,302	(1,309)	-24.69%
Prepaid expenses and other assets	3,858	4,069	(211)	-5.19%
	<b>\$ 820,688</b>	<b>\$ 804,787</b>	<b>\$ 15,901</b>	<b>1.98%</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>				
Deposits	\$ 621,615	\$ 602,228	\$ 19,387	3.22%
Borrowings	82,000	88,500	(6,500)	-7.34%
Subordinated debentures	20,619	20,619	-	0.00%
Accounts payable and accrued expenses	2,413	2,340	73	3.12%
Total Liabilities	726,647	713,687	12,960	1.82%
Preferred stock	-	4	(4)	-100.00%
Common stock	127	122	5	4.10%
Additional paid-in capital	65,157	65,137	20	0.03%
Retained earnings	28,858	25,872	2,986	11.54%
Accumulated comprehensive income (loss)	(101)	(35)	(66)	188.57%
Total Stockholders' Equity	94,041	91,100	2,941	3.23%
	<b>\$ 820,688</b>	<b>\$ 804,787</b>	<b>\$ 15,901</b>	<b>1.98%</b>

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

	Six Months Ended June 30,		Three Months Ended June 30,	
	2018	2017	2018	2017
<b>Per Share Data:</b>				
Basic earnings per share	\$ 0.30	\$ 0.15	\$ 0.15	\$ 0.08
Diluted earnings per share	\$ 0.30	\$ 0.14	\$ 0.15	\$ 0.07
Average basic shares outstanding	12,463,132	12,125,324	12,684,711	12,125,324
Average diluted shares outstanding	12,559,069	12,209,250	12,781,037	12,209,250
<b>Performance Ratios:</b>				
Return on average assets	0.95%	0.45%	0.95%	0.46%
Return on average equity	9.04%	4.03%	8.12%	4.14%
Net interest margin	3.62%	3.18%	3.57%	3.26%
Efficiency ratio*	70.59%	82.11%	71.23%	82.96%
	June 30, 2018	December 31, 2017		
<b>Asset Quality Data:</b>				
Non-accrual loans	\$ 7,610	\$ 5,710		
Foreclosed real estate	295	403		
Total non-performing assets	7,905	6,113		
Total non-accrual loans to total loans	1.1%	0.9%		
Total non-accrual loans to total assets	0.9%	0.7%		
Allowance for loan losses	8,257	8,055		
Allowance for loan losses to total loans	1.2%	1.2%		
Allowance for loan losses to total non-accrual loans	108.5%	141.1%		
Total non-performing assets to total assets	1.0%	0.8%		
Non-accrual troubled debt restructurings (included above)	803	820		
Performing troubled debt restructurings	11,868	13,714		
Loan to deposit ratio	110.5%	110.9%		

\* This non-GAAP financial measure is calculated as noninterest expenses less OREO expenses divided by net interest income plus noninterest income