

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

**Quarterly income statement results:**

	<b>Three Months Ended September 30,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2018</b>	<b>2017</b>		
<b>Interest Income</b>				
Interest on loans	\$ 8,844	\$ 7,742	\$ 1,102	14.23%
Interest on securities	293	330	(37)	-11.21%
Other interest income	423	167	256	153.29%
<b>Total interest income</b>	<b>9,560</b>	<b>8,239</b>	<b>1,321</b>	<b>16.03%</b>
<b>Interest Expense</b>				
Interest on deposits	1,531	1,011	520	51.43%
Interest on long term borrowings	684	897	(213)	-23.75%
<b>Total interest expense</b>	<b>2,215</b>	<b>1,908</b>	<b>307</b>	<b>16.09%</b>
<b>Net interest income</b>	<b>7,345</b>	<b>6,331</b>	<b>1,014</b>	<b>16.02%</b>
Provision for (reversal of) loan losses	(300)	0	(300)	100.00%
<b>Net interest income after provision for (reversal of) loan losses</b>	<b>7,645</b>	<b>6,331</b>	<b>1,314</b>	<b>20.76%</b>
<b>Non-interest Income</b>				
Mortgage-banking revenue	740	334	406	121.56%
Real Estate Commissions	408	311	97	31.19%
Real Estate Management Income	157	197	(40)	-20.30%
Other non-interest income	1,039	557	482	86.54%
<b>Net non-interest income</b>	<b>2,344</b>	<b>1,399</b>	<b>945</b>	<b>67.55%</b>
<b>Net interest income plus non-interest income after provision for (reversal of) loan losses</b>	<b>9,989</b>	<b>7,730</b>	<b>2,259</b>	<b>29.22%</b>
<b>Non-Interest Expenses</b>				
Compensation and related expenses	4,661	3,288	1,373	41.76%
Net Occupancy & Depreciation	416	354	62	17.51%
Net Costs of Foreclosed Real Estate	7	126	(119)	-94.44%
Other non-interest expense	1,956	1,753	203	11.58%
<b>Total non-interest expenses</b>	<b>7,040</b>	<b>5,521</b>	<b>1,519</b>	<b>27.51%</b>
<b>Income before income tax provision</b>	<b>2,949</b>	<b>2,209</b>	<b>740</b>	<b>33.50%</b>
Income tax provision	784	950	(166)	-17.47%
<b>Net income</b>	<b>\$ 2,165</b>	<b>\$ 1,259</b>	<b>\$ 906</b>	<b>71.96%</b>
<b>Net income available to common shareholders</b>	<b>\$ 2,165</b>	<b>\$ 1,189</b>	<b>\$ 976</b>	<b>82.09%</b>

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

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

	<b>Nine Months Ended September 30,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2018</b>	<b>2017</b>		
<b>Interest Income</b>				
Interest on loans	\$ 25,731	\$ 22,267	\$ 3,464	15.56%
Interest on securities	920	927	(7)	-0.76%
Other interest income	787	498	289	58.03%
<b>Total interest income</b>	<b>27,438</b>	<b>23,692</b>	<b>3,746</b>	<b>15.81%</b>
<b>Interest Expense</b>				
Interest on deposits	3,938	2,924	1,014	34.66%
Interest on long term borrowings	2,244	2,844	(600)	-21.10%
<b>Total interest expense</b>	<b>6,182</b>	<b>5,768</b>	<b>414</b>	<b>7.17%</b>
<b>Net interest income</b>	<b>21,256</b>	<b>17,924</b>	<b>3,332</b>	<b>18.59%</b>
Provision for (reversal of) loan losses	(300)	(650)	350	-53.85%
<b>Net interest income after provision for (reversal of) loan losses</b>	<b>21,556</b>	<b>18,574</b>	<b>2,982</b>	<b>16.06%</b>
<b>Non-interest Income</b>				
Mortgage-banking revenue	1,970	1,150	820	71.30%
Real Estate Commissions	1,154	959	195	20.33%
Real Estate Management Income	527	513	14	2.73%
Other non-interest income	2,754	1,140	1,614	141.58%
<b>Net non-interest income</b>	<b>6,405</b>	<b>3,762</b>	<b>2,643</b>	<b>70.26%</b>
<b>Net interest income plus non-interest income after provision for (reversal of) loan losses</b>	<b>27,961</b>	<b>22,336</b>	<b>5,625</b>	<b>25.19%</b>
<b>Non-Interest Expenses</b>				
Compensation and related expenses	13,359	10,719	2,640	24.63%
Net Occupancy & Depreciation	1,150	1,015	135	13.30%
Net Costs of Foreclosed Real Estate	21	166	(145)	-87.35%
Other non-interest expense	5,210	5,120	90	1.76%
<b>Total non-interest expenses</b>	<b>19,740</b>	<b>17,020</b>	<b>2,720</b>	<b>15.98%</b>
<b>Income before income tax provision</b>	<b>8,221</b>	<b>5,316</b>	<b>2,905</b>	<b>54.66%</b>
Income tax provision	2,252	2,150	102	4.75%
<b>Net income</b>	<b>\$ 5,969</b>	<b>\$ 3,166</b>	<b>\$ 2,803</b>	<b>88.55%</b>
<b>Net income available to common shareholders</b>	<b>\$ 5,899</b>	<b>\$ 2,956</b>	<b>\$ 2,943</b>	<b>99.56%</b>

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

<b>Balance Sheet Data:</b>	<b>September 30, 2018</b>	<b>December 31, 2017</b>	<b>\$ Change</b>	<b>% Change</b>
<b><u>ASSETS</u></b>				
Cash	\$ 2,160	\$ 2,382	\$ (222)	-9.32%
Federal funds and Interest bearing deposits in other banks	89,156	19,471	69,685	357.89%
Certificates of deposit held as investment	8,780	8,780	-	0.00%
Investment securities available for sale, at fair value	11,950	10,119	1,831	18.09%
Investment securities held to maturity	43,108	54,303	(11,195)	-20.62%
Loans held for sale, at fair value	9,023	4,530	4,493	99.18%
Loans receivable	689,712	668,151	21,561	3.23%
Allowance for loan losses	(8,056)	(8,055)	(1)	0.01%
Accrued interest receivable	2,689	2,640	49	1.86%
Foreclosed real estate, net	285	403	(118)	-29.28%
Premises and equipment, net	22,931	23,139	(208)	-0.90%
Restricted stock investments	3,866	4,489	(623)	-13.88%
Bank owned life insurance	5,186	5,064	122	2.41%
Deferred income taxes, net	3,248	5,302	(2,054)	-38.74%
Prepaid expenses and other assets	5,287	4,069	1,218	29.93%
	<b>\$ 889,325</b>	<b>\$ 804,787</b>	<b>\$ 84,538</b>	<b>10.50%</b>
<b><u>LIABILITIES AND STOCKHOLDERS EQUITY</u></b>				
Deposits	\$ 694,177	\$ 602,228	\$ 91,949	15.27%
Borrowings	73,500	88,500	(15,000)	-16.95%
Subordinated debentures	20,619	20,619	-	0.00%
Accounts payable and accrued expenses	5,149	2,340	2,809	120.04%
Total Liabilities	793,445	713,687	79,758	11.18%
Preferred stock	-	4	(4)	-100.00%
Common stock	127	122	5	4.10%
Additional paid-in capital	65,216	65,137	79	0.12%
Retained earnings	30,643	25,873	4,770	18.44%
Accumulated comprehensive income (loss)	(106)	(36)	(70)	194.44%
Total Stockholders' Equity	95,880	91,100	4,780	5.25%
	<b>\$ 889,325</b>	<b>\$ 804,787</b>	<b>\$ 84,538</b>	<b>10.50%</b>

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

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

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2018	2017	2018	2017
<b>Per Share Data:</b>				
Basic earnings per share	\$ 0.47	\$ 0.24	\$ 0.17	\$ 0.10
Diluted earnings per share	\$ 0.47	\$ 0.24	\$ 0.17	\$ 0.10
Average basic shares outstanding	12,541,032	12,140,689	12,695,136	12,172,586
Average diluted shares outstanding	12,651,260	12,248,214	12,832,633	12,323,572
<b>Performance Ratios:</b>				
Return on average assets	0.98%	0.53%	1.03%	0.63%
Return on average equity	9.03%	4.80%	8.98%	5.69%
Net interest margin	3.63%	3.25%	3.65%	3.38%
Efficiency ratio*	71.29%	77.72%	72.59%	69.79%
	September 30, 2018	December 31, 2017		
<b>Asset Quality Data:</b>				
Non-accrual loans	\$ 5,730	\$ 5,710		
Foreclosed real estate	285	403		
Total non-performing assets	6,016	6,113		
Total non-accrual loans to total loans	0.8%	0.9%		
Total non-accrual loans to total assets	0.6%	0.7%		
Allowance for loan losses	8,056	8,055		
Allowance for loan losses to total loans	1.2%	1.2%		
Allowance for loan losses to total non-accrual loans	140.6%	141.1%		
Total non-performing assets to total assets	0.7%	0.8%		
Non-accrual troubled debt restructurings (included above)	997	819		
Performing troubled debt restructurings	11,271	13,713		
Loan to deposit ratio	99.4%	110.9%		

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