

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

**Quarterly income statement results:**

	<b>Three Months Ended December 31, 2018</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2018</b>	<b>2017</b>		
<b>Interest Income</b>				
Interest on loans	\$ 9,146	\$ 8,026	\$ 1,120	13.95%
Interest on securities	276	305	(29)	-9.51%
Other interest income	800	199	601	302.01%
<b>Total interest income</b>	<b>10,222</b>	<b>8,530</b>	<b>1,692</b>	<b>19.84%</b>
<b>Interest Expense</b>				
Interest on deposits	1,750	1,113	637	57.23%
Interest on long term borrowings	671	749	(78)	-10.41%
<b>Total interest expense</b>	<b>2,421</b>	<b>1,862</b>	<b>559</b>	<b>30.02%</b>
<b>Net interest income</b>	<b>7,801</b>	<b>6,668</b>	<b>1,133</b>	<b>16.99%</b>
Provision for (reversal of) loan losses	0	0	-	0.00%
<b>Net interest income after provision for (reversal of) loan losses</b>	<b>7,801</b>	<b>6,668</b>	<b>1,133</b>	<b>16.99%</b>
<b>Noninterest Income</b>				
Mortgage-banking revenue	591	357	234	65.55%
Real Estate Commissions	554	400	154	38.50%
Real Estate Management Income	147	162	(15)	-9.26%
Other noninterest income	1,083	558	525	94.09%
<b>Net noninterest income</b>	<b>2,375</b>	<b>1,477</b>	<b>898</b>	<b>60.80%</b>
<b>Net interest income plus noninterest income after provision for (reversal of) loan losses</b>	<b>10,176</b>	<b>8,145</b>	<b>2,031</b>	<b>24.94%</b>
<b>Noninterest expenses</b>				
Compensation and related expenses	4,460	4,016	444	11.06%
Net Occupancy & Depreciation	404	344	60	17.44%
Net Costs of Foreclosed Real Estate	62	(33)	95	287.88%
Other	1,925	1,295	630	48.65%
<b>Total noninterest expenses</b>	<b>6,851</b>	<b>5,622</b>	<b>1,229</b>	<b>21.86%</b>
<b>Income before income tax provision</b>	<b>3,325</b>	<b>2,523</b>	<b>802</b>	<b>31.79%</b>
Income tax provision	724	2,872	(2,148)	-74.79%
<b>Net income</b>	<b>\$ 2,601</b>	<b>\$ (349)</b>	<b>\$ 2,950</b>	<b>845.27%</b>
<b>Net income available to common shareholders</b>	<b>\$ 2,601</b>	<b>\$ (419)</b>	<b>\$ 3,020</b>	<b>720.76%</b>

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

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

	<b>Year Ended December 31, 2018</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2018</b>	<b>2017</b>		
<b>Interest Income</b>				
Interest on loans	\$ 34,877	\$ 30,294	\$ 4,583	15.13%
Interest on securities	1,196	1,233	(37)	-3.00%
Other interest income	1,587	697	890	127.69%
Total interest income	<u>37,660</u>	<u>32,224</u>	5,436	16.87%
<b>Interest Expense</b>				
Interest on deposits	5,688	4,037	1,651	40.90%
Interest on long term borrowings	2,915	3,593	(678)	-18.87%
Total interest expense	<u>8,603</u>	<u>7,630</u>	973	12.75%
Net interest income	<u>29,057</u>	<u>24,594</u>	4,463	18.15%
Provision for (reversal of) loan losses	(300)	(650)	350	-53.85%
Net interest income after provision for (reversal of) loan losses	<u>29,357</u>	<u>25,244</u>	4,113	16.29%
<b>Noninterest Income</b>				
Mortgage-banking revenue	2,561	1,507	1,054	69.94%
Real Estate Commissions	1,707	1,358	349	25.70%
Real Estate Management Income	674	675	(1)	-0.15%
Other noninterest income	3,838	1,698	2,140	126.03%
Net noninterest income	<u>8,780</u>	<u>5,238</u>	3,542	67.62%
Net interest income plus noninterest income after provision for (reversal of) loan losses	<u>38,137</u>	<u>30,482</u>	7,655	25.11%
<b>Noninterest expenses</b>				
Compensation and related expenses	17,819	14,734	3,085	20.94%
Net Occupancy & Depreciation	1,555	1,358	197	14.51%
Net Costs of Foreclosed Real Estate	83	132	(49)	-37.12%
Other	7,134	6,418	716	11.16%
Total noninterest expenses	<u>26,591</u>	<u>22,642</u>	3,949	17.44%
Income before income tax provision	<u>11,546</u>	<u>7,840</u>	3,706	47.27%
Income tax provision	2,977	5,022	(2,045)	-40.72%
Net income	<u>\$ 8,569</u>	<u>\$ 2,818</u>	\$ 5,751	204.08%
Net income available to common shareholders	<u>\$ 8,499</u>	<u>\$ 2,538</u>	\$ 5,961	234.87%

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

<b>Balance Sheet Data:</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>	<b>\$ Change</b>	<b>% Change</b>
<b>ASSETS</b>				
Cash	\$ 2,880	\$ 2,382	\$ 498	20.91%
Federal funds and interest bearing deposits in other banks	185,460	19,471	165,989	852.49%
Certificates of deposit held as investment	8,780	8,780	0	0.00%
Investment securities available for sale, at fair value	11,978	10,119	1,859	18.37%
Investment securities held to maturity	38,912	54,303	(15,391)	-28.34%
Loans held for sale, at fair value	10,561	4,530	6,031	133.13%
Loans receivable	681,474	668,151	13,323	1.99%
Allowance for loan losses	(8,044)	(8,055)	11	-0.14%
Accrued interest receivable	2,848	2,640	208	7.88%
Foreclosed real estate, net	1,537	403	1,134	281.39%
Premises and equipment, net	22,745	23,139	(394)	-1.70%
Restricted stock investments	3,766	4,489	(723)	-16.11%
Bank owned life insurance	5,225	5,064	161	3.18%
Deferred income taxes, net	2,363	5,302	(2,939)	-55.43%
Prepaid expenses and other assets	3,748	4,069	(321)	-7.89%
	<b>\$ 974,233</b>	<b>\$ 804,787</b>	<b>\$ 169,446</b>	<b>21.05%</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
Deposits	\$ 779,506	\$ 602,228	\$ 177,278	29.44%
Borrowings	73,500	88,500	(15,000)	-16.95%
Subordinated debentures	20,619	20,619	-	0.00%
Accounts payable and accrued expenses	2,155	2,340	(185)	-7.91%
Total Liabilities	875,780	713,687	162,093	22.71%
Preferred stock	-	4	(4)	-100.00%
Common stock	128	122	6	4.92%
Additional paid-in capital	65,538	65,137	401	0.62%
Retained earnings	32,860	25,872	6,988	27.01%
Accumulated comprehensive income (loss)	(73)	(35)	(38)	108.57%
Total Stockholders' Equity	98,453	91,100	7,353	8.07%
	<b>\$ 974,233</b>	<b>\$ 804,787</b>	<b>\$ 169,446</b>	<b>21.05%</b>

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

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

	Year Ended December 31, 2018		Three Months Ended December 31, 2018	
	2018	2017	2018	2017
<b>Per Share Data:</b>				
Basic earnings per share	\$ 0.68	\$ 0.21	\$ 0.21	\$ (0.03)
Diluted earnings per share	\$ 0.67	\$ 0.21	\$ 0.20	\$ (0.03)
Average basic shares outstanding	12,585,961	12,160,983	12,719,772	12,425,245
Average diluted shares outstanding	12,697,620	12,277,736	12,835,186	12,425,245
<b>Performance Ratios:</b>				
Return on average assets	1.03%	0.36%	1.20%	-0.17%
Return on average equity	9.48%	3.21%	10.70%	-1.59%
Net interest margin	3.66%	3.32%	3.75%	3.53%
Efficiency ratio*	70.06%	75.45%	66.72%	69.42%
	December 31, 2018	December 31, 2017		
<b>Asset Quality Data:</b>				
Non-accrual loans	\$ 4,657	\$ 5,710		
Foreclosed real estate	1,537	403		
Total non-performing assets	6,194	6,113		
Total non-accrual loans to total loans	0.7%	0.9%		
Total non-accrual loans to total assets	0.5%	0.7%		
Allowance for loan losses	8,044	8,055		
Allowance for loan losses to total loans	1.2%	1.2%		
Allowance for loan losses to total non-accrual loans	172.7%	141.1%		
Total non-performing assets to total assets	0.6%	0.8%		
Non-accrual troubled debt restructurings (included above)	446	820		
Performing troubled debt restructurings	10,698	13,714		
Loan to deposit ratio	87.4%	110.9%		

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