

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

Balance Sheet Data:	September 30, 2019	December 31, 2018	\$ Change	% Change
ASSETS				
Cash	\$ 2,478	\$ 2,880	\$ (402)	-14%
Federal funds and interest bearing deposits in other banks	62,775	185,460	(122,685)	-66%
Certificates of deposit held as investment	7,540	8,780	(1,240)	-14%
Investment securities available for sale, at fair value	9,029	11,978	(2,949)	-25%
Investment securities held to maturity	30,302	38,912	(8,610)	-22%
Loans held for sale, at fair value	17,587	9,686	7,901	82%
Loans receivable	660,879	682,349	(21,470)	-3%
Allowance for loan losses	(7,431)	(8,044)	613	-8%
Accrued interest receivable	2,514	2,848	(334)	-12%
Foreclosed real estate, net	1,873	1,537	336	22%
Premises and equipment, net	22,384	22,745	(361)	-2%
Restricted stock investments	2,431	3,766	(1,335)	-35%
Bank owned life insurance	5,341	5,225	116	2%
Deferred income taxes, net	1,902	2,363	(461)	-20%
Prepaid expenses and other assets	6,315	3,748	2,567	69%
	\$ 825,919	\$ 974,233	\$ (148,314)	-15%
LIABILITIES AND STOCKHOLDERS EQUITY				
Deposits	\$ 657,154	\$ 779,506	\$ (122,352)	-16%
Borrowings	38,498	73,500	(35,002)	-48%
Subordinated debentures	20,619	20,619	-	0%
Accounts payable and accrued expenses	5,029	2,155	2,874	133%
Total Liabilities	721,300	875,780	(154,480)	-18%
Preferred stock	-	-	-	0%
Common stock	128	128	-	0%
Additional paid-in capital	65,744	65,538	206	0%
Retained earnings	38,750	32,860	5,890	18%
Accumulated comprehensive income (loss)	(3)	(73)	70	-96%
Total Stockholders' Equity	104,619	98,453	6,166	6%
	\$ 825,919	\$ 974,233	\$ (148,314)	-15%

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

Quarterly income statement results:

	<u>Three Months Ended September 30,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2019</u>	<u>2018</u>		
Interest Income				
Interest on loans	\$ 9,146	\$ 8,844	\$ 302	3%
Interest on securities	224	293	(69)	-24%
Other interest income	484	423	61	14%
Total interest income	<u>9,854</u>	<u>9,560</u>	<u>294</u>	<u>3%</u>
Interest Expense				
Interest on deposits	1,732	1,531	201	13%
Interest on long term borrowings	473	684	(211)	-31%
Total interest expense	<u>2,205</u>	<u>2,215</u>	<u>(10)</u>	<u>0%</u>
Net interest income	<u>7,649</u>	<u>7,345</u>	<u>304</u>	<u>4%</u>
Provision for (reversal of) loan losses	(500)	(300)	(200)	67%
Net interest income after provision for (reversal of) loan losses	<u>8,149</u>	<u>7,645</u>	<u>504</u>	<u>7%</u>
Noninterest Income				
Mortgage-banking revenue	1,108	740	368	50%
Real Estate Commissions	430	408	22	5%
Real Estate Management Income	144	157	(13)	-8%
Other noninterest income	1,131	1,039	92	9%
Total noninterest income	<u>2,813</u>	<u>2,344</u>	<u>469</u>	<u>20%</u>
Net interest income plus noninterest income after provision for (reversal of) loan losses	<u>10,962</u>	<u>9,989</u>	<u>973</u>	<u>10%</u>
Noninterest Expense				
Compensation and related expenses	5,065	4,661	404	9%
Net Occupancy & Depreciation	379	416	(37)	-9%
Net Costs of Foreclosed Real Estate	105	7	98	1400%
Other	2,121	1,956	165	8%
Total noninterest expense	<u>7,670</u>	<u>7,040</u>	<u>630</u>	<u>9%</u>
Income before income tax provision	<u>3,292</u>	<u>2,949</u>	<u>343</u>	<u>12%</u>
Income tax provision	911	784	127	16%
Net income	<u>\$ 2,381</u>	<u>\$ 2,165</u>	<u>\$ 216</u>	<u>10%</u>
Net income available to common shareholders	<u>\$ 2,381</u>	<u>\$ 2,165</u>	<u>\$ 216</u>	<u>10%</u>

Severn Bancorp, Inc.
Consolidated Income Statement
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Year-to-Date income statement results:

	Nine Months Ended September 30,		\$ Change	% Change
	2019	2018		
Interest Income				
Interest on loans	\$ 27,539	\$ 25,731	\$ 1,808	7%
Interest on securities	724	920	(196)	-21%
Other interest income	2,358	787	1,571	200%
Total interest income	30,621	27,438	3,183	12%
Interest Expense				
Interest on deposits	5,499	3,938	1,561	40%
Interest on long term borrowings	1,543	2,244	(701)	-31%
Total interest expense	7,042	6,182	860	14%
Net interest income	23,579	21,256	2,323	11%
Provision for (reversal of) loan losses	(500)	(300)	(200)	67%
Net interest income after provision for (reversal of) loan losses	24,079	21,556	2,523	12%
Noninterest Income				
Mortgage-banking revenue	2,915	1,970	945	48%
Real Estate Commissions	1,290	1,153	137	12%
Real Estate Management Income	470	527	(57)	-11%
Other noninterest income	3,013	2,472	541	22%
Total noninterest income	7,688	6,122	1,566	26%
Net interest income plus noninterest income after provision for (reversal of) loan losses	31,767	27,678	4,089	15%
Noninterest Expense				
Compensation and related expenses	14,499	13,359	1,140	9%
Net Occupancy & Depreciation	1,183	1,151	32	3%
Net Costs of Foreclosed Real Estate	254	21	233	1110%
Other	5,997	4,926	1,071	22%
Total noninterest expense	21,933	19,457	2,476	13%
Income before income tax provision	9,834	8,221	1,613	20%
Income tax provision	2,668	2,253	415	18%
Net income	\$ 7,166	\$ 5,968	\$ 1,198	20%
Net income available to common shareholders	\$ 7,166	\$ 5,898	\$ 1,268	21%

Severn Bancorp, Inc.
Selected Financial Data

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

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2019	2018	2019	2018
Per Share Data:				
Basic earnings per share	\$ 0.56	\$ 0.47	\$ 0.19	\$ 0.17
Diluted earnings per share	\$ 0.56	\$ 0.46	\$ 0.19	\$ 0.17
Average basic shares outstanding	12,775,104	12,541,032	12,776,911	12,695,136
Average diluted shares outstanding	12,853,812	12,651,260	12,841,679	12,832,633
Performance Ratios:				
Return on average assets	1.04%	0.98%	1.05%	1.03%
Return on average equity	9.38%	9.03%	9.15%	8.98%
Net interest margin	3.58%	3.63%	3.53%	3.65%
Efficiency ratio*	69.33%	70.99%	72.31%	72.59%

	September 30, 2019	December 31, 2018
Asset Quality Data:		
Non-accrual loans	\$ 4,333	\$ 4,656
Foreclosed real estate	1,873	1,537
Total non-performing assets	6,206	6,193
Total non-accrual loans to total loans	0.66%	0.68%
Total non-accrual loans to total assets	0.52%	0.48%
Allowance for loan losses	7,431	8,044
Allowance for loan losses to total loans	1.12%	1.18%
Allowance for loan losses to total non-accrual loans	171.5%	172.8%
Total non-performing assets to total assets	0.75%	0.64%
Non-accrual troubled debt restructurings (included above)	292	446
Performing troubled debt restructurings	9,023	10,698
Loan to deposit ratio	100.6%	87.5%

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