

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

Quarterly income statement results:

	<u>Three Months Ended December 31,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2019</u>	<u>2018</u>		
Interest Income				
Interest on loans	\$ 8,662	\$ 9,146	\$ (484)	-5%
Interest on securities	206	276	(70)	-25%
Other interest income	321	800	(479)	-60%
Total interest income	9,189	10,222	(1,033)	-10%
Interest Expense				
Interest on deposits	1,851	1,750	101	6%
Interest on long term borrowings	410	671	(261)	-39%
Total interest expense	2,261	2,421	(160)	-7%
Net interest income	6,928	7,801	(873)	-11%
Provision for (reversal of) loan losses	0	0	-	0%
Net interest income after provision for (reversal of) loan losses	6,928	7,801	(873)	-11%
Noninterest Income				
Mortgage-banking revenue	833	591	242	41%
Real Estate Commissions	544	554	(10)	-2%
Real Estate Management Income	157	147	10	7%
Other noninterest income	1,043	1,083	(40)	-4%
Total noninterest income	2,577	2,375	202	9%
Net interest income plus noninterest income after provision for (reversal of) loan losses	9,505	10,176	(671)	-7%
Noninterest Expense				
Compensation and related expenses	5,239	4,460	779	17%
Net Occupancy & Depreciation	520	404	116	29%
Net Costs of Foreclosed Real Estate	(82)	62	(144)	-232%
Other	2,051	1,925	126	7%
Total noninterest expense	7,728	6,851	877	13%
Income before income tax provision	1,777	3,325	(1,548)	-47%
Income tax provision	569	724	(155)	-21%
Net income	\$ 1,208	\$ 2,601	\$ (1,393)	-54%
Net income available to common shareholders	\$ 1,208	\$ 2,601	\$ (1,393)	-54%

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Year-to-Date income statement results:

	<u>Year Ended December 31,</u>		\$ Change	% Change
	2019	2018		
Interest Income				
Interest on loans	\$ 36,201	\$ 34,877	\$ 1,324	4%
Interest on securities	930	1,196	(266)	-22%
Other interest income	2,679	1,587	1,092	69%
Total interest income	39,810	37,660	2,150	6%
Interest Expense				
Interest on deposits	7,350	5,688	1,662	29%
Interest on long term borrowings	1,953	2,915	(962)	-33%
Total interest expense	9,303	8,603	700	8%
Net interest income	30,507	29,057	1,450	5%
Provision for (reversal of) loan losses	(500)	(300)	(200)	67%
Net interest income after provision for (reversal of) loan losses	31,007	29,357	1,650	6%
Noninterest Income				
Mortgage-banking revenue	3,748	2,561	1,187	46%
Real Estate Commissions	1,834	1,707	127	7%
Real Estate Management Income	627	674	(47)	-7%
Other noninterest income	4,056	3,487	569	16%
Total noninterest income	10,265	8,429	1,836	22%
Net interest income plus noninterest income after provision for (reversal of) loan losses	41,272	37,786	3,486	9%
Noninterest Expense				
Compensation and related expenses	19,738	17,819	1,919	11%
Net Occupancy & Depreciation	1,703	1,555	148	10%
Net Costs of Foreclosed Real Estate	172	83	89	107%
Other	8,048	6,783	1,265	19%
Total noninterest expense	29,661	26,240	3,421	13%
Income before income tax provision	11,611	11,546	65	1%
Income tax provision	3,237	2,977	260	9%
Net income	\$ 8,374	\$ 8,569	\$ (195)	-2%
Net income available to common shareholders	\$ 8,374	\$ 8,499	\$ (125)	-1%

Severn Bancorp, Inc.
Consolidated Balance Sheet

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

Balance Sheet Data:	December 31, 2019	December 31, 2018	\$ Change	% Change
ASSETS				
Cash	\$ 2,892	\$ 2,880	\$ 12	0%
Federal funds and interest bearing deposits in other banks	85,301	185,460	(100,159)	-54%
Certificates of deposit held as investment	7,540	8,780	(1,240)	-14%
Investment securities available for sale, at fair value	12,906	11,978	928	8%
Investment securities held to maturity	25,960	38,912	(12,952)	-33%
Loans held for sale, at fair value	10,910	9,686	1,224	13%
Loans receivable	645,685	682,349	(36,664)	-5%
Allowance for loan losses	(7,138)	(8,044)	906	-11%
Accrued interest receivable	2,458	2,848	(390)	-14%
Foreclosed real estate, net	2,387	1,537	850	55%
Premises and equipment, net	22,144	22,745	(601)	-3%
Restricted stock investments	2,431	3,766	(1,335)	-35%
Bank owned life insurance	5,377	5,225	152	3%
Deferred income taxes, net	1,747	2,363	(616)	-26%
Prepaid expenses and other assets	6,319	3,748	2,571	69%
	\$ 826,919	\$ 974,233	\$ (147,314)	-15%
LIABILITIES AND STOCKHOLDERS EQUITY				
Deposits	\$ 661,049	\$ 779,506	\$ (118,457)	-15%
Borrowings	35,000	73,500	(38,500)	-52%
Subordinated debentures	20,619	20,619	-	0%
Accounts payable and accrued expenses	4,779	2,155	2,624	122%
Total Liabilities	721,447	875,780	(154,333)	-18%
Common stock	128	128	0	0%
Additional paid-in capital	65,944	65,538	406	1%
Retained earnings	39,445	32,860	6,585	20%
Accumulated comprehensive income (loss)	(45)	(73)	28	-38%
Total Stockholders' Equity	105,472	98,453	7,019	7%
	\$ 826,919	\$ 974,233	\$ (147,314)	-15%

Severn Bancorp, Inc.
Selected Financial Data

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

	Year Ended December 31,		Three Months Ended December 31,	
	2019	2018	2019	2018
Per Share Data:				
Basic earnings per share	\$ 0.66	\$ 0.68	\$ 0.09	\$ 0.21
Diluted earnings per share	\$ 0.65	\$ 0.67	\$ 0.09	\$ 0.20
Average basic shares outstanding	12,780,980	12,585,961	12,798,480	12,719,772
Average diluted shares outstanding	12,855,351	12,697,620	12,859,916	12,835,186
Performance Ratios:				
Return on average assets	0.92%	1.03%	0.54%	1.20%
Return on average equity	8.16%	9.00%	4.60%	10.70%
Net interest margin	3.50%	3.66%	3.26%	3.75%
Efficiency ratio*	72.33%	69.78%	82.17%	66.72%
	December 31, 2019		December 31, 2018	
Asset Quality Data:				
Non-accrual loans	\$ 4,241	\$ 4,657		
Foreclosed real estate	2,387	1,537		
Total non-performing assets	6,628	6,194		
Total non-accrual loans to total loans	0.66%	0.68%		
Total non-accrual loans to total assets	0.51%	0.48%		
Allowance for loan losses	7,138	8,044		
Allowance for loan losses to total loans	1.11%	1.18%		
Allowance for loan losses to total non-accrual loans	168.3%	172.7%		
Total non-performing assets to total assets	0.80%	0.64%		
Non-accrual troubled debt restructurings (included above)	85	446		
Performing troubled debt restructurings	8,858	10,698		
Loan to deposit ratio	97.7%	87.4%		

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