

**2020 First Quarter Earnings and
COVID-19 Response Presentation
April 30, 2020**

Forward Looking Statements

This presentation and statements by the Company's management contains "forward-looking statements" as that phrase is defined in the Private Securities Litigation Reform Act of 1995. Forward looking statements can be identified by words such as "anticipated," "expects," "intends," "believes," "may," "likely," "will" or other statements that indicate future periods. Such statements include, without limitation, statements regarding management's predictions or expectations about future economic conditions, statements about the Company's business or financial performance, as well as management's outlook or expectations for earnings, revenues, expenses, capital levels, liquidity levels, asset quality or other future financial or business performance, strategies or expectations. Such forward-looking statements are based on various assumptions (some of which may be beyond the Company's control) and are subject to risks and uncertainties which change over time and other factors which could cause actual results to differ materially from those currently anticipated. These risks and uncertainties include, but are not limited to: the impact of the recent outbreak of COVID-19 on our business, including the impact of the actions taken by governmental authorities to try and contain the virus or address the impact of the virus on the United States economy (including, without limitation, the Coronavirus Aid, Relief and Economic Security Act, or the CARES Act), and the resulting effect of these items on our operations, liquidity and capital position, and on the financial condition of the Company's borrowers and other customers; conditions in the financial markets and economic conditions generally and in the bank and non-bank financial services industries, nationally and within our local market areas, including the effects of declines in housing markets, an increase in unemployment levels and slowdowns in economic growth; the Company's level of nonperforming assets and the costs associated with resolving problem loans including litigation and other costs; the impact of changes in interest rates; credit quality and strength of underlying collateral; the credit risk associated with the substantial amount of commercial real estate, construction and land development, and commercial and industrial loans in the Company's loan portfolio; the extensive federal and state regulation, supervision and examination governing almost every aspect of the Company's operations and potential expenses associated with complying with such regulations; possible additional loan losses and impairment of the collectability of loans; the Company's ability to comply with applicable capital and liquidity requirements; any impairment of the Company's goodwill or other intangible assets; system failure or cybersecurity breaches of the Company's network security; the Company's ability to recruit and retain key employees; the effects of weather and natural disasters such as floods, droughts, wind, tornadoes and hurricanes as well as effects from geopolitical instability and man-made disasters including terrorist attacks; the effects of any reputation, credit, interest rate, market, operational, legal, liquidity, regulatory and compliance risk resulting from developments related to any of the risks discussed above; litigation and other risks and uncertainties. Additional risks and uncertainties are contained in the "Risk Factors" and forward-looking statements disclosure in the Company's most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. The inclusion of this forward-looking information should not be construed as a representation by us or any person that future events, plans, or expectations contemplated by us will be achieved. Forward-looking statements are as of the date they are made, and the Company does not undertake to update any forward-looking statement, whether written or oral, whether as a result of new information, future events, or otherwise, except as required by law.

Non-GAAP Information

This presentation contains references to financial measures that are not defined in generally accepted accounting principles (“GAAP”). Such non-GAAP financial measures should not be considered in isolation or as a substitute for the most directly comparable or other financial measures calculated in accordance with GAAP. Moreover, the manner in which we calculate the non-GAAP financial measures that we discuss in this press release may differ from that of other companies reporting measures with similar names. You should understand how such other banking organizations calculate their financial measures with names similar to the non-GAAP financial measures we have discussed in this press release when comparing such non-GAAP financial measures.

The Company’s management uses non-GAAP financial measures as management believes that non-GAAP financial measures provide additional useful information that allows readers to evaluate the ongoing performance of the Company and provide meaningful comparison to its peers. Non-GAAP financial measures should not be considered as an alternative to any measure of performance or financial condition as promulgated under GAAP, and investors should consider the Company's performance and financial condition as reported under GAAP and all other relevant information when assessing the performance or financial condition of the Company.

Howard's Investment Value Thesis

- Commercially focused bank, operating in demographically attractive region, leveraging both scale and market position as largest locally owned bank and 3rd largest state headquartered bank in a consolidating industry
- Continued linked quarter growth in the SME commercial loan portfolios (17% C&I annualized), with strong funding from commercial DDA (14% annualized)
- Funding costs dropping faster than loan yields mitigating the macro interest rate environment pressure on net interest margin as does fixed vs floating loan mix
- Asset quality trends consistently improving; significant economic uncertainty and headwinds acknowledged with a significant increase in the allowance providing us with over x coverage of loans and y coverage of troubled assets
- No significant concentrations in individual customer exposures and/or individual highly impacted industries
- Capital Levels (13.16%) in excess of well capitalized provides cushion under multiple stress scenarios
- Exceptionally strong liquidity – on and off balance sheet – and de minimus signs of stress in either deposit withdrawals or line usage

(continued)

Howard's Investment Value Thesis *(continued)*

- Significant participation (797 loans and \$185 million) in the PPP program, will have significant fee upside impact but has also driven customers of larger out of state banks to open relationships. Participation level twice deposit market share.
- Concretely showing fruits of strategically re-organized Business Banking /Branch partnership
- Proactive approach to managing both employee and customer health and safety tangibly well received internally and externally
- Community support of \$100,000+ in additional philanthropy to 7 not for profits makes strong statement of local leadership

COVID-19 Response

HOWARD BANK

410-750-0020 ROUTING #: 055003434

INVESTOR RELATIONS | LOCATIONS | CONTACT US | ABOUT US

BUSINESS PERSONAL BANKING WITH US

We care about **you.**

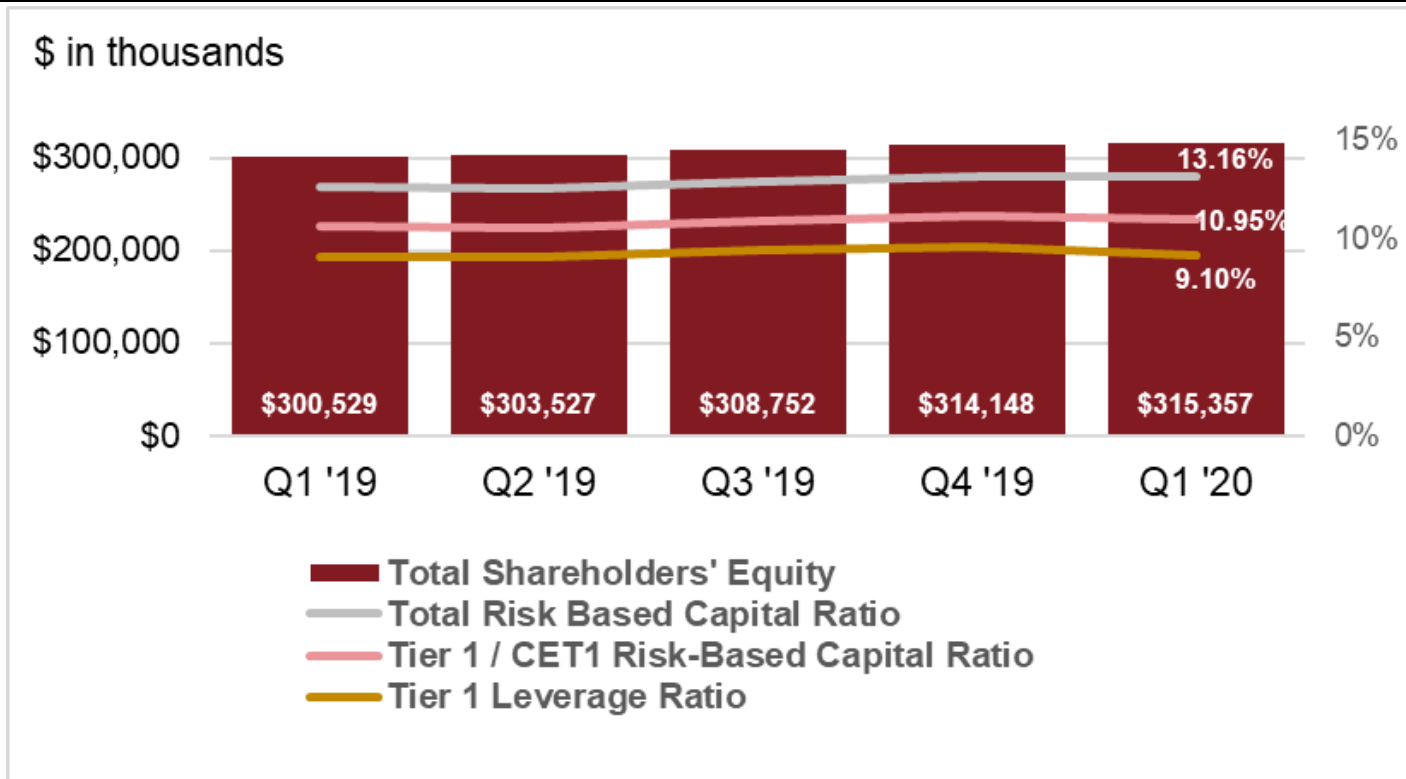
Coronavirus Resource Center

COVID-19: Our Financial State of Readiness

As the reality of COVID-19 evolving into a pandemic became evident in February, we evaluated our state of readiness from the perspective of a position of strength...

- Our earnings outlook was improving and we were seeing momentum in the execution of our strategy
- Our asset quality continued to improve
- Our capital position was strong
- Our customer deposit base represented 67% of our funding with DDA balances 33% of customer deposits
- Our liquidity position was strong with untapped potential to increase contingency funding

Strong Capital Position



- At March 31, 2020, regulatory capital ratios exceed all well-capitalized standards
- Tier 1 leverage decreased to 9.10% in the 1st quarter from 9.55% in 4th quarter 2019
- \$7.0 million stock repurchase program completed on February 24, 2020; a total of 392,565 shares repurchased
- 372,801 shares totaling \$6.7 million repurchased in 2020

Liquidity Position

Available liquidity at March 31, 2020 consisted of the following:

(\$ in millions)

Total cash and cash equivalents	\$ 196
Unpledged available-for-sale securities	152
Federal Home Loan Bank ("FHLB") borrowing availability	122
Federal Reserve ("FRB") discount window borrowing availability	110
Total Available Liquidity	<u>\$ 580</u>

- We started maintaining excess cash reserves in late February but have started shrinking these balances as we increase contingency funding capacity
- We are continuing our efforts to increase borrowing availability at both FHLB and FRB
- Additional liquidity should be available through Federal funds lines and wholesale deposits
- We have been approved for pledging SBA PPP loans to the FRB's Paycheck Protection Program Lending Facility ("PPPLF")
 - We plan to use the PPPLF as a funding source for all PPP loans that will be closed in the second quarter of 2020
 - Once funded, PPP loans will have no impact on the Bank's liquidity or regulatory capital ratios

COVID-19 Response: Protecting Our Employees

Publicly and proactively communicated employee and customer health and safety as first response to Covid 19 challenge :

- Augmented deep cleaning procedures in place at all branch locations and back offices.
- Provided sanitizer, masks and gloves to branch staff working in modified access environment
- Health care policies consistent with FCRA in place since mid March
- Most commercial, back office and support staff working from home since March 18 with robust virtual meeting tools
- Awarded 5 additional paid days off that are available through December 31, 2021 to reward all associates to acknowledge long hours providing extraordinary customer service
- Provided media recognized “ Dinner on us “ evening for all colleagues

Strengthening our Communities

Donations/Pledges since February totaling \$104,000

- Innovation Works
- Maryland Food Bank
- Enoch Pratt Free Library
- Cristo Ray Jesuit High School
- Johns Hopkins Hospital
- Anne Arundel Medical Center
- University Maryland Upper Chesapeake
 - Purchased face shields for hospital staff treating patients with COVID-19
- Partner in Operation: Shop Local
- Local small business owners can submit direct links to their non-essential company's website to purchase gift cards that are redeemable at a later time.
- Re- initiation of Keep it Local Small Business Program
- Named to State Professional Services Task Force to develop recommendations to governor on returning to work policies

Serving our Customers

- Added a webpage with additional resources, relief program details
- Digital banking tools emphasized and reinforced to ensure no conflict between safety and service levels
- Sign up procedures for online commercial banking re designed to facilitate first time access
- 12 of 15 branches (80%) remain open; customers may still use drive through facilities at 9 of 15 (60%) or” call ahead” to schedule appointments to meet with bank personnel to conduct their transactions and to request assistance, products or other services at all 12

Supporting our Customers

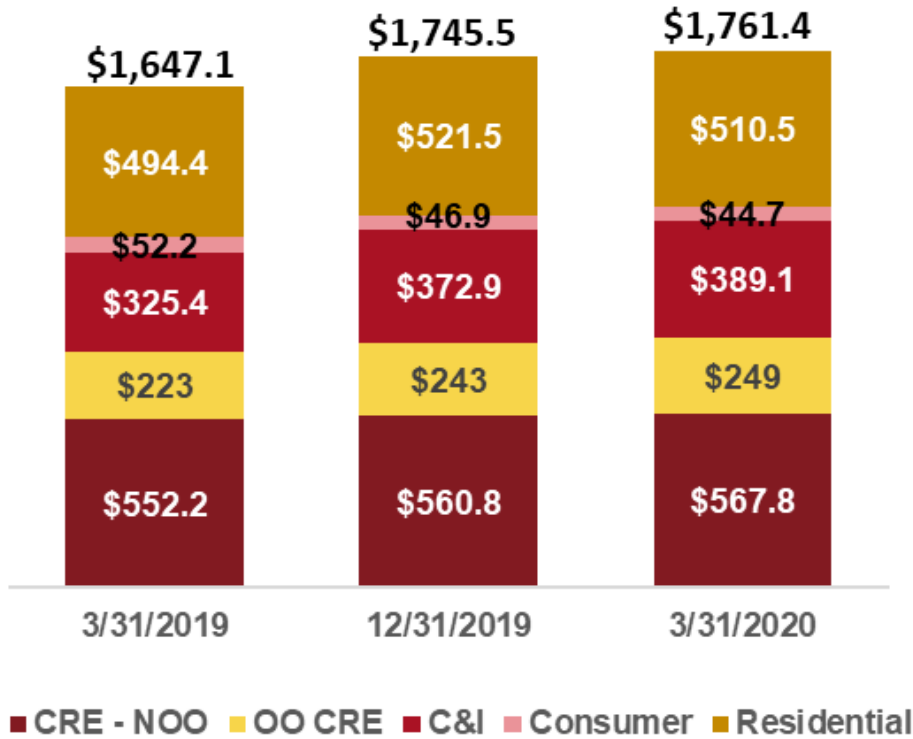
- Immediately granting loan- IO / P&I modifications, primarily in the form of payment deferrals, to qualifying customers
- Suspended all foreclosure actions
- Waived certain service charges and fees
- Participation in the first round of the PPP program exceeded 2X deposit market share
- Took a hands on individually consultative role utilizing multi-functional teams working 16 hours a day, 7 days a week for 4 weeks
- Garnering new customer activity from larger banks despite focus on existing customers

SBA Paycheck Protection Program

- Our focus has been on existing Howard Bank customers
- We began accepting applications on April 3
- First loans were funded on April 15
- We supported our customers in the initial \$349 billion program:
 - Applications received – 856 / total loans approved - 797
 - Total amount of approved loans - \$185 million
 - Average loan size - \$232 thousand
 - Total processing fees estimated to be received from the SBA - \$5.9 million
 - As a % of total amount of approved loans – 3.20%
 - Estimated potential job retention – over 18,000
- Over 150 members of our team (60% of workforce) were involved in this effort to support our customers
- We have been approved by FRB to utilize the Paycheck Protection Program Liquidity Facility (“PPPLF”) and anticipate funding these loans through the PPPLF
- We have commenced continuing to support our customers in the second phase of this initiative starting April 27

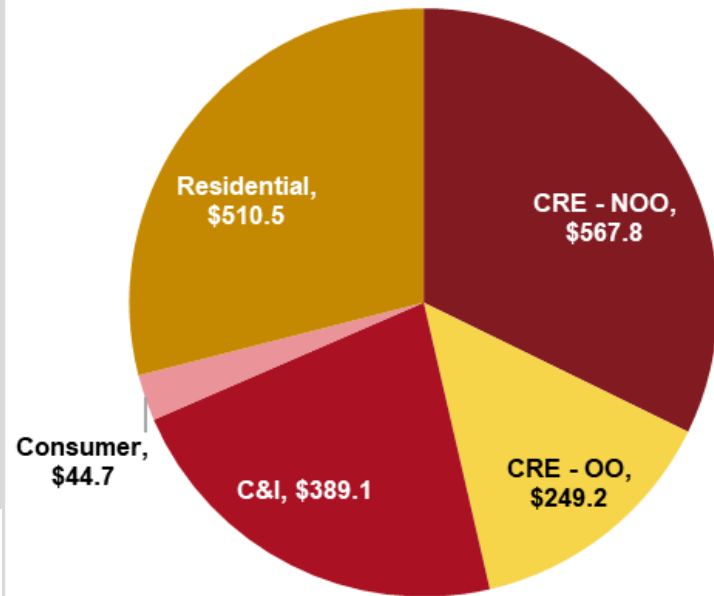
Loan Portfolio Composition

Loan Mix Trend (\$ millions)



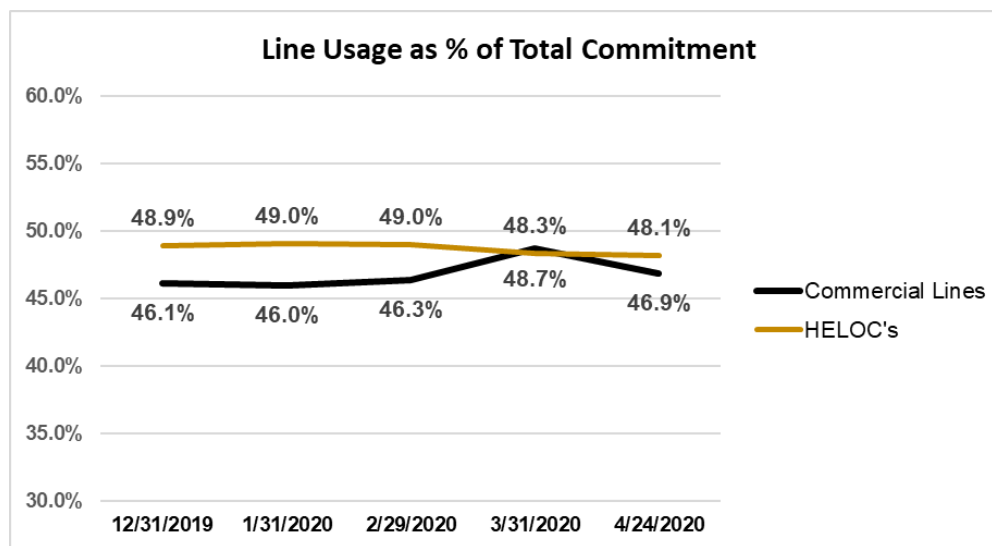
- Our loan portfolio includes 68.5% of commercial loans consistent with successful differentiated positioning as the largest locally headquartered bank in the Greater Baltimore market.

Loan Mix (\$ millions)
3/31/2020



Credit Line Utilization

There has been no significant fluctuation in either line usage or available Commercial and HELOC lines since 12/31/19.



Unused Lines and Unfunded Commitments

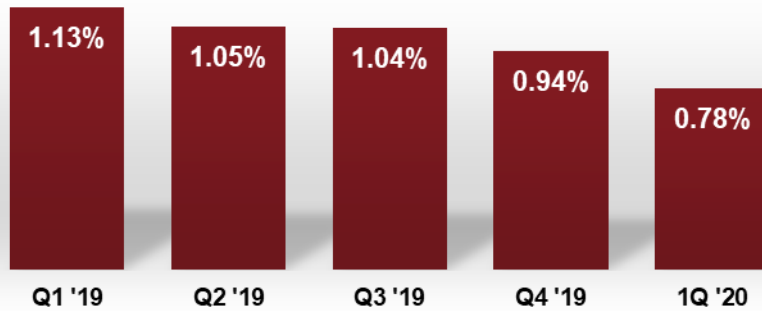
(\$ in millions)	12/31/2019	1/31/2020	2/29/2020	3/31/2020	4/24/2020
Commercial Lines	\$ 193	\$ 189	\$ 187	\$ 177	\$ 186
Construction	52	51	60	67	65
HELOC's	73	72	71	72	71
Other Consumer	4	4	4	4	4
Total	\$ 322	\$ 315	\$ 322	\$ 321	\$ 326

Credit Culture / Underwriting Standards

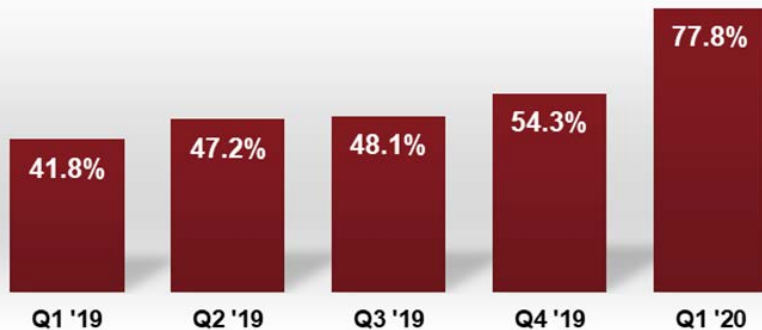
- Strong credit culture built off experienced, credit-trained loan officers charged with generation of quality assets
- Credit bench is deep and tenured with several members > 20 years of experience with institutions such as PNC, M&T, Mercantile, Wells Fargo, and Truist
- Bank is focused on building long-standing relationships, not just transactions, with local sponsors well-known to management
- We principally lend in our markets where we have a physical presence
- Global underwriting employed including all contingent liabilities
- Non-recourse is the exception / employed for instances of superior operating metrics
- We have a strong Construction Administration Department and independent third party inspections required for construction draws
- Management Loan Committee approves all transactions >\$3,000,000; Credit sign-off required for all transactions > \$1,500,000
- Cash flow lenders - DSC guidelines / cash flow supported by collateral
- LTV guidelines / Significant reliance on personal guarantees
- Our Special Assets Team is tenured and battle-tested with a proven track record of problem resolution and capital preservation

Improving Asset Quality

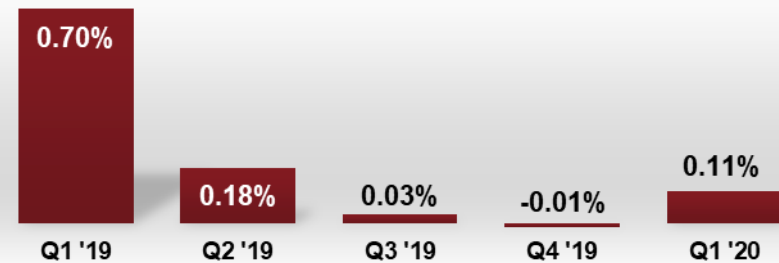
NPA's / Total Assets (%) ⁽¹⁾



Allowance / NPL's (%) ⁽¹⁾



NCO's / Average Loans ⁽²⁾



- Actively managing acquired portfolio NPA's
- Experienced credit and asset workout teams
- Credit team continually evaluates the portfolio

(1) NPAs include NPLs plus OREO. NPLs include nonaccruals and troubled debt restructurings.

(2) Net charge offs ("NCOs" Annualized) / Average Loans for the three months ended in each respective quarter.

Loan Modifications for Borrowers

Our loan modifications to qualified borrowers have consisted primarily of interest-only and P&I deferrals, generally for periods of 2-3 months but for as long as 6 months. Balances modified in the following tables are in millions:

As of March 31, 2020	
Total Modifications:	
• Accounts modified	123
• Balances modified	\$ 100.8
• % of total portfolio	5.7%
Commercial / CRE:	
• Accounts modified	75
• Balances modified	\$ 87.4
• % of total portfolio	7.2%
Consumer:	
• Accounts modified	48
• Balances modified	\$ 13.4
• % of total portfolio	2.4%

As of April 24, 2020	
Total Modifications:	
• Accounts modified	349
• Balances modified	\$ 314.7
• % of total portfolio	17.9%
Commercial / CRE:	
• Accounts modified	205
• Balances modified	\$ 273.8
• % of total portfolio	22.7%
Consumer:	
• Accounts modified	144
• Balances modified	\$ 40.9
• % of total portfolio	7.4%

Potential Highly Impacted Loan Sectors

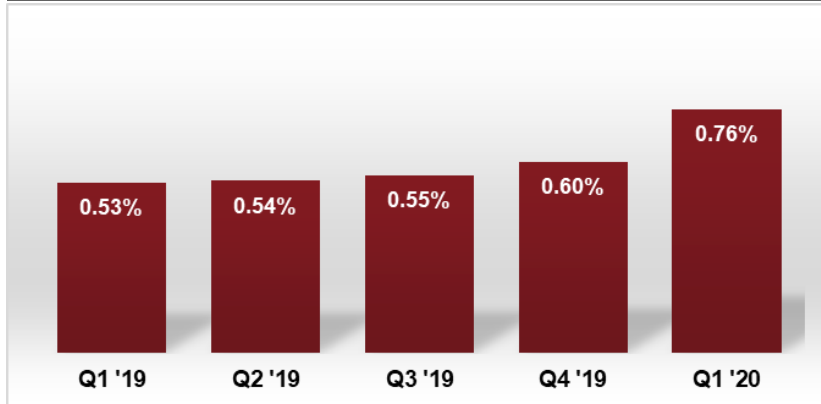
The following table presents the industry segments within our loan portfolio that may be most highly impacted by COVID-19 (loans balances are at March 31, 2020; loan modification and SBA PPP balances are as of April 24, 2020; \$ in millions):

Loan Category	Loan Balance	As % of Total Loans	Total Exposure	As % of Total Exposure	Balance with Modifications	As % of Loan Category	SBA PPP Loan Relief	As % of Loan Category
CRE - retail	\$ 109.8	6.2%	\$ 112.0	5.3%	\$ 21.5	19.6%	\$ -	0.0%
Hotels	61.5	3.5%	67.0	3.2%	53.5	87.0%	0.9	1.5%
CRE - residential rental	50.3	2.9%	51.4	2.4%	10.9	21.7%	-	0.0%
Nursing and residential care	39.8	2.3%	46.3	2.2%	-	0.0%	1.8	4.5%
Retail trade	26.3	1.5%	37.3	1.8%	1.1	4.2%	6.3	24.0%
Restaurants and caterers	26.1	1.5%	29.0	1.4%	19.5	74.7%	8.9	34.1%
Religious and similar organizations	27.6	1.6%	28.6	1.4%	2.9	10.5%	2.7	9.8%
Arts, entertainment, and recreation	16.2	0.9%	18.5	0.9%	14.5	89.5%	1.3	8.0%
Total - selected categories	<u>\$ 357.6</u>	20.3%	<u>\$ 390.1</u>	18.6%	<u>\$ 123.9</u>	34.6%	<u>\$ 21.9</u>	6.1%

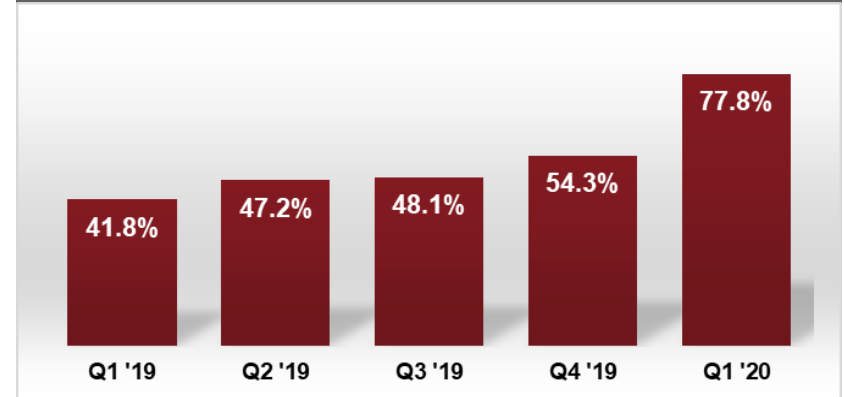
- De minimis exposure to Energy, Travel, Transportation & Aerospace, Trucking
- Modifications in the above sectors represent 45% of total commercial / CRE loan modifications
- SBA PPP relief in the above sectors represents only 12% of total PPP approvals

Rationale for Our Increase in the Allowance

Allowance / Loans (%)



Allowance / NPL's (%) ⁽¹⁾



(1) NPL's include nonaccruals and troubled debt restructurings.

- The rolling average loss rate used in our incurred loss allowance model actually decreased in Q1 '20 to 0.25% from 0.29% in Q4 '19.
- In addition, a charge-off of loans to one commercial customer during the quarter eliminated a specific allocation of the allowance recorded in Q4 '19.
- No specific allocations were required during the quarter.

- Rapid and widespread business interruptions and shutdowns as well as sharp increase in unemployment rate in our local market by the end of the quarter warranted a hard look at the adequacy of our allowance.
- Risk of a recession has increased; while loan modification and PPP loan assistance will reduce short-term risks in the portfolio, we expect risk rating downgrades and potential increases in charge-offs in future periods
- Allowance increased on average by 20 basis points through our qualitative factors, primarily economic conditions.
- \$3.4 million provision / \$3.0 million increase in 3/31/20 allowance over 12/31/19 level.

Stress Test / Loss Absorption Capacity

A capital / ALLL stress test for the Bank was performed by a third party in June 2019. This stress test used a cumulative 9-quarter “Severe Adverse Case” loan loss rate of 3.9%. In order to add further stress, we:

- Assumed a 20% higher loss rate.
- Assumed our average quarterly 2019 pre-provision net revenue and then reduced it by 20%.

(\$ in millions)

	3/31/2020	Target Minimum	Excess Capital *	6/30/2022	Excess Capital *
Regulatory Capital Ratios					
• Leverage ratio	10.25%	7.00%	\$ 73.6	8.69%	\$ 38.3
• Tier 1 capital ratio	12.35%	9.00%	\$ 62.9	10.47%	\$ 27.6
• Total capital ratio	13.06%	11.00%	\$ 38.8	11.19%	\$ 3.5

The results indicate that the Bank would maintain regulatory capital ratios in excess of “well capitalized”

	3/31/2020 Capital	Credit Losses	PPNR	Taxes / Other	6/30/2022 Capital
Regulatory Capital:					
• Tier 1 capital	\$ 231.9	\$ (82.4)	\$ 47.2	\$ -	\$ 196.6
• Tier 2 capital	13.4	-	-	-	13.4
• Total regulatory capital	<u>\$ 245.3</u>	(82.4)	47.2	-	<u>\$ 210.0</u>
Risk-weighted assets	\$ 1,877.6				\$ 1,877.6
Average total assets	\$ 2,261.8				\$ 2,261.8

Assumptions:

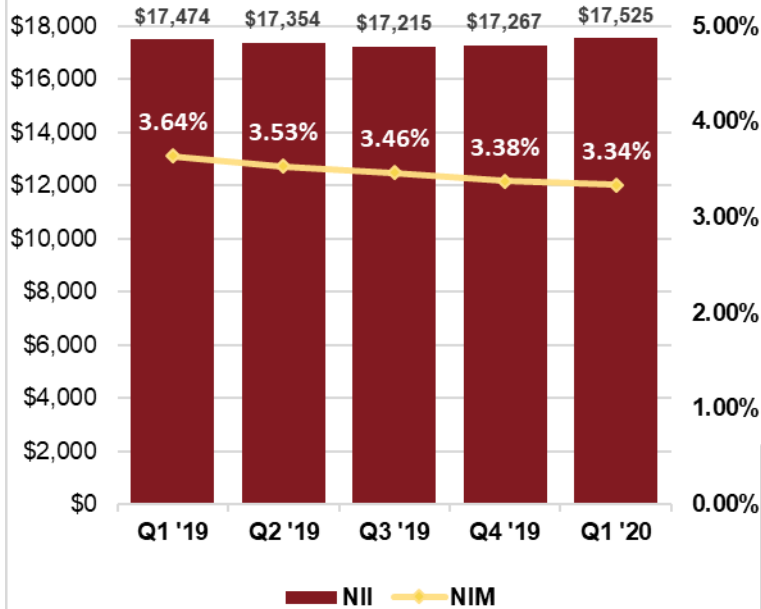
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|---|------------|---|---------|
| • Loan portfolio | \$ 1,761.4 | • Pre-provision net revenue ("PPNR") (2019) | \$ 26.2 |
| • Cumulative 9-quarter loss rate | 3.90% | • Quarterly PPNR (2019) | \$ 6.6 |
| • Increased loss rate | 20% | • Cumulative 9-Quarter PPNR | \$ 59.0 |
| • Stress-adjusted PPNR | 4.68% | • Stress discount % | 20% |
| • Cumulative credit losses = provision for credit losses | | • Stress-adjusted PPNR | \$ 47.2 |
| • Risk-weighted assets and average total assets are unchanged | | • No tax benefit (for conservatism) | |

* Excess capital represents capital in excess of the target minimum that is available to absorb unexpected losses

This is a stress test only, and not a forecast of future expectations or performance

NIM Trends

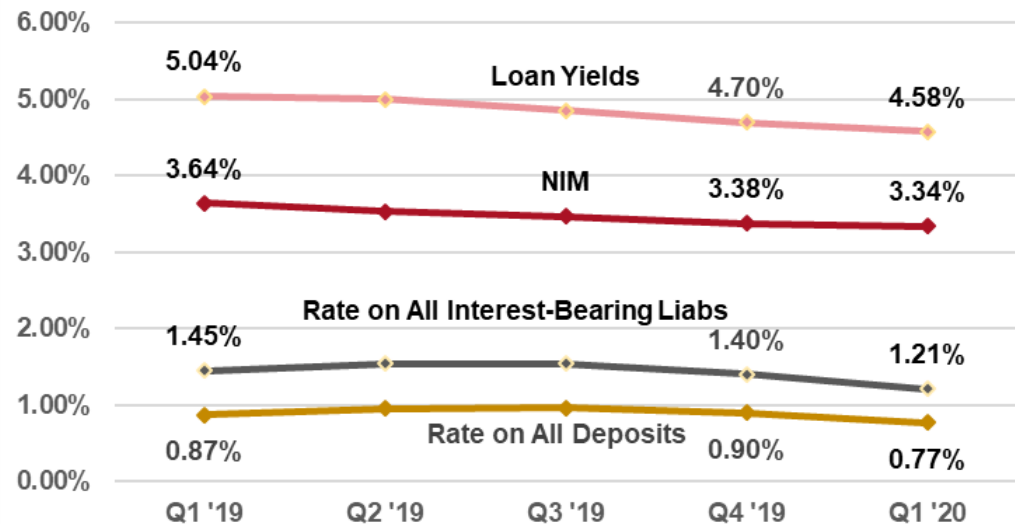
Net Interest Income and NIM



- Our change in funding mix led to a decrease in interest expense which more than offset the reduction in interest income from Q4 '19 to Q1 '20
- Mix of fixed rate loan assets provides protection against declining rate environment as does rising percentage of low cost transaction deposits

- NIM decreased 4 bps vs 4Q '19
- +19bps reduced cost of interest-bearing liabilities
- -17bps earning asset yields
- -6bps effect of noninterest-bearing deposits

Net Interest Margin



Earnings Snapshot

REPORTED NET INCOME AND EPS

(\$ in thousands)	Q1 2020	Q4 2019	Q1 2019	Vs. Prior Qtr	Vs. Prior Yr
Net interest income	\$ 17,525	\$ 17,267	\$ 17,474	\$ 258	\$ 51
Noninterest income	3,366	5,625	4,535	(2,259)	(1,169)
Total revenue	20,891	22,892	22,009	(2,001)	(1,118)
Noninterest expense	14,559	14,362	14,857	197	(298)
Pre-provision net revenue ("PPNR") ⁽¹⁾	6,332	8,530	7,152	(2,198)	(820)
Provision for credit losses	3,445	750	1,725	2,695	1,720
Pretax income	2,887	7,780	5,427	(4,893)	(2,540)
Income tax expense (benefit)	(456)	1,880	1,171	(2,336)	(1,627)
Net income	<u>\$ 3,343</u>	<u>\$ 5,900</u>	<u>\$ 4,256</u>	<u>\$ (2,557)</u>	<u>\$ (913)</u>
Diluted EPS	<u>\$ 0.18</u>	<u>\$ 0.31</u>	<u>\$ 0.22</u>	<u>\$ (0.13)</u>	<u>\$ (0.05)</u>

CORE⁽²⁾ NET INCOME AND EPS

(\$ in thousands)	Q1 2020	Q4 2019	Q1 2019	Vs. Prior Qtr	Vs. Prior Yr
Net interest income	\$ 17,382	\$ 17,103	\$ 17,327	\$ 279	\$ 55
Noninterest income	1,941	2,176	2,590	(235)	(649)
Total revenue	19,323	19,279	19,917	44	(594)
Noninterest expense	12,333	12,644	12,703	(311)	(370)
Pre-provision net revenue ("PPNR") ⁽¹⁾	6,990	6,635	7,214	355	(224)
Provision for credit losses	3,445	750	1,725	2,695	1,720
Pretax income	3,545	5,885	5,489	(2,340)	(1,944)
Income tax expense (benefit)	899	1,368	1,188	(470)	(289)
Net income	<u>\$ 2,646</u>	<u>\$ 4,517</u>	<u>\$ 4,301</u>	<u>\$ (1,870)</u>	<u>\$ (1,655)</u>
Diluted EPS	<u>\$ 0.14</u>	<u>\$ 0.24</u>	<u>\$ 0.23</u>	<u>\$ (0.10)</u>	<u>\$ (0.09)</u>

(1) *Pre-provision net revenue is a non-GAAP financial measure that adds back the provision for credit losses to GAAP pretax income. See the GAAP to non-GAAP Reconciliation at the end of this presentation for more details.*

(2) *"Core" is a non-GAAP measure that excludes the earnings contribution of the Company's mortgage banking activities and infrequently occurring items. See the GAAP to Non-GAAP Reconciliation at the end of this presentation for more details..*

Profitability Measures

Reported (\$ in thousands)	Q1 2020	Q4 2019	Q1 2019	Vs. Prior Qtr	Vs. Prior Yr
Pre-provision net revenue ("PPNR") ⁽¹⁾	\$ 6,332	\$ 8,530	\$ 7,152	\$ (2,198)	\$ (820)
Net income	\$ 3,343	\$ 5,900	\$ 4,256	\$ (2,557)	\$ (913)
EPS - diluted	\$ 0.18	\$ 0.31	\$ 0.22	\$ (0.13)	\$ (0.05)
Efficiency ratio	69.69 %	62.74 %	69.24 %	6.95 %	0.45 %
Return on average common equity	4.27 %	7.51 %	6.00 %	(3.24) %	(1.73) %
Return on average assets	0.57 %	1.02 %	0.82 %	(0.45) %	(0.25) %
Return on average assets, net of CDI expense ⁽²⁾	0.65 %	1.11 %	0.92 %	(0.46) %	(0.26) %

Core ⁽³⁾ (\$ in thousands)	Q1 2020	Q4 2019	Q1 2019	Vs. Prior Qtr	Vs. Prior Yr
Pre-provision net revenue ("PPNR") ⁽¹⁾	\$ 6,990	\$ 6,635	\$ 7,214	\$ 355	\$ (224)
Net income	\$ 2,646	\$ 4,517	\$ 4,301	\$ (1,870)	\$ (1,655)
EPS - diluted	\$ 0.14	\$ 0.24	\$ 0.23	\$ (0.10)	\$ (0.09)
Efficiency ratio	63.83 %	65.58 %	62.46 %	(1.76) %	1.36 %
Return on average common equity	3.38 %	5.75 %	6.34 %	(2.37) %	(2.96) %
Return on average assets	0.45 %	0.78 %	0.87 %	(0.33) %	(0.42) %
Return on average assets, net of CDI expense	0.54 %	0.87 %	0.96 %	(0.34) %	(0.43) %

- (1) *Pre-provision net revenue ("PPNR"), is a non-GAAP financial measure that adds back the provision for credit losses to GAAP pretax income. See the GAAP to non-GAAP Reconciliation at the end of this presentation for more details.*
- (2) *"Return on average assets, net of CDI expense" is a non-GAAP measure. See the GAAP to non-GAAP Reconciliation at the end of this presentation for more details.*
- (3) *"Core" is a non-GAAP measure that excludes the earnings contribution of the Company's mortgage banking activities and infrequently occurring items. See the GAAP to Non-GAAP Reconciliation at the end of this presentation for more details.*

Balance Sheet Comments

- Cash and equivalents increased during the quarter by \$86.0 million to \$196.0 million at end of Q1 '20
- Available-for-sale securities increased during the quarter by \$62.4 million or 26.3%, to \$299.8 million; funded by incremental FHLB advances
- We continue to increase our contingency funding capacity and will reduce our excess cash position by mid-May
- Loans increased by \$15.9 million or 3.7% annualized during Q1 '20 primarily driven by commercial, up \$16.2 million (17.2% annualized) and by commercial real estate, up \$11.0 million (6.4% annualized)
- Loan originations were strong and totaled \$79.5 million in Q1 '20 with \$66.0 million in commercial originations.
- Deposit transaction account balances totaled \$657.2 million and increased by \$4.8 million or 3.1% annualized in Q1'20; represent 45.5% of total customer deposits at end of Q1 '20 compared to 44.2% at end of Q4 '19.
- Book value per share was \$16.85 at the end Q1 '20 vs \$16.48 at the end of Q4 '19.
- Tangible book value per share was \$12.91 at the end of Q1 '20 vs.\$12.57 at the end of Q4 '19.
- We completed our \$7.0 million share buyback program on February 24, 2020 (372,801 shares repurchased in Q1 '20 and 392,565 total shares repurchased at average cost of \$17.83 per share).

Mortgage Banking Update

- We substantially completed the previously announced exit of our mortgage banking activities during the first quarter
 - All loans in the mortgage pipeline have been processed and funded
 - Remaining loans held for sale at March 31, 2020 (\$3.8 million) to be sold in April
 - No remaining employees
- The following table presents the contribution to our net income for the following periods (note that full year 2019 data is from Note 2: Exit of Mortgage Banking Activities in our 2019 Form 10-K):

<i>(\$ in thousands)</i>	Q1 2020	Q4 2019	Q1 2019	Vs. Prior Qtr	Vs. Prior Yr	Yr Ended 12/31/19
Net interest income	\$ 143	\$ 164	\$ 147	\$ (21)	\$ (4)	\$ 681
Noninterest income	1,425	2,699	1,945	(1,274)	(520)	10,628
Total revenue	1,568	2,863	2,092	(1,295)	(524)	11,309
Noninterest expenses	1,438	2,056	2,154	(618)	(716)	9,035
Pretax contribution	130	807	(62)	(677)	192	2,274
Income tax expense	36	218	(17)	(182)	53	626
After tax contribution	\$ 94	\$ 589	\$ (45)	\$ (495)	\$ 139	\$ 1,648
EPS - diluted	\$ 0.00	\$ 0.03	\$ (0.00)	\$ (0.03)	\$ 0.01	\$ 0.09

- Activity included \$77 million of originations for sale / \$106 million of secondary market sales, and \$11 million of originations for the bank's loan portfolio
- We are currently negotiating investor agreements that may provide a future flow of new mortgage originations

Reiterating Our Value Proposition

- Original unique positioning further strengthened by marketplace reaction to PPP program process and performance
- Building on tangible growth and funding strengths exhibited earlier in the quarter
- Well-prepared and positioned for once in a century exogenous shock-safety, customer access, diversified portfolios, expanded allowance, liquidity, capital
- Breadth and depth of team demonstrated in resilience
- Retaining, rewarding deep bench of experienced bankers and attracting new talent including in contiguous market

APPENDIX

Quarterly Financial Performance

Howard Bancorp, Inc. and Subsidiary

Selected Financial Data

(in thousands except per share data)

	THREE MONTHS ENDED				
	March 31, 2020	December 31, 2019	March 31, 2019	Vs Q4	Vs Q1
Income Statement Data:					
Interest income	\$ 22,226	\$ 22,550	\$ 22,784	\$ (324)	\$ (558)
Interest expense	4,701	5,283	5,310	(582)	(609)
Net interest income	17,525	17,267	17,474	258	51
Provision for credit losses	3,445	750	1,725	2,695	1,720
Net interest income after provision for credit losses	14,080	16,517	15,749	(2,437)	(1,669)
Noninterest income	3,366	5,625	4,535	(2,259)	(1,169)
Noninterest expense	14,559	14,362	14,857	197	(298)
Income before income taxes	2,887	7,780	5,427	(4,893)	(2,540)
Income tax expense (benefit)	(456)	1,880	1,171	(2,336)	(1,627)
Net income	\$ 3,343	\$ 5,900	\$ 4,256	\$ (2,557)	\$ (913)
Per Share Data and Shares Outstanding:					
Net income per common share - basic	\$ 0.18	\$ 0.31	\$ 0.22	\$ (0.13)	\$ (0.05)
Net income per common share - diluted	\$ 0.18	\$ 0.31	\$ 0.22	\$ (0.13)	\$ (0.05)
Book value per common share, at period end	\$ 16.85	\$ 16.48	\$ 15.77	\$ 0.37	\$ 1.08
Tangible book value per common share, at period end (1)	\$ 12.91	\$ 12.57	\$ 11.75	\$ 0.34	\$ 1.17
Average common shares outstanding	18,867	19,080	19,053	(213)	(186)
Diluted average common shares outstanding	18,915	19,083	19,067	(168)	(152)
Shares outstanding, at period end	18,715	19,067	19,059	(352)	(345)
Balance Sheet Data:					
Total assets	\$ 2,507,894	\$ 2,374,619	\$ 2,250,559	\$ 133,275	\$ 257,335
Total loans and leases, net of unearned income	1,761,419	1,745,513	1,647,178	15,906	114,241
Allowance for credit losses	13,384	10,401	8,754	2,983	4,630
Other interest-earning assets	483,553	365,102	324,343	118,451	159,210
Total deposits	1,788,899	1,714,365	1,673,468	74,534	115,431
Total borrowings	377,612	319,368	250,363	58,244	127,249
Common and total stockholders' equity	315,357	314,148	300,529	1,209	14,828
Average total assets	2,369,847	2,292,369	2,217,147	77,478	152,700
Average common and total stockholders' equity	314,805	311,777	297,513	3,028	17,292

(1) This is a non-GAAP measure. See the GAAP to Non-GAAP Reconciliation at the end of the financial statements.

Quarterly Financial Performance (continued)

Howard Bancorp, Inc. and Subsidiary

Selected Financial Data

(in thousands except per share data)

	THREE MONTHS ENDED				
	March 31, 2020	December 31, 2019	March 31, 2019	Vs Q4	Vs Q1
Selected Performance Ratios:					
Return on average assets (2)	0.57 %	1.02 %	0.78 %	(0.45) %	(0.21) %
Return on average common equity (2)	4.27 %	7.51 %	5.80 %	(3.24) %	(1.53) %
Net interest margin (2),(3)	3.34 %	3.38 %	3.64 %	(0.04) %	(0.30) %
Efficiency ratio (4)	69.69 %	62.74 %	67.50 %	6.95 %	2.19 %
Asset Quality Ratios:					
Nonperforming loans to total loans	0.98 %	1.10 %	1.27 %	(0.12) %	(0.29) %
Nonperforming assets to total loans and OREO	1.11 %	1.27 %	1.53 %	(0.16) %	(0.43) %
Nonperforming assets to total assets	0.78 %	0.94 %	1.13 %	(0.16) %	(0.35) %
Allowance for credit losses to total loans	0.76 %	0.60 %	0.53 %	0.16 %	0.23 %
Allowance for credit losses to nonperforming loans	77.80 %	54.33 %	41.81 %	23.47 %	35.99 %
Net chargeoffs to average loans (2)	0.11 %	(0.01) %	0.70 %	0.12 %	(0.60) %
Capital Ratios (Bancorp):					
Tier 1 capital to average assets (leverage ratio)	9.10 %	9.55 %	9.04 %	(0.45) %	0.06 %
Common equity tier 1 capital to risk-weighted assets	10.95 %	11.09 %	10.58 %	(0.14) %	0.37 %
Tier 1 capital to risk-weighted assets	10.95 %	11.09 %	10.58 %	(0.14) %	0.37 %
Total capital to risk-weighted assets	13.16 %	13.14 %	12.62 %	0.02 %	0.54 %
Average equity to average assets	13.28 %	13.60 %	13.42 %	(0.32) %	(0.13) %

(2) Annualized

(3) Net interest income divided by average earning assets

(4) Noninterest expense divided by the sum of net interest income and noninterest income

Earning Asset Yields

Howard Bancorp, Inc. and Subsidiary
Average Balances, Yields, and Rates
(in thousands)

	Three Months Ended March 31, 2020			Three Months Ended December 31, 2019			Three Months Ended March 31, 2019			Change Prior Qtr	Change Prior Yr
	Average Balance	Income / Expense	Yield / Rate	Average Balance	Income / Expense	Yield / Rate	Average Balance	Income / Expense	Yield / Rate		
Earning assets											
Loans and leases:											
Commercial loans and leases	\$ 377,198	\$ 4,304	4.59 %	\$ 381,463	\$ 4,528	4.71 %	\$ 329,393	\$ 4,225	5.20 %	(0.12) %	(0.61) %
Commercial real estate	690,930	8,446	4.92	679,767	8,426	4.92	649,913	8,110	5.06	(0.00)	(0.14)
Construction and land	131,489	1,463	4.47	120,617	1,574	5.18	126,719	1,822	5.83	(0.70)	(1.36)
Residential real estate	509,034	5,244	4.14	488,505	5,228	4.25	480,694	5,571	4.70	(0.10)	(0.56)
Consumer	45,664	520	4.58	46,232	578	4.96	53,687	647	4.89	(0.38)	(0.31)
Total loans and leases	<u>1,754,315</u>	<u>19,978</u>	4.58	<u>1,716,584</u>	<u>20,334</u>	4.70	<u>1,640,406</u>	<u>20,376</u>	5.04	(0.12)	(0.46)
Securities available for sale:											
U.S Gov agencies	70,831	492	2.79	71,675	495	2.74	111,417	762	2.77	0.05	0.02
Mortgage-backed	151,399	978	2.60	110,039	796	2.87	89,583	727	3.29	(0.27)	(0.69)
Corporate debentures	5,523	92	6.73	4,748	83	6.96	3,001	62	8.39	(0.23)	(1.66)
Total available for sale securities	<u>227,752</u>	<u>1,562</u>	2.76	<u>186,462</u>	<u>1,374</u>	2.92	<u>204,001</u>	<u>1,551</u>	3.08	(0.17)	(0.33)
Securities held to maturity	7,750	112	5.83	9,728	148	6.05	9,250	143	6.25	(0.22)	(0.42)
FHLB Atlanta stock, at cost	15,708	174	4.46	11,556	167	5.74	10,276	162	6.39	(1.28)	(1.93)
Loans held for sale	18,424	166	3.63	37,500	339	3.59	16,552	191	4.68	0.05	(1.05)
Interest bearing deposits in banks	84,860	234	1.11	65,216	186	1.13	67,459	362	2.18	(0.02)	(1.07)
Total earning assets	<u>2,108,809</u>	<u>22,226</u>	4.24 %	<u>2,027,046</u>	<u>22,549</u>	4.41 %	<u>1,947,943</u>	<u>22,784</u>	4.74 %	(0.17) %	(0.50) %
Cash and due from banks	13,610			14,205			14,647				
Bank premises and equipment, net	42,689			42,813			45,016				
Other assets	215,459			218,036			219,480				
Less: allowance for credit losses	<u>(10,719)</u>			<u>(9,731)</u>			<u>(9,965)</u>				
Total assets	<u>\$2,369,848</u>			<u>\$2,292,369</u>			<u>\$2,217,121</u>				

Funding Rates and NIM

Howard Bancorp, Inc. and Subsidiary

Average Balances, Yields, and Rates

(in thousands)

	Three Months Ended March 31, 2020			Three Months Ended December 31, 2019			Three Months Ended March 31, 2019			Change Prior Qtr	Change Prior Yr
	Average Balance	Income / Expense	Yield / Rate	Average Balance	Income / Expense	Yield / Rate	Average Balance	Income / Expense	Yield / Rate		
Interest-bearing liabilities											
Deposits:											
Interest-bearing demand accounts	\$ 183,305	\$ 157	0.34 %	\$ 185,278	\$ 189	0.40 %	\$ 225,552	\$ 293	0.53 %	(0.06) %	(0.18) %
Money market	368,779	706	0.77	357,617	771	0.86	356,057	613	0.70	(0.09)	0.07
Savings	133,577	45	0.13	131,847	62	0.19	137,722	58	0.17	(0.05)	(0.04)
Time deposits	523,980	2,302	1.77	565,213	2,810	1.97	528,017	2,600	2.00	(0.20)	(0.23)
Total interest-bearing deposits	1,209,641	3,210	1.07	1,239,955	3,831	1.23	1,247,348	3,564	1.16	(0.16)	(0.09)
Borrowings:											
FHLB advances	320,868	1,025	1.29	223,902	978	1.73	195,311	1,254	2.60	(0.45)	(1.32)
Fed funds and repos	6,665	4	0.27	4,912	2	0.19	14,471	13	0.36	0.08	(0.09)
Subordinated debt	28,258	461	6.56	28,210	470	6.62	28,077	479	6.92	(0.06)	(0.36)
Total borrowings	355,791	1,491	1.69	257,024	1,450	2.24	237,859	1,746	2.98	(0.55)	(1.29)
Total interest-bearing funds	1,565,432	4,701	1.21 %	1,496,979	5,282	1.40 %	1,485,207	5,310	1.45 %	(0.19) %	(0.24) %
Noninterest-bearing deposits	464,701			457,748			418,816				
Other liabilities	24,909			25,866			15,586				
Total liabilities	2,055,042			1,980,592			1,919,609				
Stockholders' equity	314,805			311,777			297,513				
Total liabilities & equity	\$2,369,848			\$2,292,369			\$2,217,122				
Net interest rate spread (1)		\$17,526	3.03 %		\$17,267	3.01 %		\$17,474	3.29 %	0.02 %	(0.26) %
Effect of noninterest-bearing funds			0.31			0.37			0.34	(0.05)	(0.03)
Net interest margin on earning assets (2)			3.34 %			3.38 %			3.64 %	(0.04) %	(0.30) %

(1) The difference between the annualized yield on average total earning assets and the annualized cost of average total interest-bearing liabilities

(2) Annualized net interest income divided by average total earning assets

GAAP to Non-GAAP Reconciliation

Howard Bancorp, Inc. and Subsidiary
GAAP TO NON-GAAP RECONCILIATION
 (in thousands except per share data)

	FOR THE THREE MONTHS ENDED			Prior Qtr \$ / %	Prior Yr \$ / %
	March 31, 2020	December 31, 2019	March 31, 2019		
CORE NET INCOME AND EPS:					
Net income (GAAP)	\$ 3,343	\$ 5,900	\$ 4,256	\$ (2,557)	\$ (913)
Adjustments:					
Mortgage banking activities:					
Net interest income	(143)	(164)	(147)		
Noninterest income	(1,425)	(2,699)	(1,945)		
Noninterest expenses	1,438	2,056	2,154		
Total pretax - mortgage banking activities	(130)	(807)	62	677	(192)
Infrequently occurring items:					
Securities gains	-	-	-		
Proceeds from agreement to exit mortgage banking activities	-	(750)	-		
Prepayment penalty - FHLB advances	-	-	-		
Branch optimization charge	-	(338)	-		
Litigation settlement	-	-	-		
CFO departure	788	-	-		
Total pretax - infrequently occurring items	788	(1,088)	-	1,876	788
Total pretax adjustments	658	(1,895)	62	2,553	596
Income tax expense (benefit) of adjustments	178	(512)	17		
Total pretax adjustments, net of tax	480	(1,383)	45	1,864	435
Less: One-time benefit of NOL carryback (CARES Act)	(1,177)	-	-		
Core net income (Non-GAAP)	\$ 2,646	\$ 4,517	\$ 4,301	\$ (1,870)	\$ (1,655)
Diluted EPS (GAAP)	\$ 0.18	\$ 0.31	\$ 0.22	\$ (0.13)	\$ (0.05)
Total Adjustments	(0.04)	(0.07)	0.00		
Core diluted EPS (Non-GAAP)	\$ 0.14	\$ 0.24	\$ 0.23	\$ (0.10)	\$ (0.09)
PRE-PROVISION NET REVENUE:					
Net income (GAAP)	\$ 3,343	\$ 5,900	\$ 4,256	\$ (2,557)	\$ (913)
Plus: provision for credit losses	3,445	750	1,725		
Plus: income tax expense	(456)	1,880	1,171		
Pre-provision net revenue (Non-GAAP)	\$ 6,332	\$ 8,530	\$ 7,152	\$ (2,198)	\$ (820)
Total core pretax adjustments	658	(1,895)	62		
Core pre-provision net revenue (Non-GAAP)	\$ 6,990	\$ 6,635	\$ 7,214	\$ 355	\$ (224)

GAAP to Non-GAAP Reconciliation

Howard Bancorp, Inc. and Subsidiary
GAAP TO NON-GAAP RECONCILIATION
(in thousands except per share data)

	FOR THE THREE MONTHS ENDED			Prior Qtr \$ / %	Prior Yr \$ / %
	March 31, 2020	December 31, 2019	March 31, 2019		
EFFICIENCY RATIO:					
Net interest income (GAAP)	\$ 17,525	\$ 17,267	\$ 17,474	\$ 258	\$ 51
Adjustments:					
Mortgage banking activities	(143)	(164)	(147)		
Core net interest income (Non-GAAP)	<u>\$ 17,382</u>	<u>\$ 17,103</u>	<u>\$ 17,327</u>	\$ 279	\$ 55
Noninterest income (GAAP)	\$ 3,366	\$ 5,625	\$ 4,535	\$ (2,259)	\$ (1,169)
Adjustments:					
Mortgage banking activities	(1,425)	(2,699)	(1,945)		
Securities gains	-	-	-		
Proceeds from agreement to exit mortgage banking activities	-	(750)	-		
Core noninterest income (Non-GAAP)	<u>\$ 1,941</u>	<u>\$ 2,176</u>	<u>\$ 2,590</u>	\$ (235)	\$ (649)
Total net interest income + noninterest income (GAAP)	\$ 20,891	\$ 22,892	\$ 22,009	\$ (2,001)	\$ (1,118)
Total Adjustments	(1,568)	(3,613)	(2,092)		
Core net interest income + nonint. income (Non-GAAP)	<u>\$ 19,323</u>	<u>\$ 19,279</u>	<u>\$ 19,917</u>	\$ 44	\$ (594)
Noninterest expense (GAAP)	\$ 14,559	\$ 14,362	\$ 14,857	\$ 197	\$ (298)
Adjustments:					
Mortgage banking activities	(1,438)	(2,056)	(2,154)		
Prepayment penalty - FHLB advances	-	-	-		
Branch optimization charge	-	338	-		
Litigation settlement	-	-	-		
CFO departure	(788)	-	-		
Core noninterest expense (Non-GAAP)	<u>\$ 12,333</u>	<u>\$ 12,644</u>	<u>\$ 12,703</u>	\$ (311)	\$ (370)
Efficiency ratio (GAAP)	69.69%	62.74%	67.50%	6.95%	2.19%
Core efficiency ratio (Non-GAAP)	<u>63.83%</u>	<u>65.58%</u>	<u>63.78%</u>	-1.76%	0.05%

GAAP to Non-GAAP Reconciliation

Howard Bancorp, Inc. and Subsidiary
GAAP TO NON-GAAP RECONCILIATION
(in thousands except per share data)

	FOR THE THREE MONTHS ENDED			Prior Qtr \$ / %	Prior Yr \$ / %
	March 31, 2020	December 31, 2019	March 31, 2019		
RETURN ON AVERAGE ASSETS:					
Net income (GAAP)	\$ 3,343	\$ 5,900	\$ 4,256		
Average total assets	2,369,847	2,292,369	2,217,147		
Return on average assets (GAAP) *	0.57%	1.02%	0.78%	-0.45%	-0.21%
Net income (GAAP)	\$ 3,343	\$ 5,900	\$ 4,256		
Total adjustments (as defined in CORE NET INCOME AND EPS)	(697)	(1,383)	45		
Core net income (Non-GAAP)	\$ 2,646	\$ 4,517	\$ 4,301		
Average total assets	2,369,847	2,292,369	2,217,147		
Core return on average assets (Non-GAAP) *	0.45%	0.78%	0.79%	-0.33%	-0.34%
Net income (GAAP)	\$ 3,343	\$ 5,900	\$ 4,256		
CDI amortization	699	717	784		
Income tax expense on pretax total	(189)	(194)	(212)		
Tangible net income (Non-GAAP)	\$ 3,853	\$ 6,423	\$ 4,828		
Average total assets	2,369,847	2,292,369	2,217,147		
Return on average assets, net of CDI expense (Non-GAAP) *	0.65%	1.11%	0.88%	-0.46%	-0.23%
Net income (GAAP)	\$ 3,343	\$ 5,900	\$ 4,256		
Total adjustments (as defined in CORE NET INCOME AND EPS)	(697)	(1,383)	45		
Core net income (Non-GAAP)	2,646	4,517	4,301		
CDI amortization	699	717	784		
Income tax expense on CDI amortization	(189)	(194)	(212)		
Core tangible net income (Non-GAAP)	\$ 3,157	\$ 5,040	\$ 4,874		
Average total assets	2,369,847	2,292,369	2,217,147		
Core return on average assets, net of CDI expense (Non-GAAP)*	0.54%	0.87%	0.89%	-0.34%	-0.36%

* Denotes annualized ratio based on days in quarter divided by days in year

GAAP to Non-GAAP Reconciliation

Howard Bancorp, Inc. and Subsidiary
GAAP TO NON-GAAP RECONCILIATION
(in thousands except per share data)

	FOR THE THREE MONTHS ENDED			Prior Qtr \$ / %	Prior Yr \$ / %
	March 31, 2020	December 31, 2019	March 31, 2019		
RETURN ON AVERAGE COMMON EQUITY:					
Net income (GAAP)	\$ 3,343	\$ 5,900	\$ 4,256		
Average common and total equity	314,805	311,777	297,513		
Return on average common equity (GAAP) *	4.27%	7.51%	5.80%	-3.24%	-1.53%
Net income (GAAP)	\$ 3,343	\$ 5,900	\$ 4,256		
Total adjustments (as detailed in CORE NET INCOME AND EPS)	(697)	(1,383)	45		
Core net income (Non-GAAP)	\$ 2,646	\$ 4,517	\$ 4,301		
Average common and total equity	314,805	311,777	297,513		
Core return on average common equity (GAAP) *	3.38%	5.75%	5.86%	-2.37%	-2.48%
TANGIBLE BOOK VALUE PER COMMON SHARE:					
Total shares outstanding at period end	18,715	19,067	19,059		
Common and total stockholder's equity	315,357	314,148	300,529		
Book value per common share at period end (GAAP)	\$ 16.85	\$ 16.48	\$ 15.77	\$ 0.37	\$ 1.08
Common and total stockholder's equity	315,357	314,148	300,529		
Less goodwill and core deposit intangible	(73,720)	(74,418)	(76,647)		
Tangible common equity	241,637	239,730	223,882		
Tangible book value per common share (Non GAAP)	\$ 12.91	\$ 12.57	\$ 11.75	\$ 0.34	\$ 1.17

* Denotes annualized ratio based on days in quarter divided by days in year