



PRESS RELEASE

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Carroll Bancorp, Inc. Reports Results for the Third Quarter

SYKESVILLE, MD – October 16, 2018 – Carroll Bancorp, Inc. (the “Company”) (OTC PINK: CROL), the parent company of Carroll Community Bank (the “Bank”), today announced net income of \$134,000, or \$0.12 per diluted common share, for the quarter ended September 30, 2018. By comparison, the Company recorded net income of \$157,000, or \$0.15 per diluted common share, for the quarter ended September 30, 2017. For the nine months ended September 30, 2018, the Company recorded net income of \$317,000, or \$0.30 per diluted common share, compared to net income of \$310,000, or \$0.29 per diluted common share, for the nine months ended September 30, 2017.

“During the year and continuing through the third quarter, the Bank continues to experience strong and consistent commercial loan growth originated by our new lenders and business bankers. In addition, our residential mortgage lender, who joined our team in June, has increased our loan volume for all types of residential mortgage products.” stated Russell J. Grimes, the Company’s President and CEO.

Balance Sheet and Credit Quality Overview

- Total assets were \$196.8 million, an increase of \$19.1 million, or 11%, from \$177.8 million at December 31, 2017 and \$18.5 million, or 10%, from \$178.4 million at September 30, 2017.
- Total loans were \$152.3 million, an increase of \$14.0 million, or 10%, from \$138.4 million at December 31, 2017 and \$19.3 million, or 15%, from \$133.0 million at September 30, 2017.
- Total deposits increased by \$18.9 million, or 14%, to \$156.2 million compared to December 31, 2017 and by \$10.3 million, or 7%, compared to September 30, 2017. Non-interest bearing deposits increased by \$4.0 million, or 38%, compared to December 31, 2017 and by \$4.3 million, or 43%, compared to September 30, 2017.
- Non-performing loans totaled \$2.5 million at September 30, 2018 compared to \$1.5 million at December 31, 2017 and \$5.3 million at September 30, 2017. Non-performing assets totaled \$4.3 million at September 30, 2018 compared to \$3.3 million at December 31, 2017 and \$5.6 million at September 30, 2017. During the quarter ending at September 30, 2018, two loans for \$1.5 million were downgraded to non-performing. The Bank is well secured with the underlying collateral for these loans and management is working with the borrower to refinance the loans into a land development project. Non-performing loans at September 30, 2017 were significantly higher due to four loans totaling \$2.5 million that were 90+ days past due and still accruing interest. These loans had matured and were in process for extension agreements.
- Past due loans were \$476,000 at September 30, 2018 compared to \$977,000 at December 31, 2017 and \$790,000 at September 30, 2017.

Income Statement Overview

- Net interest income for the third quarter of 2018 increased by 3.8% compared to the third quarter of 2017 and by 8.5% for the nine months ended September 30, 2018 compared to same period in 2017. Our net interest margin decreased to 3.04% for the third quarter of 2018 compared to 3.19% for the third quarter of 2017 and increased to 3.20% for the nine months ended September 30, 2018 compared to 3.18% for the same period last year. The net interest income and margin for the quarter ended September 30, 2018 was impacted by the interest reversal of \$29,000 on the two loans mentioned above that were downgraded to nonperforming. The net interest income and margin for the nine months

ended September 30, 2018 included the impact on the collection of interest on the payoff of a nonperforming loan of \$81,000 earlier in 2018 partially offset by the interest reversal above.

The Federal Reserve has increased the federal funds rate six times over the last two years. Our deposit rates, primarily certificates of deposits, have increased significantly placing downward pressure on the Bank's net interest income and margin.

- The Bank recorded provision for loan losses of \$43,000 during the third quarter of 2018 due to loan growth. For the nine months ended September 30, 2018, the Bank recorded \$175,000 in provision for loan losses due to loan growth, additional specific reserves taken on three investor residential loans and to changes in the Bank's allowance for loan loss methodology and qualitative factors.
- Non-interest income increased by \$26,000 compared to the three months ended September 30, 2017 due to an increase in gains on sale of mortgage loans held for sale and income from the cash surrender value on life insurance policies as a result of the Bank funding an additional \$1.5 million in policies in December 2017. These items were partially offset by a \$10,000 other than temporary impairment charge taken on nonmarketable equity securities held by the Bank. For the nine months ended September 30, 2018, non-interest income increased by \$85,000 compared to the nine months ended September 30, 2017 due primarily to the same reasons mentioned above for the third quarter.
- Non-interest expense increased by \$127,000, or 11%, to \$1.3 million for the three months ended September 30, 2018 compared to \$1.2 million for the same period last year. This was due to the expenses recognized on a foreclosed commercial real estate property to repair the building along with an increase in salaries and benefits, premises and equipment expense, data processing costs and directors' fees. For the nine months ended September 30, 2018, non-interest expense increased by \$538,000, or 16%, compared to the nine months ended September 30, 2017 due to foreclosed property expenses, an increase in salaries and employee benefit expense as a result of hiring of two commercial loan officers and two business bankers to enhance the Bank's lending and business development team. In addition, the increase in premises and equipment expense was attributable to the addition of the Mt. Airy Lending Office and the purchase of the building at 1010 Baltimore Blvd.

About Carroll Bancorp, Inc. and Carroll Community Bank

Carroll Bancorp, Inc. is the holding company of Carroll Community Bank. Carroll Community Bank, originally founded in 1870, is a state-chartered commercial bank with branch offices in Eldersburg, Westminster and Bethesda, Maryland along with a lending office in Mt. Airy, Maryland. Carroll Community Bank operates as a community-oriented institution, offering a variety of loan and deposit products and serving the financial needs of its local community. Carroll Bancorp, Inc.'s common stock trades on the OTC Markets (www.otcmarkets.com) under the symbol "CROL." For more information, visit our website at www.carrollcobank.com or contact Russell Grimes, President & CEO at 410-795-1900.

Forward-Looking Statements: Any statements that are not historical facts constitute a "forward-looking statements" within the meaning of and pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements are based on our current beliefs and expectations and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control. In addition, such forward-looking statements are subject to assumptions with respect to future business strategies and decisions that are subject to change. Potential risks and uncertainties include, but are not limited to, deterioration in general economic conditions in our market areas, the impact of new governmental regulations, and unexpected changes in interest rates, deposit flows and loan demand, as well as other risks and uncertainties. We do not take any obligation to update any forward-looking statement to reflect events or developments after a forward-looking statement was made.

Financial Highlights

(Dollars in thousands)	At September 30, 2018	At December 31, 2017	At September 30, 2017
Selected Financial Condition Data:	<u> </u> (unaudited)	<u> </u> (audited)	<u> </u> (unaudited)
Assets	\$ 196,834	\$ 177,769	\$ 178,377
Loans	152,329	138,360	132,992
Deposits	156,154	137,265	145,834
Federal Home Loan Bank advances	23,000	23,000	15,000
Stockholders' equity	17,168	17,126	17,096
 Nonperforming assets and past due loans:			
Impaired loans	2,542	1,547	2,911
Past due loans, 90+ days still accruing	-	-	2,505
Foreclosed assets	1,782	1,782	146
Past due loans	476	977	790
 Asset Quality Ratios:			
Allowance for loan losses to total loans	0.80%	0.75%	0.73%
Nonperforming loans to total loans	1.67%	1.05%	4.00%
Nonperforming assets to total assets	2.20%	1.82%	3.07%
 Capital Ratios (bank level):			
Total capital to risk-weighted assets	12.59%	13.72%	14.48%
Tier 1 capital to risk-weighted assets	11.76%	12.92%	13.69%
Tier 1 capital to average assets	8.88%	9.42%	9.58%
Tangible equity to tangible assets	8.54%	9.42%	9.39%

Summary of Operating Results (unaudited)

(Dollars in thousands)

	For the Three Months Ended September			For the Nine Months Ended September 30,		
	2018	2017	Variance	2018	2017	Variance
Selected Operating Data:						
Interest income	\$ 1,904	\$ 1,672	\$ 232	\$ 5,520	\$ 4,812	\$ 708
Interest expense	494	313	181	1,275	901	374
Net interest income	1,410	1,359	51	4,245	3,911	334
Provision for loan losses	43	19	24	174	203	(29)
Net interest income after provision for loan losses	1,367	1,340	27	4,071	3,708	363
Non-interest income	107	81	26	300	215	85
Non-interest expense	1,314	1,188	126	4,005	3,467	538
Income before income tax expense	160	233	(73)	366	456	(90)
Income tax expense	26	76	(50)	49	146	(97)
Net income	\$ 134	\$ 157	\$ (23)	\$ 317	\$ 310	\$ 7

Per Common Share Data (unaudited):

Basic earnings per share	\$ 0.13	\$ 0.15	\$ (0.02)	\$ 0.30	\$ 0.30	\$ -
Diluted earnings per share	\$ 0.12	\$ 0.15	\$ (0.03)	\$ 0.30	\$ 0.29	\$ 0.01
Basic weighted average number of shares	1,060,067	1,053,695	6,372	1,060,835	1,046,097	14,738
Diluted weighted average number of shares	1,065,485	1,062,779	2,706	1,066,669	1,054,897	11,772

Select Financial Ratios (unaudited):

Return on average assets	0.27%	0.36%		0.23%	0.24%	
Return on average equity	3.07%	3.66%		2.47%	2.45%	
Interest rate spread	2.89%	3.09%		3.07%	3.08%	
Net interest margin	3.04%	3.19%		3.20%	3.18%	
Efficiency ratio	86.59%	82.47%		88.11%	84.02%	
Non-interest expense to average assets	2.69%	2.69%		2.86%	2.72%	
Average interest-earning assets to average interest-bearing liabilities	114.08%	114.27%		113.74%	114.30%	

Carroll Bancorp, Inc. and Subsidiary
Consolidated Statements of Financial Condition

	September 30, 2018 <u>(unaudited)</u>	December 31, 2017 <u>(audited)</u>	September 30, 2017 <u>(unaudited)</u>
Assets:			
Cash and due from banks	\$ 1,506,592	\$ 1,377,412	\$ 1,976,095
Interest-bearing deposits with depository institutions	7,192,868	6,307,312	15,595,143
Total Cash and cash equivalents	<u>8,699,460</u>	<u>7,684,724</u>	<u>17,571,238</u>
Certificates of deposit with depository institutions	3,750,000	3,500,000	3,500,000
Securities available for sale, at fair value	19,833,979	16,204,405	16,577,971
Securities held to maturity (fair value September 30, 2018 \$2,938,297 December 31, 2017 \$2,997,733 and September 30, 2017 \$3,003,575)	2,940,827	2,954,968	2,959,744
Nonmarketable equity securities, at cost	1,276,096	1,274,596	934,596
Total Loans and leases	152,329,485	138,360,455	132,991,641
Allowance for loan losses	<u>(1,218,080)</u>	<u>(1,034,895)</u>	<u>(967,714)</u>
Loans and leases, net of allowance for loan losses	151,111,405	137,325,560	132,023,927
Bank-owned life insurance	3,789,197	3,716,266	2,201,772
Premises and equipment, net	2,322,981	2,274,454	1,391,904
Foreclosed assets	1,781,823	1,781,823	146,410
Accrued interest receivable	616,399	507,782	523,515
Other assets	<u>712,095</u>	<u>544,476</u>	<u>546,113</u>
Total assets	<u><u>\$ 196,834,262</u></u>	<u><u>\$ 177,769,054</u></u>	<u><u>\$ 178,377,190</u></u>
Liabilities:			
Deposits			
Noninterest-bearing	\$ 14,502,474	\$ 10,478,829	\$ 10,155,656
Interest-bearing	141,651,175	126,785,848	135,678,515
Total deposits	<u>156,153,649</u>	<u>137,264,677</u>	<u>145,834,171</u>
Federal Home Loan Bank advances	23,000,000	23,000,000	15,000,000
Other liabilities	512,884	378,862	447,414
Total liabilities	<u>179,666,533</u>	<u>160,643,539</u>	<u>161,281,585</u>
Stockholders' Equity:			
Preferred Stock (par value \$0.01); authorized 1,000,000 shares; no shares issued and outstanding	-	-	-
Common Stock (par value \$0.01); authorized 9,000,000 shares; issued and outstanding 1,094,216 shares at September 30, 2018, 1,095,011 shares at December 31, 2017 and 1,093,301 shares at September 30, 2017	10,942	10,950	10,933
Additional paid-in capital	14,674,416	14,666,089	14,636,030
Unallocated ESOP shares	(226,276)	(226,276)	(243,682)
Unearned RSP shares	(87,882)	(104,190)	(123,820)
Retained earnings	3,174,901	2,858,247	2,857,749
Accumulated other comprehensive loss	<u>(378,372)</u>	<u>(79,305)</u>	<u>(41,605)</u>
Total stockholders' equity	<u>17,167,729</u>	<u>17,125,515</u>	<u>17,095,605</u>
Total liabilities and stockholders' equity	<u><u>\$ 196,834,262</u></u>	<u><u>\$ 177,769,054</u></u>	<u><u>\$ 178,377,190</u></u>

Carroll Bancorp, Inc. and Subsidiary
Consolidated Statements of Operations
(unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
Interest and dividend income:				
Loans	\$ 1,673,130	\$ 1,481,053	\$ 4,861,074	\$ 4,366,229
Investment securities	180,445	125,441	510,815	289,688
Certificates of deposit	20,826	19,219	61,029	47,800
Interest-earning deposits	30,383	46,443	87,655	108,362
Total interest income	<u>1,904,784</u>	<u>1,672,156</u>	<u>5,520,573</u>	<u>4,812,079</u>
Interest expense:				
Deposits	378,028	263,267	941,789	753,818
Borrowings	116,355	49,914	333,591	146,900
Total interest expense	<u>494,383</u>	<u>313,181</u>	<u>1,275,380</u>	<u>900,718</u>
Net interest income	1,410,401	1,358,975	4,245,193	3,911,361
Provision for loan losses	43,416	18,997	174,561	203,053
Net interest income after provision for loan losses	<u>1,366,985</u>	<u>1,339,978</u>	<u>4,070,632</u>	<u>3,708,308</u>
Non-interest income:				
(Loss) gain on sale of securities	-	-	(486)	2,718
Other than temporary impairment - nonmarketable equity securities	(10,000)	-	(10,000)	-
Gain on loans held for sale	39,840	17,992	70,627	29,122
Increase in cash surrender value - life insurance	24,681	12,853	72,932	38,467
Customer service fees	40,187	32,656	105,926	89,303
Loan fee income	2,188	9,690	28,701	35,649
Other income	10,108	7,580	32,296	19,777
Total non-interest income	<u>107,004</u>	<u>80,771</u>	<u>299,996</u>	<u>215,036</u>
Non-interest expense:				
Salaries and employee benefits	686,361	662,314	2,148,700	1,974,082
Premises and equipment	167,269	155,967	500,216	421,283
Data processing	145,516	133,074	420,596	393,616
Professional fees	52,623	55,582	167,351	153,353
FDIC insurance	32,672	30,000	96,120	87,000
Directors' fees	48,050	36,025	130,725	119,675
Corporate insurance	11,729	11,547	34,862	33,945
Printing and office supplies	10,262	12,582	34,651	33,833
Other operating expenses	159,449	90,263	471,568	250,065
Total non-interest expenses	<u>1,313,931</u>	<u>1,187,354</u>	<u>4,004,789</u>	<u>3,466,852</u>
Income before income tax expense	160,058	233,395	365,839	456,492
Income tax expense	26,875	75,963	49,185	145,967
Net income	<u>\$ 133,183</u>	<u>\$ 157,432</u>	<u>\$ 316,654</u>	<u>\$ 310,525</u>
Basic earnings per share	<u>\$ 0.13</u>	<u>\$ 0.15</u>	<u>\$ 0.30</u>	<u>\$ 0.30</u>
Diluted earnings per share	<u>\$ 0.12</u>	<u>\$ 0.15</u>	<u>\$ 0.30</u>	<u>\$ 0.29</u>
Basic weighted average shares outstanding	<u>1,060,067</u>	<u>1,053,695</u>	<u>1,060,835</u>	<u>1,046,097</u>
Diluted weighted average shares outstanding	<u>1,065,485</u>	<u>1,062,779</u>	<u>1,066,669</u>	<u>1,054,897</u>

Carroll Bancorp, Inc. and Subsidiary
Consolidated Statements of Comprehensive Income
(unaudited)

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net income	\$ 133,183	\$ 157,432	\$ 316,654	\$ 310,525
Other comprehensive income, before income tax:				
Securities available for sale:				
Net unrealized holding losses arising during the period	(121,224)	(28,637)	(413,109)	(45,498)
Less reclassification adjustment for (loss) gain on the sale of securities available for sale included in net income	-	-	(486)	2,718
Other comprehensive loss, before income tax	(121,224)	(28,637)	(412,623)	(48,216)
Income tax effect	(33,361)	(11,455)	(113,556)	(19,287)
Other comprehensive loss, net of tax	(87,863)	(17,182)	(299,067)	(28,929)
Total comprehensive income	<u>\$ 45,320</u>	<u>\$ 140,250</u>	<u>\$ 17,587</u>	<u>\$ 281,596</u>

Carroll Bancorp, Inc. and Subsidiary
Consolidated Statements of Changes in Stockholders' Equity
For the Nine Months Ended September 30, 2018 and 2017
(unaudited)

	Common Stock	Additional Paid-in Capital	Unallocated ESOP Shares	Unallocated RSP Shares	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balances at January 1, 2018	\$ 10,950	\$ 14,666,089	\$ (226,276)	\$ (104,190)	\$ 2,858,247	\$ (79,305)	\$ 17,125,515
Net income					316,654		316,654
Other comprehensive loss						(299,067)	(299,067)
RSP compensation		36,496					36,496
Restricted stock vesting		(16,308)		16,308			-
Stock repurchase	(45)	(64,050)					(64,095)
Director stock issuance	37	52,189					52,226
Balances at September 30, 2018	<u>\$ 10,942</u>	<u>\$ 14,674,416</u>	<u>\$ (226,276)</u>	<u>\$ (87,882)</u>	<u>\$ 3,174,901</u>	<u>\$ (378,372)</u>	<u>\$ 17,167,729</u>
Balances at January 1, 2017	\$ 9,622	\$ 12,562,136	\$ (243,682)	\$ (106,245)	\$ 4,187,221	\$ (12,676)	\$ 16,396,376
Net income					310,525		310,525
Other comprehensive loss						(28,929)	(28,929)
RSP compensation		25,998					25,998
Restricted stock vesting		(12,404)		12,404			-
Warrants exercised	316	421,298		(29,979)			391,635
Stock dividend paid	995	1,639,002			(1,639,997)		-
Balances at September 30, 2017	<u>\$ 10,933</u>	<u>\$ 14,636,030</u>	<u>\$ (243,682)</u>	<u>\$ (123,820)</u>	<u>\$ 2,857,749</u>	<u>\$ (41,605)</u>	<u>\$ 17,095,605</u>

Carroll Bancorp, Inc. and Subsidiary
Consolidated Statements of Cash Flows
(unaudited)

	For the Nine Months Ended September 30,	
	2018	2017
Cash flows from operating activities:		
Net income	\$ 316,654	\$ 310,525
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on redemption of securities available for sale	486	215
Other than temporary impairment - nonmarketable equity securities	10,000	-
Gain on sale of certificates of deposit	-	(2,932)
Gain on sale of loans held for sale	(70,627)	(29,122)
Origination of loans held for sale	(2,454,393)	(1,215,000)
Proceeds from sale of loans held for sale	2,023,020	1,244,122
Amortization and accretion of securities	110,900	77,291
Amortization of deferred loan costs, net of origination fees	165,758	140,443
Provision for loan losses	174,561	203,053
Depreciation of premises and equipment	169,230	149,631
Increase in cash surrender value of bank-owned life insurance	(72,932)	(38,467)
ESOP compensation expense	22,500	22,500
RSP compensation expense	36,496	25,998
Increase in deferred tax assets	(27,123)	(81,277)
Increase in accrued interest receivable	(108,616)	(98,676)
(Increase) decrease in other assets	(26,940)	77,952
Increase in other liabilities	111,522	125,335
Net cash provided by operating activities	380,496	911,591
Cash flows from investing activities:		
Purchase of securities	(5,239,952)	(13,578,783)
Proceeds from sale or redemption of securities	20,000	170,415
Principal payments collected on securities	1,080,511	647,380
Purchase of certificates of deposit	(250,000)	(3,250,000)
Sale of certificates of deposit	-	1,603,211
Purchase of nonmarketable equity securities	(436,500)	(97,300)
Redemption of nonmarketable equity securities	425,000	-
(Increase) decrease in loans	(13,624,165)	2,911,963
Purchase of premises and equipment	(217,757)	(172,503)
Net cash used in investing activities	(18,242,863)	(11,765,617)
Cash flows from financing activities:		
Increase in deposits	18,888,972	10,553,854
Proceeds from FHLB advances	47,000,000	10,000,000
Repayment of FHLB advances	(47,000,000)	(8,000,000)
Director stock purchase plan	52,226	-
Common stock repurchase	(64,095)	-
Warrant exercise	-	391,635
Net cash provided by financing activities	18,877,103	12,945,489
Net increase in cash and cash equivalents	1,014,736	2,091,463
Cash and cash equivalents, beginning balance	7,684,724	15,479,775
Cash and cash equivalents, ending balance	\$ 8,699,460	\$ 17,571,238
Supplemental disclosure of cash flow information:		
Interest paid	\$ 1,157,869	\$ 848,329
Income tax paid	\$ 143,828	\$ 157,000

Average Balances and Yields

The following tables set forth average balance sheets, average yields and rates, and certain other information for the periods indicated. No tax-equivalent yield adjustments have been made, as we held insignificant balances of tax-advantaged interest-earning assets during the periods indicated. All average balances are daily average balances. Non-accrual loans were included in the computation of average balances but have been reflected in the table as loans carrying a zero yield. The yields and rates set forth below include the effect of net deferred costs, discounts and premiums that are amortized or accreted to interest income and expense.

	For the Three Months Ended September 30,					
	2018			2017		
	Average Outstanding Balance	Interest	Yield / Rate	Average Outstanding Balance	Interest	Yield / Rate
(Dollars in thousands)						
Interest-earning assets:						
Loans	\$ 149,679	\$ 1,673	4.43%	\$ 134,144	\$ 1,481	4.38%
Investment securities	24,284	180	2.94%	17,110	116	2.69%
Certificates of deposit	3,750	21	2.22%	3,500	19	2.15%
Interest-earning deposits	6,349	30	1.87%	14,192	56	1.57%
Total interest-earning assets	184,062	1,904	4.10%	168,946	1,672	3.93%
Noninterest-earning assets	9,405			6,411		
Total assets	<u>\$ 193,467</u>			<u>\$ 175,357</u>		
Interest-bearing liabilities:						
Savings	\$ 29,195	15	0.20%	\$ 29,425	15	0.20%
Certificates of deposit	76,779	324	1.67%	67,261	200	1.18%
Money market	12,676	14	0.44%	10,724	11	0.41%
Interest-bearing checking	22,353	25	0.44%	27,347	37	0.54%
Total interest-bearing deposits	141,003	378	1.06%	134,757	263	0.77%
Federal Home Loan Bank advances	20,337	116	2.26%	13,087	50	1.52%
Total interest-bearing liabilities	161,340	494	1.21%	147,844	313	0.84%
Noninterest-bearing deposits	14,524			10,078		
Noninterest-bearing liabilities	407			358		
Total liabilities	176,271			158,280		
Equity	17,196			17,077		
Total liabilities and capital	<u>\$ 193,467</u>			<u>\$ 175,357</u>		
Net interest income		<u>\$ 1,410</u>			<u>\$ 1,359</u>	
Net interest rate spread (1)			2.89%			3.09%
Net interest-earning assets (2)	<u>\$ 22,722</u>			<u>\$ 21,102</u>		
Net interest margin (3)			3.04%			3.19%
Average interest-earning assets to interest-bearing liabilities	114.08%			114.27%		

(1) Net interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.

(2) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities.

(3) Net interest margin represents net interest income divided by average total interest-earning assets.

For the Nine Months Ended September 30,

	2018			2017		
	Average Outstanding Balance	Interest	Yield / Rate	Average Outstanding Balance	Interest	Yield / Rate
(Dollars in thousands)						
Interest-earning assets:						
Loans	\$ 143,409	\$ 4,861	4.53%	\$ 134,526	\$ 4,366	4.34%
Investment securities	23,184	511	2.95%	12,407	256	2.76%
Certificates of deposit	3,709	61	2.20%	3,061	48	2.10%
Interest-earning deposits	<u>7,239</u>	<u>87</u>	1.61%	<u>14,198</u>	<u>142</u>	1.34%
Total interest-earning assets	177,541	<u>5,520</u>	4.16%	164,192	<u>4,812</u>	3.92%
Noninterest-earning assets	<u>9,388</u>			<u>6,296</u>		
Total assets	<u><u>\$ 186,929</u></u>			<u><u>\$ 170,488</u></u>		
Interest-bearing liabilities:						
Savings	\$ 29,302	46	0.21%	\$ 29,155	46	0.21%
Certificates of deposit	68,672	771	1.50%	67,203	584	1.16%
Money market	12,213	40	0.44%	10,208	31	0.41%
Interest-bearing checking	<u>23,805</u>	<u>85</u>	0.48%	<u>24,059</u>	<u>93</u>	0.52%
Total interest-bearing deposits	133,992	942	0.94%	130,625	754	0.77%
Federal Home Loan Bank advances	<u>22,102</u>	<u>333</u>	2.01%	<u>13,029</u>	<u>147</u>	1.51%
Total interest-bearing liabilities	156,094	<u>1,275</u>	1.09%	143,654	<u>901</u>	0.84%
Noninterest-bearing deposits	13,305			9,554		
Noninterest-bearing liabilities	<u>366</u>			<u>362</u>		
Total liabilities	169,765			153,570		
Equity	<u>17,164</u>			<u>16,918</u>		
Total liabilities and capital	<u><u>\$ 186,929</u></u>			<u><u>\$ 170,488</u></u>		
Net interest income		<u><u>\$ 4,245</u></u>			<u><u>\$ 3,911</u></u>	
Net interest rate spread (1)			3.07%			3.08%
Net interest-earning assets (2)	<u><u>\$ 21,447</u></u>			<u><u>\$ 20,538</u></u>		
Net interest margin (3)			3.20%			3.18%
Average interest-earning assets to interest-bearing liabilities	113.74%			114.30%		

(1) Net interest rate spread represents the difference between the yield on average interest-earning assets and the cost of average interest-bearing liabilities.

(2) Net interest-earning assets represents total interest-earning assets less total interest-bearing liabilities.

(3) Net interest margin represents net interest income divided by average total interest-earning assets.