



PRESS RELEASE
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Carroll Bancorp, Inc. Reports Results for the Fourth Quarter

SYKESVILLE, MD – February 11, 2020 – Carroll Bancorp, Inc. (the “Company”) (OTC PINK: CROL), the parent company of Carroll Community Bank (the “Bank”), today announced net income of \$98,000 or \$0.09 per diluted common share for the quarter ended December 31, 2019. By comparison, the Company recorded net income of \$114,000 or \$0.10 per diluted common share for the quarter ended December 31, 2018. For the year ended December 31, 2019, the Company recorded net income of \$350,000, or \$0.31 per diluted common share, compared to net income of \$430,000, or \$0.38 per diluted common share, for the year ended December 31, 2018.

“2019 represented a year of overcoming challenges for our Bank. We made significant progress in reducing our non-performing loan balances and our credit risk exposure on the remaining balances. However, the compression of our net interest margin represented our most significant challenge during the year as short-term interest rates increased throughout 2018 and topping out at the beginning of 2019. Management has positioned the funding side of the balance sheet to improve the net interest margin for 2020 as our entire FHLB advance portfolio matures early in 2020 and will be repriced at significantly lower interest rates. We continue to stay focused on building core deposits and reducing our exposure to high cost brokered certificates of deposit and wholesale funding liabilities. Our goal for 2020 is to improve our net income and returns for our shareholders” stated Russell J. Grimes, the Company’s President and CEO.

Balance Sheet and Credit Quality Overview

- As of December 31, 2019, total assets decreased by \$12.2 million to \$184.0 million from \$196.2 million at December 31, 2018. During the twelve months ended December 31, 2019, the Bank reduced its position in high cost of funds brokered certificates of deposit and FHLB advances as changes in the financial markets allowed the Bank to sell some investment securities for gains.
- Total loans remained relatively flat at \$152.8 million at December 31, 2019 compared to December 31, 2018.
- Total deposits decreased by \$11.0 million to \$144.1 million from \$155.1 million at December 31, 2018. The decrease during 2019 was primarily due to the Bank reducing its position in brokered certificates of deposit and a decline in high cost of funds regular certificates of deposit. Core deposits decreased by \$3.0 million during 2019.
- Non-performing loans totaled \$1.4 million at December 31, 2019 compared to \$3.9 million at December 31, 2018. Non-performing assets totaled \$3.1 million at December 31, 2019 compared to \$5.7 million at December 31, 2018.
- Past due loans less than 90 days increased by \$1.5 million to \$2.7 million at December 31, 2019 compared to \$1.2 million at December 31, 2018. Of the \$2.7 million in past due loans at December 31, 2019, \$1.7 million represented one loan that was past due because the loan matured and was in process of being extended. During the extension process, the borrower was making payments per the original loan agreement terms. The loan was extended in January 2020.

Income Statement Overview

- Net interest income for the fourth quarter of 2019 decreased slightly by \$16,000 compared to the fourth quarter of 2018 due to the impact of the higher interest rates on brokered and regular certificates of deposit offset by the Bank collecting \$130,000 in past due interest on the payoff of a nonperforming loan. Net interest income for the twelve months ending December 31, 2019 decreased by \$121,000 compared to the same period in 2018 as our net interest margin declined to 3.06% for 2019 compared to 3.11% for 2018.
- Interest income increased by \$284,000 for the twelve months ending December 31, 2019 compared to December 31, 2018 due to the change in the mix of average earning assets from investment securities to loans along with the collection in 2019 of \$57,000 in prior year nonaccrual interest.
- The cost of funds on brokered and regular certificates of deposit along with FHLB advances have had a significant impact on our net interest income and net interest margin for the twelve months ended December 31, 2019. Interest expense has increased by \$404,000 or 22% compared to the twelve months ended December 31, 2018. However, with the recent interest rate cuts by the Federal Reserve, the Bank is beginning to see the cost of funds on deposits and borrowings decline and margin compression lessen as current funding sources mature and are repriced at significantly lower interest rates.
- The Bank recorded provision for loan losses of \$25,000 during the twelve months ended December 31, 2019 due to additional specific reserves established for an investor residential loan. For the twelve months ended December 31, 2018, the Bank recorded provision for loan losses of \$174,000 as a result of growth in loan balances of \$14.2 million, additional specific reserves established for three investor residential loans and the restructuring of the loan segments which resulted in higher qualitative reserve factors.
- Non-interest income decreased slightly by \$4,000 compared to the three months ended December 31, 2018 and increased by \$260,000 compared to the twelve months ended December 31, 2018. The year to date increase is comprised of an increase in residential mortgage loan sale gains of \$126,000, gains recognized on the sale of investments of \$92,000, late fees collected on the payoff of a nonperforming loan of \$31,000, rental income recognized on the foreclosed real estate owned property of \$52,000 along with 2018 including an other than temporary impairment loss on correspondent bank stock of \$25,000. These items were partially offset by a write-down on a foreclosed real estate owned property of \$71,000 based on a new appraisal of the property recognized during the 4th quarter of 2019.
- Non-interest expense remained relatively the same compared to the three months ended December 31, 2018 at \$1.4 million. Non-interest expense increased by \$364,000 to \$5.8 million for the twelve months ended December 31, 2019 compared to \$5.4 million for the twelve months ended December 31, 2018. The increase was due to higher compensation, data processing, premises and equipment and professional fees costs. During the 3rd and 4th quarters of 2019, the Bank collected \$203,000 in loan work-out expenses from two loan relationships along with a small bank insurance assessment credit of \$44,000 from the FDIC.

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 Pink marketplace of the OTC Markets Group under the symbol "CROL." For more information, visit our website at www.carrollcobank.com or contact Russell Grimes, President & CEO at 410-795-1900 ext. 9221.

Forward-Looking Statements: Any statements that are not historical facts constitute a "forward-looking statement" 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 December 31, 2019 <hr style="width: 100%; border: 0.5px solid black; margin: 0;"/> (unaudited)	At December 31, 2018 <hr style="width: 100%; border: 0.5px solid black; margin: 0;"/> (audited)	At December 31, 2017 <hr style="width: 100%; border: 0.5px solid black; margin: 0;"/> (audited)
Selected Financial Condition Data:			
Assets	\$ 183,957	\$ 196,245	\$ 177,769
Loans	152,778	152,695	138,360
Allowance for loan losses	1,129	1,141	1,035
Deposits	144,127	155,075	137,265
Federal Home Loan Bank advances	21,000	23,000	23,000
Stockholders' equity	18,191	17,493	17,126
Nonperforming assets and past due loans:			
Nonaccrual loans	1,388	3,881	1,457
Troubled Debt Restructured loans (TDR)	369	383	90
Foreclosed assets	1,711	1,782	1,782
Past due loans, 30-59 days (not including nonaccrual loans)	404	1,079	906
Past due loans, 60-89 days (not including nonaccrual loans)	2,331	76	71
Asset Quality Ratios:			
Allowance for loan losses to total loans	0.74%	0.75%	0.75%
Nonperforming loans to total loans	0.91%	2.54%	1.05%
Nonperforming assets to total assets	1.68%	2.89%	1.82%
Capital Ratios (bank level):			
Total capital to risk-weighted assets	13.08%	12.70%	13.72%
Tier 1 capital to risk-weighted assets	12.29%	11.91%	12.92%
Tier 1 capital to average assets	9.47%	8.64%	9.42%
Tangible equity to tangible assets	9.64%	8.72%	9.42%
Valuation:			
Tangible book value per common share	\$ 15.75	\$ 15.21	\$ 14.89
OTC Pink Stock Price	\$ 14.40	\$ 12.95	\$ 13.90
Price to book ratio	91.43%	85.14%	93.35%
Common stock issued and outstanding	1,155,118	1,094,964	1,095,011

Summary of Operating Results (unaudited)

(Dollars in thousands)

	For the Three Months Ended December 31,			For the Twelve Months Ended December 31,		
	2019	2018	Variance	2019	2018	Variance
Selected Operating Data:						
Interest income	\$ 1,907	\$ 1,958	\$ (51)	\$ 7,763	\$ 7,479	\$ 284
Interest expense	539	575	(36)	2,255	1,851	404
Net interest income	1,368	1,383	(15)	5,508	5,628	(120)
Provision for loan losses	-	-	-	25	174	(149)
Net interest income after provision for loan losses	1,368	1,383	(15)	5,483	5,454	29
Non-interest income	141	146	(5)	706	446	260
Non-interest expense	1,376	1,399	(23)	5,767	5,404	363
Income before income tax expense	133	130	3	422	496	(74)
Income tax expense	35	17	18	72	66	6
Net income	\$ 98	\$ 113	\$ (15)	\$ 350	\$ 430	\$ (80)

Per Common Share Data (unaudited):

Basic earnings per share	\$ 0.09	\$ 0.10	\$ (0.01)	\$ 0.31	\$ 0.39	\$ (0.08)
Diluted earnings per share	\$ 0.09	\$ 0.10	\$ (0.01)	\$ 0.31	\$ 0.38	\$ (0.07)
Basic weighted average number of shares	1,124,917	1,115,909	9,008	1,122,759	1,114,389	8,370
Diluted weighted average number of shares	1,127,013	1,119,535	7,478	1,125,179	1,119,885	5,294

Select Financial Ratios (unaudited):

Return on average assets	0.21%	0.23%		0.18%	0.23%	
Return on average equity	2.14%	2.62%		1.96%	2.50%	
Interest rate spread	2.87%	2.71%		2.88%	2.97%	
Net interest margin	3.07%	2.88%		3.06%	3.11%	
Efficiency ratio	91.19%	91.47%		92.81%	88.96%	
Non-interest expense to average assets	2.92%	2.77%		3.04%	2.84%	
Average interest-earning assets to average interest-bearing liabilities	116.06%	113.91%		114.93%	113.78%	

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

	December 31, 2019 <u>(unaudited)</u>	December 31, 2018 <u>(audited)</u>	December 31, 2017 <u>(audited)</u>
Assets:			
Cash and due from banks	\$ 1,426,844	\$ 1,425,551	\$ 1,377,412
Interest-bearing deposits with depository institutions	3,943,343	6,246,683	6,307,312
Total Cash and cash equivalents	<u>5,370,187</u>	<u>7,672,234</u>	<u>7,684,724</u>
Certificates of deposit with depository institutions	1,500,000	3,750,000	3,500,000
Securities available for sale, at fair value	12,454,720	19,656,568	16,204,405
Securities held to maturity - fair value December 31, 2019 \$2,278,358 December 31, 2018 \$2,961,996 and December 31, 2017 \$2,997,733	2,203,407	2,935,960	2,954,968
Other equity securities, at cost	1,192,700	1,261,100	1,274,596
Loans and leases, net of allowance for loan losses - December 31, 2019 \$1,129,294, December 31, 2018 \$1,140,836 and December 31, 2017 \$1,034,895	151,649,005	151,554,598	137,325,560
Bank-owned life insurance	3,901,282	3,813,093	3,716,266
Premises and equipment, net	2,876,289	2,556,407	2,274,454
Foreclosed assets	1,711,101	1,781,823	1,781,823
Accrued interest receivable	499,291	574,290	507,782
Other assets	598,653	689,118	544,476
Total assets	<u>\$ 183,956,635</u>	<u>\$ 196,245,191</u>	<u>\$ 177,769,054</u>
Liabilities:			
Deposits			
Noninterest-bearing	\$ 16,397,482	\$ 14,783,423	\$ 10,478,829
Interest-bearing	127,729,199	140,291,240	126,785,848
Total deposits	<u>144,126,681</u>	<u>155,074,663</u>	<u>137,264,677</u>
Federal Home Loan Bank advances	21,000,000	23,000,000	23,000,000
Other liabilities	638,972	677,684	378,862
Total liabilities	<u>165,765,653</u>	<u>178,752,347</u>	<u>160,643,539</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 1,155,118 shares at December 31, 2019, 1,094,964 shares at December 31, 2018 and 1,095,011 shares at December 31, 2017	11,551	10,950	10,950
Capital Surplus	15,275,066	14,404,082	14,335,623
Retained earnings	2,882,226	3,288,836	2,858,247
Accumulated other comprehensive loss	22,139	(211,024)	(79,305)
Total stockholders' equity	<u>18,190,982</u>	<u>17,492,844</u>	<u>17,125,515</u>
Total liabilities and stockholders' equity	<u>\$ 183,956,635</u>	<u>\$ 196,245,191</u>	<u>\$ 177,769,054</u>

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

	For the Three Months Ended		For the Twelve Months Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Interest and dividend income:				
Loans	\$ 1,742,297	\$ 1,692,749	\$ 6,994,226	\$ 6,553,823
Securities available for sale	81,689	148,877	427,313	559,804
Securities held to maturity	29,168	33,136	125,496	133,024
Certificates of deposit	18,900	20,810	80,715	81,839
Interest-earning deposits	34,651	63,005	135,048	150,660
Total interest income	<u>1,906,705</u>	<u>1,958,577</u>	<u>7,762,798</u>	<u>7,479,150</u>
Interest expense:				
Deposits	429,685	435,380	1,763,850	1,377,169
Borrowings	109,614	139,870	491,316	473,461
Total interest expense	<u>539,299</u>	<u>575,250</u>	<u>2,255,166</u>	<u>1,850,630</u>
Net interest income	<u>1,367,406</u>	<u>1,383,327</u>	<u>5,507,632</u>	<u>5,628,520</u>
Provision for loan losses	-	-	24,528	174,561
Net interest income after provision for loan losses	<u>1,367,406</u>	<u>1,383,327</u>	<u>5,483,104</u>	<u>5,453,959</u>
Non-interest income:				
Gain (loss) on sale of securities	-	-	78,628	(486)
Gain on sale of certificates of deposits with other financial institutions	13,625	-	13,625	-
Other than temporary impairment - nonmarketable equity securities	-	(14,996)	-	(24,996)
Gain on loans held for sale	79,695	34,605	230,929	105,232
Writedown on foreclosed asset	(70,722)	-	(70,722)	-
Increase in cash surrender value - life insurance	21,782	23,895	88,189	96,827
Customer service fees	43,707	72,665	157,123	178,591
Loan fee income	13,421	17,186	101,801	45,887
OREO rental income	26,152	931	52,404	931
Other income	13,966	11,558	54,014	43,854
Total non-interest income	<u>141,626</u>	<u>145,844</u>	<u>705,991</u>	<u>445,840</u>
Non-interest expense:				
Salaries and employee benefits	839,368	717,951	3,259,454	2,866,651
Premises and equipment	194,879	166,388	735,007	666,605
Data processing	171,091	145,737	643,777	566,333
Professional fees	61,039	68,525	272,583	235,876
FDIC insurance	25,582	43,361	102,257	139,481
Directors' fees	43,615	52,405	175,272	183,130
Corporate insurance	12,410	12,553	49,395	47,415
Printing and office supplies	10,133	10,640	40,269	45,291
Other operating expenses	18,024	181,199	489,090	652,767
Total non-interest expenses	<u>1,376,141</u>	<u>1,398,759</u>	<u>5,767,104</u>	<u>5,403,549</u>
Income before income tax expense	<u>132,891</u>	<u>130,412</u>	<u>421,991</u>	<u>496,250</u>
Income tax expense	<u>34,739</u>	<u>16,476</u>	<u>72,298</u>	<u>65,661</u>
Net income	<u>\$ 98,152</u>	<u>\$ 113,936</u>	<u>\$ 349,693</u>	<u>\$ 430,589</u>
Basic earnings per share	<u>\$ 0.09</u>	<u>\$ 0.10</u>	<u>\$ 0.31</u>	<u>\$ 0.39</u>
Diluted earnings per share	<u>\$ 0.09</u>	<u>\$ 0.10</u>	<u>\$ 0.31</u>	<u>\$ 0.38</u>
Basic weighted average shares outstanding	<u>1,124,917</u>	<u>1,115,909</u>	<u>1,122,759</u>	<u>1,114,389</u>
Diluted weighted average shares outstanding	<u>1,127,013</u>	<u>1,119,535</u>	<u>1,125,179</u>	<u>1,119,885</u>

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

	For the Three Months Ended		For the Twelve Months Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Net income	\$ 98,152	\$ 113,936	\$ 349,693	\$ 430,589
Other comprehensive gain (loss), before income tax:				
Securities available for sale:				
Net unrealized holding gains (losses) arising during the period	16,564	230,888	400,320	(182,221)
Less reclassification adjustment for (gain) loss on the sale of securities available for sale included in net income	-	-	(78,628)	486
Other comprehensive gain (loss), before income tax expense (benefit)	16,564	230,888	321,692	(181,735)
Income tax effect	4,559	63,540	88,529	(50,016)
Other comprehensive gain (loss), net of tax	12,005	167,348	233,163	(131,719)
Total comprehensive income	<u>\$ 110,157</u>	<u>\$ 281,284</u>	<u>\$ 582,856</u>	<u>\$ 298,870</u>

Carroll Bancorp, Inc. and Subsidiary
Consolidated Statements of Changes in Stockholders' Equity
For the Twelve Months Ended December 30, 2019 and 2018
(unaudited)

	Number of Shares	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balances at January 1, 2019	1,094,964	\$ 10,950	\$ 14,404,082	\$ 3,288,836	\$ (211,024)	\$ 17,492,844
Net income				349,693		349,693
Other comprehensive income					233,163	233,163
RSP compensation			18,043			18,043
ESOP shares committed to be released			17,406			17,406
ESOP allocated shares FMV adjustment			10,386			10,386
Director stock issuance	5,230	52	69,395			69,447
Stock dividend paid	54,924	549	755,754	(756,303)		-
Balances at December 31, 2019	<u>1,155,118</u>	<u>\$ 11,551</u>	<u>\$ 15,275,066</u>	<u>\$ 2,882,226</u>	<u>\$ 22,139</u>	<u>\$ 18,190,982</u>
Balances at January 1, 2018	1,095,011	\$ 10,950	\$ 14,335,623	\$ 2,858,247	\$ (79,305)	\$ 17,125,515
Net income				430,589		430,589
Other comprehensive loss					(131,719)	(131,719)
RSP compensation			41,609			41,609
ESOP shares committed to be released			17,406			17,406
ESOP allocated shares FMV adjustment			10,909			10,909
Stock repurchase	(4,500)	(45)	(64,050)			(64,095)
Director stock issuance	4,453	45	62,585			62,630
Balances at December 31, 2018	<u>1,094,964</u>	<u>\$ 10,950</u>	<u>\$ 14,404,082</u>	<u>\$ 3,288,836</u>	<u>\$ (211,024)</u>	<u>\$ 17,492,844</u>

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

	For the Twelve Months Ended December 31,	
	2019	2018
Cash flows from operating activities:		
Net income	\$ 349,693	\$ 430,589
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
(Gain) loss on sale or redemption of securities	(78,628)	486
Gain on sale of certificates of deposits of other financial institutions	(13,625)	-
Other than temporary impairment - nonmarketable equity securities	-	24,996
Gain on sale of loans held for sale	(230,929)	(105,232)
Origination of loans held for sale	(9,984,499)	(4,038,094)
Proceeds from sale of loans held for sale	9,055,428	3,829,626
Amortization and accretion of securities	103,021	147,776
Amortization of deferred loan costs, net of origination fees	284,797	243,210
Write-down of foreclosed asset	70,722	-
Provision for loan losses	24,528	174,561
Depreciation of premises and equipment	260,674	224,589
Increase in cash surrender value of bank-owned life insurance	(88,189)	(96,827)
ESOP compensation expense	27,792	28,315
RSP compensation expense	18,043	41,609
Decrease in deferred tax assets	71,604	1,702
Decrease (increase) in accrued interest receivable	74,999	(66,508)
Increase in other assets	(69,669)	(96,328)
(Decrease) increase in other liabilities	(38,712)	298,822
Net cash (used in) provided by operating activities	(162,950)	1,043,292
Cash flows from investing activities:		
Purchase of securities available for sale	(2,039,137)	(5,239,953)
Proceeds from sale or redemption of securities	8,835,660	20,000
Purchase of certificates of deposit	-	(250,000)
Proceeds from sale of certificates of deposits of other financial institutions	2,263,625	-
Principal collected on securities available for sale	1,435,178	1,456,802
Decrease (increase) in loans	756,269	(14,333,110)
Purchase of premises and equipment	(580,557)	(506,542)
Purchase of other equity securities	(611,600)	(436,500)
Redemption of other equity securities	680,000	425,000
Net cash provided by (used in) investing activities	10,739,438	(18,864,303)
Cash flows from financing activities:		
(Decrease) increase in deposits	(10,947,982)	17,809,986
Proceeds from FHLB advances	26,500,000	56,000,000
Repayment of FHLB advances	(28,500,000)	(56,000,000)
Director stock purchase plan	69,447	62,630
Common stock repurchase	-	(64,095)
Net cash (used in) provided by financing activities	(12,878,535)	17,808,521
Net decrease in cash and cash equivalents	(2,302,047)	(12,490)
Cash and cash equivalents, beginning balance	7,672,234	7,684,724
Cash and cash equivalents, ending balance	\$ 5,370,187	\$ 7,672,234
Supplemental disclosure of cash flow information:		
Interest paid	\$ 2,230,116	\$ 1,646,191
Income tax paid	\$ 15,100	\$ 176,106

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 were 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 set forth below include the effect of net deferred costs, discounts and premiums that are amortized or accreted to interest income.

	For the Three Months Ended December 31,					
	2019			2018		
	Average Outstanding Balance	Interest	Yield / Rate	Average Outstanding Balance	Interest	Yield / Rate
(Dollars in thousands)						
Interest-earning assets:						
Loans	\$ 150,591	\$ 1,742	4.59%	\$ 150,610	\$ 1,693	4.46%
Investment securities	14,123	111	3.12%	23,821	181	3.01%
Certificates of deposit	3,432	19	2.20%	3,750	21	2.22%
Interest-earning deposits	8,809	35	1.58%	12,503	63	2.00%
Total interest-earning assets	176,955	1,907	4.28%	190,684	1,958	4.07%
Noninterest-earning assets	10,114			9,837		
Total assets	<u>\$ 187,069</u>			<u>\$ 200,521</u>		
Interest-bearing liabilities:						
Savings	\$ 26,404	12	0.18%	\$ 27,596	15	0.22%
Certificates of deposit	75,376	377	1.98%	81,973	380	1.84%
Money market	9,800	15	0.61%	11,316	12	0.42%
Interest-bearing checking	23,604	26	0.44%	23,519	28	0.47%
Total interest-bearing deposits	135,184	430	1.26%	144,404	435	1.20%
Federal Home Loan Bank advances	17,283	109	2.50%	23,000	140	2.41%
Total interest-bearing liabilities	152,467	539	1.40%	167,404	575	1.36%
Noninterest-bearing deposits	15,670			15,285		
Noninterest-bearing liabilities	735			543		
Total liabilities	168,872			183,232		
Equity	18,197			17,289		
Total liabilities and capital	<u>\$ 187,069</u>			<u>\$ 200,521</u>		
Net interest income		<u>\$ 1,368</u>			<u>\$ 1,383</u>	
Net interest rate spread (1)			2.88%			2.71%
Net interest-earning assets (2)	<u>\$ 24,488</u>			<u>\$ 23,280</u>		
Net interest margin (3)			3.07%			2.88%
Average interest-earning assets to interest-bearing liabilities	116.06%			113.91%		

(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 Twelve Months Ended December 31,

	2019			2018		
	Average Outstanding Balance	Interest	Yield / Rate	Average Outstanding Balance	Interest	Yield / Rate
(Dollars in thousands)						
Interest-earning assets:						
Loans	\$ 151,601	\$ 6,994	4.61%	\$ 145,224	\$ 6,554	4.51%
Investment securities	17,756	553	3.11%	23,344	692	2.96%
Certificates of deposit	3,670	81	2.21%	3,719	82	2.20%
Interest-earning deposits	6,722	135	2.01%	8,566	151	1.76%
Total interest-earning assets	179,749	7,763	4.32%	180,853	7,479	4.14%
Noninterest-earning assets	10,148			9,500		
Total assets	<u>\$ 189,897</u>			<u>\$ 190,353</u>		
Interest-bearing liabilities:						
Savings	\$ 26,450	51	0.19%	\$ 28,872	60	0.21%
Certificates of deposit	79,290	1,579	1.99%	72,024	1,151	1.60%
Money market	10,631	46	0.43%	11,987	52	0.43%
Interest-bearing checking	20,939	88	0.42%	23,733	114	0.48%
Total interest-bearing deposits	137,310	1,764	1.28%	136,616	1,377	1.01%
Federal Home Loan Bank advances	19,085	491	2.57%	22,329	474	2.12%
Total interest-bearing liabilities	156,395	2,255	1.44%	158,945	1,851	1.16%
Noninterest-bearing deposits	14,924			13,804		
Noninterest-bearing liabilities	728			410		
Total liabilities	172,047			173,159		
Equity	17,850			17,194		
Total liabilities and capital	<u>\$ 189,897</u>			<u>\$ 190,353</u>		
Net interest income		<u>\$ 5,508</u>			<u>\$ 5,628</u>	
Net interest rate spread (1)			2.88%			2.98%
Net interest-earning assets (2)	<u>\$ 23,354</u>			<u>\$ 21,908</u>		
Net interest margin (3)			3.06%			3.11%
Average interest-earning assets to interest-bearing liabilities	114.93%			113.78%		

(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.