



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

SYKESVILLE, MD – July 27, 2020 – Carroll Bancorp, Inc. (the “Company”) (OTC PINK: CROL), the parent company of Carroll Community Bank (the “Bank”), today announced net income of \$112,000 or \$0.10 per diluted common share for the quarter ended June 30, 2020. By comparison, the Company recorded a net loss of \$52,000 or \$0.05 per diluted common share for the quarter ended June 30, 2019. For the six months ended June 30, 2020, the Company recorded net income of \$51,000, or \$0.04 per diluted common share, compared to a net loss of \$39,000, or \$0.03 per diluted common share, for the six months ended June 30, 2019. In conjunction with the merger process, the Company incurred merger transaction costs during the second quarter and year to date of \$169,000 and \$407,000, respectively, which had a significant impact on earnings. The table below provides a comparison of the Company’s results with and without the merger transaction costs along with a prior year comparison.

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2020		2019	2020		2019
	As Reported	Excluding Merger Costs	As Reported	As Reported	Excluding Merger Costs	As Reported
Income before income tax expense	\$ 199,082	\$ 368,315	\$ (90,737)	\$ 103,389	\$ 510,492	\$ (96,724)
Income tax expense	87,539	96,150	(38,572)	52,606	126,679	(57,514)
Net income	<u>\$ 111,543</u>	<u>\$ 272,165</u>	<u>\$ (52,165)</u>	<u>\$ 50,783</u>	<u>\$ 383,813</u>	<u>\$ (39,210)</u>
Earnings per share (diluted)	\$ 0.10	\$ 0.24	\$ (0.05)	\$ 0.04	\$ 0.34	\$ (0.03)
Return on average assets	0.23%	0.57%	-0.11%	0.05%	0.41%	-0.04%
Return on average equity	2.45%	5.97%	-1.18%	0.56%	4.22%	-0.45%

“During the second quarter and first six months of 2020, the Bank has shown a marked improvement in net interest margin as our cost of funds have declined significantly and in non-interest income due to gains recognized on the sale of residential loans held for sale. Management continues to focus its efforts on improving the financial performance of the Bank as we work toward a successful merger with Farmers and Merchants Bank. We are pleased to have helped so many of our small business customers with their Payroll Protection Program Loans during this difficult and stressful time. Access to decision makers that can help small business owners and families, remain one of the core strengths of community banking.” stated Russell J. Grimes, the Company’s President and CEO.

The Bank closed its Bethesda Branch location as of June 26, 2020 as part of the requirements of the Definitive Agreement and Plan of Merger. In addition, the Bank has vacated and subleased its Mt. Airy loan production office location for the remaining term of the lease which expires on April 1, 2021.

Balance Sheet and Credit Quality Overview

- At June 30, 2020, total assets increased by \$6.0 million to \$190.0 million from \$184.0 million at December 31, 2019. Total assets decreased slightly compared to June 30, 2019.
- Total loans decreased by \$666,000 to \$152.1 million from \$152.8 million at December 31, 2019 and decreased by \$2.8 million from \$154.9 million at June 30, 2019. The decline in loan balances during 2020 was primarily attributable to two large balance commercial real estate loans totaling \$4.1 million being paid off as a result of a customer selling their property and a lead bank buying back our portion of a loan, mostly offset by the Bank lending \$6.9 million as part of the SBA Payroll Protection Program.

- Total deposits increased by \$7.2 million to \$151.4 million from \$144.1 million compared to December 31, 2019 and decreased slightly compared to June 30, 2019. Brokered CD's decreased by \$8.0 million and \$12.0 million, respectively for the same comparable periods. At June 30, 2020, the Bank had no brokered CD's.
- Non-performing loans dropped to \$452,000 at June 30, 2020 compared to \$1.4 million at December 31, 2019 and \$3.2 million at June 30, 2019. Non-performing assets totaled \$2.2 million at June 30, 2020 compared to \$3.1 million at December 31, 2019 and \$5.0 million at June 30, 2019.
- Past due loans were \$373,000 at June 30, 2020, all past due less than 60 days, compared to \$2.7 million at December 31, 2019 and \$1.5 million at June 30, 2019.

Income Statement Overview

- Net interest income for the second quarter of 2020 increased by \$123,000 to \$1.5 million compared to \$1.3 million for the three months ended June 30, 2019. In addition, our net interest margin increased to 3.18% for the second quarter of 2020 compared to 2.94% for the second quarter of 2019. Net interest income for the six months ending June 30, 2020 increased by \$249,000 compared to the same period in 2019 as our net interest margin rose to 3.25% for the 2020 period compared to 2.90% for the same period in 2019. The maturity of brokered CD's and the repricing of our certificates of deposits and FHLB advances, along with the lowering of rates on all interest-bearing deposit products, have had a positive impact on net interest income and the net interest margin. Interest expense decreased by \$361,000 in 2020 compared to the six months ending June 30, 2019, of which \$318,000 was attributable to the decline in interest rates.
- The Bank recorded a provision for loan losses during the six months ending June 30, 2020 of \$138,000 which was comprised of \$105,000 in additional provision for an estimated impact of the Covid-19 Pandemic partially offset by the decline in reservable loan balances of \$6.0 million since December 31, 2019. The Bank did not reserve for the SBA Payroll Protection Program loans due to the government guarantee on those loans. For the six months ended June 30, 2019, the Bank recorded provisions for loan losses of \$25,000 as loan balances increased by \$2.2 million during 2019.
- Non-interest income increased by \$140,000 compared to the three months ended June 30, 2019 and increased by \$125,000 compared to the six months ended June 30, 2019. The increase for both comparable periods was due to the upsurge in gains on loans held for sale and the rental income collected on the Bank's real estate owned property, partially offset by gains on the sale of securities recognized during 2019.
- Non-interest expense decreased by \$111,000 to \$1.4 million for the three months ended June 30, 2020 compared to \$1.5 million for the three months ended June 30, 2019. The decrease is attributable to 2019 including loan workout costs on two commercial loans and a reduction in salary and benefit costs, partially offset by costs incurred relating to the pending merger. Non-interest expense increased by \$61,000 to \$3.1 million for the six months ended June 30, 2020 compared to \$3.0 million for the six months ended June 30, 2019. This increase was primarily due to merger transaction costs incurred of \$407,000 mostly offset by loan workout costs incurred in 2019 and a reduction in salary and benefit costs.

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 and Westminster. 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 constitutes 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 June 30, 2020	At December 31, 2019	At June 30, 2019
	(unaudited)	(audited)	(unaudited)
Selected Financial Condition Data:			
Assets	\$ 189,979	\$ 183,957	\$ 190,080
Loans	152,112	152,778	154,875
Allowance for loan losses	1,174	1,129	1,172
Deposits	151,367	144,127	151,626
Federal Home Loan Bank advances	20,000	21,000	20,000
Stockholders' equity	18,358	18,191	17,725
Nonperforming assets and past due loans:			
Nonaccrual loans	452	1,388	3,169
Troubled Debt Restructured loans (TDR)	362	369	377
Foreclosed assets	1,711	1,711	1,782
Past due loans, 30-59 days (not including nonaccrual loans)	373	404	731
Past due loans, 60-89 days (not including nonaccrual loans)	-	2,331	790
Asset Quality Ratios:			
Allowance for loan losses to total loans	0.77%	0.74%	0.76%
Nonperforming loans to total loans	0.30%	0.91%	2.05%
Nonperforming assets to total assets	1.14%	1.68%	2.60%
Capital Ratios (bank level):			
Total capital to risk-weighted assets	13.79%	13.08%	12.69%
Tier 1 capital to risk-weighted assets	12.93%	12.29%	11.88%
Tier 1 capital to average assets	9.17%	9.47%	9.02%
Tangible equity to tangible assets	9.42%	9.64%	9.10%

Summary of Operating Results (unaudited)

(Dollars in thousands)

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2020	2019	Variance	2020	2019	Variance
Selected Operating Data:						
Interest income	\$ 1,794	\$ 1,912	\$ (118)	\$ 3,702	\$ 3,814	\$ (112)
Interest expense	341	582	(241)	811	1,172	(361)
Net interest income	1,453	1,330	123	2,891	2,642	249
Provision for loan losses	109	24	85	138	25	113
Net interest income after provision for loan losses	1,344	1,306	38	2,753	2,617	136
Non-interest income	284	144	140	444	319	125
Non-interest expense	1,429	1,541	(112)	3,094	3,033	61
Income before income tax expense	199	(91)	290	103	(97)	200
Income tax expense	87	(39)	126	52	(58)	110
Net income	\$ 112	\$ (52)	\$ 164	\$ 51	\$ (39)	\$ 90
Per Common Share Data (unaudited):						
Basic earnings per share	\$ 0.10	\$ (0.05)	\$ 0.15	\$ 0.05	\$ (0.03)	\$ 0.08
Diluted earnings per share	\$ 0.10	\$ (0.05)	\$ 0.15	\$ 0.04	\$ (0.03)	\$ 0.07
Basic weighted average number of shares	1,129,111	1,122,711	6,400	1,128,459	1,120,907	7,552
Diluted weighted average number of shares	1,131,846	1,124,807	7,039	1,130,785	1,123,655	7,130
Select Financial Ratios (unaudited):						
Return on average assets	0.23%	-0.11%		0.05%	-0.04%	
Return on average equity	2.45%	-1.18%		0.56%	-0.45%	
Interest rate spread	3.04%	2.76%		3.09%	2.72%	
Net interest margin	3.18%	2.94%		3.25%	2.90%	
Efficiency ratio	73.74%	104.51%		81.19%	102.44%	
Non-interest expense to average assets	2.66%	3.22%		2.88%	3.16%	
Average interest-earning assets to average interest-bearing liabilities	119.09%	114.35%		117.52%	114.28%	

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

	June 30, 2020 <u>(unaudited)</u>	December 31, 2019 <u>(audited)</u>	June 30, 2019 <u>(unaudited)</u>
Assets:			
Cash and due from banks	\$ 1,267,789	\$ 1,426,844	\$ 1,316,493
Interest-bearing deposits with depository institutions	<u>12,607,508</u>	<u>3,943,343</u>	<u>5,310,151</u>
Total Cash and cash equivalents	13,875,297	5,370,187	6,626,644
Certificates of deposit with depository institutions	750,000	1,500,000	3,750,000
Securities available for sale, at fair value	11,464,656	12,454,720	12,466,471
Securities held to maturity (fair value June 30, 2020 \$2,286,875 December 31, 2019 \$2,278,358 and June 30, 2019 \$2,513,906)	2,203,077	2,203,407	2,453,730
Other equity securities, at cost	1,139,200	1,192,700	1,150,200
Loans and leases, net of allowance for loan losses - June 30, 2020 \$1,173,602, December 31, 2019 \$1,129,294 and June 30, 2019 \$1,171,587	150,938,552	151,649,005	153,703,380
Bank-owned life insurance	3,942,602	3,901,282	3,856,912
Premises and equipment, net	2,706,964	2,876,289	2,844,083
Foreclosed assets	1,711,101	1,711,101	1,781,823
Accrued interest receivable	795,280	499,291	568,405
Other assets	<u>452,710</u>	<u>598,653</u>	<u>878,067</u>
Total assets	<u>\$ 189,979,439</u>	<u>\$ 183,956,635</u>	<u>\$ 190,079,715</u>
Liabilities:			
Deposits			
Noninterest-bearing	\$ 22,907,162	\$ 16,397,482	\$ 14,219,003
Interest-bearing	<u>128,459,700</u>	<u>127,729,199</u>	<u>137,407,059</u>
Total deposits	151,366,862	144,126,681	151,626,062
Federal Home Loan Bank advances	20,000,000	21,000,000	20,000,000
Other liabilities	<u>254,399</u>	<u>638,972</u>	<u>728,660</u>
Total liabilities	<u>171,621,261</u>	<u>165,765,653</u>	<u>172,354,722</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 1,155,765 shares at June 30, 2020, 1,155,118 shares at December 31, 2019 and 1,153,804 shares at June 30, 2019	11,558	11,551	11,538
Capital Surplus	15,288,688	15,275,066	15,221,737
Retained earnings	2,933,009	2,882,226	2,493,323
Accumulated other comprehensive income (loss)	<u>124,923</u>	<u>22,139</u>	<u>(1,605)</u>
Total stockholders' equity	<u>18,358,178</u>	<u>18,190,982</u>	<u>17,724,993</u>
Total liabilities and stockholders' equity	<u>\$ 189,979,439</u>	<u>\$ 183,956,635</u>	<u>\$ 190,079,715</u>

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
Interest and dividend income:				
Loans	\$ 1,670,100	\$ 1,716,035	\$ 3,431,839	\$ 3,377,945
Securities available for sale	88,026	110,062	183,311	258,028
Securities held to maturity	29,167	32,169	58,389	65,393
Certificates of deposit	3,927	20,616	9,884	40,989
Interest-earning deposits	3,537	33,353	18,934	71,844
Total interest income	<u>1,794,757</u>	<u>1,912,235</u>	<u>3,702,357</u>	<u>3,814,199</u>
Interest expense:				
Deposits	302,089	452,835	645,044	901,272
Borrowings	39,571	129,616	166,391	271,443
Total interest expense	<u>341,660</u>	<u>582,451</u>	<u>811,435</u>	<u>1,172,715</u>
Net interest income	1,453,097	1,329,784	2,890,922	2,641,484
Provision for loan losses	108,427	23,996	137,569	24,528
Net interest income after provision for loan losses	<u>1,344,670</u>	<u>1,305,788</u>	<u>2,753,353</u>	<u>2,616,956</u>
Non-interest income:				
Gain on sale of securities available for sale	-	14,715	-	55,047
Gain on loans held for sale	184,814	33,007	234,916	74,993
Increase in cash surrender value - life insurance	20,695	22,097	41,320	43,819
Customer service fees	26,892	38,130	58,657	72,655
Rental income	28,412	7,147	64,336	10,089
Loan fee income	10,143	16,693	15,094	39,078
Other income	12,773	12,264	29,841	23,788
Total non-interest income	<u>283,729</u>	<u>144,053</u>	<u>444,164</u>	<u>319,469</u>
Non-interest expense:				
Salaries and employee benefits	660,039	815,520	1,482,002	1,611,520
Premises and equipment	204,473	184,116	409,593	360,889
Data processing	163,826	155,668	328,229	311,915
Professional fees	37,644	73,945	77,466	144,493
FDIC insurance	28,125	43,905	59,519	85,675
Directors' fees	44,842	39,495	81,717	87,395
Corporate insurance	13,207	12,159	26,589	24,319
Printing and office supplies	7,828	12,043	17,201	21,195
Other operating expenses	100,100	203,727	204,709	385,748
Merger transaction costs	169,233	-	407,103	-
Total non-interest expenses	<u>1,429,317</u>	<u>1,540,578</u>	<u>3,094,128</u>	<u>3,033,149</u>
Income (loss) before income tax expense (benefit)	199,082	(90,737)	103,389	(96,724)
Income tax expense (benefit)	87,539	(38,572)	52,606	(57,514)
Net income (loss)	<u>\$ 111,543</u>	<u>\$ (52,165)</u>	<u>\$ 50,783</u>	<u>\$ (39,210)</u>
Basic earnings per share	<u>\$ 0.10</u>	<u>\$ (0.05)</u>	<u>\$ 0.05</u>	<u>\$ (0.03)</u>
Diluted earnings per share	<u>\$ 0.10</u>	<u>\$ (0.05)</u>	<u>\$ 0.04</u>	<u>\$ (0.03)</u>
Basic weighted average shares outstanding	<u>1,129,111</u>	<u>1,122,711</u>	<u>1,128,459</u>	<u>1,120,907</u>
Diluted weighted average shares outstanding	<u>1,131,846</u>	<u>1,124,807</u>	<u>1,130,785</u>	<u>1,123,655</u>

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

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss)	\$ 111,543	\$ (52,165)	\$ 50,783	\$ (39,210)
Other comprehensive income, before income tax				
Securities available for sale:				
Net unrealized holding gains arising during the period	6,952	114,515	141,810	343,979
Less reclassification adjustment for gain on the sale of securities available for sale included in net income	-	14,715	-	55,047
Other comprehensive income, before income tax	6,952	99,800	141,810	288,932
Income tax effect	1,913	27,464	39,026	79,513
Other comprehensive income, net of tax	5,039	72,336	102,784	209,419
Total comprehensive income	<u>\$ 116,582</u>	<u>\$ 20,171</u>	<u>\$ 153,567</u>	<u>\$ 170,209</u>

Carroll Bancorp, Inc. and Subsidiary
Consolidated Statements of Changes in Stockholders' Equity
For the Six Months Ended June 30, 2020 and 2019
(unaudited)

	Number of Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balances at January 1, 2020	1,155,118	\$ 11,551	\$ 15,275,066	\$ 2,882,226	\$ 22,139	\$ 18,190,982
Net income				50,783		50,783
Other comprehensive income					102,784	102,784
RSP compensation			5,103			5,103
Director stock issuance	647	7	8,519			8,526
Balances at June 30, 2020	<u>1,155,765</u>	<u>\$ 11,558</u>	<u>\$ 15,288,688</u>	<u>\$ 2,933,009</u>	<u>\$ 124,923</u>	<u>\$ 18,358,178</u>
Balances at January 1, 2019	1,094,964	\$ 10,950	\$ 14,404,082	\$ 3,288,836	\$ (211,024)	\$ 17,492,844
Net loss				(39,210)		(39,210)
Other comprehensive income					209,419	209,419
RSP compensation			9,420			9,420
Director stock issuance	3,916	39	52,481			52,520
Stock dividend declared	54,924	549	755,754	(756,303)		-
Balances at June 30, 2019	<u>1,153,804</u>	<u>\$ 11,538</u>	<u>\$ 15,221,737</u>	<u>\$ 2,493,323</u>	<u>\$ (1,605)</u>	<u>\$ 17,724,993</u>

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

	For the Six Months Ended June 30,	
	2020	2019
Cash flows from operating activities:		
Net income (loss)	\$ 50,783	\$ (39,210)
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sale of securities available for sale	-	(55,047)
Gain on sale of loans held for sale	(234,916)	(74,993)
Origination of loans held for sale	(10,864,700)	(3,414,000)
Proceeds from sale of loans held for sale	11,594,316	3,502,693
Amortization and accretion of securities	41,232	61,455
Amortization of deferred loan costs, net of origination fees	89,858	159,373
Provision for loan losses	137,569	24,528
Depreciation of premises and equipment	153,584	125,680
Loss on disposal of fixed assets	20,600	-
Increase in cash surrender value of bank-owned life insurance	(41,320)	(43,819)
ESOP compensation expense	-	15,000
RSP compensation expense	5,103	9,420
Increase in deferred tax assets	(14,800)	(47,766)
(Increase) decrease in accrued interest receivable	(295,989)	5,885
Decrease (increase) in other assets	121,717	(220,698)
(Decrease) increase in other liabilities	(384,573)	23,976
Net cash provided by operating activities	378,464	32,477
Cash flows from investing activities:		
Proceeds from sale of securities available for sale	200,000	7,200,904
Principal collected on securities available for sale	890,971	753,949
Maturity of certificates of deposit with financial institutions	750,000	-
Increase in loans	(11,674)	(2,346,383)
Purchase of premises and equipment	(4,858)	(401,356)
Purchase of other equity securities	(892,500)	(356,600)
Redemption of other equity securities	946,000	467,500
Net cash provided in investing activities	1,877,939	5,318,014
Cash flows from financing activities:		
Increase (decrease) in deposits	7,240,181	(3,448,601)
Proceeds from FHLB advances	46,000,000	18,000,000
Repayment of FHLB advances	(47,000,000)	(21,000,000)
Director stock purchase plan	8,526	52,520
Net cash provided (used) by financing activities	6,248,707	(6,396,081)
Net increase (decrease) in cash and cash equivalents	8,505,110	(1,045,590)
Cash and cash equivalents, beginning balance	5,370,187	7,672,234
Cash and cash equivalents, ending balance	\$ 13,875,297	\$ 6,626,644
Supplemental disclosure of cash flow information:		
Interest paid	\$ 1,075,587	\$ 1,244,884
Income tax paid	\$ -	\$ -

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 June 30,					
	2020			2019		
	Average Outstanding Balance	Interest	Yield / Rate	Average Outstanding Balance	Interest	Yield / Rate
(Dollars in thousands)						
Interest-earning assets:						
Loans	\$ 151,483	\$ 1,670	4.43%	\$ 152,765	\$ 1,716	4.51%
Investment securities	15,442	116	3.02%	18,303	142	3.11%
Certificates of deposit	750	4	2.15%	3,750	21	2.25%
Interest-earning deposits	16,060	4	0.10%	6,578	33	2.01%
Total interest-earning assets	183,735	1,794	3.93%	181,396	1,912	4.23%
Noninterest-earning assets	9,984			10,278		
Total assets	<u>\$ 193,719</u>			<u>\$ 191,674</u>		
Interest-bearing liabilities:						
Savings	\$ 27,862	3	0.04%	\$ 26,067	14	0.22%
Certificates of deposit	62,447	275	1.77%	81,428	409	2.01%
Money market	11,464	10	0.35%	10,829	9	0.33%
Interest-bearing checking	25,392	14	0.22%	20,303	21	0.41%
Total interest-bearing deposits	127,165	302	0.96%	138,627	453	1.31%
Federal Home Loan Bank advances	27,121	39	0.58%	20,000	129	2.59%
Total interest-bearing liabilities	154,286	341	0.89%	158,627	582	1.47%
Noninterest-bearing deposits	20,805			14,554		
Noninterest-bearing liabilities	295			795		
Total liabilities	175,386			173,976		
Equity	18,333			17,698		
Total liabilities and capital	<u>\$ 193,719</u>			<u>\$ 191,674</u>		
Net interest income		<u>\$ 1,453</u>			<u>\$ 1,330</u>	
Net interest rate spread (1)			3.04%			2.76%
Net interest-earning assets (2)	<u>\$ 29,449</u>			<u>\$ 22,769</u>		
Net interest margin (3)			3.18%			2.94%
Average interest-earning assets to interest-bearing liabilities		119.09%			114.35%	

(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 Six Months Ended June 30,

	2020			2019		
	Average Outstanding Balance	Interest	Yield / Rate	Average Outstanding Balance	Interest	Yield / Rate
(Dollars in thousands)						
Interest-earning assets:						
Loans	\$ 151,012	\$ 3,432	4.57%	\$ 152,317	\$ 3,378	4.47%
Investment securities	15,690	241	3.09%	20,958	323	3.11%
Certificates of deposit	982	10	2.05%	3,750	41	2.20%
Interest-earning deposits	11,228	19	0.34%	6,361	72	2.28%
Total interest-earning assets	178,912	3,702	4.16%	183,386	3,814	4.19%
Noninterest-earning assets	10,016			10,125		
Total assets	<u>\$ 188,928</u>			<u>\$ 193,511</u>		
Interest-bearing liabilities:						
Savings	\$ 27,290	13	0.10%	\$ 26,605	28	0.21%
Certificates of deposit	63,938	575	1.81%	82,528	814	1.99%
Money market	10,840	27	0.50%	10,805	20	0.37%
Interest-bearing checking	22,700	30	0.27%	19,340	39	0.41%
Total interest-bearing deposits	124,768	645	1.04%	139,278	901	1.30%
Federal Home Loan Bank advances	27,467	166	1.22%	21,193	271	2.58%
Total interest-bearing liabilities	152,235	811	1.07%	160,471	1,172	1.47%
Noninterest-bearing deposits	18,016			14,677		
Noninterest-bearing liabilities	371			728		
Total liabilities	170,622			175,876		
Equity	18,306			17,635		
Total liabilities and capital	<u>\$ 188,928</u>			<u>\$ 193,511</u>		
Net interest income		<u>\$ 2,891</u>			<u>\$ 2,642</u>	
Net interest rate spread (1)			3.09%			2.72%
Net interest-earning assets (2)	<u>\$ 26,677</u>			<u>\$ 22,915</u>		
Net interest margin (3)			3.25%			2.90%
Average interest-earning assets to interest-bearing liabilities	117.52%			114.28%		

(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.