



May 2, 2025

Dear Shareholder:

We are pleased to increase our dividend for the first quarter of 2025 to eleven cents per share to shareholders of record as of April 25, 2025.

Net income was \$1.081 million or \$2.73 per common share for the three months ended March 31, 2025, compared to \$755 thousand or \$1.90 per common share for the three months ended March 31, 2024. The increase in net income was driven mainly by a \$609 thousand increase in interest income.

Total assets increased by \$20.9 million or 5.0% to \$443.4 million as of March 31, 2025, compared with \$422.5 million on March 31, 2024. Loans, net of the allowance for loan losses, increased \$27.0 million to \$313.8 million as of March 31, 2025, compared to \$286.8 million as of March 31, 2024.

The Bank's liquidity position remains strong, with \$20.0 million in cash and cash equivalents available for funding loans, investments, and strategic initiatives.

Shareholders equity totaled \$26.1 million on March 31, 2025, compared to \$21.2 million on March 31, 2024. Book value was \$65.87 and \$53.37 per share as of March 31, 2025, and 2024, respectively. The Bank's capital ratios continue to meet each of the minimum well capitalized ratios required by regulatory statute.

During the first quarter the Bank launched our new brand, "Community Is Our Business" which captures the Bank's position as the only local bank primarily focused on the Frederick County market. We also went live with a new online banking system, complete with improved functionality including the ability for clients to request assistance via messaging. The strong net income performance referenced above was coupled with continued solid loan growth. While both loan and deposit pipelines are currently strong, the Bank is mindful of external headwinds in the form of the State budget situation, potential impact from tariffs, and federal employment reduction in the region.

A condensed unaudited March 31, 2025, comparative financial statement and a **December 31, 2024, audited comparative financial statement** is enclosed for your review. **The December 31, 2024, audited statement includes a bank owned life insurance adjustment which was unknown in the unaudited comparative statement which was previously disclosed.**

On behalf of the Board of Directors, management, and bank colleagues, we thank you for your continued support and offer you our best wishes. Please contact us with any questions.

Sincerely,

Gordon M. Cooley, Board Chair

Stephen K. Heine, CEO

This letter may contain forward-looking statements, as defined by federal securities laws, which may involve significant risks and uncertainties. The statements are based on estimates and assumptions made by management in conjunction with other factors deemed appropriate under the circumstances. Actual results could differ materially from current projections.