



December 2011

Dear Shareholder:

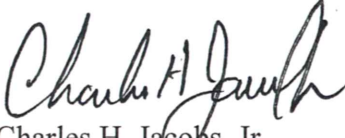
We are pleased to announce that the Board of Directors has declared both a **3% stock dividend** and an **18¢ per share** quarterly cash dividend. The stock dividend will be paid on December 23, 2011 to shareholders of record as of December 2, 2011. The cash dividend will be paid on January 27, 2012 to shareholders of record as of January 6, 2012. The stock dividend represents the **20<sup>th</sup> consecutive year** that such a dividend has been declared. Based on the current trading price of the Bank's common stock as reported through NASDAQ's Over-the-Counter Bulletin Board (\$17.50 per share as of December 16, 2011), these dividends represent a return in excess of 6.8% for 2011.

On November 30, 2011, the book value of our stock was \$26.11 per share compared to \$25.03 per share on November 30, 2010. While the current trading price is 67% of the current book value, we believe this compares favorably to other well-regarded banks in our region. We are pleased to report that Bauer Financial, Inc. ([www.bauerfinancial.com](http://www.bauerfinancial.com)), an independent bank rating firm, continues to rate Harford Bank a **FIVE STAR** bank. Earnings per share year to date through September 30, 2011 were \$1.39 compared to \$1.49 for the same period in 2010. Harford Bank is a well capitalized institution that is on the path to completing another successful year.

To facilitate communication with our shareholders and the public in general, the Bank has enhanced its web site, [www.harfordbank.com](http://www.harfordbank.com), to include announcements concerning the Bank, its financial condition, and other pertinent shareholder information as well as the current regulatory reports. You may access this information by clicking on the tab "Financial Information/Regulatory" then clicking on "Stockholder Information". This letter will also be posted on our web site.

Thank you for your continued support and trust in the Bank. On behalf of the Directors, Officers and Staff of Harford Bank, we would like to wish you and your family a prosperous and healthy New Year.

  
John S. Karas  
Chairman of the Board

  
Charles H. Jacobs, Jr.  
President/CEO

*For You, For Your Community, For A Lifetime*

<b>ABERDEEN</b> 8 W. Bel Air Ave. Aberdeen, MD 21001 410-272-5000 FAX 410-272-0533	<b>ABINGDON</b> 2905 Emmorton Rd. Abingdon, MD 21009 410-569-7010 FAX 410-569-4107	<b>BEL AIR</b> 505 S. Main St. Bel Air, MD 21014 410-838-7001 FAX 410-638-9331	<b>BEL AIR</b> 545 Marketplace Dr. Bel Air, MD 21014 410-893-0900 FAX 410-638-2251	<b>ELKTON</b> 133 Bridge Street Elkton, MD 21921 410-642-9160 FAX 410-642-9159	<b>HAVRE DE GRACE</b> 960 Revolution St. Havre de Grace, MD 21078 410-939-0300 FAX 410-939-0301	<b>HICKORY</b> 1610 Conowingo Rd. Bel Air, MD 21014 410-420-6605 FAX 410-420-6295	<b>JOPPATOWNE</b> 501 Riviera Dr. Joppa, MD 21085 410-679-2070 FAX 410-679-3563
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