



TO OUR SHAREHOLDERS, CUSTOMERS AND FRIENDS

Bankers from institutions of all sizes and types commonly set aside time each year to ponder the reasons people invest in, work with, and work for their respective organizations. Most of them perform this self-analysis as part of their strategic planning process. Bankers do their best to identify what it is that makes each of them unique. Then, they develop plans to emphasize and improve what they see as their competitive advantages in the hope that they'll attract new investors, customers, and team members.

Harford Bank also engages in this introspection. Our team works hard to objectively assess what we do well, and what we can do better. We embrace the fact that we always have room to improve. The financial services industry is as competitive as any industry in the country, and we understand that if we do not keep our sights set on the horizon, we could find ourselves playing a game of catch-up.

But what sets one bank apart from the others in today's environment?

Technology? Perhaps, although the pandemic forced most financial institutions to rapidly improve their technological capabilities just to survive (and we believe the industry acquitted itself well in that pursuit). Is it novel products and services? Sometimes, although it is often difficult for a financial institution to differentiate itself for long based solely on an inventive product. As an industry, we're pretty good at adapting and quickly erasing such advantages.

Is it price? For some people, yes. But consumers have long shown that price alone is not a reliable predictor of where they will spend their hard-earned money. Many are looking for something more than simply the best price, even in inflationary times.

What is it, then, that investors, customers, and employees prize the most? We believe it is *value*. The word itself is usually defined by the beholder, but it represents a set of criteria that interested parties consider important. The criteria often include a combina-

tion of objective measures and subjective goals, each weighted according to personal preferences. Our challenge is to understand those preferences and define the unique value we offer.

There is no denying that objective criteria are important factors in determining the value of a bank, whether your perspective is one of investor, customer, or employee. The most obvious objective criteria for banks are contained in their financial statements. Harford Bank has been fortunate to be able to report several consecutive years of strong financial performance. As the "Financial Highlights" section on page three shows, 2024 was no exception.

Harford Bank ended 2024 with total assets of \$713 million, a 7.2% increase over the prior year. Net income for 2024 increased by nearly 8% over the prior year, an even more impressive number considering the 2023 net income number included an extraordinary pre-tax gain of over \$1 million from the sale of one of the branch locations in 2023. Net loans



declined slightly in 2024, due largely to some significant loan payoffs in the fourth quarter of 2024 as a few borrowers opted to sell assets and/or businesses. Conversely, deposit growth in 2024 was exceptional, with outstanding deposit balances growing by 16% year-over-year.

We are proud of last year's results, and we are proud of our long record of consistent financial achievement. Our steady performance has enabled us to reward our shareholders through increasing dividends; it has allowed us to continue to invest in enhancements to our products and technological capabilities which improve the customer experience; and it helps us provide the resources needed to help our employees grow and pursue their professional and personal goals.

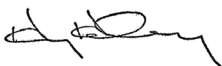
It is clear, then, that sound financial performance provides Harford Bank with the resources that help us create value. But we believe what sets us apart from many of our peers is the way we use these resources. We believe our unique value proposition is our devotion to serving our community, and we are using this year's annual report to celebrate the many ways Harford Bank works to improve the lives of our neighbors and friends.

As one of the few true community banks remaining in northeast Maryland, we are proud that the value we create is shared with our immediate neighbors in Harford,

Cecil, and Baltimore Counties. As always, the local deposits with which we are entrusted are responsibly invested back into these very same communities, usually in the form of small business, consumer, and residential mortgage loans.

Harford Bank devotes a significant portion of the revenue it generates to financially supporting many local nonprofit, service, and philanthropic organizations. The names of some of the recipients of this support appear in the lines at the top and bottom of the pages of this report. But what truly sets us apart from our peers, our true value proposition, is our people and their commitment to helping others. The stories and photos that follow this message represent just a fraction of what our people do to give back to their neighbors every day.

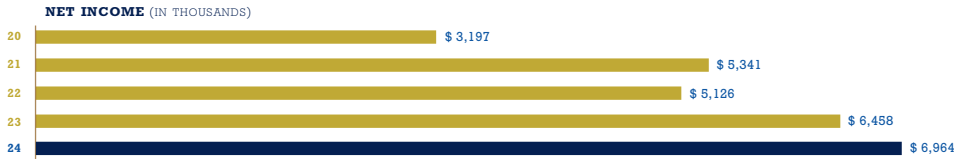
We consider ourselves incredibly fortunate to work with team members who are as selfless as they are generous. We hope you'll agree – and we hope you find true value in what we do. Harford Bank is here to serve you, and we are grateful you have put your trust in us.


HENRY S. HOLLOWAY
CHAIRMAN


MICHAEL F. ALLEN
PRESIDENT

FINANCIAL HIGHLIGHTS | DECEMBER 31

BALANCE SHEET (IN THOUSANDS)	2024	2023	% CHANGE 2024 OVER 2023
TOTAL ASSETS	\$ 713,432	665,617	7.2 %
TOTAL DEPOSITS	643,357	554,309	16.0 %
TOTAL LOANS (NET)	493,835	502,250	-1.7 %
STOCKHOLDERS' EQUITY	65,032	58,963	10.3 %
INCOME STATEMENT (IN THOUSANDS)			
NET INTEREST INCOME	\$ 22,804	21,447	6.3 %
NONINTEREST REVENUE	2,028	3,128	-35.1 %
NONINTEREST EXPENSE	(15,655)	(15,091)	3.7 %
NET INCOME	6,964	6,458	7.8 %
PER SHARE DATA			
BASIC NET INCOME PER SHARE	\$ 4.69	4.38	7.1 %
CASH DIVIDENDS DECLARED	0.92	0.88	4.5 %
STOCKHOLDERS' EQUITY (BOOK VALUE)	43.55	39.90	9.1 %
KEY RATIOS			
RETURN ON AVERAGE ASSETS	1.00 %	1.03 %	
RETURN ON AVERAGE EQUITY	11.21 %	11.42 %	
NET LOANS TO TOTAL ASSETS	69.22 %	75.46 %	
STOCKHOLDERS' EQUITY TO TOTAL ASSETS	9.12 %	8.86 %	
ALLOWANCE FOR CREDIT LOSSES ON LOANS TO GROSS LOANS	1.14 %	1.12 %	
NET LOANS TO DEPOSITS	76.76 %	90.61 %	





BUILDING STRONGER COMMUNITIES

The Power of Harford Bank's Volunteer Culture

Service in support of a thriving community has been core to Harford Bank's mission for more than 60 years. Since its founding, the bank's workforce has a history of dedicating themselves to creating a strong community beyond simply serving clients during business hours. An impressive recent

study across Harford Bank's nine branches indicates that history of service remains vibrant, with the company's team members reporting over 5,000 hours of community volunteer work in 2024.

"Bankers' hours start to take on new meaning," joked Harford Bank

Marketing Director Carla Mattioli, who herself sits on the board of the Boys & Girls Club of Harford and Cecil Counties and leads the Free to Be youth group she founded for LGBTQIA+ teens.

From branch to board, Harford Bank staff and directors see volunteering their time and expertise at local organizations across the region as an investment of a different kind—one that assures positive generational outcomes.



Lisa Bair, Vice President, Business Development Officer, is an active member of the board at The Humane Society of Harford County. Her love for animals inspired her to follow her passion and dedicate her time and resources to animal welfare. Her efforts have made a lasting impact on the community, fostering an environment of compassion and care for all creatures.

CREATING A CULTURE OF LASTING IMPACT

“Building something worthy of lasting is a noble cause,” says Kelly Group Founding Partner Bryan Kelly, who in addition to his board service at Harford Bank, volunteers as the Chairman of University of Maryland Upper Chesapeake Health.

Kelly’s work at the hospital has ranged from sharing expertise in the board room to serving pizza to

frontline health workers and first responders in the cafeteria during the COVID outbreak in 2020.

“Great community service is all about going where your talent and proficiencies fit. In the moment, sometimes that’s offering up advice that impacts decision making. At other times it’s getting your hands a little greasy! Either way, you’re doing good in a way that means something to the people in our community and that is so rewarding.”

Harford Bank President Mike Allen, and a founder of the Community Foundation of Harford County, says this principle is a guiding philosophy for the institution.

“Volunteerism is woven into the cultural fabric of Harford Bank,” he says. “And it’s important that everyone is doing it in a way that fuels their passion and utilizes their skills.”

According to Allen, this kind of

active support for each of the team’s unique passion projects results in a wide and diverse range of impacts.

Amanda Parsons, Branch Manager in Jarrettsville, says it was Allen himself who cheered her on when she was deciding how to take the next step into a new phase of volunteer work at Black Dog & Co, which rescues dogs from high-kill shelters.

“I wasn’t sure what he would say

when I told him I was working with animals, but he was sincere in recommending I proceed to volunteer in whatever way would set my soul on fire. It felt really good to have that kind of support.”

INSPIRED TO ACTION

Parsons started her volunteer journey on the fundraising committee at the Jarrettsville Lions Club when she began working at Harford Bank in 2021, and says she felt moved to charitable work

because of the encouragement she received from her colleagues like Allen and others. She pointed out how culturally different that was from other career experiences.

“It was something I’d never done before. I thought I would be going to a couple meetings and donating at a fundraiser. So much more has come out of it than I ever thought,” she says. “It’s four years later, and I’ve built a really special community of friends that I look forward to seeing. There’s a lot of fulfillment when we get together and come up with an idea to help people who are struggling, and then it works.”

A NEXUS FOR COMMUNITY ENGAGEMENT

One of the most unique aspects of Harford Bank’s culture of volunteerism is the way that the community, too, actively initiates connections to the bank’s culture of giving back. It’s not just Harford Bank team members who find opportunities to volunteer—the



Joppa Branch Manager Ramona Johnson demonstrates exceptional commitment and community spirit through her volunteer work with Extreme Family Outreach (EFO). Her invaluable contributions include serving on the committee for EFO’s annual fundraising event, where she plays a pivotal role in planning and execution. Ramona also coordinates the EFO Star Kids Holiday Gift Drive and Backpacks for Success in collaboration with the bank, ensuring that children in need receive kindness and support.



Cris Gossman, Mortgage/Consumer Loan Processor, Sandy Osborn, Senior Vice President/Operations Officer, and Leann Hines, Executive Secretary prepare and serve dinner at the Harford Family House (HFH) shelter.

A third of Harford Bank's volunteer corps regularly devote time to Harford Family House, which supports local families and individuals facing homelessness. HFH is dedicated to ending homelessness in Harford County and Harford Bank team members support this mission through board and committee involvement as well as hands-on participation in activities that support essential services like emergency shelter, transitional housing, support programs for young adults exiting the foster care system, and resources aimed at enhancing financial stability and mental well-being.

“We all share the philosophy that we’re only as strong as our community.”

—RETIRED ARMY COLONEL WARLINE BRYANT,
HARFORD BANK BOARD OF DIRECTORS

bank has become a central point of connection for those in the community who are passionate about making a difference.

Harford Bank Board Member, CEO of BHL Group, LLC and retired Army Colonel Warline Bryant says she’s observed clients and non-clients alike comfortable enough to walk into their local Harford Bank branch and ask their banker to participate in a volunteer initiative.

“It’s really unique,” says Bryant, who also spearheads the CHOSEN Community Development Corporation and Project Opportunity, which offers access to entrepreneurship training for veterans.

“It’s a testament to how well-aligned the institution is to the neighboring residents, businesses, and organizations,” she continues. “We all share the philosophy that we’re only as strong as our community.”

A NETWORK OF SERVICE

Harford Bank Director Chuck Jacobs, who is the bank’s past president, says he recently got to see the Harford Bank volunteer collective in action while leading efforts to renovate the Aberdeen B&O Train Station.

He says he’d spent years driving by the Baltimore & Ohio Railroad’s only existing station on the Philadelphia Subdivision in Maryland, which had fallen into disrepair after years of neglect.

“It was marked for demolition, and a friend of mine had the idea that instead of tearing it down, we could take this historic piece of American railroad heritage and turn it into something really special. All he had to do was ask and I was in.”

Jacobs says he saw the true strength of the Harford Bank philanthropic network during the

early days of the project, with instant volunteer and fundraising support offered by the local Rotary and Lions Clubs, both of whom enjoy strong representation from the Harford Bank volunteer corps.

“It felt good to see people I knew and worked with stepping up to help because they saw the potential to unite the community around a piece of our history,” Jacobs says.

LEADING IN SERVICE

Alongside Jacobs, 11 other members of the Harford Bank Board participate in volunteer leadership and engagement.

“One hundred percent of directors are involved in something civic,” says Jacobs, whose volunteer commitment also includes 4 decades of service to the Lions Club.

Jacobs says that he was inspired by his father at a young age, who was a lifetime member of the Lions Club, and also notes that Harford Bank’s 50 years of support for the organization predates his own involvement. It remains the institution’s longest continuously supported nonprofit.

Harford Bank’s courier, Rick Wilson, says this spirit of service is reflected throughout the bank, with board members like Jacobs leading the way. Wilson, who also serves as the Character Coach



Harford Bank courier Rick Wilson's faith led him to the Fellowship of Christian Athletes. Through the organization, he found his calling as a Character Coach for the men's lacrosse team at Harford Community College. The students look to Rick for spiritual guidance, positivity and overall support in their personal and athletic development.

for the men's lacrosse team at Harford Community College through the Fellowship of Christian Athletes, explains that this commitment to community connection is a core value shared by everyone at the bank.

"It's not just the directors. It's all of us, and that's what's so inspiring. There's a whole culture of volunteerism that extends from the ground up and we all support and inspire one another."

Regardless of how the landscape of banking evolves, community will always remain the central focus for Harford Bank.

"When your goal is the success of your own community, you work hard to find ways to serve and

support each other," says Senior Vice President Scott Elliott, who when not managing commercial lending projects for Harford Bank, is spending his free time mentoring Miracle League athletes or revitalizing his hometown of Edgewood through the RAMS4OTHERS Giving Circle he established.

From top leadership to every employee, bank president Mike Allen says he expects that as a group, Harford Bank team members will continue to work hard inspiring positive change through each of the 86 nonprofits they support.

"Our dedication to service and community is a constant," Allen iterates. "It's part of our identity. Really, it's who we are."

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—MIKE ALLEN, HARFORD BANK PRESIDENT

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Harford Bank
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The Mill of Bel Air

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Harford Bank

Michael J. Brown

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LifeSpan
The Jetty Frog Market & Deli
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KenKay Properties
Sideline Properties
White Oak Manor

Warline Bryant

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U.S. Army
CEO, Founder
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Retired Chief Financial Officer
Kinsley Properties

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Attorney-at-Law
Law Offices of Anthony J.
DiPaula, PA

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Stephanie Novak Hau

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America's Commerce Corps

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Managing Partner
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Certified Public Accountant
President
Frank Hajek & Associates, PA

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Harford Bank
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Chief Lending Officer

Neil L. Christ, CPA

Senior Vice President
Chief Financial Officer

ABERDEEN

8 W. Bel Air Avenue
Aberdeen, Maryland 21001
410-272-5000

ABINGDON

2905 Emmorton Road
Abingdon, Maryland 21009
410-569-7010

BEL AIR

505 S. Main Street
Bel Air, Maryland 21014
410-838-7001

BEL AIR

Business Banking Office
42 N. Main Street, 2nd Floor
Bel Air, Maryland 21014
410-942-4001

ELKTON

133 N. Bridge Street
Elkton, Maryland 21921
410-398-3426

ELKTON

305 Augustine Herman Hwy.
Elkton, Maryland 21921
443-945-9955

HAVRE DE GRACE

960 Revolution Street
Havre de Grace, Maryland 21078
410-939-0300

HICKORY

1610 Conowingo Road
Bel Air, Maryland 21014
410-420-6605

JARRETTSVILLE

3891 Jarrettsville Pike
Jarrettsville, Maryland 21084
410-417-9490

JOPPA

501 Riviera Drive
Joppa, Maryland 21085
410-679-2070

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