

## New Windsor State Bank – Capital Campaign

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**Situation** New Windsor State Bank (NWSB) is Carroll County's only locally owned full-service community bank that has been operating for over 80 years, with a legacy of more than 150 years. NWSB is active in the community and sponsors events such as the annual parade, provides financial support for education, and makes generous contributions to a variety of area concerns.

Since the local bank is widely recognized by the community, NWSB has been making an effort to raise new capital to support major growth initiatives such as enhancing Bank service, performance and stock value. The new capital will allow NWSB to continue to invest in technology and attract well connected institutions, sales and management talent. The new capital will enable the introduction of new business lines, support acquisition opportunities and much, much more.

NWSB was seeking an agency that could understand their legacy and desire to grow, and that could develop marketing collateral to help achieve success and deliver results. Channel partnered with New Windsor State Bank in 2015 to develop marketing materials to help this effort.

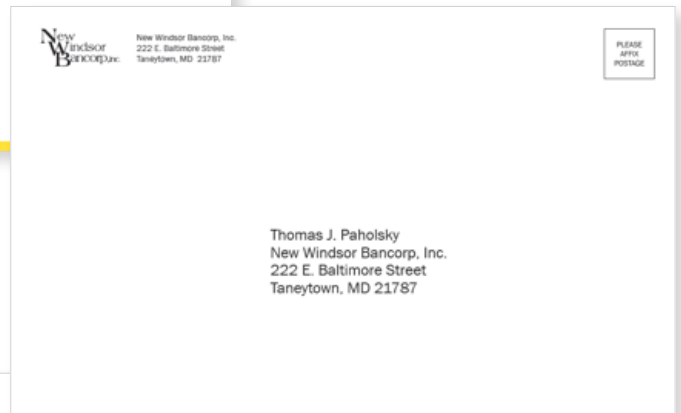
**Solution** The bank wanted a transformation story piece coordinated with and to accompany the stock offering prospectus. As a first step in understanding the NWSB brand, our team conducted a group interview with senior bank officials. These findings helped Channel develop creative ideas and high level messaging for the brochure.

Channel developed cover designs for the stock offering brochure, including doing a photo shoot for the images, a cover letter, a response device, pre-addressed return envelope and other collateral necessary to make the offering more successful. All of these materials carried a branded look and feel using real photos of businesses that bank at NWSB and bank logo as their most recognizable features.

Channel also designed the bank's annual and quarterly reports. Banner ups were created for events as well.

**Result** New Windsor State Bank sent these packets to current and potential shareholders and to date has generated \$5.2 million in new capital. New Windsor State Bank is deepening its roots among shareholders and reassuring local customers that the Bank is here to stay.

- Label
- Reply Envelope
- Cover Letter



Thomas J. Paholsky  
New Windsor Bancorp, Inc.  
222 E. Baltimore Street  
Taneytown, MD 21787

## NEW WINDSOR NWSB NEW WINDSOR STATE BANK STATE BANK

Dear Friend of New Windsor State Bank,

There's something especially humbling about being the president and chairman of a bank that has spanned more than 150 years of service to our local communities. Our leadership team is very conscious that we are standing on the shoulders of those before us who had the foresight and vision to chart a sustainable future for NWSB with each passing decade.

Their vision yesterday challenges each of us to demonstrate similar boldness and leadership today as we set the course for future generations of customers, employees, stockholders and stakeholders of this thriving institution. And that's exactly what we are doing.

As you will read in the enclosed Offering Circular, New Windsor Bancorp, Inc., the holding company for NWSB, has announced a stock offering in which we seek to generate \$5 million in new capital. We believe this offering is an opportunity to invest at an attractive valuation for investors, at 67% of tangible book value, which is a significant discount vs. peer banks (see below). At the \$10 offering price, the expected annualized dividend yield, based on our current payout, would be 1.5%. Please read the Offering Circular for full details about the offering and factors you should consider before investing.



The infusion of this new capital is intended to advance NWSB's Strategic Vision which we've described in the Offering Circular and enclosed brochure. In short, our vision is to serve more customers in more communities throughout our region, providing our unique brand of personalized service coupled with state-of-the-art banking technology and a team of highly skilled professionals.

Our roots are deep in Carroll County and our commitment to local communities, people and businesses here will never waiver. At the same time, we are bordered by some of the most lucrative and prosperous counties in the Mid-Atlantic, and our opportunity to capitalize on changes in the banking environment has never been greater for NWSB. As such, we intend to open new locations, actively pursue customers who feel disenfranchised by the pending disappearance of Susquehanna Bank, continue to invest in technologies that improve efficiency and service, expand our reach into Frederick, Howard, Montgomery and Baltimore counties, and attract the very best talent to join our team.

The timing of our efforts is ideal. Our personal level of service is very appealing to customers of national and super-regional banks whose relationships have been disrupted by mergers and other changes. And we are in a position of strength – both competitively and financially – to take these next bold steps with confidence.

We are asking for your thoughtful review of these enclosed materials and invite you to call us directly to discuss our Strategic Vision in more detail.

Thank you in advance for the continued support and confidence you place in us and our team at NWSB. We are excited and inspired by the opportunities before us and ever grateful for the chance to honor our predecessors by continuing to serve future generations.

Sincerely,  
  
Tom N. Rasmussen  
President and CEO  
443-871-5950

D. Arthur Seibel, Jr.  
Chairman of the Board  
443-340-8250

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- Stock Prospectus
- Quarterly Financial Report

## Branch Locations

**MAIN OFFICE**  
213 Main Street  
P.O. Box 489  
New Windsor, MD 21776  
410-635-6406

**COLLEGE SQUARE**  
444 WMC Drive  
Westminster, MD 21158  
410-751-7000

**COLUMBIA LENDING OFFICE**  
Business Suites Gateway  
6700 Alexander Bell Drive  
Suite 200  
Columbia, MD 21046  
443-671-5958

**ELDERSBURG**  
1708 Liberty Road  
Eldersburg, MD 21784

**MARKET PLACE**  
810 Market Street  
Westminster, MD 21157  
410-751-6297

**NORTH CARROLL**  
2305 Hanover Pike  
Hampstead, MD 21074  
410-861-2400

**TWIN ARCH**  
1001 Twin Arch Road  
Twin Arch Shopping Center  
Mt. Airy, MD 21771  
301-829-7355

**TANEYTOWN**  
222 East Baltimore Street  
Taneystown, MD 21787  
410-756-1550

**NEW WINDSOR STATE BANK**  
222 E. Baltimore Street  
Taneystown, MD 21787  
410-549-1414  
newwindsorbank.com

## Quarterly Financial Report

Third Quarter 2015

**New Windsor Bancorp.**

## Investing in the Future

CONTINUING A LEGACY OF COMMITMENT TO OUR LOCAL COMMUNITIES

OFFERING CIRCULAR 2015

**New Windsor Bancorp.**

## Consolidated Statements of Condition (Unaudited)

(In thousands)	Sept. 30, 2015	Dec. 31, 2014	% Inc/(Dec)
<b>Assets</b>			
Cash and due from banks	\$7,926	\$7,197	10.1%
Federal funds sold	—	—	—
Investment securities - available-for-sale	29,856	33,807	(11.7)
Loans held for sale	589	1,907	(69.1)

## Consolidated Statements of Income (Unaudited)

(In thousands except for share data)	For Three Months Ended Sept. 30				For Nine Months Ended Sept. 30			
	2015	2014	Inc/(Dec)		2015	2014	Inc/(Dec)	
Interest income	\$2,943	\$2,847	\$96	3.4	\$8,730	\$8,361	\$369	4.4%
Interest expense	464	539	(75)	(13.9)	1,402	1,674	(272)	(16.2)
Net interest income	2,479	2,308	171	7.4	7,328	6,687	641	9.6
Provision for credit losses	—	—	—	—	—	110	(110)	—
Net interest income after provision for credit losses	2,479	2,308	171	7.4	7,328	6,577	751	11.4
Net securities gains (losses)	—	(14)	14	—	—	(35)	35	—
Other non-interest income	657	539	118	21.9	1,790	1,551	239	15.4
Net gain (loss) on other real estate owned	—	30	(30)	—	9	40	(31)	—
Other non-interest expense	2,478	2,262	216	8.6	7,227	6,553	574	8.6
Income before income tax expense	656	561	95	16.9	1,900	1,490	410	26.4
Income tax expense	268	231	37	16.0	778	590	188	31.9
Net income	\$390	\$330	\$60	18.2	\$1,122	\$899	\$223	24.8
Return on average assets	0.54%	0.49%	0.05%	—	0.53%	0.42%	0.11%	—
Return on average equity	10.09%	10.09%	0.01%	—	10.04%	8.76%	1.28%	—
Per Share Data								
Net income	\$0.62	\$0.57	\$0.05	8.8%	\$1.81	\$1.45	\$0.36	24.8%
Cash dividends paid	\$0.06	\$ —	\$0.06	—	\$0.15	\$ —	\$0.15	—

per share data restated to reflect 5% stock dividend declared Jan. 20, 2015

For more detailed information, click on our shareholder relations tab at [www.NewWindsorBank.com](http://www.NewWindsorBank.com)

## Message to Shareholders

Dear Shareholders,

We are again pleased to report continued growth in the Bank's earnings for the third quarter. Earnings for the three months ending September 30, 2015 were \$390,000 compared to \$350,000 for the same period in 2014. These positive results are primarily driven by ongoing loan growth and fee income from our new deposit products. Nine month year-to-date results of \$1,122,000 improved 26% as compared to the same prior year period of \$890,000. The third quarter 2015 return on equity was 10.09% and the return on assets was 0.54%. Third quarter earnings per share of \$0.62 per share increased 9% over the same prior year period and year-to-date of \$1.81 per share which represents a 25% increase over the prior period year to date period.

Based on the strong earnings performance, the Directors were pleased to declare a \$0.06 per share cash dividend for all shareholders of record as of November 2, 2015.

2015 continues to be an exciting year for New Windsor State Bank. Our common stock offering to date has been well received by investors. New subscriptions continue to come in and we expect to exceed our goal of \$5 million.

The Bank's seventh full service branch in Eldersburg, MD is nearing its completion with expectations of a grand opening in November. We wish to welcome branch manager, Laurence Gerard-Martinez to our company. Laurence brings 25 years of banking experience to our staff as we look to expand our market share and brand in the affluent Eldersburg/Sykesville market place.

On behalf of our Board of Directors, Advisory Board, Executive Management and our outstanding employees, we are proud to report these continuing strong financial results for the third quarter.

Most Sincerely,

*Tom Rassmussen*

Tom Rassmussen  
President and CEO  
443-671-5950

*Art Seibel*

Art Seibel  
Chairman of the Board  
443-340-8250

## Beyond the Numbers

New Windsor State Bank is growing! We are excited to announce that we are completing our footprint in Carroll County with the opening of a new full service branch in Eldersburg.

Located at 1708 Liberty Road in Eldersburg, across from the new Walmart Superstore, this branch is going to offer a more modern banking experience. Business Center Associates will be able to assist customers and complete transactions. They will also have tools such as tablets and touch screens to facilitate customers who are interested in using the technology NWSB offers.

Laurence Gerard-Martinez, has joined NWSB as our Eldersburg Business Center Manager. She has over 25 years of banking experience. She and her team are ready to serve the banking needs of businesses and retail customers in the Eldersburg area.

Branch renovations are underway and our anticipated opening is mid-November 2015.

