

GLEN BURNIE BANCORP  
Form DEF 14A  
April 09, 2013

SCHEDULE 14A

**(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. \_\_)**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12

**Glen Burnie Bancorp**

(Name of Registrant as Specified in Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

[GLEN BURNIE BANCORP LETTERHEAD]

April 12, 2013

Dear Fellow Stockholder:

You are cordially invited to attend the 2013 Annual Meeting of Stockholders of Glen Burnie Bancorp (the “Company”) to be held at **The Bank of Glen Burnie, 101 Crain Highway, SE, Glen Burnie, Maryland** on Thursday, May 9, 2013 at 2:30 p.m.

The accompanying notice and proxy statement describe the formal business to be transacted at the meeting which includes the election of directors, voting on a non-binding resolution approving the compensation of the executive officers names in the accompanying proxy statement (commonly referred to as “say on pay”), voting on the desired frequency of stockholder “say on pay” votes, and authorization for the Board of Directors to select the Company’s auditors for the 2013 fiscal year.

Enclosed with this proxy statement are a proxy card and an Annual Report to Stockholders for the 2012 fiscal year. During the meeting, we will report on the operations of the Company’s wholly-owned subsidiary, The Bank of Glen Burnie. Directors and officers of the Company as well as representatives of TGM Group LLC, our independent auditors, will be present to respond to any questions the stockholders may have.

ON BEHALF OF THE BOARD OF DIRECTORS, WE URGE YOU TO SIGN, DATE AND RETURN THE ACCOMPANYING PROXY CARD AS SOON AS POSSIBLE EVEN IF YOU CURRENTLY PLAN TO ATTEND THE ANNUAL MEETING. This will not prevent you from voting in person but will assure that your vote is counted if you are unable to attend the meeting. Your vote is important, regardless of the number of shares you own. If you plan to attend the meeting, please check the box on the enclosed form of proxy.

Sincerely,

<i>John E. Demyan</i>	<i>Michael G. Livingston</i>
Chairman	President and Chief Executive Officer



GLEN BURNIE BANCORP

**101 Crain Highway, S.E.**

**Glen Burnie, Maryland 21061**

**(410) 766-3300**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

To Be Held on May 9, 2013

NOTICE IS HEREBY GIVEN that the 2013 Annual Meeting of Stockholders (the “Annual Meeting”) of Glen Burnie Bancorp (the “Company”) will be held at The Bank of Glen Burnie, 101 Crain Highway, SE, Glen Burnie, Maryland on Thursday, May 9, 2013 at 2:30 p.m., Eastern Time.

A proxy statement and proxy card for the Annual Meeting accompany this notice.

The Annual Meeting has been called for the following purposes:

1. To elect four directors;
2. To vote on a non-binding resolution approving the compensation of the executive officers named in the proxy statement;
3. To cast a non-binding vote on the frequency of stockholder votes on the compensation of the executive officers named in the proxy statement;
4. To authorize the Board of Directors to accept the selection of the Audit Committee of an outside auditing firm for the 2013 fiscal year; and
5. To transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

Any action may be taken on any one of the foregoing proposals at the Annual Meeting on the date specified above or on any date or dates to which, by original or later adjournment, the Annual Meeting may be adjourned. Stockholders of record at the close of business on April 8, 2013 are the only stockholders entitled to notice of and to vote at the Annual Meeting and any adjournments thereof.

You are requested to complete and sign the accompanying proxy card, which is solicited by the Board of Directors and to mail it promptly in the accompanying envelope. The proxy card will not be used if you attend and vote at the Annual Meeting in person.

BY ORDER OF THE BOARD OF DIRECTORS

*Barbara J. Elswick*  
secretary

Glen Burnie, Maryland

April 12, 2013

**IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE YOUR COMPANY THE EXPENSE OF FURTHER REQUESTS FOR PROXIES IN ORDER TO ENSURE A QUORUM. A SELF-ADDRESSED ENVELOPE IS ENCLOSED FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.**

**Important Notice Regarding the Availability of Proxy Materials**

**for the Shareholder Meeting to Be Held on May 9, 2013**

**The Notice of Annual Meeting of Stockholders, Proxy Statement, Form of Proxy, and 2012 Annual Report are available at [www.cfpproxy.com/5065](http://www.cfpproxy.com/5065).**

## PROXY STATEMENT

OF

GLEN BURNIE BANCORP

101 Crain Highway, S.E.

Glen Burnie, Maryland 21061

## ANNUAL MEETING OF STOCKHOLDERS

May 9, 2013

## GENERAL

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors (the “Board of Directors” or “Board”) of Glen Burnie Bancorp (the “Company”) to be used at the 2013 Annual Meeting of Stockholders of the Company and any adjournments or postponements thereof (hereinafter called the “Annual Meeting”) which will be held at The Bank of Glen Burnie, SE, 101 Crain Highway, Glen Burnie, Maryland on Thursday, May 9, 2013 at 2:30 p.m., Eastern Time. The accompanying Notice of Annual Meeting and form of proxy and this Proxy Statement are being first mailed to stockholders on or about April 16, 2013.

## VOTING AND REVOCABILITY OF PROXIES

Proxies solicited by the Board of Directors of the Company will be voted in accordance with the directions given therein. **Where no instructions are given, signed proxies will be voted for the nominees named below, for approval of the compensation of the named executive officers, for a submission of approval of executive compensation to stockholders every three years, and for the proposal to authorize the Board of Directors to accept the selection of the Audit Committee of an outside auditing firm for the 2013 fiscal year.** The proxy confers discretionary authority on the persons named therein to vote with respect to the election of any person as a director where the nominee is unable to serve or for good cause will not serve, and with respect to matters incident to the conduct of the Annual Meeting. If any other business is presented at the Annual Meeting, proxies will be voted by those named therein in accordance with the determination of a majority of the Board of Directors. Proxies marked as abstentions will not be counted as votes cast. In addition, shares held in street name which have been designated by brokers on proxy cards as not voted will not be counted as votes cast. Proxies marked as abstentions or as broker no votes, however, will be treated as shares present for purposes of determining whether a quorum is present.

Stockholders who execute proxies retain the right to revoke them at any time prior to being voted. Unless so revoked, the shares represented by properly executed proxies will be voted at the Annual Meeting and all adjournments thereof. Proxies may be revoked by written notice to Barbara J. Elswick, the Secretary of the Company, at the address above or by the filing of a later dated proxy prior to a vote being taken on a particular proposal at the Annual Meeting. A proxy will not be voted if a stockholder attends the Annual Meeting and votes in person. The presence of a stockholder at the Annual Meeting will not revoke such stockholder's proxy.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The securities entitled to vote at the Annual Meeting consist of the Company's common stock, par value \$1.00 per share (the "Common Stock"). Stockholders of record as of the close of business on April 8, 2013 (the "Record Date") are entitled to one vote for each share then held. At the Record Date, the Company had 2,740,319 shares of Common Stock issued and outstanding. The presence, in person or by proxy, of at least a majority of the total number of shares of Common Stock outstanding and entitled to vote will be necessary to constitute a quorum at the Annual Meeting. Persons and groups beneficially owning in excess of 5% of the Common Stock are required to file certain reports with respect to such ownership pursuant to the Securities Exchange Act of 1934 (the "Exchange Act"). The following table sets forth, as of the Record Date, certain information as to the Common Stock beneficially owned by all persons who were known to the Company to beneficially own more than 5% of the Common Stock outstanding at the Record Date.



Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership <sup>1</sup>		Percent of Shares Of Common Stock Outstanding	
	John E. Demyan 101 Crain Highway, S.E. Glen Burnie, Maryland 21061	283,782	2	10.36
Frederick W. Kuethe, III 377 Swinton Way Severna Park, Maryland 21146	156,565	3	5.71	%
Marrian K. McCormick 8 Oak Lane Glen Burnie, Maryland 21061	158,020	4	5.77	%
Edward M. Kuethe P.O. Box 218 Glen Burnie, Maryland 21060	139,053	5	5.07	%
Wellington Management Company, LLP 280 Congress Street Boston, Massachusetts 02210	265,178	6	9.68	%

Rounded to nearest whole share. For purposes of this table, a person is deemed to be the beneficial owner of any shares of Common Stock if he or she has or shares voting or investment power with respect to such Common Stock or has a right to acquire beneficial ownership at any time within 60 days from the Record Date. As used herein, <sup>1</sup>“voting power” is the power to vote or direct the voting of shares and “investment power” is the power to dispose or direct the disposition of shares. Except as otherwise noted, ownership is direct, and the named individuals or group exercise sole voting and investment power over the shares of the Common Stock.

<sup>2</sup>Includes 282,782 shares held by Mr. Demyan individually and 1,000 shares held by Mrs. Demyan.

<sup>3</sup>Includes 21,004 shares held jointly, 1,194 shares held by Mr. Kuethe individually, 6,433 shares held by Mr. Kuethe for the benefit of a minor child, 537 shares held by Mrs. Kuethe individually, and 6,432 shares held by Mrs. Kuethe for the benefit of a minor child. Each disclaims beneficial ownership to the shares owned individually by the other. Also includes 120,960 shares held by Mr. Kuethe as one of the trustees for The Kuethe Family Educational Trust.

<sup>4</sup>Includes 1,461 shares held by Mrs. McCormick individually, 15,357 shares held by Mrs. McCormick for the benefit of minor children, 20,242 shares held by Mrs. McCormick jointly with others, and 120,960 shares held by Mrs.

McCormick as one of the trustees for The Kuethe Family Educational Trust.

<sup>5</sup>Includes 1 share held by Mr. Kuethe individually, 18,092 shares held by Mr. Kuethe for the benefit of minor children and 120,960 shares held by Mr. Kuethe as one of the trustees for The Kuethe Family Educational Trust.

<sup>6</sup>Includes 265,178 shares held by Wellington Management with shared power to vote or to direct the vote.

## **PROPOSAL I — ELECTION OF DIRECTORS**

The Board of Directors currently consists of 11 directors. Under the Company's Articles of Incorporation, directors are divided into three classes and elected for terms of three years each and until their successors are elected and qualified. The Board has nominated Thomas Clocker, F. William Kuethe, Jr., William N. Scherer, Sr., and Karen B. Thorwarth for election as directors to serve for terms of three years each and until their successors are elected and qualified. Under Maryland law, directors are elected by a plurality of all votes cast at a meeting at which a quorum is present.

Unless contrary instruction is given, the persons named in the proxies solicited by the Board of Directors will vote each such proxy for the election of the named nominees. If any of the nominees is unable to serve, the shares represented by all properly executed proxies which have not been revoked will be voted for the election of such substitute as the Board may recommend or the Board may reduce the size of the Board to eliminate the vacancy. At this time, the Board does not anticipate that any nominee will be unavailable to serve.

The following table sets forth, for each nominee and each continuing director, his or her name, age as of the Record Date, the year he or she first became a director of the Company, the expiration of his or her current term, and whether such individual has been determined by the Board to be “independent” as defined in Rule 5605(a)(2) of the NASDAQ Stock Market Rules. Each nominee and continuing director is also a member of the Board of Directors of The Bank of Glen Burnie (the “Bank”) and GBB Properties, Inc. (“GBB Properties”). There are no known arrangements or understandings between any director or nominee for director of the Company and any other person pursuant to which such director or nominee has been selected as a director or nominee.

Name	Age	Director Since	Current Term to Expire	Independent
Board Nominees for Term to Expire in 2016				
Thomas Clocker	78	1995	2013	Yes
F. William Kuethe, Jr.	80	1995	2013	No
William N. Scherer, Sr.	90	1995	2013	Yes
Karen B. Thorwarth	56	1995	2013	Yes
Directors Continuing in Office				
John E. Demyan	65	1995	2014	No
Charles Lynch, Jr.	59	2003	2014	Yes
F. W. Kuethe, III	53	1992	2014	No
Mary Lipin Wilcox	65	1997	2014	Yes
Norman E. Harrison, Jr.	67	2005	2015	Yes
Michael G. Livingston	59	2005	2015	No
Edward L. Maddox	62	2005	2015	Yes

*Presented below is certain information concerning the nominees and directors continuing in office. Unless otherwise stated, all directors and nominees have held the positions indicated for at least the past five years.*

**Thomas Clocker** is a retired businessman and the former owner/operator of Angel’s Food Market in Pasadena, Maryland. He served on the Mid-Atlantic Food Association’s board of directors for nine years and is a founding member of the Pasadena Business Association. Mr. Clocker is actively involved in the community as a supporter of

local schools, athletic associations and scouting groups. Mr. Clocker is well qualified to serve as a member of the Company's Board due to his business experience, knowledge of the Bank's market and involvement in the communities served by the Bank.

**F. William Kuethe, Jr.** served as President and Chief Executive Officer of the Company and the Bank from 1995 until 2007 and is currently President Emeritus. He also served as a director of the Bank from 1960 through 1989. He was formerly President of Glen Burnie Mutual Savings Bank from 1960 through 1995. Mr. Kuethe, a former licensed appraiser and real estate broker, has banking experience at all levels. Mr. Kuethe is the father of Frederick W. Kuethe, III. Mr. Kuethe is well qualified to serve as a member of the Company's Board due to his more than half century experience in community banking, detailed familiarity with the Company's and the Bank's business and industry and knowledge of the Bank's market.

**William N. Scherer, Sr.** has been a member of the local business community since 1952 when he owned and operated an accounting and tax practice. He graduated from the Baltimore College of Commerce in 1949 with an Associate degree in Accounting. Mr. Scherer graduated from the Mt. Vernon School of Law in 1962 with a Degree of Bachelor of Laws and received a Juris Doctor from the University of Baltimore in 1970. He currently practices law in Glen Burnie where he specializes in wills and estates. He previously operated a food market, known as Scherer's Market in Jessup, Maryland from 1960 to 2004. Mr. Scherer is past director of the Chartwell Golf and Country Club and past President of the Mariner Sands Chapel, Stuart, Florida. Presently, Mr. Scherer is chairman of the Audit Committee. Mr. Scherer is well qualified to serve as a member of the Company's Board due to his extensive business and accounting experience, knowledge of the Bank's market and involvement in the communities served by the Bank.

**Karen B. Thorwarth** is a Certified Insurance Counselor and a licensed insurance agent. She has 30 years of experience including commercial property and casualty insurance, marketing, and underwriting of commercial boat and pleasure yacht insurance. Mrs. Thorwarth is a member of the Society of Certified Insurance Counselors. Mrs. Thorwarth is well qualified to serve as a member of the Company's Board due to her business experience, knowledge of the Company's market and involvement in the communities served by the Bank.

**John E. Demyan** has been Chairman of the Board of the Company, the Bank and GBB Properties since 1995. He previously served as a director of the Company and the Bank from 1990 through 1994. He completed the Maryland Banking School in 1994. He is the owner and manager of commercial and residential properties in northern Anne Arundel County, Maryland. Mr. Demyan holds certificates as an airline transport pilot and flight instructor. He is an active volunteer with Angel Flight Mid-Atlantic, an organization that provides free air transportation for medical treatments to individuals who have exhausted their resources as a result of their medical condition. Mr. Demyan is a lifetime member of the 100 Club. Mr. Demyan is well qualified to serve as a member of the Company's Board due to his familiarity with the Bank's business and industry, knowledge of the Bank's market and involvement in the communities served by the Bank.

**Charles Lynch, Jr.** is President of The General Ship Repair Corporation in Baltimore, Maryland and has over 30 years of experience in marine engineering and ship repair. He holds a Bachelor of Science degree in Industrial Engineering, with a minor in Ocean Engineering, from the University of Miami and serves on the Baltimore Maritime Museum's Board of Directors. Mr. Lynch is well qualified to serve as a member of the Company's Board due to his extensive business experience and knowledge of the Company's market and involvement in the communities served by the Bank.

**Frederick W. Kuethe, III** has been a Vice President of the Company since 1995 and a director of the Bank since 1988. Mr. Kuethe has worked in software design and systems integration at Northrop Grumman Corp. since 1981. He is a graduate of the Maryland Banking School. Mr. Kuethe is the son of F. William Kuethe, Jr. Mr. Kuethe is well qualified to serve as a member of the Company's Board due to his familiarity with the Bank's business and industry and knowledge of the Bank's market.

**Mary Lipin Wilcox** is a recently retired teacher from the Anne Arundel County Public School system where she had been teaching at Belle Grove Elementary School in Brooklyn Park, Maryland. Mrs. Wilcox is actively involved in her church where she serves on the vestry board, as well as in the community. She has served on the Glen Burnie Improvement Association's Carnival Banking Committee for over 50 years and participated on other Carnival committees in the past. Ms. Wilcox is well qualified to serve as a member of the Company's Board due to her knowledge of the Company's market and involvement in the communities served by the Bank.

**Norman E. Harrison, Jr.**, has 38 years of experience as a certified public accountant. He is a founding partner of Harrison & Company, LLC a public accounting firm specializing in auditing, accounting, taxes and consulting. Prior

to opening his present company, Mr. Harrison was a senior partner responsible for managing the Baltimore office of Stegman & Company, P.A., a large regional public accounting firm. Mr. Harrison is a member of the American Institute of Certified Public Accountants and the Maryland Association of Certified Public Accountants. He currently serves as an advisory board or board member of several non profit organizations and a privately held corporation. Mr. Harrison is well qualified to serve as a member of the Company's Board due to his extensive finance and accounting experience.

**Michael G. Livingston** became President and Chief Executive Officer on January 1, 2008. Prior to that date, he was Deputy Chief Executive Officer and Executive Vice President since August 2004 and became a Director on January 1, 2005. Mr. Livingston was a Senior Vice President from January 1998 until August 2004 and had been Chief Lending Officer of the Bank from 1996 until August 2004. He served as Deputy Chief Operating Officer from February 14, 2003 through December 31, 2003 and was appointed the Chief Operating Officer effective January 1, 2004. Mr. Livingston is well qualified to serve as a member of the Company's Board due to his more than 15 years experience as a member of the Bank's senior management and detailed knowledge of the Company's operations and banking industry.

**Edward L. Maddox** has 32 years of professional experience in the financial services industry. From 1992-2009 he was a consultant with Automated Financial Systems providing expertise to major U.S. banks in the areas of profitability reporting, commercial lending revenue enhancement and international cash management products. During his career Mr. Maddox worked in the operations division of First National Bank of Maryland and the Equitable Trust Company. He was a member of the Adjunct Faculty at Loyola College from 1980–1985 while serving as the director of consulting for Commercial Banking Funds Management with Littlewood, Shain & Company. In 2003, Governor Robert L. Ehrlich appointed Mr. Maddox to the Maryland State Information Technology Board. He served as a Delegate on the Greater Severna Park Council from 1979-1982 and 1989-1993. He currently serves on the Shipley's Choice Community Association's Board of Directors where he has held several leadership positions including a three-year term as President. Mr. Maddox is well qualified to serve as a member of the Company's Board due to his broad experience in and familiarity with the financial services industry and the Company's business.

## **CORPORATE GOVERNANCE**

The Board of Directors periodically reviews its corporate governance policies and procedures to ensure that the Company meets the highest standards of ethical conduct, reports results with accuracy and transparency, and maintains full compliance with the laws, rules and regulations which govern the Company's operations.

### **Meetings and Committees of the Board of Directors**

*Board of Directors.* The Board of Directors holds regular monthly meetings and special meetings as needed. During the year ended December 31, 2012, the Board met 12 times. No incumbent director attended fewer than 75% of the total number of meetings of the Board of Directors held during 2012 and the total number of meetings held by all committees on which the director served during such year. Board members are expected to attend the Annual Meeting of Stockholders, and all incumbent directors attended the 2012 Annual Meeting of Stockholders.

The Board has numerous committees, each of which meets at scheduled times, including the following committees:

*Audit Committee.* The Bank's Audit Committee acts as the audit committee for the Company and currently consists of Directors William N. Scherer, Sr., Karen B. Thorwarth, Norman E. Harrison, Jr. and Thomas Clocker. During the year ended December 31, 2012, the Audit Committee met 12 times.

The Audit Committee monitors internal accounting controls, meets with the Bank's Internal Auditor to review internal audit findings, recommends independent auditors for appointment by the Board, and meets with the Company's

independent auditors regarding these internal controls to assure full disclosure of the Company's financial condition. Each member of the Audit Committee is independent, as defined in Rule 5605(a)(2) of the NASDAQ Stock Market Rules and under the criteria for independence set forth in Rule 10A-3(b)(1) promulgated by the Securities and Exchange Commission (SEC) under the Exchange Act, and otherwise meets the criteria for Audit Committee membership set forth in applicable NASDAQ rules. In addition, each member of the Audit Committee is able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement. Additionally at least one member of the Committee has employment experience in finance or accounting and the requisite professional certification in accounting, which results in the individual's financial sophistication. The Audit Committee does not include an "audit committee financial expert" (as defined in applicable SEC rules), because the Board of Directors believes that the benefits provided by the addition to the Audit Committee of an individual who meets the SEC criteria at this time do not justify the cost of retaining such an individual.

The Board of Directors of the Company has adopted a written charter for the Audit Committee, which is included as an Appendix to this Proxy Statement.

*Employee Compensation and Benefits Committee.* The Bank's Employee Compensation and Benefits Committee acts as the compensation committee for the Company and is composed of Directors F. William Kuethe, Jr., John E. Demyan, William N. Scherer, Sr., Frederick W. Kuethe, III, Thomas Clocker, Michael G. Livingston, Norman E. Harrison, Jr., and Karen Thorwarth. Messrs. Kuethe, Demyan, Kuethe and Livingston are not independent directors. This Committee met four times during 2012. The Board has not adopted a written charter for the Employee Compensation and Benefits Committee. The purpose of the Compensation Committee is to evaluate and ascertain the appropriateness of compensation levels pertaining to the officers of the Bank other than the Chief Executive Officer and the other executive officers of the Bank. The compensation levels of all of the executive officers, other than the Chief Executive Officer, are recommended by the Chief Executive Officer for deliberation and approval of the Committee prior to submission to the full Board. The compensation levels of the Chief Executive Officer and the other executive officers of the Bank are reviewed by the full Board of Directors and must be approved by a majority of the independent directors. No executive officer is present during deliberations or voting on his compensation.



During 2012, the Employee Compensation and Benefits Committee engaged the services of ChaseCompGroup, LLC as its independent advisor on matters of executive and board compensation, reporting directly to the Committee. ChaseCompGroup, LLC provides no other remunerated services to the Company or any of its affiliates.

*Nominations.* The independent members of the Company's Board of Directors acts as a nominating committee for the annual selection of its nominees for election as directors, and the Board held one meeting during 2012 in order to make nominations for directors. The Board has not adopted a charter with respect to the nominating committee function. The Board of Directors believes that the interests of the Company's shareholders are served by relegating the nominations process to the Board members who are independent from management. While the Board of Directors will consider nominees recommended by stockholders, it has not actively solicited recommendations from the Company's stockholders for nominees, nor established any procedures for this purpose. In considering prospective nominees, the Board of Directors will consider the prospect's relevant financial and business experience, familiarity with and participation in the Bank's market area, the integrity and dedication of the prospect, his independence and other factors the Board deems relevant. The Board of Directors will apply the same criteria to nominees recommended by stockholders as those recommended by the Board. Nominations by stockholders must comply with certain informational requirements set forth in Article III, Section 1 of the Company's Bylaws. See "Stockholder Proposals" elsewhere in this Proxy Statement.

## **Director Compensation**

*Director's Fees.* Currently, all directors are paid a fee of \$1,000 for each combined regular or special meeting of the Company and the Bank attended, with fees paid for one excused absence. In addition to the foregoing director's fees, Mr. Demyan is compensated at the rate of \$38,219 per annum for the additional responsibilities of serving as the Chairman of the Board. Directors (other than F. William Kuethe, Jr., Mr. Demyan and Mr. Livingston who receive no fees for committee meetings) are paid an additional \$300 chairman fee or \$200 member fee, as applicable, for each committee meeting. Directors are also eligible for annual bonuses.

*Executive and Director Deferred Compensation Plan.* The Bank's Executive and Director Deferred Compensation Plan was terminated effective December 31, 2008, at which time two directors participated in this plan. Under the terms of the plan, participating directors could elect to defer all or a portion of their fees on a pre-tax basis. Deferred fees are held in a trust account and invested as directed by the participant. Participants are fully vested in their accounts at all times and may elect to have their accounts paid out in a lump sum or in equal installments over a period of five, ten or fifteen years beginning on a date no earlier than three years after the initial deferral election. Upon a participant's death, any amounts remaining in their account will be paid to their beneficiaries.

The following table summarizes the compensation paid to directors other than those included in the Summary Compensation Table below, for the fiscal year ended December 31, 2012:

Name	<b>Fees Earned or Paid in Cash<sup>(1)</sup></b>	All Other Compensation	Total
(a)	(b)	(g)	(h)
Thomas Clocker	\$ 22,150	—	\$22,150
William N. Scherer, Sr.	\$ 24,650	—	\$24,650
Karen B. Thorwarth	\$ 22,450	—	\$22,450
John E. Demyan <sup>(2)</sup>	\$ 57,205	\$ 18,064	\$75,269
F. William Kuethe, Jr. <sup>(3)</sup>	\$ 98,607	\$ 24,351	\$122,958
Charles Lynch, Jr.	\$ 18,550	—	\$18,550
F. W. Kuethe, III	\$ 27,350	—	\$27,350
Mary Lipin Wilcox	\$ 18,750	—	\$18,750
Norman E. Harrison, Jr.	\$ 21,550	—	\$21,550
Edward L. Maddox	\$ 20,150	—	\$20,150

- vi -

- (1) Includes a \$2,750 year-end bonus paid to each Director other than Mr. Demyan and Mr. Kuethe. Mr. Demyan's fees earned includes a year-end bonus of \$11,900, and his other compensation consists of: \$9,680 employee health plan benefits (including health and dental); \$3,074 as a 5% employer contribution, \$0 as an
- (2) employer matching contribution, and \$3,584 as a Company profit sharing contribution to The Bank of Glen Burnie 401(K) Profit Sharing Plan; \$1,190 representing the dollar value to Mr. Demyan of premiums on a term life insurance policy for his benefit; \$119 for term life insurance benefits, and \$417 for disability insurance benefits. Mr. Kuethe's fees earned includes a year-end bonus of \$11,900, and his other compensation consists of: \$4,930 as a
- (3) 5% employer contribution, \$1,301 as an employer matching contribution, and \$5,749 as a Company profit sharing contribution to The Bank of Glen Burnie 401(K) Profit Sharing Plan; \$63 for term life insurance benefits and \$12,308 representing the dollar value to Mr. Kuethe of premiums on a term life insurance policy for his benefit.

### **Transactions with Management**

Certain directors, executive officers and significant stockholders of the Company, and members of their immediate families, were depositors, borrowers or customers of the Bank in the ordinary course of business during 2012. Similar transactions are expected to occur in the future. All such transactions were made in the ordinary course of business of the Bank and on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with other persons and did not involve more than the normal risk of collection or present other unfavorable features.

The Bank's Internal Audit Department reviews all loan transactions with directors, officers and employees of the Bank and members of their immediate families to ensure that they are fair and reasonable, on market terms, on an arms-length basis and comply with all applicable regulations including Federal Reserve Board Regulation O which governs such loans. The Internal Audit Department also provides the Board of Directors with semi-annual reports of all loans outstanding to employees, officers, and directors which reports are reviewed by the entire Board at a regularly scheduled meeting.

### **Code of Ethics**

The Company has adopted a Code of Business Conduct and Ethics that is designed to promote the highest standards of ethical conduct by the Company's and the Bank's directors, executive officers and employees. The Code of Business Conduct and Ethics has been posted on the Bank's website, [www.thebankofglenburnie.com](http://www.thebankofglenburnie.com).

### **Communications with the Board**

The Board of Directors has not established a formal process for stockholders to send communications to the Board. Due to the infrequency of stockholder communications to the Board, the Board does not believe that a formal process is necessary. Furthermore, all of the Company's Board members are residents of the communities served by the Bank and where most of the Company's stockholders reside, and therefore are accessible to the great majority of the Company's stockholders.

### **Leadership Structure and Risk Oversight**

While the Board believes that there are various structures which can provide successful leadership to the Company, we currently have separate individuals serving in the roles of Chairman of the Board and Chief Executive Officer in recognition of the differences between the two roles. The CEO is responsible for setting the strategic direction for the Company and the day-to-day leadership of the Company, while the Chairman of the Board provides guidance to the CEO and presides over meetings of the full Board. This structure is appropriate at this time to the Company's business because it reflects the Company and industry experience and vision brought to the Board of Directors by the Chairman, and the day-to-day management direction of the Company under our CEO.

Management is responsible for the day-to-day management of risks the Company faces, while the Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board of Directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. To do this, the Chairman of the Board meets regularly with management to discuss strategy and the risks facing the Company. Senior management attends the Board meetings and is available to address any questions or concerns raised by the Board on risk management and any other matters. The Chairman of the Board and independent members of the Board work together to provide strong, independent oversight of the Company's management and affairs through its standing committees and, when necessary, special meetings of independent directors.

**SECURITIES OWNERSHIP OF MANAGEMENT**

The following table sets forth information with respect to the beneficial ownership of the shares of Common Stock as of the Record Date by (i) each executive officer of the Company named in the Summary Compensation Table included elsewhere in this Proxy Statement, (ii) each current director and each nominee for election as a director and (iii) all directors and executive officers of the Company as a group.

Name	<b>Amount And Nature of Beneficial Ownership</b> <sup>(1)</sup>	Percent of Class
F. William Kuethe, Jr.	66,337	(2) 2.42 %
Thomas Clocker	12,744	(3) 0.47 %
William N. Scherer, Sr.	18,301	(4) 0.67 %
Karen B. Thorwarth	2,332	(12) 0.09 %
John E. Demyan	283,782	(5) 10.36 %
F. W. Kuethe, III	156,565	(6) 5.71 %
Mary Lipin Wilcox	3,006	0.11 %
Michael G. Livingston	4,718	(7) 0.17 %
Norman E. Harrison, Jr.	2,865	(8) 0.10 %
Charles Lynch, Jr.	35,574	(9) 1.30 %
Edward L. Maddox	22,742	(10) 0.83 %
Edward B. Connelly	440	0.02 %
John E. Porter	1,355	(11) 0.05 %
Barbara J. Elswick	3,682	(11) 0.13 %
Joyce A. Ohmer	2,815	(11) 0.10 %
All directors, nominees and executive officers as a group (15persons)	617,258	22.53 %

Rounded to nearest whole share. For the definition of “beneficial ownership,” see footnote (1) to the table in the (1) section entitled “Voting Securities and Principal Holders Thereof.” Unless otherwise noted, ownership is direct and the named individual has sole voting and investment power.

(2) Includes 20,242 shares held jointly with others and 32,160 shares held by The Kuethe Family Trust, of which he and his spouse are trustees.

(3) Includes 9,322 shares as to which he shares voting and investment power.

(4) Includes 18,251 shares as to which he shares voting and investment power.

(5) See footnote (2) to the table in the section entitled “Voting Securities and Principal Holders Thereof”.

(6) See footnote (3) to the table in the section entitled “Voting Securities and Principal Holders Thereof”.

(7) Includes 4,574 shares to which he shares voting and investment power.

(8) Includes 2,001 shares owned jointly with spouse.

(9) Includes 10,700 shares held for the benefit of two minor children and 2,236 shares held by Mrs. Lynch. Each disclaims beneficial ownership to the shares owned individually by the other.

(10) Includes 16,171 shares as to which he shares voting and investment power.

(11) Shares owned jointly with spouse.

(12) Includes 2,067 shares as to which she shares voting and investment power.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Pursuant to regulations promulgated under the Exchange Act, the Company's officers, directors and persons who own more than ten percent of the outstanding Common Stock ("Reporting Person") are required to file reports detailing their ownership and changes of ownership in such Common Stock, and to furnish the Company with copies of all such reports. Based on the Company's review of such reports which the Company received during the last fiscal year, or written representations from Reporting Persons that no annual report of change in beneficial ownership was required, the Company believes that, with respect to the last fiscal year, all persons subject to such reporting requirements have complied with the reporting requirements, except for one transaction by William N. Scherer, Sr. which was reported on a Form 4 one day late.

- viii -

**EXECUTIVE COMPENSATION****Summary Compensation Table**

The individual who served as the Company's Chief Executive Officer during 2012 as well as the individual who served as the Company's Chief Financial Officer during 2012 and the Company's two most highly compensated employees whose total compensation during 2011 and 2012 exceeded \$100,000 are referred to in this Proxy Statement as the "named executive officers". The following table sets forth information regarding the total compensation paid or earned by the named executive officers for the fiscal years ended December 31, 2012 and 2011:

Name and Principal Position (a)	Year (b)	Salary (c)	Bonus <sup>(1)</sup> (d)	All Other Compensation (i)	Total (j)
Michael Livingston President and Chief Executive Officer	2012	\$262,756 <sup>(2)</sup>	\$22,838	\$ 46,269	<sup>(3)</sup> \$331,863
	2011	\$253,056 <sup>(2)</sup>	\$9,000	\$ 44,003	\$306,059
John E. Porter Senior Vice President and Chief Financial Officer	2012	\$125,066	\$12,943	\$ 37,809	<sup>(4)</sup> \$175,818
	2011	\$117,366	\$1,812	\$ 37,788	\$156,966
Barbara Elswick Senior Vice President and Chief Lending Officer	2012	\$127,493	\$10,123	\$ 22,315	<sup>(5)</sup> \$159,931
	2011	\$120,719	\$1,825	\$ 20,159	\$142,702
Joyce Ohmer Senior Vice President – Branch Administration	2012	\$116,092	\$9,619	\$ 20,756	<sup>(6)</sup> \$146,467
	2011	\$112,243	\$1,651	\$ 19,725	\$133,619
Michelle Stambaugh Senior Vice President – Human Resource Director	2012	\$106,401	\$8,362	\$ 17,938	<sup>(7)</sup> \$132,701

Bonus amounts for 2011 were paid partially in 2011 and partially in 2012. The total of the 2012 bonuses were paid (1) in 2013. Each executive's bonus amount is determined based on performance factors commensurate with the executive's position.

(2) Mr. Livingston's salary includes \$12,000 in directors' fees.

(3) Mr. Livingston's "Other Compensation" for 2012 consisted of: \$12,500 as a 5% employer contribution, \$3,956 as an employer matching contribution, and \$14,575 as a Company profit sharing contribution to The Bank of Glen Burnie 401(K) Profit Sharing Plan; \$1,515 representing the dollar value to Mr. Livingston of the premiums on a term life insurance policy for his benefit; and \$12,193 health plan benefits, \$126 term life insurance benefits, and \$1,404 disability insurance benefits. Mr. Livingston's "Other Compensation" for 2011 consisted of: \$12,250 as a 5% employer contribution, \$3,675 as an employer matching contribution, and \$15,707 as a Company profit sharing contribution to The Bank of Glen Burnie 401(K) Profit Sharing Plan; \$1,415 representing the dollar value to Mr.

Livingston of the premiums on a term life insurance policy for his benefit; and \$9,542 health plan benefits, \$108 term life insurance benefits, \$1,266 disability insurance benefits, and \$40 employee assistance program benefits under the Bank's sponsored benefits plans available to all employees.

(4) Mr. Porter's "Other Compensation" for 2012 consisted of: \$4,268 as compensation to adjust for an adverse change in the Bank's pension plan upon conversion from a defined benefit plan to a defined contribution plan (a "make whole contribution"); \$7,342 as a 5% employer contribution, \$1,899 as an employer matching contribution, and \$8,561 as a Company profit sharing contribution to The Bank of Glen Burnie 401(K) Profit Sharing Plan; \$1,212 representing the dollar value to Mr. Porter of the premiums on a term life insurance policy for his benefit; and \$12,997 health plan benefits (including health and dental), \$126 term life insurance benefits, and \$1,404 disability insurance benefits. Mr. Porter's "Other Compensation" for 2011 consisted of: \$4,268 as compensation to adjust for an adverse change in the Bank's pension plan upon conversion from a defined benefit plan to a defined contribution plan (a "make whole contribution"); \$6,416 as a 5% employer contribution, \$1,834 as an employer matching contribution, and \$8,228 as a Company profit sharing contribution to The Bank of Glen Burnie 401(K) Profit Sharing Plan; \$1,132 representing the dollar value to Mr. Porter of the premiums on a term life insurance policy for his benefit; and \$14,496 health plan benefits (including health and dental), \$108 term life insurance benefits, \$1,266 disability insurance benefits, and \$40 employee assistance program benefits under the Bank's sponsored benefits plans available to all employees.



Mrs. Elswick's "Other Compensation" for 2012 consisted of: \$6,988 as a 5% employer contribution, \$1,944 as an employer matching contribution, \$61 as a make whole contribution, and \$8,148 as a Company profit sharing contribution to The Bank of Glen Burnie 401(K) Profit Sharing Plan; \$1,422 representing the dollar value to Mrs. Elswick of the premiums on a term life insurance policy for her benefit; and \$1,300 for the medical opt-out, \$922 health plan benefits (including dental and vision), \$126 term life insurance benefits, and \$1,404 disability insurance (5) benefits. Mrs. Elswick's "Other Compensation" for 2011 consisted of: \$6,228 as a 5% employer contribution, \$1,692 as an employer matching contribution, \$61 as a make whole contribution, and \$7,986 as a Company profit sharing contribution to The Bank of Glen Burnie 401(K) Profit Sharing Plan; \$1,212 representing the dollar value to Mrs. Elswick of the premiums on a term life insurance policy for her benefit; and \$1,300 for the medical opt-out, \$297 health plan benefits (including dental), \$108 term life insurance benefits, \$1,235 disability insurance benefits, and \$40 employee assistance program benefits under the Bank's sponsored benefits plans available to all employees.

Mrs. Ohmer's "Other Compensation" for 2012 consisted of: \$6,350 as a 5% employer contribution, \$1,760 as an employer matching contribution, \$1,293 as a make whole contribution, and \$7,404 as a Company profit sharing contribution to The Bank of Glen Burnie 401(K) Profit Sharing Plan; \$1,212 representing the dollar value to Mrs. Ohmer of the premiums on a term life insurance policy for her benefit; and \$1,300 for the medical opt-out, \$126 term life insurance benefits, and \$1,311 disability insurance benefits. Mrs. Ohmer's "Other Compensation" for 2011 (6) consisted of: \$5,695 as a 5% employer contribution, \$1,684 as an employer matching contribution, \$1,294 as a make whole contribution, and \$7,302 as a Company profit sharing contribution to The Bank of Glen Burnie 401(K) Profit Sharing Plan; \$1,132 representing the dollar value to Mrs. Ohmer of the premiums on a term life insurance policy for her benefit; and \$1,300 for the medical opt-out, \$108 term life insurance benefits, \$1,170 disability insurance benefits, and \$40 employee assistance program benefits under the Bank's sponsored benefits plans available to all employees.

Mrs. Stambaugh's "Other Compensation" for 2012 consisted of: \$5,757 as a 5% employer contribution, \$1,602 as an employer matching contribution, and \$6,713 as a Company profit sharing contribution to The Bank of Glen Burnie (7) 401(K) Profit Sharing Plan; \$730 representing the dollar value to Mrs. Stambaugh of the premiums on a term life insurance policy for her benefit; and \$1,300 for the medical opt-out, \$514 health plan benefits (including dental and vision), \$126 term life insurance benefits, and \$1,196 disability insurance benefits.

### **Change in Control Severance Plan**

The Company and the Bank maintain a Change in Control Severance Plan. All employees, including the named executive officers, and Board members of the Company, the Bank and affiliates of the Company or Bank who, on the date of a change in control, are not parties to an employment agreement or change in control severance agreement with the applicable employer, are eligible to participate in the Plan. A "change in control" is defined as any one of the following events: (i) the acquisition of ownership, holding or power to vote more than 25% of the Company's voting stock, (ii) the acquisition of the ability to control the election of a majority of the Bank's or the Company's directors, (iii) the acquisition of a controlling influence over the management or policies of the Bank or the Company by any person or by persons acting as a "group" (within the meaning of Section 13(d) of the Exchange Act, or (iv) during any period of two consecutive years, individuals who at the beginning of such period constitute the board of directors of the Bank or the Company (excluding individuals whose election or nomination for election as a member of the existing board was approved by a vote of at least two-thirds of the continuing directors then in office) cease for any reason to constitute at least two-thirds thereof.

Under the terms of the Plan, in the event the individual voluntarily terminates his employment within two years following a change in control, or in the event the individual's employment is terminated by the Bank (or its successor) for any reason, other than cause, within two years following a change in control, the individual is entitled to receive the benefits specified in the Plan based on the individual's position with the employer and, in some instances, years of service on the date of the change in control. The payment will be made either in a lump sum or in installments, at the option of the individual. Under the Plan, upon a change in control Mr. Livingston would receive an amount equal to the aggregate present value of 2.99 times his average annual taxable compensation from the Company for the prior five complete years, and Mr. Porter, Mrs. Elswick and Mrs. Ohmer would receive an amount equal to 130 weeks of their gross weekly salary as of the date of termination. In addition, Mr. Porter, Mrs. Elswick and Mrs. Ohmer would receive \$10,000 toward the premiums for their COBRA medical insurance coverage following the termination of employment if they elect to receive COBRA benefits. The aggregate present value of Mr. Porter's, Mrs. Elswick's and Mrs. Ohmer's cash payment and COBRA benefits may not exceed 2.99 times their average annual taxable compensation from the Company for the prior five complete years.

- x -

If change in control payments would be triggered today, the named executive officers would receive the following amounts: Mr. Livingston, \$648,591, and Mr. Porter, Mrs. Elswick, Mrs. Ohmer, and Mrs. Stambaugh, \$310,317, \$338,694, \$306,675, and \$279,024 respectively, plus \$10,000 each toward COBRA coverage.

### **Employee Stock Purchase Plan**

All employees, including the named executive officers, are eligible to participate in the Company's Employee Stock Purchase Plan at levels determined by the Bank's human resources department and commensurate with each employee's salary level. The Board believes that by making shares of the Company's stock available to employees at a discounted price, employees become vested in the successful financial performance of the Bank and the Company.

### **REPORT OF THE AUDIT COMMITTEE**

The Audit Committee has reviewed and discussed with management the annual audited financial statements of the Company and its subsidiaries.

The Audit Committee has discussed with TGM Group LLC, the independent auditors for the Company for 2012, the matters required to be discussed by Statement on Auditing Standards 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T. The Audit Committee has received the written disclosures and the letter from the independent auditors required by Rule 3526, *Communication with Audit Committees Concerning Independence*, as adopted by the Public Company Accounting Oversight Board and has discussed with the independent auditors the independent auditors' independence.

Based on the foregoing review and discussions, the Audit Committee recommended to the Company's Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year 2012 for filing with the Securities and Exchange Commission.

#### **Audit Committee**

William N. Scherer, Sr., Chairman    Norman E. Harrison, Jr.  
Karen B. Thorwarth                      Thomas Clocker

### **PROPOSAL II — ADVISORY VOTE ON NAMED EXECUTIVE OFFICER COMPENSATION**

Regulation 14A under the Exchange Act was revised following the recent enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”), and now requires that the Company seek an advisory, non-binding shareholder vote on the compensation of its named executive officers as disclosed in this Proxy Statement. Accordingly, as required by the Exchange Act and the rules promulgated by the SEC, the Company is providing its stockholders with the opportunity to cast an advisory, non-binding vote on the compensation of the named executive officers, as disclosed in this proxy statement.

This proposal, commonly known as a “say-on-pay” proposal, gives the Company’s stockholders the opportunity to endorse or not endorse the Company’s executive pay program and policies through the following resolution:

**“Resolved, that the stockholders approve the compensation of the named executive officers, as disclosed in the compensation tables and related material in the Proxy Statement distributed in connection with this Meeting.”**

The Employee Compensation and Benefits Committee and the Board believe that the Company’s compensation policies and procedures align with the long-term success of the Company and the interests of the stockholders.

Because the vote on this Proposal is advisory, it will not be binding on the Board and may not be construed as overruling a decision by the Board nor to create or imply any additional fiduciary duty by the Board. However, the Employee Compensation and Benefits Committee and the Board will take into account the outcome of the vote when considering future executive compensation arrangements.

This matter will be decided by the affirmative vote of a majority of the votes cast at the annual meeting. The affirmative vote of holders of a majority of the all of the votes cast at a meeting at which a quorum is present is needed to approve the proposal. Consequently, abstentions and broker non-votes with respect to shares otherwise present at the Annual Meeting in person or by proxy will have no effect on the result of the vote although they will be considered present for purposes of determining the presence of a quorum.

**The Board of Directors recommends a vote FOR approval of the compensation of the named executive officers.**

**PROPOSAL III — ADVISORY VOTE ON THE FREQUENCY OF HOLDING FUTURE ADVISORY VOTES ON NAMED EXECUTIVE OFFICER COMPENSATION**

The Dodd-Frank Act and related SEC rules also require that the Company seek an advisory, non-binding stockholder vote on whether stockholders would prefer “say-on-pay” advisory votes of the type described in Proposal II every year, every two years, or every three years. The voting instructions allow stockholders to choose the desired frequency.

This proposal, sometimes referred to as a “say-on-frequency” proposal, is the expression of the stockholders’ expression of how often they would like to be consulted for the non-binding vote on executive compensation. Stockholders will have the opportunity to vote for the following options for this proposal: one year, two years, three years, or abstain.

As with Proposal II, your vote is advisory and it will not be binding on the Company. However, the Employee Compensation and Benefits Committee and the Board will take into account the outcome of the vote when considering the frequency of future shareholder advisory votes on executive compensation.

The Board and the Employee Compensation and Benefits Committee value the input of stockholders on the Company’s compensation practices. However, they also believe that a three year cycle would give shareholders, management and the Employee Compensation and Benefits Committee time to evaluate the effectiveness of executive compensation on long-term company performance. A three-year cycle would also provide the Committee sufficient time to thoughtfully respond to stockholders’ input, and to implement any appropriate changes to our executive compensation program and to evaluate the results of such changes before the next stockholder advisory vote. Therefore, after careful consideration, the Board and Employee Compensation and Benefits Committee believe that a three year review of executive officer compensation is in the best interest of the stockholders and the Company.

On this Proposal, Stockholders are not voting to approve or disapprove the Board’s recommendation; rather Stockholders are requested to select a one year, two year, or three year frequency. The option that receives the highest

number of votes cast by Stockholders will be deemed the preferred frequency for the advisory vote on the approval of compensation for the named executive officers. Consequently, abstentions and broker non-votes with respect to shares otherwise present at the Annual Meeting in person or by proxy will have no effect on the result of the vote.

**The Board of Directors recommends a vote FOR approval of shareholder advisory votes on executive compensation once every three years.**

#### PROPOSAL IV — AUTHORIZATION FOR APPOINTMENT OF AUDITORS

##### **Selection of Auditors**

TGM Group LLC, which was the Company's independent auditing firm for the 2012 fiscal year, is expected to be retained by the Audit Committee of the Board of Directors to be the Company's independent auditors for the 2013 fiscal year. A representative of TGM Group LLC is expected to be present at the Annual Meeting to respond to appropriate questions from stockholders and will have the opportunity to make a statement if he or she so desires. **The Board of Directors recommends a vote FOR the proposal to authorize the Board of Directors to accept the selection of the Audit Committee of an outside auditing firm for the ensuing year.**

## **Disclosure of Independent Auditor Fees**

The following is a description of the fees billed to the Company by TGM Group LLC ("TGM") during the years ended December 31, 2011 and 2012:

*Audit Fees.* Audit fees include fees paid by the Company to TGM in connection with the annual audit of the Company's consolidated financial statements, and review of the Company's interim financial statements. Audit fees also include fees for services performed by TGM that are closely related to the audit and in many cases could only be provided by our independent auditors. Such services include consents related to SEC and other regulatory filings. The aggregate fees billed to the Company by TGM for audit services rendered to the Company for the years ended December 31, 2011 and December 31, 2012 totaled \$113,916 and \$125,332, respectively.

*Audit Related Fees.* Audit related services include accounting consultations and employee benefit plan audits. The aggregate fees billed to the Company by TGM for audit related services rendered to the Company for the years ended December 31, 2011 and December 31, 2012 totaled \$10,919 and \$11,487, respectively.

*Tax Fees.* Tax fees include corporate tax compliance, counsel and advisory services. The aggregate fees billed to the Company by TGM for the tax related services rendered to the Company for the years ended December 31, 2011 and December 31, 2012 totaled \$5,487 and \$7,539, respectively.

*All Other Fees.* The aggregate fees billed to the Company by TGM for all other services rendered to the Company for matters such as general consulting services and services in connection with annual and special meetings of stockholders for the years ended December 31, 2011 and December 31, 2012 totaled \$5,277 and \$3,941, respectively.

## **Approval of Independent Auditor Services and Fees**

The Company's Audit Committee reviews all fees charged by the Company's independent auditors, and actively monitors the relationship between audit and non-audit services provided. The Audit Committee must pre-approve all audit and non-audit services provided by the Company's independent auditors and fees charged.

## **OTHER MATTERS**

The Board of Directors is not aware of any business to come before the Annual Meeting other than those matters described above in this proxy statement and matters incident to the conduct of the Annual Meeting. However, if any other matters should properly come before the Annual Meeting, it is intended that proxies in the accompanying form will be voted in respect thereof in accordance with the determination of a majority of the named proxies.

## MISCELLANEOUS

The cost of soliciting proxies will be borne by the Company. The Company will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to the beneficial owners of Common Stock. In addition to solicitations by mail, directors, officers and regular employees of the Company may solicit proxies personally or by telegraph or telephone without additional compensation therefore.

The Company's 2012 Annual Report to Stockholders, including financial statements, has been mailed to all stockholders of record as of the close of business on the Record Date with this Proxy Statement. Any stockholder who has not received a copy of such Annual Report may obtain a copy by writing to the Secretary of the Company. Such Annual Report is not to be treated as a part of the proxy solicitation material or as having been incorporated herein by reference. **A copy of the Company's Form 10-K for the fiscal year ended December 31, 2012 as filed with the Securities and Exchange Commission will be furnished without charge to stockholders as of the Record Date upon written request to Chief Financial Officer, Glen Burnie Bancorp, 101 Crain Highway, S.E., Glen Burnie, Maryland 21061.**



## STOCKHOLDER PROPOSALS

Any stockholder desiring to present a proposal at the 2014 Annual Meeting of Stockholders and wishing to have that proposal included in the proxy statement for that meeting must submit the same in writing to the Secretary of the Company at 101 Crain Highway, S.E., Glen Burnie, Maryland 21061, in time to be received by December 17, 2013. The persons designated by the Company to vote proxies given by stockholders in connection with the Company's 2014 Annual Meeting of Stockholders will not exercise any discretionary voting authority granted in such proxies on any matter not disclosed in the Company's 2014 proxy statement with respect to which the Company has received written notice no later than February 26, 2014 that a stockholder (i) intends to present such matter at the 2014 Annual Meeting, and (ii) intends to and does distribute a proxy statement and proxy card to holders of such percentage of the shares of Common Stock required to approve the matter. If a stockholder fails to provide evidence that the necessary steps have been taken to complete a proxy solicitation on such matter, the Company may exercise its discretionary voting authority if it discloses in its 2014 proxy statement the nature of the proposal and how it intends to exercise its discretionary voting authority.

BY ORDER OF THE BOARD OF DIRECTORS

*Barbara J. Elswick*  
secretary

Glen Burnie, Maryland  
April 12, 2013

- xiv -

## Appendix A

### GLEN BURNIE BANCORP

#### AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

#### CHARTER

##### Purpose

The Audit Committee (the “Committee”) assists the Board of Directors (the “**Board**”) of Glen Burnie Bancorp (the “Company”) in their responsibilities to oversee the independence of the independent auditor and evaluate the Company’s financial reporting practices, accounting policies and internal control structure. The Audit Committee fulfills these responsibilities by carrying out the activities enumerated in this Charter.

##### Composition

The Committee will be comprised of three or more directors as determined by the Board. The members of the Committee will meet the independence and experience requirements specified by applicable regulations of the Securities and Exchange Commission (“SEC”) and relevant self-regulatory organizations. The members of the Committee will be appointed annually at the organizational meeting of the full Board held in May. The Board will select one Committee member to the Committee Chair, and may appoint one or more staff members and engage consultants to assist the Committee.

##### Responsibility

The Committee is a part of the Board. Its primary function is to assist the Board in fulfilling its oversight responsibilities with respect to (i) the annual financial information to be provided to shareholders and the SEC; (ii) the review of quarterly financial statements; (iii) the system of internal controls that management has established; and (iv) the internal audit, external audit and loan review processes. In addition, the Committee provides an avenue for communication between the internal auditor, the independent auditor, financial management and the Board.

The Committee should have a clear understanding with the independent auditor that the independent auditor must maintain an open relationship with the Committee, and that the ultimate accountability of the independent auditor is to

the Board and the Committee. The Committee will make regular reports to the Board concerning its activities.

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations and the Company's business conduct guidelines.

#### Authority

The Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company (including resolution of disagreements between management and the auditor regarding financial reporting), and such independent auditor must report directly to the Committee.

The Committee is granted authority to investigate any matter or activity involving financial accounting and financial reporting, as well as the internal controls of the Company, or any other any matter within the Committee's scope of responsibilities. In that regard, the Committee will have the authority to engage independent counsel and other advisers, as it determines necessary to carry out its duties. All employees will be directed to cooperate with respect thereto as requested by members of the Committee.

In furtherance of its duties, the Company will provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for the payment of: (i) compensation to such independent auditor; (ii) compensation to any advisers employed by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

## Meetings

The Committee will meet monthly, or more frequently as circumstances dictate. The Committee may, at its discretion, meet in separate executive sessions with the chief financial officer, independent auditor and internal auditor.

## Attendance

Committee members will strive to be present at all meetings. As necessary or desirable, the Committee Chair may request that members of management and representatives of the independent auditor and internal auditor be present at Committee meetings.

## Specific Duties

To fulfill its responsibilities and duties the Audit Committee shall:

- (i) Review the scope and general extent of the independent auditor's annual audit. The Committee's review should include an explanation from the independent auditor of the factors considered by the auditor in determining the audit scope, including the major risk factors. The independent auditor should confirm to the Committee that no limitations have been placed on the scope or nature of their audit procedures. The Committee will review annually with management the fee arrangement with the independent auditor.
- (ii) Establish procedures for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and (ii) the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters.
- (iii) Review with management, the internal auditor and independent auditor, the Company's accounting and financial reporting controls.
- (iv) Review with management, the internal auditor and the independent auditor significant accounting and reporting principles, practices and procedures applied by the Company in preparing its financial statements.

- (v) Discuss with the independent auditor its judgments about the quality, not just the acceptability of the Company's accounting principles used in financial reporting.
  
- (vi) Review legal and regulatory matters that may significantly impact the financial affairs or operations of the Company.
  
- (vii) Inquire as to the independence of the independent auditor and obtain from the independent auditor, at least annually, a formal written statement delineating all relationships between the independent auditor and the Company as contemplated by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*.
  
- (viii) Review with financial management and the independent auditor the quarterly financial statements prior to the filing of the Company's Form 10-Q. The review will focus on the impact of significant events, transactions and changes in accounting estimates considered by the independent auditor in performing their review of the Company's interim financial statements. The Chair of the Committee may represent the entire committee for purpose of this review. At the completion of the annual audit, review with management, the Company's internal auditor and the independent auditor the following:

§ The Company's annual financial statements and related footnotes and financial information to be included in the Company's annual report to shareholders and on annual report on Form 10- K.

§ Results of the audit of the financial statements and the related report thereon and, if applicable, a report on changes during the year in accounting principles and their application.

§ Any significant changes to the audit plan, any serious disputes or difficulties with management encountered during the audit, and the level of cooperation received by the independent auditor from Company personnel during the audit, including access to all requested records, data and information.

§ Any disagreements between the independent auditor and management, which, if not satisfactorily resolved, would have caused the independent auditor to issue a nonstandard report on the Company's financial statements.

Other communications as required to be communicated by the independent auditor by Statement of Auditing Standards (SAS) 61 as amended by SAS 90 relating to the conduct of the audit. Such communication should include a discussion of the independent auditor's judgment about the quality of the Company's accounting principles.

If deemed appropriate after such review and discussion, recommend to the Board that the financial statements be included in the Company's annual report on Form 10-K.

(ix) Meet with management, the internal auditor and the independent auditor to discuss any relevant significant recommendations that the independent auditor may have, particularly those characterized as "reportable conditions". The Committee should review responses of management to the reportable conditions from the independent auditor and receive follow-up reports on action taken concerning the aforementioned recommendations.

(x) Evaluate the internal auditor's risk assessment matrix of the Company's subsidiary activities used in developing the annual audit program.

(xi) Receive reports of major findings from the internal auditor and evaluate management's response in addressing the reported conditions.

(xii) Evaluate the performance of and, where appropriate, replace the internal auditor.

(xiii) Review and reassess the adequacy of this charter annually and recommend any proposed changes to the Board for approval. This should be done in compliance with applicable regulatory Audit Committee requirements. The charter is to be published as an appendix to the Company's proxy statement every three years.

*As reviewed, updated, and approved by:*

*Audit Committee- March 14, 2013*

*Bancorp-March 14, 2013*

*Board of Directors-March 14, 2013*

*EFFECTIVE as of: January 1, 2004*





The Board of Directors recommends a vote for every "THREE YEARS" as the preferred frequency for the advisory vote on the approval of executive compensation.

	FOR	AGAINST	ABSTAIN
4. To authorize the Board of Directors to accept the auditors selected by the Audit Committee for the 2013 fiscal year	..	..	..

The Board of Directors recommends a vote for every "FOR" the authorization to select the auditors.

**if you plan to attend the annual meeting, please check this box** £

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS

THIS PROXY WILL BE VOTED AS DIRECTED, BUT IF NO INSTRUCTIONS ARE SPECIFIED, THIS PROXY WILL BE VOTED FOR EACH OF THE ABOVE NOMINEES, FOR PROPOSAL 2, FOR A THREE-YEAR FREQUENCY ON PROPOSAL 3, AND FOR PROPOSAL 4. IF ANY OTHER BUSINESS IS PROPERLY PRESENTED AT THE ANNUAL MEETING, THIS PROXY WILL BE VOTED BY THOSE NAMED IN THIS PROXY IN ACCORDANCE WITH THE DETERMINATION OF A MAJORITY OF THE NAMED PROXIES. THIS PROXY CONFERS DISCRETIONARY AUTHORITY ON THE HOLDERS THEREOF TO VOTE WITH RESPECT TO THE ELECTION OF ANY PERSON AS DIRECTOR WHERE THE NOMINEE IS UNABLE TO SERVE OR FOR GOOD CAUSE WILL NOT SERVE AND MATTERS INCIDENT TO THE CONDUCT OF THE ANNUAL MEETING.

Please be sure to sign and date this Proxy here.

Date \_\_\_\_\_

Stockholder sign above Co-holder (if any) sign above

**Detach above card, sign, date and mail in postage paid envelope provided.**

**GLEN BURNIE BANCORP**

Should the above signed be present and elect to vote at the Annual Meeting or at any adjournment thereof and after notification to the Secretary of the Company at the Annual Meeting of the stockholder's decision to terminate this proxy, then the power of said attorneys and proxies shall be deemed terminated and of no further force and effect. The above signed hereby revokes any and all proxies heretofore given with respect to the shares of Common Stock held of record by the above signed. The above signed acknowledges receipt from the Company prior to the execution of this proxy of notice and a proxy statement and a 2012 Annual Report to stockholders for the annual meeting.

Please sign exactly as your name appears on the envelope in which this proxy was mailed. When signing as attorney, executor, administrator, trustee or guardian, please give your full title. If shares are held jointly, each holder should sign.

PLEASE ACT PROMPTLY

SIGN, DATE & MAIL YOUR PROXY CARD TODAY

IF YOUR ADDRESS HAS CHANGED, PLEASE CORRECT THE ADDRESS IN THE SPACE PROVIDED BELOW AND RETURN THIS PORTION WITH THE PROXY IN THE ENVELOPE PROVIDED