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PRE-EFFECTIVE AMENDMENT NO. 4 TO THE FORM S-1 IS BEING FILED IN
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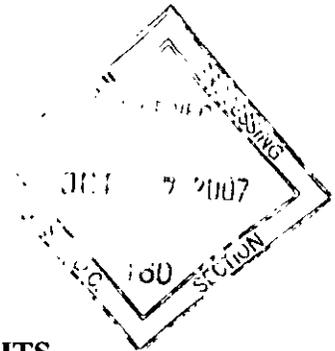


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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

AMENDMENT NO. 3 TO
FORM SE

FORM FOR SUBMISSION OF PAPER FORMAT EXHIBITS
BY ELECTRONIC FILERS



Bradford Bancorp, Inc.
Exact name of registrant as specified in charter

0001393551
Registrant CIK Number

Exhibit 99.1 to Pre-effective
Amendment No. 4 to Form S-1
Electronic report, schedule or registration
statement of which the documents are a part (give
period of report)

333-143696
SEC file number, if available

Name of Person Filing the Document
(If other than the Registrant)

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Identify the provision of Regulation S-T (§232 of this chapter) under which this exhibit is
being filed in paper (check only one):

- Rule 201 (Temporary Hardship Exemption)
 Rule 202 (Continuing Hardship Exemption)
 Rule 311 (Permitted Paper Exhibit)

SIGNATURES

The Registrant has duly caused this form to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Baltimore, State of Maryland on October 16, 2007.

BRADFORD BANCORP, INC.

By: 
David L. Costello, III
Executive Vice President and Chief Financial Officer

**AMENDMENT #1
FILED AS OF OCTOBER 11, 2007
PRO FORMA VALUATION REPORT
BRADFORD BANCORP, INC.**

**PROPOSED HOLDING COMPANY FOR
BRADFORD BANK**

Baltimore, Maryland

**Dated as Of:
August 31, 2007**

**RP[®] Financial, LC.
1700 North Moore Street
Suite 2210
Arlington, Virginia 22209**

August 31, 2007

Board of Directors
Bradford Bank, MHC
Bradford Bancorp, Inc.
Bradford Bank
6910 York Road
Baltimore, Maryland 21212

Members of the Boards of Directors:

At your request, we have completed and hereby provide an independent appraisal ("Appraisal") of the estimated pro forma market value of the common stock to be issued by Bradford Bancorp, Inc., Baltimore, Maryland ("Bradford Bancorp" or the "Company") in connection with the mutual-to-stock conversion of Bradford Bank. It is our understanding that Bradford Bancorp will offer its stock in a subscription offering to Eligible Account Holders, Tax-Qualified Employee Benefit Plans including Bradford Bank's employee stock ownership plan (the "ESOP"), Supplemental Eligible Account Holders and Other Members, as such terms are defined for purposes of applicable federal regulatory requirements governing mutual-to-stock conversions. To the extent that shares remain available for purchase after satisfaction of all subscriptions received in the subscription offering, the shares may be offered for sale in a direct community offering and/or a syndicate of registered broker-dealers.

This Appraisal is furnished pursuant to the requirements of the Code of Federal Regulations 563b.7 and has been prepared in accordance with the "Guidelines for Appraisal Reports for the Valuation of Savings and Loan Associations Converting from Mutual to Stock Form of Organization" of the Office of Thrift Supervision ("OTS").

Plan of Conversion

On March 16, 2007, the respective Boards of Directors of Bradford Bank, Bradford Mid-Tier Company and Bradford Bank MHC (the "MHC") unanimously adopted the plan of conversion. Under the plan of conversion, Bradford Bank will convert from the mutual holding company form of organization to the stock holding company form of organization and become a wholly owned subsidiary of Bradford Bancorp, a newly formed Maryland corporation. Following the conversion, the MHC and Bradford Mid-Tier Company will cease to exist.

The plan of conversion provides for the establishment of The Bradford Bank Foundation (the "Foundation"). The Foundation will be funded with \$250,000 in cash and \$2.75 million in Bradford Bancorp common stock. The purpose of the Foundation is to provide financial support

Washington Headquarters

Rosslyn Center
1700 North Moore Street, Suite 2210
Arlington, VA 22209
www.rpfinancial.com

Telephone: (703) 528-1700
Fax No.: (703) 528-1788
Toll-Free No.: (866) 723-0594
E-Mail: mail@rpfinancial.com

to charitable organizations in the communities in which Bradford Bank operates and to enable those communities to share in Bradford Bank's long-term growth. The Foundation will be dedicated completely to community activities and the promotion of charitable causes.

In connection with the conversion, Bradford Bancorp will acquire Patapsco Bancorp, Inc. ("Patapsco Bancorp"). On March 19, 2007 Bradford Bancorp entered into a definitive agreement to acquire Patapsco Bancorp. Patapsco Bancorp is the holding company of The Patapsco Bank, which is based in Dundalk, Maryland. Pursuant to the definitive agreement, shareholders of Patapsco Bancorp will be entitled to receive either \$23.00 in cash or 2.3 shares of Bradford Bancorp common stock (based on a \$10.00 per share initial public offering price), or a combination thereof, in exchange for each share of Patapsco Bancorp common stock. The exchange of Patapsco Bancorp common stock will be subject to proration procedures set forth in the merger agreement, such that 50% of the consideration will be funded with Bradford Bancorp common stock and 50% will be funded with cash. As of June 30, 2007, Patapsco Bancorp had 1,864,985 shares of common stock issued and outstanding.

Pursuant to the merger agreement, Patapsco Bancorp stock options outstanding at the Effective Time, whether or not vested, shall be canceled in exchange for a cash payment by Patapsco Bancorp in an amount equal to the product of (i) the number of shares of Patapsco Bancorp common stock subject to such option at the Effective Time and (ii) the amount by which the \$23.00 per share cash consideration exceeds the exercise price per share of such option, net of any cash which must be held under federal and state income and employment tax requirements. At the Effective Time, each share of restricted stock outstanding as of the Effective Time and issued pursuant to the Patapsco Bancorp 2004 Stock Incentive Plan, to the extent not already vested, shall vest and shall represent a right to receive the same Merger Consideration provided to other holders of Patapsco Bancorp common stock, net of any amounts that must be withheld under federal and state income and employment tax requirements. The total merger consideration is valued at approximately \$44.7 million.

RP[®] Financial, LC.

RP[®] Financial, LC. ("RP Financial") is a financial consulting firm serving the financial services industry nationwide that, among other things, specializes in financial valuations and analyses of business enterprises and securities, including the pro forma valuation for savings institutions converting from mutual-to-stock form. The background and experience of RP Financial is detailed in Exhibit V-1. For its appraisal services, RP Financial is being compensated on a fixed fee basis for the original appraisal and for any subsequent updates, and such fees are payable regardless of the valuation conclusion or the completion of the conversion offering transaction. We believe that we are independent of the Company, Bradford Bank, the MHC, Patapsco Bancorp and the other parties engaged by the Bank or the Company to assist in the stock conversion process. RP Financial has not provided merger advisory services to the Company, the Bank, the MHC, Patapsco Bancorp and the other parties engaged by the Bank or the Company to assist in the stock conversion process.

Valuation Methodology

In preparing our Appraisal, we have reviewed the regulatory applications of Bradford Bancorp, Bradford Bank and the MHC, including the prospectus as filed with the OTS and the Securities and Exchange Commission ("SEC"). We have conducted a financial analysis of Bradford Bancorp, Bradford Bank and the MHC that has included a review of audited financial information for the past five years through the year ended December 31, 2006 and a review of various unaudited information and internal financial reports through June 30, 2007. We have also conducted due diligence related discussions with Bradford Bank's management; Stegman & Company, Bradford Bancorp's independent auditor; Muldoon Murphy & Aguggia LLP, Bradford Bancorp's conversion counsel; and Sandler O'Neill & Partners, L.P., Bradford Bancorp's marketing advisor in connection with the stock offering. We have also analyzed the pro forma financial impact of Bradford Bancorp's pending acquisition of Patapsco Bancorp, based on financial data set forth in the Company's prospectus, a review of Patapsco Bancorp's audited financial information for the past five years through the fiscal year ended June 30, 2007, a review of various unaudited information and internal financial reports through June 30, 2007, and due diligence related discussions with Patapsco Bancorp's management. All assumptions and conclusions set forth in the Appraisal were reached independently from such discussions. In addition, where appropriate, we have considered information based on other available published sources that we believe are reliable. While we believe the information and data gathered from all these sources are reliable, we cannot guarantee the accuracy and completeness of such information.

We have investigated the competitive environment within which Bradford Bancorp operates and have assessed Bradford Bancorp's relative strengths and weaknesses. We have monitored the material federal regulatory and legislative actions affecting financial institutions generally and analyzed the potential impact of such developments on Bradford Bancorp and the industry as a whole to the extent we are aware of such matters. We have analyzed the potential effects of the stock conversion and the Patapsco Bancorp acquisition on Bradford Bancorp's operating characteristics and financial performance as they relate to the pro forma market value. We have reviewed the overall conditions in Bradford Bancorp's and Patapsco Bancorp's market areas as set forth in demographic, economic and competitive information prepared by third party private and governmental sources. We have compared Bradford Bancorp's financial performance and condition, incorporating the Patapsco Bancorp acquisition, with selected publicly-traded thrifts with similar characteristics as Bradford Bancorp on a pro forma basis, as well as all publicly-traded thrifts. We have reviewed the current conditions in the securities markets in general and in the market for thrift stocks in particular, including the market for existing thrift issues and the market for initial conversion offerings by thrifts.

The Appraisal is based on Bradford Bancorp's representation that the information contained in the regulatory applications and prospectus, and additional information furnished to us by Bradford Bancorp, Patapsco Bancorp and their respective independent auditors, legal counsels, investment bankers and other authorized agents, are truthful, accurate and complete. We did not independently verify the financial statements and other information provided by

Bradford Bancorp and Patapsco Bancorp, or their respective independent auditors, legal counsels, investment bankers and other authorized agents, nor did we independently value the assets or liabilities of Bradford Bancorp and Patapsco Bancorp. Our valuation was also predicated on Bradford Bancorp completing the acquisition of Patapsco Bancorp in a manner consistent with the merger agreement and the pro forma financial information set forth in the prospectus. The valuation considers the Company only as a going concern and should not be considered as an indication of the Company's liquidation value.

Our appraised value is predicated on a continuation of the current operating environment for Bradford Bancorp, Patapsco Bancorp and for all savings and banking institutions. Changes in the local, state and national economy, the legislative and regulatory environment for financial institutions, the stock market, interest rates, and other external forces (such as natural disasters or significant world events) may occur from time to time, often with great unpredictability and may materially impact the value of thrift stocks as a whole or Bradford Bancorp's value alone. It is our understanding that Bradford Bancorp intends to remain an independent institution and there are no current plans for selling control of Bradford Bancorp as a converted institution. To the extent that such factors can be foreseen, they have been factored into our analysis.

The estimated pro forma market value is defined as the price at which Bradford Bancorp's common stock, immediately upon completion of the stock offering, would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.

Valuation Conclusion

It is our opinion that, as of August 31, 2007, the estimated aggregate pro forma market value of the shares to be issued immediately following the conversion – including the 2,161,354 merger shares issued to Patapsco Bancorp's shareholders as part of the \$44.7 million cash and stock acquisition of Patapsco Bancorp and the 275,000 shares of common stock contributed to the Foundation – was \$89,363,540 at the midpoint, equal to 8,936,354 shares at a per share value of \$10.00. Based on the foregoing valuation, the corresponding range of shares and market values based on a \$10.00 per share price are as follows:

	<u>Offering Shares</u>	<u>Merger Shares(1)</u>	<u>Foundation Shares</u>	<u>Total Shares</u>
<u>Shares</u>				
Super maximum(1)	8,596,250	2,161,354	275,000	11,032,604
Maximum	7,475,000	2,161,354	275,000	9,911,354
Midpoint	6,500,000	2,161,354	275,000	8,936,354
Minimum	5,525,000	2,161,354	275,000	7,961,354
Adjusted minimum(2)	4,696,250	2,161,354	275,000	7,132,604

Market Value

Super maximum(1)	\$85,962,500	\$21,613,540	\$2,750,000	\$110,326,040
Maximum	\$74,750,000	\$21,613,540	\$2,750,000	\$99,113,540
Midpoint	\$65,000,000	\$21,613,540	\$2,750,000	\$89,363,540
Minimum	\$55,250,000	\$21,613,540	\$2,750,000	\$79,613,540
Adjusted minimum(2)	\$46,962,500	\$21,613,540	\$2,750,000	\$71,326,040

- (1) Merger shares could increase up to 2,216,850 at the time the acquisition of Patapsco Bancorp is completed, due to the exercise of stock options and issuances of deferred compensation shares to directors, which would increase total shares issued at the super range to 11,088,100. RP Financial considered the pro forma impact of the additional merger shares and we concluded that the pro forma shares outstanding, pro forma pricing ratios and pro forma market value were substantially unchanged from the super maximum.
- (2) If Bradford Bancorp does not receive orders for at least 5,525,000 shares in the offering, then, in Bradford Bancorp's discretion in order to issue the minimum number of shares necessary to complete the conversion and stock offering, up to 828,750 unsubscribed shares may be issued to stockholders of Patapsco Bancorp as merger consideration.

Limiting Factors and Considerations

Our valuation is not intended, and must not be construed, as a recommendation of any kind as to the advisability of purchasing shares of the Company's common stock. Moreover, because such valuation is necessarily based upon estimates and projections of a number of matters, all of which are subject to change from time to time, no assurance can be given that persons who purchase shares of common stock in the conversion will thereafter be able to buy or sell such shares at prices related to the foregoing valuation of the estimated pro forma market value thereof. The appraisal reflects only a valuation range as of this date for the pro forma market value of Bradford Bancorp immediately upon issuance of the stock and does not take into account any trading activity with respect to the purchase and sale of common stock in the secondary market on the date of issuance of such securities or at anytime thereafter following the completion of the public stock offering.

The valuation prepared by RP Financial in accordance with applicable OTS regulatory guidelines was based on the financial condition and operations of Bradford Bancorp and Patapsco Bancorp as of June 30, 2007, the date of the financial data included in the prospectus.

RP Financial is not a seller of securities within the meaning of any federal and state securities laws and any report prepared by RP Financial shall not be used as an offer or solicitation with respect to the purchase or sale of any securities. RP Financial maintains a policy which prohibits RP Financial, its principals or employees from purchasing stock of its client institutions.

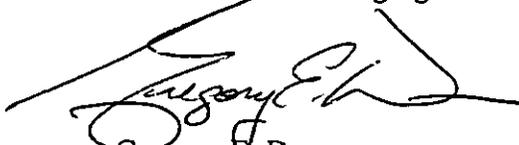
This valuation will be updated as provided for in the conversion regulations and guidelines. These updates will consider, among other things, any developments or changes in the financial performance and condition of Bradford Bancorp and Patapsco Bancorp, management policies, and current conditions in the equity markets for thrift shares, both existing issues and new issues. These updates may also consider changes in other external factors which impact value including, but not limited to: various changes in the legislative and regulatory environment for financial institutions, the stock market and the market for thrift stocks, and interest rates. Should any such new developments or changes be material, in our opinion, to the valuation of the common stock, appropriate adjustments to the estimated pro forma market value will be made. The reasons for any such adjustments will be explained in the update at the date of the release of the update. The valuation will also be updated at the completion of Bradford Bancorp's stock offering.

Respectfully submitted,

RP® FINANCIAL, LC.



Ronald S. Riggins
President and Managing Director



Gregory E. Dunn
Senior Vice President

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Baltimore, Maryland

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I. OVERVIEW AND FINANCIAL ANALYSIS

Introduction

Bradford Bank was originally chartered in 1903 as a state chartered savings association under the name The Bradford Loan and Savings Association. In 1935, Bradford Bank's charter was changed to a federal savings and loan association under the name Bradford Federal Savings and Loan Association. In 1987, Bradford Bank changed its charter to a federal savings bank under the name Bradford Federal Savings & Loan Association and in June 2002, the Bank's name was changed to Bradford Bank. In 2004, Bradford Bank reorganized into the mutual holding company structure, forming Bradford Mid-Tier Company (originally named Bradford Bancorp, Inc.) as a federally chartered stock holding company and Bradford Bank MHC (the "MHC") as a federally chartered mutual holding company and sole stockholder of Bradford Bancorp. Bradford Bank is a member of the Federal Home Loan Bank ("FHLB") system and its deposits are insured up to the maximum allowable amount by the Federal Deposit Insurance Corporation ("FDIC"). As of June 30, 2007, the MHC had consolidated total assets of \$568.6 million, total deposits of \$462.8 million and total equity of \$41.6 million, equal to 7.3% of total assets. The MHC's audited financial statements are included by reference as Exhibit I-1.

Plan of Conversion

On March 16, 2007, the respective Boards of Directors of Bradford Bank, Bradford Mid-Tier Company and Bradford Bank MHC unanimously adopted the plan of conversion. Under the plan of conversion, Bradford Bank will convert from the mutual holding company form of organization to the stock holding company form of organization and become a wholly-owned subsidiary of Bradford Bancorp, Inc. ("Bradford Bancorp" or the "Company"), a newly formed Maryland corporation. Following the conversion, Bradford Bank MHC and Bradford Mid-Tier Company will no longer exist. For purposes of this document, the existing consolidated entity will hereinafter be referred to as Bradford Bancorp or the Company.

In connection with the conversion, a charitable foundation will be established, known as The Bradford Bank Foundation (the "Foundation"). The Foundation will be funded with cash

and stock equal to \$3.0 million immediately following the closing of the conversion, comprised of a \$2.750 million stock contribution and a \$250,000 cash contribution. The purpose of the Foundation is to continue the Bank's long-standing commitment to the local communities served by the Bank. In this regard, the Foundation will make grants and donations to non-profit and community groups and projects in the Bank's market area. Through stock ownership, the Foundation can participate in the long-term growth of the Company.

Acquisition of Patapsco Bancorp, Inc.

On March 19, 2007 Bradford Bancorp entered into a definitive agreement to acquire Patapsco Bancorp, Inc. ("Patapsco Bancorp"). Patapsco Bancorp is the holding company of The Patapsco Bank, which is based in, Dundalk, Maryland. Pursuant to the definitive agreement, shareholders of Patapsco Bancorp will be entitled to receive either \$23.00 in cash or 2.3 shares of Bradford Bancorp common stock (based on a \$10.00 per share initial public offering price), or a combination thereof, subject to proration procedures set forth in the merger agreement such that 50% of the consideration will be funded with Bradford Bancorp common stock and 50% will be funded with cash. Based on Patapsco Bancorp's consolidated balance sheet at June 30, 2007 and estimated purchase accounting adjustments, total intangible assets resulting from the acquisition have been estimated to equal \$31.5 million.

Pursuant to the merger agreement, Patapsco Bancorp stock options outstanding at the Effective Time, whether or not vested, shall be canceled in exchange for a cash payment by Patapsco Bancorp in an amount equal to the product of (i) the number of shares of Patapsco Bancorp common stock subject to such option at the Effective Time and (ii) the amount by which the \$23.00 per share cash consideration exceeds the exercise price per share of such option, net of any cash which must be held under federal and state income and employment tax requirements. At the Effective time, each share of restricted stock outstanding as of the Effective Time and issued pursuant to the Patapsco Bancorp 2004 Stock Incentive Plan, to the extent not already vested, shall vest and shall represent a right to receive the same Merger Consideration provided to other holders of Patapsco Bancorp common stock, net of any amounts that must be withheld under federal and state income and employment tax requirements. The total merger consideration is valued at approximately \$44.7 million.

Patapsco Bancorp, Inc.

Patapsco Bancorp is the Maryland chartered bank holding company for Patapsco Bank. Patapsco Bancorp owns 100% of the issued and outstanding common stock of Patapsco Bank, which is the primary asset of Patapsco Bancorp. Patapsco Bancorp is a publicly-traded company whose stock is quoted on the OTC Electronic Bulletin Board under the ticker symbol "PATD". To date, Patapsco Bancorp has not engaged in any material operations other than to hold all of the issued and outstanding stock of Patapsco Bank, investment of funds and the payment of dividends. As of June 30, 2007, Patapsco Bancorp reported consolidated assets of \$255.5 million, net loans receivable of \$220.2 million, deposits of \$189.7 million, borrowings of \$38.8 million, trust preferred debt of \$5.0 million and stockholders' equity of \$18.9 million, equal to 7.4% of total assets. Patapsco Bancorp reported earnings for the twelve months ended June 30, 2007 of \$1.2 million or approximately 0.48% of average assets. Pursuant to the merger agreement, Patapsco Bancorp will be merged into Bradford Bancorp and Bradford Bancorp will be the surviving corporation.

Patapsco Bank

Patapsco Bank is a Maryland commercial bank headquartered in Dundalk, Maryland. Patapsco Bank serves the Baltimore metropolitan area through five full service branch offices and a limited service office. Patapsco Bank is subject to regulation, examination and supervision by the State of Maryland Commissioner of Financial Regulation ("Commissioner"), the Federal Reserve Board and the FDIC. Pursuant to the merger agreement, Patapsco Bank will be merged into Bradford Bank. It is expected that the merged bank will continue under the name of "Bradford Bank".

Strategic Overview

Bradford Bancorp is a community-oriented financial institution, which emphasizes the offering of traditional financial services to individuals and businesses within the markets served by the Company's offices and nearby surrounding markets. Bradford Bancorp's range of products include personal and business checking, FDIC insured savings deposits, mortgage

loans, consumer loans, commercial real estate loans, commercial business loans and investment and title services.

The Company's market niche is serving as a community-oriented financial institution that meets the financial services needs of residents and businesses in the Baltimore metropolitan area and nearby surrounding markets. In particular, the Company has developed a niche in originating acquisition, development and construction ("ADC") loans for tract housing in Maryland, as well as in southern Pennsylvania, northern Virginia, and Delaware. The Company's ADC lending niche will continue to be developed as part of its strategic plan going forward, while growth of commercial real estate loans and commercial business loans will be emphasized as the primary sources of the Company's future loan growth. Consumer loan growth is expected to be a source of limited loan growth, primarily through growth of home equity loans. The Company's indirect auto lending program was discontinued in August 2007, which was the primary source of the Company's consumer loan growth since it was initiated in May 2006. Deposit growth is expected to fund most of the Company's projected asset growth, in which growth of lower costing transaction accounts will be emphasized. Deposit growth will be facilitated by the expanded branch network resulting from recently completed acquisitions and the pending acquisition of Patapsco Bancorp, as well as through de novo branching.

A key component of the Company's strategic plan in recent years has been to supplement organic growth with growth through acquisitions. In addition to the pending acquisition of Patapsco Bancorp, the Company acquired Wyman Park Bancorporation, Inc., Lutherville, Maryland ("Wyman Park"), and its wholly-owned subsidiary, Wyman Park Federal Savings & Loan Association in February 2003. Wyman Park had total assets of approximately \$70 million. In January 2007, Bradford Mid-Tier Company completed the acquisition of Valley Bancorp, Inc., Hunt Valley, Maryland ("Valley Bancorp"), and its wholly-owned Valley Bank of Maryland. At December 31, 2006, Valley Bancorp had total assets of \$50.9 million, deposits of \$37.3 million and total equity of \$5.4 million. In June 2007, Golden Prague Federal Savings and Loan Association, Baltimore, Maryland ("Golden Prague") and Senator Bank, Cockeysville, Maryland were merged into Bradford Bank. At March 31, 2007, Golden Prague had total assets of \$29.3 million, deposits of \$24.8 million and total capital of \$2.3 million. At March 31, 2007, Senator Bank had total assets of \$21.4 million, deposits of \$20.1 million and total capital of \$1.4

million. Of the nine branch offices currently maintained by the Company, two were Wyman Park branches, one was a Valley Bancorp branch, one was a Golden Prague branch and one was a Senator Bank branch. One of the Golden Prague branches was consolidated into one of Bradford Bank's branches. Additionally, in October 2006, Bradford Bancorp completed the assumption of \$6.4 million of deposits located at the Ellicott City branch of American Bank, Silver Spring, Maryland.

Through the acquisition of Patapsco Bancorp, the Company will expand its market presence in the Baltimore metropolitan area. The acquisition will provide the Company with a larger, more diversified community bank and a larger customer base to cross-sell products and services, as well as opportunities to develop new banking relationships that can be realized from maintaining a larger geographic market presence. Areas of strategic emphasis for the Company following the conversion are expected to consist of: (1) to increase the number of households served by the Company's core business lines through active cross-selling initiatives and effective marketing promotions; (2) expand commercial business products and services in all markets that will be served by the combined entity; (3) continue to develop ADC lending niche relationships; and (4) emphasize growth of fee-based products with particular emphasis on the sale of non-deposit products and expanding the products and services offered by Bradford Bank. A map of the Company's branch network following the acquisition of Patapsco Bancorp is set forth in Exhibit I-2.

Reasons for the Acquisition of Patapsco Bancorp

The acquisition of Patapsco Bancorp is expected to be beneficial to Bradford Bancorp's operations in a number of ways. Most notably, the acquisition will serve to expand and strengthen the Company's market presence in the Baltimore metropolitan area. Other reasons for the merger are set forth below.

- The expanded branch network will enhance customer convenience, thereby increasing opportunities for growth at all of the Company's branches.
- Loan portfolio diversification will be accelerated by the acquisition of Patapsco Bancorp's loan portfolio, particularly with respect to commercial business loans.

- Increase the concentration of core deposits maintained as a percent of total deposits.
- The combined entity will have a larger customer base for purposes of cross-selling the Company's product and services.
- The larger asset size, geographic presence and market capitalization that will result from the acquisition will better position the Company to pursue other strategic acquisitions.
- Certain operating synergies and cost reductions, net of certain consolidation costs, are anticipated as a result of the merger, including:
 - Reduction in personnel expenses through consolidation of certain management and administrative positions;
 - Reduction of certain professional services, such as legal, audit and tax and consulting;
 - Spreading securities, shareholder reporting and regulatory reporting and examination expenses over a larger base; and
 - Consolidating the remaining Golden Prague branch into a nearby Patapsco Bancorp branch.

Immediately following the acquisition of Patapsco Bancorp, the composition of the Company's board of directors and executive management team will change. In particular, one of the Company's current directors will resign and two members of Patapsco Bancorp's board of directors will be appointed to the boards of directors of Bradford Bancorp and Bradford Bank. With regard to executive management, the Company's current Executive Vice President and Chief Financial Officer will be appointed to the position of Executive Vice President and Chief Operating Officer and Patapsco Bancorp's current Chief Executive Officer and Chief Financial Officer will be appointed to the position of Senior Vice President and Chief Financial Officer. It is anticipated that other members of the Company's and the Bank's executive and senior management will continue in their current roles following the acquisition. There will be some consolidation of Patapsco Bancorp's senior management positions and administrative staff following the acquisition.

Reasons for Conversion and Use of Proceeds

A key component of the Company's business plan is to complete a conversion offering. The conversion will support growth of market share and competitive position, most notably through the acquisition of Patapsco Bancorp. The conversion proceeds will be utilized to fund

the cash consideration to be paid for the acquisition. Additionally, the conversion and increased capital resources that will result from the sale and issuance of common stock will support: (1) expansion of lending and deposit gathering activities with broader distribution outlets; (2) expansion and diversification of operations through acquisitions of other financial institutions or de novo branching as opportunities arise; (3) enhancement of existing products and services and development of new products and services; (4) improvement of competitive position; and (5) enhancement of earnings through higher earnings and more flexible capital management strategies. The projected use of proceeds is highlighted below.

- o The Company. The Company is expected to retain \$5.0 million of cash proceeds and sufficient funds to fund the ESOP loan, equal to 8.0% of the offering amount and shares contributed to the Foundation, the \$250,000 cash contribution to the Foundation and repayment of a \$3.0 million borrowing.
- o The Bank. The majority of the net proceeds will be infused into the Bank. Cash proceeds infused into the Bank will be used to fund the cash portion of the consideration to be paid for the acquisition of Patapsco Bancorp. The approximate cash cost to be paid for the acquisition is \$25.9 million, which includes \$2.8 million of merger related transaction expenses and one time restructuring charges. The remaining proceeds will initially become part of general funds, the substantial portion of which will be deployed into loans and investments. Under the terms of the merger agreement, Patapsco Bank will be merged into Bradford Bank.

Balance Sheet Trends

Table 1.1 shows the Company's historical balance sheet data for the past five years and at June 30, 2007, as well as the Company's pro forma balance sheet at June 30, 2007. The pro forma balance sheet gives effect to the acquisition of Patapsco Bancorp before incorporating the capital to be raised in the stock offering. The following paragraphs describe the historical balance sheet trends for Bradford Bancorp on a pre-acquisition basis. The pro forma balance sheet impact of the acquisition of Patapsco Bancorp will be discussed at the end of this section.

From year end 2002 through June 30, 2007, Bradford Bancorp's assets increased at an annual rate of 11.1%. General trends in the Company's interest-earning asset composition reflect that the loans receivable balance has trended higher as a percent of assets, which was primarily supported by loans increasing at an annual rate of 18.3% during the period covered in

Table 1.1
Bradford Bancorp, Inc.
Historical Balance Sheets
(Amount and Percent of Assets)

	At Fiscal Year End December 31,												Annual Growth Rate					
	2002		2003		2004		2005		2006		2007		At June 30, 2007(2)		Pro Forma Combined June 30, 2007(2)			
	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)		
Total Amount of:																		
Assets	\$354,251	100.0%	\$444,023	100.0%	\$455,192	100.0%	\$458,711	100.0%	\$522,525	100.0%	\$568,568	100.0%	\$825,433	100.0%	(10,165)	-1.2%		
Cash and cash equivalents	7,553	2.1%	10,424	2.3%	16,537	3.6%	6,130	1.3%	22,235	4.3%	8,224	1.4%	8,224	1.4%	112,176	13.6%	649,736	78.7%
Investment securities/CDS	134,211	37.9%	144,146	32.5%	117,389	25.8%	96,445	21.0%	100,429	19.2%	99,029	17.4%	99,029	17.4%	6,064	0.7%	41,955	5.1%
Loans, net	202,499	57.2%	271,702	61.2%	304,947	67.0%	338,842	73.9%	380,789	72.9%	431,124	75.8%	431,124	75.8%	6,064	0.7%	653,087	79.1%
FHLB Stock	2,843	0.7%	2,563	0.6%	1,812	0.4%	1,918	0.4%	3,105	0.6%	3,465	0.6%	3,465	0.6%	41,955	5.1%	21,091	2.6%
Goodwill/intangible assets	0	0.0%	5,247	1.2%	4,785	1.1%	4,615	1.0%	5,177	1.0%	10,419	1.8%	10,419	1.8%	653,087	79.1%	83,046	10.1%
Deposits	303,596	85.7%	390,256	87.9%	392,555	86.2%	388,824	84.8%	428,861	82.1%	482,801	81.4%	482,801	81.4%	89,653	10.8%	83,046	10.1%
Borrowings	7,000	2.0%	12,000	2.7%	18,500	4.1%	24,600	5.4%	46,900	9.0%	57,500	10.1%	57,500	10.1%	83,046	10.1%	21,091	2.6%
Total equity	39,685	11.2%	38,643	8.7%	40,506	8.9%	42,598	9.3%	43,098	8.2%	41,630	7.3%	41,630	7.3%	21,091	2.6%	83,046	10.1%
Tangible equity	39,685	11.2%	33,396	7.5%	35,721	7.8%	37,983	8.3%	37,921	7.3%	31,211	5.5%	31,211	5.5%	21,091	2.6%	83,046	10.1%

(1) Ratios are as a percent of ending assets.

(2) Includes impact of purchase accounting adjustments for the acquisition of Patapsco Bancorp, but does not reflect impact of conversion offering.

Sources: Bradford Bancorp's prospectus, financial statements of Bradford Bancorp and Patapsco Bancorp and RP Financial calculations.

Table 1.1. Comparatively, the balance of cash and investments decreased slightly during the period. Overall, loans receivable increased from 57.2% of assets at year end 2002 to 75.8% of assets at June 30, 2007, while cash, investment securities and FHLB stock declined from 40.8% of assets at year end 2002 to 19.5% of assets at June 30, 2007. Asset growth has been primarily funded by deposit growth, although borrowings increased at a faster rate than deposits over the four and one-half year period covered in Table 1.1. Accordingly, deposits decreased from 85.7% of assets at year end 2002 to 81.4% of assets at June 30, 2007, while, over the same time period, borrowings increased from 2.0% of assets to 10.1% of assets. A summary of Bradford Bancorp's key operating ratios for the past five and one-half years is presented in Exhibit I-3.

Trends in the Company's loan portfolio composition reflect that residential mortgage loans continue to account for the largest concentration of loans outstanding, but, due to stronger growth of other loan types, the relative concentration of residential mortgage loans comprising total loans has declined in recent years. At year end 2002 residential mortgage loans comprised 73.7% of total loans, versus 46.8% of total loans at June 30, 2007. Comparatively, over the same time period, commercial real estate loans increased from 6.4% of total loans to 13.2% of total loans, ADC loans increased from 4.2% of total loans to 17.8% of total loans and commercial business loans increased from 3.0% of total loans to 4.9% of total loans. The concentration of commercial construction loans also increased during the past four and one-half years, but remained a minor area of lending diversification for the Company. Commercial construction loans equaled 2.9% of total loans at June 30, 2007, versus 0.9% of total loans at year end 2002. Trends in the consumer loan portfolio show that prior to the introduction of the indirect auto lending program, consumer loans were declining as a percent of total loans (11.7% of total loans at year end 2002 versus 9.0% of total loans at year end 2005). With consumer loan growth generated largely through the indirect auto loan program, the ratio of consumer loans comprising total loans increased from 9.0% at year end 2005 to 14.4% at June 30, 2007.

The intent of the Company's investment policy is to provide adequate liquidity and to generate a favorable return within the context of supporting Bradford Bancorp's overall credit and interest rate risk objectives. Over the past five and one-half years, the Company's level of cash and investment securities (inclusive of FHLB stock) comprising assets generally trended lower, decreasing from 40.8% of assets at year end 2002 to 19.5% of assets at June 30, 2007.

Investment securities held by the Company consist of U.S. Government and agency securities (\$44.7 million), mortgage-backed securities (\$35.4 million), municipal bonds (\$11.3 million), trust preferred securities (\$4.5 million) and equity securities (\$346,000). The Company also held \$2.6 million of certificates of deposit ("CDs") in other financial institutions at June 30, 2007. To facilitate management of interest rate risk, with the exception of \$7.7 million of mortgage-backed securities, the entire investment portfolio is maintained as available for sale. As of June 30, 2007, the net unrealized loss on the available for sale securities portfolio equaled \$2.1 million. The FHLB stock balance at June 30, 2007 equaled \$3.5 million. The Company also maintained cash and cash equivalents of \$8.2 million at June 30, 2007, which equaled 1.4% of assets. Exhibit I-4 provides historical detail of the Company's investment portfolio.

Over the past five and one-half years, the Company's funding needs have been substantially met through retail deposits, internal cash flows, borrowings and retained earnings. From year end 2002 through June 30, 2007, the Company's deposits increased at an annual rate of 9.8%. Deposit growth was in part supported by acquisition related growth, which included the acquisition of Wyman Park in February 2003 (\$60 million of deposits), the acquisition of Valley Bancorp in January 2007 (\$37 million of deposits) and the assumption of deposits located at the Ellicott City branch of American Bank in October 2006 (\$6 million of deposits). Overall, the ratio of deposits funding assets declined from a peak ratio of 87.9% at year end 2003 to a low of 81.4% at June 30, 2007. Time deposits constitute the largest portion of the Company's deposit base and recent trends in the Company's deposit composition show that the concentration of time deposits comprising total deposits has been increasing. A decline in core deposits and growth of CDs have both contributed to the decline in the level of core deposits comprising total deposits. The percent of CDs comprising total deposits increased from 71.3% at year end 2004 to 81.6% at June 30, 2007.

Borrowings serve as an alternative funding source for the Company to support management of funding costs and interest rate risk. Borrowings as a percent of assets trended gradually higher over the past four and one-half years, increasing from 2.0% of assets at year end 2002 to 10.1% of assets at June 30, 2007. Borrowings held by the Company at June 30, 2007 consisted of \$51.3 million of FHLB fixed rate term advances, \$1.7 million of short-term borrowings from the FHLB, \$1.5 million of federal funds purchased and a \$3.0 million secured

borrowings with a correspondent bank, carrying a variable rate of interest tied to the prime rate. The borrowing was secured with the stock of Bradford Bank.

The Company's capital increased at a 1.1% annual rate from year end 2002 through June 30, 2007, retained earnings during the period were somewhat offset by the cash acquisitions of Wyman Park and Valley Bancorp. Over the same time period, tangible capital decreased at a 5.2% annual rate, as the result of the goodwill and other intangibles that were created by the acquisitions and assumption of deposits. Goodwill and other intangibles equaled 1.8% of assets at June 30, 2007. Asset growth outpaced the Company's capital growth rate, as Bradford Bancorp's equity-to-assets ratio decreased from 11.2% at year end 2002 to 7.3% at June 30, 2007. Similarly, the Company's tangible equity-to-assets ratio decreased from 11.2% at year end 2002 to 5.5% at June 30, 2007. The Bank maintained capital surpluses relative to all of its regulatory capital requirements at June 30, 2007.

Patapsco Bancorp Balance Sheet Trends

From fiscal year end June 30, 2003 through fiscal year end June 30, 2007, Patapsco Bancorp's assets increased at an annual rate of 12.8%. As of June 30, 2007, Patapsco Bancorp maintained total assets of \$255.5 million. Asset growth was sustained by loan growth, which served to increase the concentration of loans comprising total assets. Loan growth was funded by deposits, borrowings, retained earnings and redeployment of cash and investments. Patapsco Bancorp's loans outstanding equaled \$220.2 million or 86.2% of assets at June 30, 2007, versus comparable measures of \$113.3 million or 71.8% of assets at fiscal year end 2003.

Residential mortgage loans comprise the largest component of the loan portfolio, but trends in Patapsco Bancorp's loan composition show that recent growth has been primarily sustained through other types of lending. Residential mortgage loans equaled \$74.3 million or 33.0% of total loans at fiscal year end 2007, versus \$48.7 million or 40.8% of total loans at fiscal year end 2003. Commercial business loans and leases and commercial real estate loans have been the primary sources of loan growth since fiscal year end 2003 and constitute the primary areas of lending diversification for Patapsco Bancorp. Commercial business loans and leases increased from \$36.8 million or 30.8% of total loans outstanding at fiscal year end 2003 to \$70.1 million or 31.2% of total loans outstanding at fiscal year end 2007. Over the same time period,

commercial real estate loans increased from \$14.6 million or 12.3% of total loans to \$36.3 million or 16.1% of total loans. Other areas of lending diversification for Patapsco Bancorp consist of consumer loans and construction loans, which have also contributed to growth of Patapsco Bancorp's loan portfolio. Consumer loans equaled \$15.1 million or 12.6% of total loans at fiscal year end 2003 compared to \$20.4 million or 9.1% of total loans at fiscal year end 2007. Construction loans increased from \$4.3 million or 3.6% of total loans at fiscal year end 2003 to \$23.9 million or 10.6% of total loans at fiscal year end 2007.

Loan growth was in part funded with redeployment of cash and investment funds, which provided for a reduction in the level of cash and investment securities comprising total assets from \$38.6 million or 24.5% of assets at fiscal year end 2003 to \$23.2 million or 10.3% of assets at fiscal year end 2007. Mortgage-backed securities comprised the most significant component of Patapsco Bancorp's investment portfolio, with the portfolio consisting pass-through certificates that are guaranteed or insured by GSEs. At June 30, 2007 Patapsco Bancorp's investment portfolio consisted of \$6.6 million of mortgage-backed securities, \$4.7 million of U.S. Government and agency securities and \$1.9 million of corporate bonds. Patapsco Bancorp's entire investment portfolio was classified as available for sale at June 30, 2007 and reflected a net unrealized loss of \$511,000. As of June 30, 2007, Patapsco Bancorp maintained investments required by law of \$2.6 million equal to 1.0% of assets and cash and cash equivalents of \$7.5 million equal to 2.9% of assets. Overall, Patapsco Bancorp's investment portfolio is composed of securities that are consistent with the Company's investment strategy and, thus, upon completion of the acquisition, Patapsco Bancorp's investment portfolio will be incorporated into the Company's investment portfolio.

Patapsco Bancorp also maintains an investment in BOLI, which covers the lives of some of its employees. Patapsco Bancorp is the owner and beneficiary of the policies. The purpose of its BOLI investment is to provide funding for employee benefit plans. As of June 30, 2007, the cash surrender value of Patapsco Bancorp's BOLI equaled \$2.0 million.

Deposits serve as the primary funding source for Patapsco Bancorp's assets and have been maintained at a fairly stable level as a percent of assets. Patapsco Bancorp's ratio of deposits-to-assets equaled 75.8% at fiscal year end 2003 compared to 74.3% at fiscal year end 2007. Comparatively, borrowings-to-assets equaled 12.8% at fiscal year end 2003 compared to

17.1% at fiscal year end 2007. Patapsco Bancorp's deposit composition at June 30, 2007 consisted of 59.4% of time deposits and 40.6% of transaction and savings account deposits. FHLB advances constitute the primary source of borrowings held by Patapsco Bancorp, which totaled \$38.8 million at June 30, 2007. FHLB advances held by Patapsco Bancorp consist of term advances with fixed rate laddered maturities. As of June 30, 2007, the only other borrowing held by Patapsco Bancorp consisted of \$5.0 million of trust preferred debt.

Patapsco Bancorp's equity growth did not keep pace with asset growth since fiscal year end 2003, based on equity-to-assets ratios of 10.1% at fiscal year end 2003 and 7.4% at fiscal year end 2007. Patapsco Bancorp's tangible equity-to-assets ratio equaled 6.1% at June 30, 2007.

Pro Forma Balance Sheet Impact of Patapsco Bancorp Acquisition

The pro forma balance sheet impact of the Patapsco Bancorp acquisition is shown in Table 1.1 as of June 30, 2007. On the asset side of the balance sheet, the ratio of loans-to-assets will increase slightly and the level of cash and investments comprising total assets will decline before factoring in the infusion of the net conversion proceeds. The decline in the pro forma level of cash and investments reflects the impact of funding the cash consideration and related acquisition cost, which have been estimated to total \$25.9 million in the pro forma adjustments. Overall, the Company's level of interest-earning assets declines from 95.2% of assets to 91.8% of assets on a pro forma combined basis, as the result of the goodwill and intangibles created by the acquisition. As of June 30, 2007, the Company's intangible assets equaled 1.8% of assets, while on a pro forma combined basis goodwill and intangibles equaled 5.1% of assets. On the liability side of the balance sheet, the level of deposits and borrowings funding assets will decrease and increase, respectively, on a pro forma combined basis. Deposits decrease from 81.4% of assets to 79.1% of assets on a pro forma combined basis, while borrowings increase from 10.1% of assets to 12.1% of assets on a pro forma combined basis. Before factoring in the impact of the net conversion proceeds, the Company's equity-to-asset ratio increases from 7.3% to 7.6% on a pro forma combined basis. Before factoring in the impact of the net conversion proceeds, the Company's tangible equity-to-assets ratio decreases from 5.5% to 2.6% on a pro forma combined basis.

Income and Expense Trends

Table 1.2 shows the Company's historical income statements for the past five years and for the twelve months ended June 30, 2007, as well as a pro forma income statement for the twelve months ended June 30, 2007 giving effect to the acquisition of Patapsco Bancorp. The following discussion describes the historical income statements of Bradford Bancorp on a pre-acquisition basis. The pro forma income statement impact of the acquisition of Patapsco Bancorp is discussed at the end of this section.

Over the past five and one-half years, the Company's earnings ranged from a net loss of 0.24% of average assets in 2003 to a high of 1.18% of average assets in 2002. For the twelve months ended June 30, 2007, the Company reported a net loss of \$1.2 million or 0.22% of average assets. The higher return reported for 2002 and the net loss reported for 2003 resulted from audit adjustments due to reconciliation differences, which significantly increased non-interest income in 2002 and significantly increased operating expenses in 2003. Earnings for the twelve months ended June 30, 2007 were negatively impacted by additional one-time expenses resulting from the acquisitions of Valley Bancorp, Golden Prague and Senator Bank. Net interest income and operating expenses represent the primary components of Bradford Bancorp's core earnings. Non-interest operating income generally has been a fairly stable, but somewhat limited contributor to the Company's earnings. The amount of loan loss provisions established over the past five and one-half years has varied, but in general have not been a significant factor in the Company's earnings. Gains and losses realized from the sale of securities typically have had a modest impact on earnings over the past five and one-half years and are not considered to be part of the Company's recurring or core earnings.

Over the past five and one-half years, the Company's net interest income to average assets ratio ranged from a high of 2.98% during 2005 to a low of 2.41% during 2002. The upward trend in the net income ratio between 2002 and 2005 was supported by loan growth, including growth of higher yielding types of loans, and lower interest rates which facilitated a reduction in funding costs. Comparatively, the downward trend experienced in the Company's net interest income ratio since 2005 has resulted from spread compression. As short-term interest rates have increased and the yield curve has flattened, the Company's funding costs have increased more than yields earned on assets. A shift in the Company's deposit composition

Table 1.2
Bradford Bancorp, Inc.
Historical Income Statements
(Amount and Percent of Average Assets)(1)

	For the Year Ended December 31,												Pro Forma Combined	
	2002		2003		2004		2005		2006		For the 12 Months Ended 6/30/07		For the 12 Months Ended 6/30/07 (3)	
	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)
Interest income	\$20,468	5.96%	\$20,892	4.97%	\$22,315	4.97%	\$24,580	5.41%	\$29,420	5.97%	\$33,065	6.30%	\$48,898	5.92%
Interest expense	(12,194)	-3.55%	(10,274)	-2.50%	(9,500)	-2.12%	(11,062)	-2.44%	(15,801)	-3.21%	(19,308)	-3.68%	(26,668)	-3.23%
Net interest income	\$8,274	2.41%	\$10,618	2.58%	\$12,815	2.85%	\$13,518	2.98%	\$13,619	2.77%	\$13,757	2.62%	\$22,230	2.69%
Provision for loan losses	(105)	-0.03%	(469)	-0.11%	(358)	-0.08%	(359)	-0.08%	(948)	-0.19%	(1,047)	-0.20%	(1,477)	-0.18%
Net interest income after provision	\$8,169	2.38%	\$10,149	2.47%	\$12,457	2.77%	\$13,159	2.90%	\$12,671	2.57%	\$12,710	2.42%	\$20,753	2.51%
Other operating income	3,823	1.11%	575	0.14%	677	0.15%	754	0.17%	836	0.19%	1,249	0.24%	2,101	0.25%
Goodwill/intangible amortization	0	0.00%	(142)	-0.03%	(171)	-0.04%	(171)	-0.04%	(231)	-0.05%	(281)	-0.05%	(1,632)	-0.20%
Operating expense	(6,638)	-1.93%	(12,359)	-3.01%	(9,818)	-2.19%	(10,576)	-2.33%	(11,536)	-2.34%	(12,941)	-2.47%	(20,373)	-2.47%
Net operating income	\$5,354	1.56%	(\$1,777)	-0.43%	\$3,145	0.70%	\$3,166	0.70%	\$1,840	0.37%	\$737	0.14%	\$849	0.10%
Non-Operating Income														
Net gain(loss) on sale of invest.	\$723	0.21%	\$157	0.04%	(\$26)	-0.01%	(\$80)	-0.02%	\$3	0.00%	\$20	0.00%	\$20	0.00%
Net gain(loss) on sale of loans	0	0.00%	0	0.00%	(30)	-0.01%	8	0.00%	0	0.00%	0	0.00%	0	0.00%
Other non-operating income(loss)	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	(2,022)	-0.39%	(2,008)	-0.24%
Net non-operating income	723	0.21%	157	0.04%	(56)	-0.01%	(72)	-0.02%	3	0.00%	(2,002)	-0.38%	(1,988)	-0.24%
Net income before tax	\$6,077	1.77%	(\$1,620)	-0.39%	\$3,089	0.69%	\$3,094	0.68%	\$1,843	0.37%	(\$1,265)	-0.24%	(\$1,139)	-0.14%
Income taxes	(2,021)	-0.59%	635	0.15%	(1,023)	-0.23%	(369)	-0.08%	(1,252)	-0.25%	111	0.02%	(9)	0.00%
Net income (loss)	\$4,056	1.18%	(\$985)	-0.24%	\$2,066	0.46%	\$2,725	0.60%	\$591	0.12%	(\$1,154)	-0.22%	(\$1,149)	-0.14%
Adjusted Earnings														
Net income before tax	\$6,077	1.77%	(\$1,620)	-0.39%	\$3,089	0.69%	\$3,094	0.68%	\$1,843	0.37%	(\$1,265)	-0.24%	(\$1,139)	-0.14%
Add: Non-operating expense	0	0.00%	0	0.00%	56	0.01%	80	0.02%	0	0.00%	2,022	0.39%	2,008	0.24%
Deduct: Non-operating income	(723)	-0.21%	(157)	-0.04%	0	0.00%	(8)	0.00%	(3)	0.00%	(20)	0.00%	(20)	0.00%
Tax effect core income(2)	(1,820)	-0.53%	604	0.15%	(1,069)	-0.24%	(1,076)	-0.24%	(626)	-0.13%	(231)	-0.05%	(289)	-0.03%
Adjusted net income	\$3,534	1.03%	(\$1,173)	-0.29%	\$2,076	0.46%	\$2,090	0.46%	\$1,214	0.25%	\$486	0.09%	\$560	0.07%

(1) Ratios are as a percent of average assets.
(2) Assumes tax rate of 34.0%.

(3) Reflects pro forma impact of acquisition of Palapaco Bancorp. The impact of the net conversion proceeds has not been reflected.

Sources: Bradford Bancorp's prospectus, financial statements of Bradford Bancorp and Palapaco Bancorp and RP Financial calculations.

towards a higher concentration of CDs and increased utilization of borrowings as a funding source have also put upward pressure on the Company's funding costs. Since 2005, the Company's interest rate spread (tax equivalent basis) decreased from 2.88% during 2005 to 2.40% during the first six months of 2007. At June 30, 2007, the Company maintained an interest rate spread of 2.58%, implying that the interest rate spread will improve in the second half of 2007. The Company's historical interest rate spreads and yields and costs are set forth in Exhibits I-3 and I-5.

With the exception of 2002, non-interest operating income has been a relatively minor contributor to the Company's earnings. In 2002, audit adjustments due to reconciliation differences resulted in a significantly higher level of non-interest operating income equal to 1.11% of average assets. Comparatively, since 2002, non-operating income ranged from a low of 0.14% of average assets in 2003 to a high of 0.24% of average assets for the twelve months ended June 30, 2007. The positive trend in non-interest income has been primarily realized through growth of commission income generated from the sale of non-deposit investment products from a third-party registered broker-dealer. The acquisition of a title company in 2006 has also increased fee income. Commission income is the Company's largest source of non-interest income.

Operating expenses represent the other major component of the Company's earnings and have been maintained at a relatively stable level following the higher operating expenses recorded in 2003 as the result of audit adjustments due to reconciliation differences. Operating expenses, inclusive of amortization of intangibles, increased from 1.93% of average assets in 2002 to 3.04% of average assets in 2003. Comparatively, since 2003 operating expenses ranged from a low of 2.23% of average assets in 2004 to a high of 2.52% of average assets for the twelve months ended June 30, 2007. Higher operating expenses during the most recent twelve month period reflect higher compensation costs resulting from the staff added due to the Valley Bancorp, Golden Prague and Senator Bank acquisitions and the 2006 title insurance agency acquisition. The Company also increased staff to facilitate growth of commercial lending activities.

Overall, the general trends in the Company's net interest margin and operating expense ratio since 2004 reflect a decline in core earnings, as indicated by the Company's expense

coverage ratio (net interest income divided by operating expenses). Bradford Bancorp's expense coverage ratio equaled 1.28 times during 2004, versus a comparable ratio of 1.04 times during the twelve months ended June 30, 2007. The decline in the expense coverage ratio resulted from a decline in the net interest income ratio and an increase in the operating expense ratio. Similarly, Bradford Bancorp's efficiency ratio (operating expenses, net of amortization of intangibles, as a percent of the sum of net interest income and other operating income) of 73.0% during 2004 was more favorable than the 86.4% efficiency ratio maintained for the twelve months ended June 30, 2007.

Over the past five and one-half years, maintenance of generally favorable credit quality measures has generally served to limit the amount of loss provisions established during the period. Loan loss provisions established by the Company ranged from a low of 0.03% of average assets in 2002 to a high of 0.20% of average assets for the twelve months ended June 30, 2007. The higher loan loss provisions established in recent periods were related to the real estate downturn in the local market, an increasing delinquency trend, a significant increase in classified assets and strong growth of higher risk types of loans over the past few years. As of June 30, 2007, the Company maintained valuation allowances of \$2.7 million, equal to 0.63% of net loans receivable and 95.9% of non-performing loans. Exhibit I-6 sets forth the Company's loan loss allowance activity during the past five and one-half years.

Non-operating income has primarily consisted of gains and losses on the sale of investments over the past five and one-half years. One time merger expenses accounted for the non-operating loss recorded during the most recent twelve month period. Non-operating gains and losses ranged from a loss of 0.38% of average assets for the twelve months ended June 30, 2007 to a gain of 0.21% of average assets in 2002. The non-operating gains and losses reflected in the Company's earnings are viewed as non-recurring income.

The Company's effective tax rate ranged from a low of 8.77% during the twelve months ended June 30, 2007 to a high of 67.93% during 2006. As set forth in the prospectus, the Company's marginal effective statutory tax rate approximates 34.0%.

Patapsco Bancorp Income and Expense Trends

Patapsco Bancorp reported positive earnings over the past five fiscal years, ranging from a low of 0.48% of average assets during fiscal 2007 to a high of 0.86% of average assets during fiscal 2003. Net interest income and operating expenses also represent the major components of Patapsco Bancorp's core earnings, which are supplemented by non-interest operating income derived primarily from service charges and fees on deposit accounts. Loan loss provisions and non-operating income generally have been limited factors in Patapsco Bancorp's earnings.

The downward trend in Patapsco Bancorp's return on assets ratio since fiscal 2003 has been attributable to a decrease in core earnings, as well as a decrease in non-operating income. Patapsco Bancorp's net interest income to average assets ratio of 3.61% for fiscal 2007 was lower than the 4.33% ratio recorded during fiscal 2003. Operating expenses increased from 2.99% of average assets during fiscal 2003 to 3.02% of average assets during fiscal 2007 and non-interest operating income increased from 0.27% of average assets during fiscal 2003 to 0.35% of average assets during fiscal 2007. Non-operating income decreased from 0.10% of average assets in fiscal 2003 to 0.00% of average assets in fiscal 2007. Gains on sales of investments and loans supported the higher level of non-operating income recorded during fiscal 2003. Overall, Patapsco Bancorp's expense coverage ratio of 1.20 times and efficiency ratio of 76.3% for fiscal 2007 were less favorable than the comparable fiscal 2003 ratios of 1.45 times and 65.0%. The decrease in Patapsco Bancorp's earnings since fiscal 2003 was partially offset by lower loan provisions established during fiscal 2007. Loan loss provisions decreased from 0.34% of average assets during fiscal 2003 to 0.17% of average assets during fiscal 2007.

Pro Forma Earnings Impact of Patapsco Bancorp Acquisition

The pro forma income statement impact of the Patapsco Bancorp acquisition is shown in Table 1.2 for the twelve month period ended June 30, 2007. Pro forma net interest income reflects the yield adjustments for interest rate sensitive assets and liabilities, based on mark-to-market valuation adjustments on Patapsco Bancorp's balance sheet as of June 30, 2007. Pro forma net interest income was also adjusted for the cash cost of the acquisition. Non-interest expense was adjusted to account for the amortization of intangibles. On a pro forma basis, before factoring in the reinvestment of conversion proceeds, Bradford Bancorp's earnings

increase from a net loss of 0.22% of average assets to net loss of 0.14% of average assets. The improvement in the Company's pro forma earnings resulted higher net interest income (increasing from 2.62% of average assets to 2.69% of average assets), lower loan provisions (decreasing from 0.20% of average assets to 0.18% of average assets), higher non-operating income (increasing from 0.24% of average assets to 0.25% of average assets) and lower non-operating losses (decreasing from 0.38% of average assets to 0.24% of average assets). The improvement in the Company's pro forma earnings was partially offset by an increase in amortization of the intangibles (increasing from 0.05% of average assets to 0.20% of average assets). Pro forma operating expenses, except for amortization of intangibles, remained stable as a percent of average assets (2.47% of average assets). The pro forma earnings do not reflect any potential cost savings that may be realized, as such estimates are considered to be speculative and therefore are not disclosed in the pro forma financial statements set forth in the prospectus.

Interest Rate Risk Management

Management of the Company's interest rate risk is conducted on an ongoing basis and is reviewed formally by the Asset/Liability Committee ("ALCO") weekly. The Company utilizes an internal model in conjunction with net portfolio value ("NPV") reports prepared by the OTS to monitor and analyze the effects that interest rate movements will have on the balance sheet and net interest income. The OTS analysis, as of June 30, 2007, indicated that Bradford Bank's net portfolio value under a 200 basis point instantaneous and sustained rise in interest rates would decline by 52%, versus a decline of 41% based on the comparable internal model analysis (see Exhibit I-7). Patapsco Bancorp utilizes an internal model to monitor and analyze the effects that interest rate movements will have on the balance sheet and net interest income. As of June 30, 2007, the interest rate risk analysis indicated a 200 basis point instantaneous and sustained rise in interest rates would result in a 7.1% increase in Patapsco Bancorp's Fair Value of Equity.

The Company pursues a number of strategies to manage interest rate risk, particularly with respect to seeking to limit the repricing mismatch between interest rate sensitive assets and liabilities. The Company manages interest rate risk from the asset side of the balance sheet through maintaining investments as available for sale and emphasizing investments with terms of less than five years, diversifying into other types of lending beyond 1-4 family permanent

mortgage loans, which consists primarily of short-term and adjustable rate loans and beginning in 2007 the Company has become more active in selling originations of longer term 1-4 family fixed rate loans to the secondary market. As of June 30, 2007, of the Company's total loans due after June 30, 2008, ARM loans comprised 25.9% of those loans (see Exhibit I-8). On the liability side of the balance sheet, management of interest rate risk has been pursued through utilizing longer term fixed rate FHLB advances, emphasizing growth of lower cost and less interest rate sensitive transaction and savings accounts and seeking to extend CD maturities in low interest rate environments through offering attractive rates on selected longer term CDs. Management of interest rate risk by Patapsco Bancorp is conducted in a similar manner as Bradford Bancorp.

Lending Activities and Strategy

The Company's lending activities have traditionally emphasized 1-4 family permanent mortgage loans and 1-4 family permanent mortgage loans continue to comprise the largest concentration of the loan portfolio. Beyond 1-4 family loans, lending diversification by the Company has emphasized origination of ADC loans. Other areas of lending diversification include commercial real estate, commercial construction, consumer and commercial business loans. Going forward, the Company's lending strategy is to pursue further diversification of the loan portfolio, whereby growth of the commercial real estate and commercial business loans will be emphasized. ADC lending is also expected to remain as an active area of lending for the Company. The origination of 1-4 family permanent mortgage loans is expected to remain as a prominent lending activity for the Company, although growth of the 1-4 family portfolio will be slowed in part by the current philosophy of selling originations of longer term fixed rate loans. The indirect auto lending program, which was initiated by the Company in May 2006 and accounted for the largest source of consumer loan growth in 2006 and the first six months of 2007, was discontinued in August 2007.

Patapsco Bancorp's loan portfolio composition also reflects 1-4 family loans as the largest concentration of loans. Commercial business loans and leases constitute the primary area of loan diversification for Patapsco Bancorp, followed by commercial real estate loans, construction loans and consumer loans. Exhibit I-9 and Exhibit I-9A provide historical detail of

Bradford Bancorp's and Patapsco Bancorp's loan portfolio compositions. Exhibit I-10 provides the contractual maturity of the Company's loan portfolio by loan type as of June 30, 2007.

Bradford Bancorp originates both fixed rate and adjustable rate 1-4 family permanent mortgage loans. In the past, the Company's general philosophy has been to retain most originations of 1-4 family permanent mortgage loans for investment. Going forward, the Company plans to sell most originations of conforming fixed rate loans, with servicing retained by the Company. In the current interest rate environment, most of the Company's 1-4 family lending volume consists of fixed rate loans. ARM loans offered by the Company include loans with one- and three-year repricing terms, as well as loans that convert to one year repricing terms after an initial repricing term of five or seven years. ARM loans are indexed to the yield on comparable term U.S. Treasury securities adjusted to a constant maturity. Initial rates on ARM loans are typically discounted from the fully-indexed rate. The substantial portion of the Company's 1-4 family permanent mortgage loans are underwritten to secondary market standards. As of June 30, 2007, the Company maintained 1-4 family permanent mortgage loans totaling \$202.8 million, equal to 46.8% of total loans outstanding. As of June 30, 2007, Patapsco Bancorp maintained 1-4 family permanent mortgage loans totaling \$74.3 million, equal to 33.0% of total loans outstanding.

ADC loans originated by the Company consist mostly of loans to selected developers to acquire land and develop residential lots. The Company also offers loans to selected developers to acquire land, develop residential lots and to construct residences on the lots. ADC loans are typically offered for terms of one-to-three years and are priced off of the prime rate as reported in *The Wall Street Journal*. ADC loans are originated up to a loan-to-value ("LTV") ratio of 75%. Construction loans offered for pre-sold homes to individual home buyers are offered up to a LTV ratio of 80%. At June 30, 2007, the Company's largest acquisition and development loan was for \$4.0 million, \$3.4 million of which was outstanding, for the development of lots for single family homes located in Maryland. This loan was performing according to its terms at June 30, 2007. At June 30, 2007, the Company's largest acquisition, development and construction loan was for \$1.9 million, \$1.8 million of which was outstanding, for a condominium project located in Ocean City Maryland. This loan was classified as substandard

at June 30, 2007, because it was to the same borrower as a loan for a similar project which was foreclosed on by the Company.

The Company also offers loans to builders for the acquisition of developed lots and the construction of residential properties. Such loans are typically offered for terms of one-to-two years and are priced off of the prime rate as reported in *The Wall Street Journal*. These loans are originated up to a LTV ratio of 80% of the completed project or up to 75% for residences being built on a speculative basis. At June 30, 2007, the Company's largest acquisition and construction loan was for \$4.3 million, \$1.1 million of which was outstanding. This loan was performing according to its terms at June 30, 2007.

At June 30, 2007, the Company's largest outstanding indebtedness to a single developer or builder for ADC loans totaled \$4.4 million. All loans to this developer were performing in accordance with their terms at June 30, 2007. At June 30, 2007, the Company maintained ADC loans totaling \$76.9 million, equal to 17.8% of total loans outstanding.

Commercial real estate loans represented the second largest area of lending diversification for the Company, which consist of loans that are collateralized by properties in the Company's normal lending area. Bradford Bancorp originates commercial real estate loans up to a maximum LTV ratio of 80.0%. Loan terms typically provide for five year terms or 10 years with a five year rate call and payments based on an amortization schedule of up to 25 years. Commercial real estate loans are generally priced at a margin above the 5-year U.S. Treasury rate. Properties securing the commercial real estate portfolio consist primarily of retail properties, office buildings, small shopping centers and churches. At June 30, 2007, the Company's largest commercial real estate loan was a \$3.8 million loan, which was secured by a retirement home. This loan was performing in accordance with its terms at June 30, 2007. At June 30, 2007, the Company maintained commercial real estate loans totaling \$57.3 million, equal to 13.2% of total loans outstanding.

Commercial real estate loans offered by Patapsco Bancorp are underwritten with LTV ratios of up to 80% and are secured by local properties. Patapsco Bancorp's commercial real estate loans are generally originated on an adjustable rate basis with terms of up to 25 years or are amortized over a maximum of 25 years with a maturity generally of three-to-ten years.

Properties securing Patapsco Bancorp's commercial real estate loan portfolio consist of small office buildings, shopping centers and commercial and industrial buildings. At June 30, 2007, Patapsco Bancorp maintained commercial real estate loans totaling \$36.3 million, equal to 16.1% of total loans outstanding.

The balance of the Company's mortgage loan portfolio consists of commercial construction loans. Commercial construction loans are generally offered as construction/permanent loans, which provides for payment of interest only during the construction phase. The Company will originate commercial construction loans up to a LTV ratio of 80% of the completed projected. At June 30, 2007, the largest commercial loan construction commitment was for \$3.8 million, \$3.5 million of which was outstanding, for the construction of a church located in Baltimore, Maryland. This loan was performing according to its terms at June 30, 2007. At June 30, 2007, the Company maintained commercial construction loans totaling \$12.4 million, equal to 2.9% of total loans outstanding. Patapsco Bancorp offers residential and commercial construction, which are primarily originated as construction/permanent loans and are underwritten with comparable terms as the Company's construction loans. At June 30, 2007, Patapsco Bancorp maintained construction loans totaling \$23.9 million, equal to 10.6% of total loans outstanding.

Diversification into non-mortgage lending consists of consumer loans, as well as commercial business loans. Home equity loans and automobile loans constitute the substantial portion of the Company's consumer loan portfolio. Home equity loans are offered as fixed rate amortizing loans or floating rate lines of credit. Home equity loans are offered for terms of up to 20 years and a maximum loan amount of \$250,000. Home equity loans are offered up to a LTV ratio of 89.9%, inclusive of other liens on the property. Home equity lines of credit are tied to the prime rate as reported in *The Wall Street Journal*. As of June 30, 2007, the Company maintained home equity loans and lines of credit totaling \$32.9 million or 52.8% of total consumer loans outstanding. The balance of consumer loan portfolio consists substantially of automobile loans, most of which were originated through the Company's indirect auto loan program initiated in May 2006. The Company originated indirect automobile loans through approximately 20 dealers in Maryland. Automobile loans have fixed rates of interest and generally have terms up to six years for both new and used automobiles. The majority of the

automobile loans originated by the Company are secured by new automobiles. As of June 30, 2007, the Company maintained automobile loans totaling \$24.7 million or 39.6% of total consumer loans outstanding. The indirect automobile lending program was discontinued in August 2007 because it was not generating sufficient profitability. At June 30, 2007, the Company maintained consumer loans totaling \$62.4 million, equal to 14.4% of total loans outstanding.

Patapsco Bancorp's consumer loan portfolio is concentrated in home improvement and home equity loans, with the balance of the portfolio consisting of miscellaneous installment loans. At June 30, 2007, Patapsco Bancorp maintained consumer loans totaling \$20.4 million, equal to 9.1% of total loans outstanding.

The Company offers commercial business loans and lines of credit to small- and medium-sized companies in its market area. Commercial business loans offered by the Company consist of fixed rate term loans and floating rate lines of credit indexed to the prime rate as reported in *The Wall Street Journal*. The commercial business loan portfolio consists of secured loans and leases. Growth of the commercial business loan portfolio will be pursued in conjunction with the Company's commercial real estate lending activities, pursuant to which the Company will seek to become a full service community bank to its commercial loan customers through offering a full range of commercial loan products that can be packaged with lower cost commercial deposit products. At June 30, 2007, the Company maintained commercial business loans totaling \$21.3 million, equal to 4.9% of total loans outstanding.

Patapsco Bancorp offers commercial business loans and lease transactions under comparable terms as offered by the Company. Loans to finance lease transactions are originated through Patapsco Bancorp's subsidiary, Prime Business Leasing. At June 30, 2007, Patapsco Bancorp maintained commercial business loans totaling \$70.1 million, equal to 31.2% of total loans outstanding.

Asset Quality

One of the Company's key operating objectives has been and continues to be to maintain a strong level of asset quality. As shown in Exhibit I-11, Bradford Bancorp's ratio of non-

performing assets-to-assets ranged from a high of 0.57% at June 30, 2007 to a low of 0.26% at year ends 2002 and 2005. The Company balance of non-performing assets at June 30, 2007 consisted of \$2.8 million of non-accruing loans and \$370,000 of real estate owned. The non-accruing loan balance at June 30, 2007 consisted of \$1.4 million of ADC loans, \$885,000 of 1-4 family loans, \$534,000 of commercial real estate loans and \$22,000 of consumer loans. As shown in Exhibit I-11A, Patapsco Bancorp maintained \$487,000 of non-performing assets equal to 0.19% of assets. Patapsco Bancorp's non-performing asset balance at June 30, 2007 consisted of \$482,000 of non-accruing loans and \$5,000 of property acquired through foreclosure or repossession. Non-accruing loans held by Patapsco Bancorp at June 30, 2007 consisted of \$300,000 of commercial business loans and leases, \$168,000 of residential loans and \$14,000 of consumer loans.

To track the Company's asset quality and the adequacy of valuation allowances, Bradford Bancorp has established detailed asset classification policies and procedures which are consistent with regulatory guidelines. Detailed asset classifications are reviewed monthly by senior management (Asset Review Committee) and presented to the Board monthly. Pursuant to these procedures, when needed, the Company establishes additional valuation allowances to cover anticipated losses in classified or non-classified assets. As of June 30, 2007, the Company maintained valuation allowances of \$2.7 million, equal to 0.63% of net loans receivable and 95.9% of non-performing loans. As of June 30, 2007, Patapsco Bancorp maintained valuation allowances of \$1.1 million, equal to 0.50% of net loans receivable and 230.3% of non-performing loans.

Funding Composition and Strategy

Deposits have consistently served as the Company's primary source of funds and at June 30, 2007 deposits accounted for 88.9% of Bradford Bancorp's interest-bearing funding composition. Exhibit I-12 sets forth the Company's deposit composition for the past three and one-half years and Exhibit I-13 provides the interest rate and maturity composition of the CD portfolio at June 30, 2007. Deposit growth in recent years has been sustained by growth of CDs, which includes acquisition-related deposit growth, and, thus, the concentration of CDs comprising total deposits has increased since year end 2004. As of June 30, 2007, the CD

portfolio totaled \$377.5 million or 81.6% of total deposits, versus comparable measures of \$280.0 million and 71.3% of total deposits as of December 31, 2004. Short-term CDs (CDs scheduled to mature in one year or less) accounted for 64.1% of the Company's CDs at June 30, 2007. As of June 30, 2007, jumbo CDs (CD accounts with balances of \$100,000 or more) amounted to \$110.8 million or 29.3% of total CDs. The Company's deposit base included \$3.1 million of brokered deposits at June 30, 2007.

The Company maintained \$85.0 million of savings and transaction accounts at June 30, 2007, which equaled 18.4% of total deposits. Comparatively, core deposits equaled \$112.0 million or 28.5% of total deposits at year end 2004. Since year end 2004, most of the decrease in core deposits has consisted of savings accounts. The Company's core deposits consist mostly of interest-bearing demand accounts, which totaled \$47.5 million or 55.9% of core deposits at June 30, 2007. Bradford Bancorp's deposit base at June 30, 2007 also included \$240,000 of other deposits equal to 0.05% of total deposits.

Exhibit I-12A sets forth Patapsco Bancorp's deposit composition for the past three fiscal years. As of June 30, 2007, deposits held by Patapsco Bancorp totaled \$189.7 million and accounted for 81.2% of Patapsco Bancorp's interest-bearing funding composition. Similar to the Company's deposit growth trends, deposit growth for Patapsco Bancorp in recent years has been sustained by growth of CDs. As of June 30, 2007, the CD portfolio totaled \$112.8 million or 59.4% of total deposits, versus comparable measures of \$77.6 million and 47.3% of total deposits at June 30, 2005. Short-term CDs (CDs scheduled to mature in one year or less) accounted for 66.8% of Patapsco Bancorp's CDs at June 30, 2007. As of June 30, 2007, jumbo CDs (CD accounts with balances of \$100,000 or more) amounted to \$23.8 million or 21.1% of Patapsco Bancorp's total CDs. Patapsco Bancorp's deposit base included \$15.1 million of brokered deposits at June 30, 2007.

Patapsco Bancorp maintained \$77.0 million of savings and transaction accounts at June 30, 2007, which equaled 40.6% of total deposits. Comparatively, core deposits equaled \$86.7 million or 52.7% of total deposits at June 30, 2005. Since fiscal year end 2005, most of the decrease in Patapsco Bancorp's core deposits has consisted of savings accounts. The Company's core deposits consist mostly of money market accounts, which totaled \$32.3 million or 41.9% of core deposits at June 30, 2007.

Borrowings serve as an alternative funding source for the Company to support management of funding costs and interest rate risk. Borrowings held by the Company at June 30, 2007 consisted of \$51.3 million of FHLB long-term fixed rate term advances, \$1.7 million of FHLB short-term borrowings, \$1.5 million of federal funds purchased, and a \$3.0 million secured borrowing with a correspondent bank, carrying a variable rate of interest tied to the prime rate. The borrowing was secured with the stock of Bradford Bank. A portion of the conversion proceeds retained by the Company will be used to repay the \$3.0 million borrowing. Exhibit I-14 provides detail of the Company's borrowing activities for the past three and one-half years.

FHLB advances constitute the primary source of borrowings held by Patapsco Bancorp, which totaled \$38.8 million at June 30, 2007. FHLB advances held by Patapsco Bancorp consist of term advances with fixed rate laddered maturities. As of June 30, 2007, the only other borrowing held by Patapsco Bancorp consisted of \$5.0 million of trust preferred debt. The trust preferred debt was issued on October 31, 2005 and has a final maturity on December 31, 20035. The trust preferred debt can be redeemed on or after October 31, 2010, at par. The interest rate on the trust preferred debt is fixed for the first seven years at 6.465%. Thereafter, the interest rate adjusts on a quarterly basis at the rate of the three month LIBOR plus 1.48%.

Subsidiaries

In addition to Bradford Bank, the Company maintains one other wholly-owned subsidiary, Bradford Title, LLC. Bradford Title, LLC, a Maryland limited liability company, is a title agency that was acquired in December 2006. Bradford Bank has two wholly-owned subsidiary, Bradford Financial Group, Incorporated ("Bradford Financial") and GP Service Corporation. Bradford Financial, a Maryland corporation, provides non-deposit investment products through a third-party registered broker-dealer that maintains an office at Bradford Bank. GP Service Corporation, a Maryland corporation, was acquired in connection with the Golden Prague merger and holds real estate acquired through foreclosure. At June 30, 2007, the value of the real estate held by the GP Service Corporation was approximately \$120,000.

In addition to Patapsco Bank, Patapsco Bancorp maintains Patapsco Statutory Trust I, a Connecticut statutory business trust and an unconsolidated wholly-owned subsidiary of Patapsco Bancorp, formed for the purposes of issuing the trust preferred debt. Patapsco Bank has three wholly-owned subsidiaries, PFSL Holding Corp., which is currently inactive, Prime Business Leasing, which was formed in October 1998 for purposes of offering loans to finance lease transactions, and Patapsco Financial Services, Inc., which was formed in March 2000 in order to sell alternative investment products to customers of Patapsco Bancorp.

Legal Proceedings

The Company and Patapsco Bancorp are involved in routine legal proceedings occurring in the ordinary course of business which, in the aggregate, are believed by their respective managements to be immaterial to the financial conditions of the Company and Patapsco Bancorp.

II. MARKET AREA

Introduction

Headquartered in Baltimore, Maryland, Bradford Bancorp serves the Baltimore metropolitan area through nine branch offices. The Bank also maintains two administrative offices. The acquisition of Patapsco Bancorp will further expand the Company's market presence in the Baltimore metropolitan area with the addition of five full service branch offices and one limited service branch office. The Company has consolidated one of the two branches that were acquired in the Golden Prague merger into a nearby location and will consolidate the other Golden Prague branch location into a nearby Patapsco Bancorp branch office following the acquisition of Patapsco Bancorp. Exhibit II-1 provides information on the Company's, and Patapsco Bancorp's office facilities.

The primary market area served by the Company is largely suburban in nature, but also includes urban markets within the city of Baltimore. The regional market area has a fairly diversified economy, with services, wholesale/retail trade and state and local government constituting the primary sectors of employment. The region is a highly competitive environment, and includes a large number of thrifts, commercial banks, credit unions and other financial services companies, some of which have a national presence.

Future business and growth opportunities will be partially influenced by economic and demographic characteristics of the markets served by the Company, particularly the future growth and stability of the regional economy, demographic growth trends, and the nature and intensity of the competitive environment for financial institutions. These factors outlined herein have been taken into account regarding their relative impact on value.

National Economic Factors

The future success of the Company's operations is partially dependent upon various national and local economic trends. In assessing economic trends over the past year, solid job

growth provided for a dip in the August 2006 unemployment rate to 4.7%. Home inventories continued to rise in August, which translated in fewer housing starts in August. Existing home sales also declined in August, which put downward pressure on home prices with the median home price for existing home sales falling in August for the first time since 1995. Durable-goods orders fell in August, while new home sales posted an unexpected gain in August. Job growth slowed in September, but the unemployment rate edged down to 4.6%. Overall, the economy grew at a 2.0% annual rate in the third quarter of 2006.

The mid-October 2006 release of the Federal Reserve's "beige book" indicated that consumer spending remained strong, despite the slowdown in the housing market. The Federal Reserve's "beige book" also found job markets tightening across the U.S., but without an accompanying increase in wages. Falling gas prices supported a solid increase in September retail sales. Excluding gas sales, retail sales increased 0.6% in September. While new home construction rose in September, building permits declined pointing to a softening in residential construction. Lower median home prices and a decline in construction spending in September provided further evidence of a cooling housing market, while new home sales fell 3.2% in September. A slowing economy was also indicated by a decline in industrial output in September and a decline in manufacturing activity in October. At the same time the economy showed signs of resilience, as the October unemployment rate dropped to a five-year low of 4.4% and retail sales, excluding gas sales, rose in October. New home building rose in November, despite the glut of unsold homes on the market, and retail sales rose more than expected in November. The November employment report showed continued job growth, but the unemployment rate edged up to 4.5%. In a sign that the housing slump could be bottoming out, sales of new and existing homes rose in November. Retailers reported a modest increase in December same store sales, while job growth was stronger than expected in December. The December unemployment rate held steady at 4.5%. Housing starts rose in December, although the housing market remained weak. Fourth quarter GDP increased at a 2.2% annual rate.

Signs of slower economic growth continued to emerge at the start of 2007, as manufacturing activity declined in January. The employment report for January was also less favorable, based on fewer jobs added and an increase in the unemployment rate to 4.6%. Retail

sales were flat in January, while economic activity in the service sector continued to expand during January. Durable-goods orders fell 7.8% in January as demand for transportation equipment plunged. Existing home sales rose 3% in January on lower prices. Comparatively, new home sales fell by 16.6% in January from the previous month, the largest drop in 13 years. While the manufacturing sector grew in February, the service sector expanded at a slower than expected pace in February. The February unemployment rate dipped to 4.5%, even though job growth slowed during February. Other signs of a cooling economy included a nominal increase in retail sales during February, sales of new homes fell for the second straight month in February and capital goods orders, excluding defense and aircraft, fell in February. Comparatively, March data showed signs of a more resilient economy, retail sales were up strongly in March and the March unemployment rate dropped to a five-month low of 4.4% on stronger-than-expected job growth. Despite rising inventories of unsold homes, housing starts were also stronger than expected in March.

The beginning of the second quarter of 2007 showed indications of a slowing economy. The April unemployment rate edged up to 4.5%, as cautious employers added the fewest jobs in more than two years. Major retailers experienced a 2.3% decrease in same store sales during April and home building permits slid in April to their lowest point in almost a decade. The general economy also showed some areas of strength in April, which included a jump in industrial output and an increase in manufacturing activity. Consumer confidence rose in May, as rising stocks and a strong job market kept Americans upbeat. The U.S. housing market remained sluggish in May, as the inventory of unsold homes was up in 18 major metropolitan areas and new housing starts continued to decline. Better-than-expected job growth maintained the national unemployment rate at 4.5% for May. Manufacturing activity picked up in June, while the housing market continued to struggle as the inventory of homes for sale continued to rise in June. New and existing home sales both declined in June. Solid job growth for June held the national unemployment rate at 4.5% and GDP grew at a stronger-than-expected 4.0% annualized rate during the second quarter.

Retail sales were up modestly in July 2007, while the unemployment rate for July increased to 4.6% on slower job growth. Industrial output showed a stronger than expected

increase in July, while the housing market continued to struggle. New home construction fell in July to its lowest level in a decade and existing home sales dropped for a fifth straight month in July. Home prices also fell in July for a record 12th consecutive month, with the drop in prices accelerating amid a glut of unsold homes and tighter lending standards. Consumer confidence fell in August, with the decline being attributed to softening of business and labor-market conditions.

In terms of interest rate trends over the past year, weaker-than-expected job growth in July 2006 helped to push long-term Treasury yields lower in the first week of August as the yield on the 10-year Treasury note dipped to a four-month low of 4.90%. Long-term Treasury yields continued to ease lower into the second half of August, as the Federal Reserve left rates unchanged at 5.25%, its first pause after two years of steady increases. Modest increases in producer prices and core consumer prices for July, as well as weaker home sales in July, sustained the downward trend in long-term interest rates into late-August. After stabilizing in the first half of September, long-term Treasury yields trended lower during the balance of September amid signs of slower economic growth. The September meeting of the Federal Reserve concluded with no change in interest rates.

The rally in long-term Treasury bonds extended into early-October 2006, as the Federal Reserve Chairman suggested that the sinking housing market could slow economic growth in the U.S. Growing expectations that the Federal Reserve would leave rates unchanged at its next meeting reversed the downward trend in interest rates heading into mid-October. Interest rates stabilized ahead of the Federal Reserve meeting in October and then trended lower in late-October as the Federal Reserve held rates steady as expected. After edging up slightly in early-November, long-term Treasury yields declined slightly in mid-November on upbeat comments by the St. Louis Federal Reserve about interest rates. A smaller than expected increase in core consumer prices for October also served to boost bond prices in late-November. Interest rates stabilized in early-December and then edged higher following the November employment report which reflected solid job growth. The Federal Reserve left interest rates unchanged at its mid-December meeting, indicating that inflation remained its principal concern. There was little change in interest rates through most of December with the inverted yield curve remaining

inverted for a longer period than many economists had forecast

A stable interest rate environment continued to prevail at the beginning of 2007, which was followed by a mild upward trend in interest rates in mid-January. Lower oil prices and increased expectations of the Federal Reserve not cutting rates anytime soon contributed to the rise in long-term Treasury yields. Following the Federal Reserve's decision to leave rates unchanged at its end of January meeting, interest rates stabilized during the first half of February. Treasury bonds rallied in mid-February, based on indications from the Federal Reserve Chairman that inflation was headed lower. Signs of slower economic growth and a sell-off in the stock market continued the downward trend in Treasury yields in late-February. A stable interest rate environment prevailed throughout most of March, as economic measures generally reflected a downturn in economic activity and the March meeting of the Federal Reserve concluded with no change in the federal funds target rate. The Federal Reserve statement from the March meeting continued to cite inflation concerns, but the Federal Reserve dropped its stated bias to raise rates.

Some stronger than expected economic reports pushed long-term Treasury yields higher at the start of the second quarter of 2007. The release of the March minutes of the Federal Reserve, which revealed that more rate increases may be needed to combat inflation, further contributed to the rise in interest rates. Treasury yields eased lower in mid-April on tame inflation data reflected in the March consumer price numbers. Interest rates stabilized through the balance of April and for the first half of May. The Federal Reserve left interest rates unchanged at its May meeting and gave no signs that it was moving towards an interest rate cut. Long-term Treasury yields moved higher heading into late-May, with such factors as global growth, an increase in May consumer confidence and initial jobless claims falling for a fifth straight week contributing to the upward trend in interest rates. Bond prices plunged on inflation worries during the first half of June, with the yield on the 10-year Treasury note rising to a five year high of 5.25%. Interest rates eased lower during the second half of June on mixed economic data. The Federal Reserve left rates unchanged at its late-June meeting, but softened its hawkish inflation stance. At the same time, the Federal Reserve seemed to rule out the possibility of cutting rates any time soon.

Healthy job growth reflected in the June 2007 employment report pushed Treasury yields higher at the start of the third quarter. However, Treasury bonds rallied in mid-July on news of rating cuts on bonds backed by subprime mortgages, as investors dumped junk bonds for the relative safety of Treasury bonds. The rally in long-term Treasury bonds continued into late-July, on fears that the housing slump was spreading to the broader economy. Interest rates stabilized during the first half of August, as the Federal Reserve held rates steady as expected and core wholesale inflation showed only a modest increase in July. A half point cut in the Federal Reserve's discount rate and increased speculation that the Federal Reserve would cut the federal funds rate in September pushed interest rates lower heading into the second half of August, with short-term Treasury yields posting their biggest decline in 19 years. The comparatively larger decline in short-term Treasury yields provided for a slightly positive slope to the yield curve in late-August. As of August 31, 2007, the bond equivalent yields for U.S. Treasury bonds with terms of one and ten years equaled 4.19% and 4.54%, respectively, versus comparable year ago yields of 5.01% and 4.74%. Exhibit II-2 provides historical interest rate trends from 1991 through August 31, 2007.

Market Area Demographics

Demographic growth in the markets served by the Company, inclusive of the markets served by Patapsco Bancorp, has been measured by changes in population, number of households and median household income. Table 2.1 provides summary demographic data for the Company's primary market area, as well as for the U.S. and Maryland. The market area has generally exhibited favorable growth trends during the 2000 to 2007 period, with the exception of Baltimore City. From 2000 to 2007, Baltimore City experienced a decline in population at a rate of 0.5% annually, while annual population growth rates for the primary market area counties ranged from 0.8% in Baltimore County to 1.6% in Howard County. Howard County's growth rate was above the comparable Maryland growth rate of 1.1% and the U.S. growth rate of 1.2%. Howard County's stronger population growth translated into stronger household growth as well. These trends reflect urban flight to suburban markets for job opportunities, a lower cost of living and more affordable housing. Anne Arundel and Howard Counties, in particular, have

Table 2.1
Bradford Bancorp, Inc.
Summary Demographic Data

	Year			Growth Rate	
	2000	2007	2012	2000-2007	2007-2012
Population (000)					
United States	281,422	306,348	325,526	1.2%	1.2%
Maryland	5,296	5,727	6,023	1.1%	1.0%
Anne Arundel County	490	527	550	1.0%	0.9%
Baltimore County	754	797	826	0.8%	0.7%
Howard County	248	278	296	1.6%	1.3%
Baltimore City	651	628	612	-0.5%	-0.5%
Households (000)					
United States	105,480	115,337	122,831	1.3%	1.3%
Maryland	1,981	2,144	2,261	1.1%	1.1%
Anne Arundel County	179	195	205	1.2%	1.0%
Baltimore County	300	317	329	0.8%	0.8%
Howard County	90	101	107	1.6%	1.3%
Baltimore City	258	246	240	-0.7%	-0.5%
Median Household Income (\$)					
United States	\$42,164	\$53,154	\$62,503	3.4%	3.3%
Maryland	\$53,005	\$65,627	\$76,746	3.1%	3.2%
Anne Arundel County	\$61,692	\$77,574	\$89,818	3.3%	3.0%
Baltimore County	\$50,704	\$61,891	\$71,069	2.9%	2.8%
Howard County	\$74,181	\$96,131	\$113,919	3.8%	3.5%
Baltimore City	\$30,078	\$35,911	\$40,461	2.6%	2.4%
Per Capita Income (\$)					
United States	\$21,587	\$27,916	\$33,873	3.7%	3.9%
Maryland	\$25,614	\$33,153	\$39,869	3.8%	3.8%
Anne Arundel County	\$27,578	\$36,758	\$45,056	4.2%	4.2%
Baltimore County	\$26,167	\$32,807	\$39,259	3.3%	3.7%
Howard County	\$32,402	\$45,121	\$55,690	4.8%	4.3%
Baltimore City	\$16,978	\$20,813	\$24,208	3.0%	3.1%
2007 HH Income Dist. (%)					
	Less Than <u>\$25,000</u>	\$25,000 to <u>\$49,999</u>	\$50,000 to <u>\$99,999</u>	\$100,000 to <u>\$149,999</u>	<u>\$150,000+</u>
United States	21.9%	25.0%	32.3%	12.3%	8.4%
Maryland	15.6%	21.1%	34.4%	17.0%	12.0%
Anne Arundel County	9.8%	17.8%	37.2%	20.6%	14.5%
Baltimore County	15.3%	23.7%	36.3%	15.1%	9.6%
Howard County	6.7%	13.1%	32.0%	24.0%	24.2%
Baltimore City	36.6%	27.8%	24.5%	7.3%	3.8%

Sources: ESRI Business Information Solutions.

developed into attractive areas to live with newer infrastructure and other amenities. The primary market area is projected to experience population and household growth in line with recent historical trends over the next five years.

Income levels in the market area tend to reflect the nature of the markets served, with higher income levels in the faster growing suburban markets. The greater wealth of the suburban markets is consistent with national trends, in which the white collar professionals who work in the cities generally reside in the surrounding suburbs. Additionally, much of the growth in white collar jobs in the greater Baltimore metropolitan area has been occurring in suburban markets. The lowest per capita and median household incomes were in Baltimore City and were well below statewide measures as well, reflecting a higher concentration of blue collar workers, both skilled and unskilled, as well as some poverty areas in Baltimore City. Household income distribution measures further underscore the greater affluence of the Anne Arundel and Howard County markets.

Regional Economy

The primary market area that will be served by the combined institutions reflects a diverse cross section of employment sectors, which partially mitigates the risk associated with a decline in any particular economic sector or industry. Once the backbone of the region's employment base, the manufacturing industry is currently fairly stable following a long period of decline. Similar to statewide average data, services and government play a major role in the Baltimore metropolitan area economy. Trade and finance/insurance/real estate-related employment also constitute major employment sectors regionally.

The faster growing suburban county of Howard reported the highest concentration of construction employment, while Baltimore County reported the highest level of manufacturing employment. Baltimore City and Anne Arundel County, where the state's capital city of Annapolis is located, maintained the highest levels of government employment. Overall, service employment accounted for an average of 44.6% of the jobs in the region, similar to the statewide average, with the highest concentration of service jobs maintained in Baltimore City accounting

for 51.6% of Baltimore City's employment. Wholesale and retail trade employment exceeded the statewide average in all market area counties, while such jobs in Baltimore City were well below the statewide average. Overall, the distribution of employment exhibited in the primary market area is indicative of a diverse economic environment. Going forward, in addition to the job growth that will be realized from an expanding local economy, the Baltimore metropolitan area will benefit from the proposed recommendations by the U.S. Army for realignment and closure of military bases. The recommendations for base realignment and closure are expected to add approximately 20,000 jobs, consisting of military and private sector jobs, and total population growth of approximately 50,000 to the Baltimore metropolitan area.

Table 2.2 provides an overview of employment by sector in the state of Maryland, as well as for the primary market area counties and Baltimore City.

Table 2.2
Primary Market Area Employment Sectors
(Percent of Labor Force)

<u>Employment Sectors</u>	<u>Maryland</u>	<u>Balt. Cty</u>	<u>Anne Arundel</u>	<u>Howard</u>	<u>Balt. City</u>	<u>Avg (1)</u>
Services	43.7%	43.9%	37.8%	45.0%	51.6%	44.6%
Government	15.9	12.4	22.6	9.7	18.9	15.9
Wholesale/Retail Trade	14.0	15.4	14.8	19.9	8.2	14.6
Fin. Ins. Real Estate	8.9	11.2	7.8	9.1	7.6	8.9
Construction	7.3	6.9	6.8	7.5	3.3	6.1
Manufacturing	4.4	5.5	4.3	3.9	4.5	4.6
Transportation/Utility	3.1	2.5	3.9	3.0	4.0	3.4
Information	1.9	1.8	1.7	1.5	1.8	1.7
Other	<u>0.8</u>	<u>0.4</u>	<u>0.3</u>	<u>0.4</u>	<u>0.1</u>	<u>0.2</u>
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Averages do not include Maryland.

Source: REIS DataSource 2004.

Comparative unemployment rates for Maryland, the regional area, as well as for the U.S., are shown in Table 2.3. With the exception of Baltimore City, July 2007 unemployment rates for the primary market area counties and for Maryland were lower than the national

unemployment rate of 4.9%. Consistent with the U.S. and Maryland, July 2007 unemployment rates for the primary market area reflected slight decreases compared to a year ago.

Table 2.3
Bradford Bancorp, Inc.
Unemployment Data

<u>Region</u>	<u>July 2006</u>	<u>July 2007</u>
United States	5.0%	4.9%
Maryland	4.5	4.2
Baltimore County	4.6	4.3
Anne Arundel County	4.1	3.8
Howard County	3.5	3.2
Baltimore City	7.3	6.9

Source: U.S. Bureau of Labor Statistics.

Deposit Trends

The retail deposit bases of the combined institutions are closely tied to the economic fortunes of the Baltimore metropolitan area and, in particular, the market areas where branches are currently maintained by Bradford Bancorp and Patapsco Bancorp. Table 2.4 displays deposit market trends from June 30, 2003 through June 30, 2006 for the counties where the combined institutions maintained branches during that period. Additional data is also presented for the state of Maryland. The data indicates that deposits have increased in all of the primary counties, as well as Baltimore City, during the three year period covered in Table 2.4. Similar to Maryland, commercial banks maintained a larger market share of deposits than savings institutions in all of the primary market area counties and in Baltimore City.

Bradford Bancorp's largest deposit holdings are maintained in the counties of Baltimore and Howard, with respective balances of \$308.5 million and \$77.1 million at June 30, 2006. The Company is headquartered and maintains its largest branch presence in Baltimore County. The Company's 2.1% market share of Howard County deposits represents its largest market share of deposits, which was achieved through only one branch. The Company maintains eight branches in Baltimore County, which includes three recently acquired branches. Valley Bancorp, Golden

Table 2.4
Bradford Bancorp, Inc.
Deposit Summary

	As of June 30,						Deposit Growth Rate 2003-2006 (%)
	2003			2006			
	Deposits	Market Share	Number of Branches (Dollars in Thousands)	Deposits	Market Share	No. of Branches	
State of Maryland	\$77,851,107	100.0%	1,689	\$92,803,490	100.0%	1,749	6.0%
Commercial Banks	63,602,593	81.7%	1,408	75,658,288	81.5%	1,430	6.0%
Savings Institutions	14,248,514	18.3%	281	17,145,202	18.5%	319	6.4%
Anne Arundel County	\$5,750,839	100.0%	161	\$7,355,957	100.0%	170	8.6%
Commercial Banks	4,650,729	80.9%	135	5,883,091	80.0%	139	8.2%
Savings Institutions	1,100,110	19.1%	26	1,472,866	20.0%	31	10.2%
Bradford Bancorp	9,666	0.2%	1	20,108	0.3%	1	27.7%
Total Consolidated Deposits	9,666	0.2%	1	20,108	0.3%	1	27.7%
Baltimore County	\$11,878,154	100.0%	276	\$15,196,236	100.0%	306	8.6%
Commercial Banks	9,142,974	77.0%	212	12,011,893	79.0%	240	9.5%
Savings Institutions	2,735,180	23.0%	64	3,184,343	21.0%	66	5.2%
Bradford Bancorp (1)	291,206	2.5%	8	308,461	2.0%	8	1.9%
Patapsco Bancorp	104,471	0.9%	2	112,895	0.7%	2	2.6%
Total Consolidated Deposits	395,677	3.3%	10	421,356	2.8%	10	2.1%
Howard County	\$2,996,543	100.0%	66	\$3,627,045	100.0%	76	6.6%
Commercial Banks	2,627,108	87.7%	56	3,136,815	86.5%	63	6.1%
Savings Institutions	369,435	12.3%	10	490,230	13.5%	13	9.9%
Bradford Bancorp	54,559	1.8%	1	77,071	2.1%	1	12.2%
Total Consolidated Deposits	54,559	1.8%	1	77,071	2.1%	1	12.2%
Baltimore City	\$13,136,806	100.0%	139	\$13,892,174	100.0%	114	1.9%
Commercial Banks	11,696,826	89.0%	108	12,666,646	91.2%	85	2.7%
Savings Institutions	1,439,980	11.0%	31	1,225,528	8.8%	29	-5.2%
Bradford Bancorp(2)	56,248	0.4%	2	44,990	0.3%	2	-7.2%
Patapsco Bancorp	16,398	0.1%	1	58,110	0.4%	3	52.5%
Total Consolidated Deposits	72,646	0.6%	3	103,100	0.7%	5	12.4%

(1) Includes deposits of Valley Bancorp, Inc., Golden Prague and Senator Bank.

(2) Includes deposits of Golden Prague.

Source: FDIC.

Prague and Senator Bank each maintained one branch location in Baltimore County. The Company also added a branch office in Baltimore City through the Golden Prague merger, which was subsequently consolidated into one of the Company's Baltimore City branches. Bradford Bancorp also maintains one branch in Anne Arundel County.

The acquisition of Patapsco Bancorp will provide the Company with an increased market presence in Baltimore County and Baltimore City, with the addition of two branches in Baltimore County and three branches in Baltimore City. The increase in deposits from the acquisition will also enhance Bradford Bancorp's deposit market share, increasing from 2.0% to 2.8% in Baltimore County and 0.3% to 0.7% in Baltimore City.

In addition to the deposit growth to be realized from the acquisition of Patapsco Bancorp, future deposit growth may be enhanced by the Company's expanded market presence following the acquisition. Pursuant to the Company's strategic plan, Bradford Bancorp will continue to evaluate opportunities to increase deposit market share through other acquisitions of financial institutions and at the same time will continue to evaluate opportunities to build deposit market share through establishing de novo branches in existing and complementary markets that will be served by the combined branch network. The Company currently plans to expand the branch network northeast of Baltimore, by opening branch offices in White Marsh (eastern Baltimore County) and Aberdeen (Harford County). The White Marsh branch is expected to open in the first quarter of 2008 and the Aberdeen branch is expected to open in the second quarter of 2008.

Competition

The Company faces notable competition in both deposit gathering and lending activities, including direct competition with several financial institutions that primarily have a local or regional presence. Securities firms, credit unions and mutual funds also represent major sources of competition in raising deposits. In many cases, these competitors are also seeking to provide some or all of the community-oriented services as Bradford Bancorp. With regard to lending competition, the Company encounters the most significant competition from the same institutions providing deposit services. In addition, the Company competes with mortgage

companies and independent mortgage brokers in originating mortgage loans. Table 2.5 lists the Company's largest competitors in each of the primary market area counties, based on deposit market share as noted parenthetically. Deposit market share data for Bradford Bancorp and Patapsco Bancorp are also provided in Table 2.5.

Table 2.5
Bradford Bancorp, Inc.
Market Area Counties Deposit Competitors

<u>Location</u>	<u>Name</u>
Anne Arundel County, MD	Bank of America Corp. (17.6%)
	BB&T Corp. (12.1%)
	M&T Bank Corp. (10.2%)
	Severn Bancorp, Inc. (8.7%)
	Wachovia Corp. (6.7%)
	SunTrust Banks, Inc. (6.4%)
	Bradford Bancorp (0.3%)
Baltimore County, MD	Wachovia Corp. (17.4%)
	Bank of America Corp. (16.7%)
	M&T Bank Corp. (8.7%)
	Provident Bankshares Corp. (6.6%)
	SunTrust Banks, Inc. (4.8%)
	Eastern Savings Bank, FSB (4.6%)
	Bradford Bancorp (2.0%)
Patapsco Bancorp (0.7%)	
Howard County, MD	Bank of America Corp. (16.3%)
	Fulton Financial Corp. (15.0%)
	Mercantile Bankshares Corp. (11.5%)
	M&T Bank Corp. (9.8%)
	Wachovia Corp. (7.3%)
	B.F. Saul Company (5.4%)
	Bradford Bancorp (2.1%)

Table 2.5 (continued)
Bradford Bancorp, Inc.
Market Area Counties Deposit Competitors

<u>Location</u>	<u>Name</u>
Baltimore City, MD	Bank of America Corp. (43.3%) Mercantile Bankshares Corp. (19.0%) M&T Bank Corp. (14.0%) Provident Bankshares Corp. (8.2%) Northwest Bancorp, Inc. (2.0%) Patapsco Bancorp (0.4%) Bradford Bancorp (0.3%)

Sources: FDIC and SNL Financial.

III. PEER GROUP ANALYSIS

This chapter presents an analysis of Bradford Bancorp's operations versus a group of comparable companies (the "Peer Group") selected from the universe of all publicly-traded savings institutions. The primary basis of the pro forma market valuation of Bradford Bancorp is provided by these public companies. Factors affecting the Company's pro forma market value such as financial condition, credit risk, interest rate risk, and recent operating results can be readily assessed in relation to the Peer Group. Current market pricing of the Peer Group, subject to appropriate adjustments to account for differences between Bradford Bancorp and the Peer Group, will then be used as a basis for the valuation of Bradford Bancorp's to-be-issued common stock. Our comparative analysis of Bradford Bancorp and the Peer Group took into consideration the pro forma impact of the acquisition of Patapsco Bancorp. Such data was derived from the prospectus and RP Financial calculations.

Peer Group Selection

The Peer Group selection process is governed by the general parameters set forth in the regulatory valuation guidelines. Accordingly, the Peer Group is comprised of only those publicly-traded savings institutions whose common stock is either listed on a national exchange (NYSE or AMEX), or is NASDAQ listed, since their stock trading activity is regularly reported and generally more frequent than non-publicly traded and closely-held institutions. Non-listed institutions are inappropriate since the trading activity for thinly-traded or closely-held stocks is typically highly irregular in terms of frequency and price and thus may not be a reliable indicator of market value. We have also excluded from the Peer Group those companies under acquisition or subject to rumored acquisition, mutual holding companies and recent conversions, since their pricing ratios are subject to unusual distortion and/or have limited trading history. A recent listing of the universe of all publicly-traded savings institutions is included as Exhibit III-1.

Ideally, the Peer Group, which must have at least 10 members to comply with the regulatory valuation guidelines, should be comprised of locally or regionally-based institutions with comparable resources, strategies and financial characteristics. There are approximately 165 publicly-traded institutions nationally and, thus, it is typically the case that the Peer Group will

be comprised of institutions with relatively comparable characteristics. To the extent that differences exist between the converting institution and the Peer Group, valuation adjustments will be applied to account for the differences. Since Bradford Bancorp will be a fully-converted public company upon completion of the offering, we considered only fully-converted public companies to be viable candidates for inclusion in the Peer Group. From the universe of publicly-traded thrifts, we selected ten institutions with characteristics similar to those of Bradford Bancorp. In the selection process, we applied the following "screen" to the universe of all public companies:

- o Screen #1. Mid-Atlantic institutions with assets between \$350 million and \$2 billion, positive earnings and tangible equity-to-assets ratios of at least 5.5%. Eleven companies met the criteria for Screen #1 and ten were included in the Peer Group: American Bancorp of New Jersey, Elmira Savings Bank, FSB of New York, Fidelity Bancorp, Inc. of Pennsylvania, First Keystone Financial, Inc. of Pennsylvania, Harleysville Savings Financial Corp. of Pennsylvania, Pamrapo Bancorp, Inc. of New Jersey, Severn Bancorp, Inc. of Maryland, TF Financial Corp. of Pennsylvania, Washington SB, FSB of Maryland and Willow Financial Bancorp, Inc. of Pennsylvania. WVS Financial Corp. of Pennsylvania met the selection criteria, but was excluded from the Peer Group on the basis of an interest-earning asset composition that was highly inconsistent with the Company's interest-earning asset composition. In particular, WVS Financial maintained a very high concentration of interest-earning assets in cash and investments (82.6% of assets) and a very low concentration of interest-earning assets in loans (15.5% of assets) Exhibit III-2 provides financial and public market pricing characteristics of all publicly-traded thrifts based in the Mid-Atlantic region.

Table 3.1 shows the general characteristics of each of the ten Peer Group companies and Exhibit III-3 provides summary demographic and deposit market share data for the primary market areas served by each of the Peer Group companies. While there are expectedly some differences between the Peer Group companies and Bradford Bancorp, we believe that the Peer Group companies, on average, provide a good basis for valuation subject to valuation adjustments. The following sections present a comparison of Bradford Bancorp's financial condition, income and expense trends, loan composition, interest rate risk and credit risk versus the Peer Group as of the most recent publicly available date.

Table 3.1
Peer Group of Publicly-Traded Thrifts
August 31, 2007(1)

<u>Ticker</u>	<u>Financial Institution</u>	<u>Exchange</u>	<u>Primary Market</u>	<u>Operating Strategy(2)</u>	<u>Total Assets</u>	<u>Offices</u>	<u>Fiscal Year</u>	<u>Conv. Date</u>	<u>Stock Price (\$)</u>	<u>Market Value (\$Mil)</u>
WFBC	Willow Financial Bancorp Inc. of PA	NASDAQ	Maple Glen, PA	Thrift	\$1,553 J	14	06-30	04/02	\$12.42	\$194
SVBI	Sovern Bancorp, Inc. of MD	NASDAQ	Annapolis, MD	Thrift	926 J	2	12-31		13.43	135
HARL	Harleysville Savings Financial Corp. of PA	NASDAQ	Harleysville, PA	Thrift	778 J	5	09-30	08/87	14.83	57
FSBI	Fidelity Bancorp, Inc. of PA	NASDAQ	Pittsburgh, PA	Thrift	727 J	13	09-30	06/88	16.00	48
THRD	TF Financial Corp. of Newtown PA	NASDAQ	Newtown, PA	Thrift	664 J	14	12-31	07/94	27.05	78
PBCI	Pamrapo Bancorp, Inc. of NJ	NASDAQ	Bayonne, NJ	Thrift	636 J	9	12-31	11/89	18.10	90
ABNJ	American Bancorp of NJ	NASDAQ	Bloomfield, NJ	Thrift	562 J	2	09-30	10/05	11.10	138
FKFS	First Keystone Financial, Inc. of PA	NASDAQ	Berwick, PA	Thrift	525 J	8	09-30	01/95	12.90	31
WSB	Washington SB, FSB of Bowie MD	AMEX	Bowie, MD	Thrift	430 M	5	07-31	08/88	6.70	51
ESBK	Elmira Savings Bank, FSB of NY	NASDAQ	Elmira, NY	Thrift	376 M	6	12-31	03/85	20.49	30

NOTES: (1) Or most recent date available (M=March, S=September, D=December, J=June, E=Estimated, and P=Pro Forma).

(2) Operating strategies are: Thrift=Traditional Thrift, M.B.=Mortgage Banker, R.E.=Real Estate Developer, Div.=Diversified and Ret.=Retail Banking.

(3) BIF-insured savings bank institution.

Source: Corporate offering circulars, data derived from information published in SNL Securities Quarterly Thrift Report,

A summary description of the key characteristics of each of the Peer Group companies is detailed below.

- o American Bancorp of New Jersey Selected due to similar interest-earning asset composition, similar interest-bearing funding composition, relatively low return on assets and comparable earnings contribution from sources of non-interest operating income.
- o Elmira Savings Bank, FSB of New York. Selected due to similar interest-bearing funding composition, comparable net interest margin, similar concentration of mortgage-backed securities and 1-4 family loans comprising assets and relatively high degree of diversification into higher risk types of lending.
- o Fidelity Bancorp, Inc. of Pennsylvania. Selected due to comparable size of branch network, similar asset size and comparable emphasis on commercial real estate lending.
- o First Keystone Financial, Inc. of Pennsylvania. Selected due to relatively low return on assets, comparable impact of loss provisions on earnings, comparable emphasis on commercial real estate lending and similar credit quality measures.
- o Harleysville Savings Financial Corp. of Pennsylvania. Selected due to comparable asset size and similar earnings contribution from sources of non-interest operating income.
- o Pamrapo Bancorp, Inc. of New Jersey. Selected due to comparable interest-bearing funding composition and similar credit quality measures.
- o Severn Bancorp, Inc. of Maryland. Selected due Maryland market area, comparable asset size, similar interest-bearing funding composition, comparable impact of loss provisions on earnings, comparable emphasis on 1-4 family lending and relatively high degree of diversification into higher risk types of lending with an emphasis on construction and land loans.
- o TF Financial Corp. of Pennsylvania. Selected due to comparable size of branch network, similar interest-earning asset composition, similar interest-bearing funding composition, comparable level of operating expenses, comparable emphasis on commercial real estate lending and similar credit quality measures.
- o Washington SB, FSB of Maryland. Selected due to Maryland market area, similar earnings contribution from non-interest operating income, comparable level of operating expenses and relatively high degree of diversification into construction and land loans.
- o Willow Financial Bancorp, Inc. of Pennsylvania. Selected due to comparable size of branch network, similar interest-earning asset composition, similar interest-bearing funding composition, relatively high level of goodwill and intangibles, comparable level of operating expenses, similar concentration of mortgage-backed securities and 1-4 family loans comprising assets, relatively high degree of diversification into higher risk types of lending and similar credit quality measures.

In aggregate, the Peer Group companies maintain a slightly lower level of capital than the industry average (10.16% of assets versus 12.58% for all public companies), generate higher

earnings as a percent of average assets (0.64% ROAA versus 0.53% for all public companies), and generate a higher return on equity (7.04% ROE versus 5.04% for all public companies). Overall, the Peer Group's average P/B ratio and average P/E multiple were below the comparable averages for all publicly-traded thrifts.

	<i>All</i> <u>Publicly-Traded</u>	<u>Peer Group</u>
<u>Financial Characteristics (Averages)</u>		
Assets (\$Mil)	\$3,136	\$718
Market capitalization (\$Mil)	413	85
Equity/assets (%)	12.58%	10.16%
Return on average assets (%)	0.53%	0.64%
Return on average equity (%)	5.04%	7.04%
<u>Pricing Ratios (Averages)(1)</u>		
Price/earnings (x)	19.97x	15.27x
Price/book (%)	130.65%	115.66%
Price/assets (%)	16.47%	11.72%

(1) Based on market prices as of August 31, 2007 – see Table 4.4.

Ideally, the Peer Group companies would be comparable to Bradford Bancorp in terms of all of the selection criteria, but the universe of publicly-traded thrifts does not provide for an appropriate number of such companies. However, in general, the companies selected for the Peer Group were fairly comparable to Bradford Bancorp, as will be highlighted in the following comparative analysis. The financial data presented for Bradford Bancorp includes the estimated pro forma impact of the acquisition of Patapsco Bancorp, unless noted otherwise. The conclusions drawn from the comparative analysis are then factored into the valuation analysis discussed in the final chapter.

Financial Condition

Table 3.2 shows comparative balance sheet measures for Bradford Bancorp and the Peer Group. Bradford Bancorp's and the Peer Group's ratios reflect balances as of June 30, 2007, unless otherwise indicated for the Peer Group companies. Bradford Bancorp's net worth base of 7.6% was below the Peer Group's net worth ratio of 10.2%. The difference between the

Table 3.2
Balance Sheet Composition and Growth Rates
Comparable Institution Analysis
As of June 30, 2007

	Balance Sheet as a Percent of Assets					Balance Sheet Annual Growth Rates					Regulatory Capital										
	Cash & Equivalents	MBS & Invest	Loans	Deposits	Borrowed Funds	Subd. Debt	Net Worth	Goodwill & Intang	Tng Net Worth	MEMO: Pref/Stock	Assets	MBS, Cash & Investments	Loans	Deposits	Borrowings & Subdebt	Net Worth	Tng Net Worth	Tangible	Core	Rep.Cap.	
Bradford Bancorp. Inc.																					
June 30, 2007	-1.2%	14.3%	78.7%	79.1%	11.5%	0.6%	7.6%	5.1%	2.6%	0.0%	47.94%	2.27%	54.35%	41.30%	154.12%	29.87%	-32.44%	6.08%	6.08%	9.87%	
All Public Companies																					
Averages	4.4%	19.8%	70.2%	68.7%	17.0%	0.7%	12.4%	1.0%	11.4%	0.0%	4.18%	-1.30%	7.80%	5.50%	-3.95%	2.53%	1.93%	10.78%	10.62%	17.81%	
Medians	2.7%	18.1%	70.6%	70.6%	15.4%	0.0%	10.6%	0.1%	9.3%	0.0%	2.76%	-3.77%	7.15%	3.53%	-6.67%	2.42%	1.88%	9.35%	9.33%	15.04%	
State of MD																					
Averages	1.8%	22.6%	70.3%	68.6%	17.4%	1.1%	12.3%	0.0%	12.3%	0.0%	-3.09%	-4.65%	-9.64%	-7.93%	15.30%	11.19%	11.22%	12.73%	12.73%	20.22%	
Medians	1.9%	22.6%	70.3%	68.6%	17.4%	1.1%	12.3%	0.0%	12.3%	0.0%	-3.09%	-4.65%	-9.64%	-7.93%	15.30%	11.19%	11.22%	12.73%	12.73%	20.22%	
Comparable Group																					
Averages	3.4%	25.3%	68.5%	69.2%	18.8%	0.8%	10.2%	0.8%	9.3%	0.0%	1.19%	-0.41%	0.99%	5.01%	-8.86%	5.56%	5.67%	10.41%	9.73%	16.63%	
Medians	1.9%	25.9%	65.0%	70.0%	18.0%	0.0%	9.6%	0.0%	7.9%	0.0%	-0.48%	1.23%	0.35%	1.97%	-11.72%	6.37%	6.60%	9.16%	8.88%	15.36%	
Comparable Group																					
ABNJ American Bancorp of NJ	8.0%	11.1%	75.6%	72.9%	7.0%	0.0%	18.8%	0.0%	18.6%	0.0%	10.45%	2.47%	10.74%	25.47%	-16.91%	-17.37%	-17.37%	15.62%	15.62%	25.72%	
ESBK Elmir Savings Bank, FSB of NY(1)	1.6%	32.7%	62.2%	77.9%	15.0%	0.0%	6.6%	0.1%	6.5%	0.0%	12.39%	11.95%	13.86%	21.41%	-16.74%	7.98%	8.57%	6.68%	6.68%	11.57%	
FSBI Fidelity Bancorp. Inc. of PA	1.5%	32.6%	62.7%	59.6%	31.5%	1.4%	6.3%	0.4%	5.9%	0.0%	-0.15%	-13.22%	8.79%	3.20%	-7.44%	10.20%	11.02%	NA	7.42%	12.91%	
FKFS First Keystone Financial, Inc. of PA	7.8%	28.4%	56.0%	69.2%	19.9%	2.9%	6.5%	0.0%	6.5%	0.0%	-0.82%	10.97%	-8.18%	1.90%	-13.31%	24.80%	24.90%	9.31%	9.33%	15.82%	
HARL Harleysville Savings Fin. Corp. of PA	1.0%	42.2%	53.0%	55.7%	37.0%	0.0%	8.3%	0.0%	6.3%	0.0%	0.38%	-9.14%	8.92%	-0.14%	0.62%	2.15%	2.15%	NA	13.43%	13.43%	
PBCI Pennapo Bancorp. Inc. of NJ	5.0%	23.5%	69.7%	73.7%	14.0%	0.0%	9.2%	0.0%	9.2%	0.0%	-1.19%	-0.02%	-1.41%	0.66%	-10.13%	-1.46%	-1.46%	8.73%	8.73%	16.10%	
SVBI Severn Bancorp. Inc. of MD	1.9%	1.5%	92.0%	69.4%	17.8%	2.2%	9.9%	0.0%	9.9%	0.0%	2.33%	-14.57%	2.10%	1.44%	0.00%	14.83%	14.99%	11.25%	11.25%	14.90%	
THRD TF Financial Corp. of Newtown PA	0.9%	18.9%	75.3%	73.7%	15.1%	0.0%	10.0%	0.7%	9.3%	0.0%	-1.50%	4.04%	-3.44%	2.05%	-18.62%	5.29%	5.75%	9.02%	9.02%	16.36%	
WSB Washington SB, FSB of Bowie MD(1)	2.0%	43.7%	48.5%	67.8%	17.0%	0.0%	14.7%	0.0%	14.7%	0.0%	-8.52%	5.28%	-21.38%	-17.31%	30.59%	7.46%	7.46%	14.20%	14.20%	25.53%	
WFBC Willow Financial Bancorp Inc. of PA	4.0%	18.0%	67.2%	70.6%	13.5%	1.6%	13.3%	7.1%	6.2%	0.0%	-1.48%	-1.85%	-2.07%	11.26%	-36.64%	1.56%	0.72%	8.50%	8.50%	14.00%	

(1) Financial information is for the quarter ending March 31, 2007.

Source: Audited and unaudited financial statements, corporate reports and offering circulars, and RP[®] Financial, L.C. calculations. The information provided in this table has been obtained from sources we believe are reliable.

Company's and the Peer Group's tangible equity-to-assets ratios widened somewhat, as goodwill and intangibles were a more significant factor on the Company's balance sheet (5.1% of assets versus 0.8% for the Peer Group). The Company's pro forma capital position (consolidated with the holding company) will increase with the addition of the stock proceeds to a level that will be more comparable to the Peer Group's tangible capital ratio. Both the Company's and the Peer Group's capital ratios reflected surpluses over the regulatory capital requirements. Regulatory capital ratios shown for the Company are on a stand alone basis.

The interest-earning asset compositions for the Company and the Peer Group were somewhat similar, with loans constituting the largest component of their respective interest-earning assets. The Company's loans-to-assets ratio of 78.7% exceeded the comparable Peer Group ratio of 66.5%. Comparatively, the Peer Group's cash and investments-to-assets ratio of 28.7% was above the comparable ratio for the Company of 13.1%. Overall, Bradford Bancorp's interest-earning assets amounted to 91.8% of assets, which was less than the Peer Group's ratio of 95.2%. The Company's lower ratio was largely attributable to the larger impact goodwill and intangibles had on its balance sheet.

Bradford Bancorp's funding liabilities reflected a funding strategy that was somewhat similar to that of the Peer Group's funding composition. The Company's deposits equaled 79.1% of assets, which was above the Peer Group average of 69.2%. Borrowings, inclusive of subordinated debt, represented a more significant funding source for the Peer Group, as indicated by borrowings-to-assets ratios of 12.1% and 19.6% for the Company and the Peer Group, respectively. Total interest-bearing liabilities maintained by the Company and the Peer Group, as a percent of assets, equaled 91.2% and 88.8%, respectively. The Peer Group's lower level of interest-bearing liabilities was supported by maintenance of a higher level of capital.

A key measure of balance sheet strength for a thrift institution is its IEA/IBL ratio. Presently, the Peer Group's IEA/IBL ratio is stronger than the Company's ratio, based on ratios of 100.7% and 107.2% for the Company and the Peer Group, respectively. The additional capital realized from stock proceeds should serve to provide Bradford Bancorp with an IEA/IBL ratio that is more comparable to the Peer Group's ratio, as the increase in capital realized from the stock proceeds will lessen the proportion of interest-bearing liabilities funding assets and on

the asset size the proceeds will more than offset the investment funds that were utilized to fund the cash costs of the Patapsco Bancorp acquisition. At the same time, the Company's higher level of goodwill and intangibles will continue to result in a lower interest-earning assets-to-assets ratio than maintained by the Peer Group.

The growth rate section of Table 3.2 shows annual growth rates for key balance sheet items. Bradford Bancorp's growth rates were based on annualized growth for the 18-month period ended at June 30, 2007, while the Peer Group's growth rates were based on annual growth for the 12 months ended June 30, 2007, unless indicated otherwise for the Peer Group companies. The Company's growth rates reflect Bradford Bancorp's growth and the pro forma growth resulting from the acquisition of Patapsco Bancorp. The pro forma impact of the Patapsco Bancorp acquisition, as well as the recently completed acquisition of Valley Bancorp, largely accounted for Bradford Bancorp's significantly higher balance sheet growth measures. Asset growth rates for the Company and the Peer Group equaled 47.9% and 1.2%, respectively. Loan growth of 54.4% was the primary source of the Company's asset growth, while cash and investments increased at a 2.3% annual rate. The lower growth rate reflected for cash and investments includes the loss of funds that will be used to fund the cash portion of the Patapsco consideration and related after-tax acquisition and merger costs. Comparatively, the Peer Group recorded loan growth of 1.0% and a 0.4 % decrease in cash and investments.

Acquisition-related growth also supported higher deposit, borrowing and net worth growth rates for Bradford Bancorp. Deposit and borrowing growth rates posted by the Company equaled 41.3% and 154.1%, respectively, versus a 5.0% increase in deposits and an 8.9% decrease in borrowings for the Peer Group. The Peer Group's 5.6% capital growth rate reflects the retention of earnings partially offset by dividend payments and stock repurchases. Comparatively, the Company's significantly higher capital growth rate of 29.9% was substantially attributable to the increase in capital that will result from the issuance of stock to fund 50% of the consideration to be paid for the acquisition of Patapsco Bancorp. However, as the result of the goodwill and intangibles that will be created by the Patapsco Bancorp acquisition, as well as goodwill and intangibles created by the acquisition of Valley Bancorp, the Company's tangible net worth growth rate reflected a decline of 32.4%.

Income and Expense Components

Table 3.3 displays comparable statements of operations for the Company and the Peer Group, based on earnings for the twelve months ended June 30, 2007. The Company's earnings have been adjusted to reflect the pro forma impact of the Patapsco Bancorp acquisition, unless otherwise noted. For the period shown in Table 3.3, Bradford Bancorp reported a net loss to average assets ratios of 0.14% versus a net income to average assets ratio of 0.64% for the Peer Group. The Peer Group's higher return was realized through higher net interest income, lower operating expenses, higher non-interest operating income, lower loss provisions and higher non-operating income.

The Peer Group's slightly higher net interest margin was the result of a lower interest expense ratio, which was substantially offset by the Company's higher interest income ratio. The Company higher interest income ratio was supported by a higher yield on interest-earning assets (6.49% versus 6.16% for the Peer Group), which was somewhat negated by the Peer Group's higher concentration of assets maintained in interest-earning assets and the pro forma reduction in the Company's interest income resulting from funding the cash consideration for the Patapsco Bancorp acquisition. The Peer Group lower interest expense ratio was supported by a lower cost of funds than maintained by the Company (3.56% versus 3.97% for the Company), as well as maintenance of a lower level of interest-bearing liabilities as a percent of assets. Yields and costs reflected for the Company were calculated on a stand alone basis. Overall, Bradford Bancorp and the Peer Group reported net interest income to average assets ratios of 2.69% and 2.71%, respectively.

In another key area of core earnings strength, the Company maintained a higher level of operating expenses than the Peer Group. Bradford Bancorp's operating expense to average assets ratio, including the expense of amortizing intangibles, equaled 2.67% for the twelve month period, versus a comparable ratio of 2.22% for the Peer Group. The Company's higher operating expense ratio was attributable to a higher level of general and administrative expenses, as well as the more significant expense impact of amortizing intangibles. Bradford Bancorp's higher level of general and administrative expenses can in part be explained by maintenance of a comparatively higher number of employees relative to its asset size. Before factoring in any

Table 3.3
Income as Percent of Average Assets and Yields, Costs, Spreads
Comparable Institution Analysis
For the 12 Months Ended June 30, 2007

	Net Interest Income				Other Income				G&A/Other Exp.				Non-Op. Items				Yields, Costs, and Spreads				MEMO: Effective Tax Rate
	Net Income	Income Expense	NI Provis.	Loss on IEA	NI After Provis.	Loan Fees	R.E. Oper.	Other Income	Total Income	G&A Expense	Goodwill Amort.	Net Gains	Extrao. Items	Yield On Assets	Cost Of Funds	Yld-Cost Spread	MEMO: Assets/ FTE Emp.				
<u>Bradford Bancorp., Inc.</u> June 30, 2007	-0.14%	5.92%	3.23%	2.69%	0.18%	2.51%	0.00%	0.25%	0.25%	2.47%	0.20%	-0.24%	0.00%	6.49%	3.97%	2.52%	\$4,611	0.79%			
<u>All Public Companies</u>																					
Averages	0.50%	5.83%	3.09%	2.73%	0.11%	2.63%	0.03%	0.00%	0.62%	2.57%	0.02%	0.07%	0.00%	6.19%	3.58%	2.82%	\$5,493	32.41%			
Medians	0.55%	5.74%	3.10%	2.72%	0.06%	2.61%	0.00%	0.50%	0.52%	2.49%	0.00%	0.01%	0.00%	6.05%	3.62%	2.87%	\$4,443	32.63%			
<u>State of MD</u>																					
Averages	1.16%	7.21%	3.59%	3.62%	0.06%	3.56%	0.09%	0.07%	0.26%	2.20%	0.00%	0.10%	0.00%	7.55%	4.08%	3.47%	\$7,651	37.58%			
Medians	1.16%	7.21%	3.59%	3.62%	0.06%	3.56%	0.09%	0.07%	0.26%	2.20%	0.00%	0.10%	0.00%	7.55%	4.08%	3.47%	\$7,651	37.58%			
<u>Comparable Group</u>																					
Averages	0.64%	5.87%	3.16%	2.71%	0.05%	2.66%	0.03%	0.01%	0.41%	2.20%	0.02%	0.01%	0.01%	6.16%	3.56%	2.60%	\$6,028	30.10%			
Medians	0.59%	5.60%	3.07%	2.88%	0.05%	2.90%	0.00%	0.00%	0.47%	2.35%	0.00%	0.03%	0.00%	5.92%	3.77%	2.86%	\$5,804	32.36%			
<u>Comparable Group</u>																					
ABNJ American Bancorp of NJ	0.18%	5.25%	2.89%	2.36%	0.08%	2.28%	0.00%	0.00%	0.25%	2.27%	0.00%	0.01%	0.00%	5.50%	3.75%	1.75%	\$7,701	33.29%			
ESBK Elmira Savings Bank, FSB of NY(1)	0.47%	5.61%	2.85%	2.76%	-0.09%	2.85%	0.00%	0.00%	0.53%	2.49%	0.03%	-0.23%	0.00%	5.87%	3.07%	2.80%	\$4,179	25.13%			
FSBI Fidelity Bancorp, Inc. of PA	0.57%	5.54%	3.61%	1.93%	0.11%	1.82%	0.05%	-0.02%	0.44%	1.70%	0.01%	0.06%	0.06%	5.72%	3.88%	1.83%	\$4,979	19.64%			
FKFS First Keystone Financial, Inc. of PA	0.13%	5.46%	3.51%	1.85%	0.16%	1.79%	0.00%	0.00%	0.65%	2.43%	0.00%	-0.05%	0.00%	5.82%	3.79%	2.03%	\$4,522	NM			
HARL Harleysville Savings Fin. Corp. of PA	0.43%	5.19%	3.67%	1.53%	0.00%	1.53%	0.00%	0.21%	0.21%	1.21%	0.00%	0.02%	0.00%	5.38%	3.95%	1.44%	\$9,048	20.51%			
PBCI Pamrapo Bancorp, Inc. of NJ	0.87%	5.86%	2.74%	3.12%	0.06%	3.07%	0.01%	0.00%	0.38%	2.14%	0.00%	0.07%	0.00%	5.97%	3.05%	2.92%	\$6,629	37.25%			
SVBI Severn Bancorp, Inc. of MD	1.54%	7.83%	3.93%	4.00%	0.19%	3.81%	0.00%	0.00%	0.50%	1.73%	0.00%	0.03%	0.00%	8.28%	4.37%	3.92%	\$7,651	41.06%			
THRD TF Financial Corp. of Newtown PA	0.80%	5.73%	2.57%	3.16%	0.00%	3.16%	0.01%	0.00%	0.51%	2.62%	0.00%	0.05%	0.00%	6.02%	2.89%	3.13%	\$3,513	27.61%			
WSB Washington SB, FSB of Bowie MD(1)	0.77%	6.50%	3.26%	3.24%	-0.07%	3.31%	0.19%	0.14%	0.02%	2.67%	0.00%	0.16%	0.00%	6.82%	3.80%	3.02%	NM	34.09%			
WFBC Willow Financial Bancorp Inc. of PA	0.60%	5.58%	2.59%	2.99%	0.04%	2.95%	0.00%	0.02%	0.66%	2.70%	0.13%	0.01%	0.00%	6.21%	3.02%	3.18%	NM	32.36%			

(1) Financial information is for the quarter ending March 31, 2007.

Source: Audited and unaudited financial statements, corporate reports and offering circulars, and RP® Financial, LC. calculations. The information provided in this table has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

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staffing reductions that may result following the acquisition, assets per full time equivalent employee equaled \$4.6 million for the Company versus a comparable measure of \$6.0 million for the Peer Group.

When viewed together, net interest income and operating expenses provide considerable insight into a thrift's earnings strength, since those sources of income and expenses are typically the most prominent components of earnings and are generally more predictable than losses and gains realized from the sale of assets or other non-recurring activities. In this regard, as measured by their expense coverage ratios (net interest income divided by operating expenses), the Company's earnings were not as strong as the Peer Group's. Expense coverage ratios posted by Bradford Bancorp and the Peer Group equaled 1.01x and 1.22x, respectively. An expense coverage ratio of greater than 1.0x indicates that an institution is able to sustain pre-tax profitability without having to rely on non-interest sources of income.

Sources of non-interest operating income were a larger contributor to the Peer Group's earnings, with such income amounting to 0.25% and 0.45% of Bradford Bancorp's and the Peer Group's average assets, respectively. The Company's lower level of non-interest operating income is indicative of an institution with a deposit base that is concentrated in CDs rather than fee generating transaction accounts. Taking non-interest operating income into account in comparing the Company's and the Peer Group's core earnings, Bradford Bancorp's efficiency ratio of 84.0% was less favorable than the Peer Group's efficiency ratio of 69.6%.

Loan loss provisions had a more significant impact on the Company's earnings, amounting to 0.18% and 0.05% of the Company's and the Peer Group's average assets, respectively. The higher level of loss provisions established by the Company was consistent with its greater degree of diversification into higher risk types of lending.

Net gains were a nominal factor in the Peer Group's earnings, while, as the result of one time merger related expenses, the Company recorded non-operating losses equal to 0.24% of average assets. Given the generally non-recurring nature of non-operating gains and losses, such gains and losses are substantially discounted in the evaluation of an institution's core earnings.

Taxes had a larger impact on the Peer Group's earnings, as Bradford Bancorp and the Peer Group posted effective tax rates of 0.79% and 30.10%, respectively.

Loan Composition

Table 3.4 presents data related to the Company's and the Peer Group's loan portfolio compositions, as well as data pertaining to investments in mortgage-backed securities, loans serviced for others and risk-weighted assets. Bradford Bancorp's ratios include the pro forma impact of the Patapsco Bancorp acquisition. The information presented for the Company and the Peer Group reflect data as of June 30, 2007, unless otherwise indicated for the Peer Group companies. In comparison to the Peer Group, the Company's loan portfolio composition reflected a lower concentration in the aggregate of 1-4 family residential mortgage loans and mortgage-backed securities (38.7% of assets versus 53.2% for the Peer Group). In comparison to Bradford Bancorp, the Peer Group maintained higher concentrations of both mortgage-backed securities and 1-4 family loans. Loans serviced for others represented a slightly more significant off-balance sheet item for the Peer Group, both in terms of balance of loans serviced (\$28.8 million versus \$18.8 million for the Company) and as a percent of assets on-balance sheet assets (4.0% versus 2.3% for the Company). Relatively small balances of loans serviced for others translated into modest balances of loan servicing intangibles for the Company and the Peer Group.

Diversification into higher risk types of lending was generally more significant for the Company, with the exception of commercial real estate loans. Commercial real estate loans represented the most significant area of loan portfolio diversification for the Peer Group, with such loans equaling 13.6% of the Peer Group's assets. Comparatively, Bradford Bancorp's commercial real estate loan portfolio equaled 11.3% of assets. Construction/land loans, equal to 13.7% of assets, constituted the most significant area of lending diversification for the Company versus 8.6% of assets for the Peer Group. Commercial business loans and consumer loans were also more significant areas of lending diversification for the Company. Consistent with the Company's more significant lending diversification into higher risk types of loans, Bradford Bancorp's risk weighted assets-to-assets ratio of 69.1% exceeded the comparable Peer Group ratio of 60.0%.

Table 3.4
Loan Portfolio Composition and Related Information
Comparable Institution analysis
As of June 30, 2007

Institution	Portfolio Composition as a Percent of Assets							RWAA Assets (%)	Serviced For Others (\$000)	Servicing Assets (\$000)
	MBS (%)	1-4 Family (%)	Constr. & Land (%)	5+Unit Comm RE (%)	Commerc. Business (%)	Consumer (%)	RWA/ Assets (%)			
Bradford Bancorp, Inc.	5.09%	33.57%	13.72%	11.34%	11.08%	10.03%	69.12%	\$18,800	\$95	
<u>All Public Companies</u>										
Averages	10.14%	37.21%	6.65%	18.28%	4.22%	3.02%	63.46%	\$1,297,195	\$15,314	
Medians	7.65%	35.79%	4.21%	16.53%	2.55%	0.71%	63.75%	\$31,660	\$113	
<u>State of MD</u>										
Averages	6.13%	27.48%	28.52%	13.71%	1.47%	0.14%	71.13%	\$23,495	\$0	
Medians	6.13%	27.48%	28.52%	13.71%	1.47%	0.14%	71.13%	\$23,495	\$0	
<u>Comparable Group</u>										
Averages	14.08%	39.14%	8.56%	13.56%	3.01%	2.11%	60.01%	\$28,784	\$126	
Medians	12.66%	40.52%	4.86%	13.39%	1.79%	0.33%	58.37%	\$27,060	\$49	
<u>Comparable Group</u>										
ABNJ American Bancorp of NJ	8.79%	53.47%	4.09%	14.29%	1.36%	0.13%	52.83%	\$20,460	\$98	
ESBK Elmira Savings Bank, FSB of NY(1)	11.11%	30.12%	0.44%	10.07%	9.45%	10.11%	61.63%	\$70,020	\$398	
FSBI Fidelity Bancorp, Inc. of PA	13.30%	41.84%	4.80%	11.42%	3.43%	0.39%	54.81%	\$0	\$0	
FKFS First Keystone Financial, Inc. of PA	20.22%	39.21%	4.92%	12.49%	4.59%	0.27%	63.04%	\$49,660	\$272	
HARL Hanleysville Savings Fin. Corp. of PA	27.57%	49.26%	0.59%	0.64%	0.74%	0.16%	49.69%	\$3,880	\$0	
PBCI Pamrapo Bancorp, Inc. of NJ	22.27%	44.51%	2.08%	23.49%	1.42%	0.39%	57.36%	\$280	\$0	
SVBI Severn Bancorp, Inc. of MD	0.25%	32.23%	35.99%	23.07%	0.78%	0.17%	83.19%	\$46,470	\$0	
THRD TF Financial Corp. of Newtown PA	12.40%	50.80%	5.74%	15.65%	0.95%	0.53%	57.67%	\$33,660	\$279	
WSB Washington SB, FSB of Bowie MD(1)	12.01%	22.74%	21.04%	4.36%	2.15%	0.12%	59.07%	\$520	\$0	
WFBC Willow Financial Bancorp Inc. of PA	12.92%	27.23%	5.87%	20.15%	5.22%	8.84%	60.84%	\$62,890	\$209	

(1) Financial information is for the quarter ending March 31, 2007.

Source: Audited and unaudited financial statements, corporate reports and offering circulars, and RP[®] Financial, L.C. calculations.

The information provided in this table has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

Interest Rate Risk

Table 3.5 reflects various key ratios highlighting the relative interest rate risk exposure of the Company versus the Peer Group companies. The Company's ratios for "Balance Sheet Measures" reflect the pro forma impact of the Patapsco Bancorp acquisition. The "Quarterly Change In Net Interest Income" figures reflect Bradford Bancorp's operations only, due to the absence of data for the merged entity. Additionally, the historical fluctuations in the net interest margins of Patapsco Bancorp are considered to be less meaningful for purposes of analyzing interest rate risk of the combined entity, since the interest rate sensitive assets and liabilities of Patapsco Bancorp will be marked-to-market based on prevailing interest rates at the time the acquisition becomes effective.

In terms of balance sheet composition, Bradford Bancorp's interest rate risk characteristics were considered to be less favorable than the Peer Group's. Most notably, Bradford Bancorp's lower tangible capital position and lower IEA/IBL ratio indicate a greater dependence on the yield-cost spread to sustain the net interest margin. Likewise, the Peer Group's lower level of non-interest earning assets represented a positive consideration in terms of capacity to generate higher interest income than the Company. On a pro forma basis, the infusion of stock proceeds should serve to narrow the differences between the Company's and the Peer Group's ratios, although, due to the Company's higher level of goodwill and intangibles, the Company will continue to maintain a higher ratio for non-interest earning assets.

To analyze interest rate risk associated with the net interest margin, we reviewed quarterly changes in net interest income as a percent of average assets for Bradford Bancorp and the Peer Group. In general, the relative fluctuations in the Company's and the Peer Group's net interest income to average assets ratios were considered to be fairly comparable and, thus, based on the interest rate environment that prevailed during the period analyzed in Table 3.5, Bradford Bancorp and the Peer Group were viewed as maintaining a similar degree of interest rate risk exposure in their respective net interest margins. The stability of the Company's net interest margin should be enhanced by the infusion of stock proceeds, as interest rate sensitive liabilities will be funding a lower portion of Bradford Bancorp's assets and the proceeds will be substantially deployed into interest-earning assets.

Table 3.5
Interest Rate Risk Measures and Net Interest Income Volatility
Comparable Institution Analysis
As of June 30, 2007 or Most Recent Date Available

Institution	Balance Sheet Measures		Quarterly Change in Net Interest Income (change in net interest income is annualized in basis points)							
	Equity/ Assets (%)	IEA/ IBL Assets (%)	6/30/2007	3/31/2007	12/31/2006	9/30/2006	6/30/2006	3/31/2006	3/31/2006	
Bradford Bancorp, Inc.	2.6%	100.7%	8.2%	-17	-1	-13	-19	4	6	
All Public Companies	11.3%	110.0%	5.6%	1	0	-8	-6	-3	0	
State of MD	12.3%	108.8%	5.2%	-26	-6	-29	-14	4	-20	
<u>Comparable Group</u>										
Averages	9.3%	107.2%	4.9%	-8	-2	-15	-12	-1	-4	
Medians	7.9%	105.8%	4.8%	-7	-2	-15	-13	-1	-2	
<u>Comparable Group</u>										
ABNJ American Bancorp of NJ	18.8%	118.7%	5.1%	-7	-17	-14	-7	-3	7	
ESBK Elmira Savings Bank, FSB of NY(1)	6.5%	103.9%	3.5%	NA	11	-23	-17	-6	2	
FSBI Fidelity Bancorp, Inc. of PA	5.9%	104.6%	3.2%	2	9	-1	0	-4	4	
FKFS First Keystone Financial, Inc. of PA	6.5%	102.4%	5.8%	-10	12	-11	-17	-2	3	
HARL Hanleysville Savings Fin. Corp. of PA	6.3%	103.9%	3.7%	-7	7	-12	-11	1	11	
PBCI Pamrapo Bancorp, Inc. of NJ	9.2%	109.5%	1.8%	-12	-4	-19	-11	-11	-5	
SVBI Severn Bancorp, Inc. of MD	9.9%	106.7%	4.6%	-26	-9	-21	-14	2	-9	
THRD TF Financial Corp. of Newtown PA	9.3%	107.0%	5.0%	-6	-29	2	-5	7	-11	
WSB Washington SB, FSB of Bowie MD(1)	14.7%	111.0%	5.8%	NA	-3	-37	-14	6	-31	
WFBC Willow Financial Bancorp Inc. of PA	6.2%	104.8%	10.2%	1	-1	-16	-20	1	-14	

(1) Financial information is for the quarter ending March 31, 2007.
NA=Change is greater than 100 basis points during the quarter.

Source: Audited and unaudited financial statements, corporate reports and offering circulars, and RP® Financial, LC. calculations. The information provided in this table has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

Credit Risk

Overall, the credit risk factors associated with Bradford Bancorp's and the Peer Group's balance sheets implied a slightly greater degree of credit risk exposure for Bradford Bancorp. Bradford Bancorp's ratios include the pro forma impact of the Patapsco Bancorp acquisition. As shown in Table 3.6, Bradford Bancorp's ratio of non-performing assets and accruing loans that are more than 90 days past due as a percent of assets approximated the Peer Group's ratio (0.45% versus 0.43% for the Peer Group). Bradford Bancorp's non-performing loans-to-loans ratio, which does not include accruing loans that are more than 90 days past due, was slightly higher than the Peer Group's ratio (0.51% versus 0.40% for the Peer Group). Loss reserves were stronger for the Peer Group relative to non-performing loans (174.7% versus 115.4% for the Company) and loans (0.77% versus 0.59% for the Company). Net loan charge-offs were slightly higher for the Peer Group, equal to 0.07% and 0.14% of the Company's and the Peer Group's respective loan balances.

Summary

Based on the above analysis, RP Financial concluded that the Peer Group forms a reasonable basis for determining the pro forma market value of Bradford Bancorp. Such general characteristics as asset size, capital position, interest-earning asset composition, funding composition, core earnings measures, loan composition, credit quality and exposure to interest rate risk all tend to support the reasonability of the Peer Group from a financial standpoint. Those areas where differences exist will be addressed in the form of valuation adjustments to the extent necessary.

Table 3.6
Credit Risk Measures and Related Information
Comparable Institution Analysis
As of June 30, 2007 or Most Recent Date Available

Institution	REO/ Assets (%)	NPA's & 90+Del/ Assets (%)	NPL's/ Loans (%)	Rsvs/ Loans (%)	Rsvs/ NPL's (%)	Rsvs/ NPA's & 90+Del (%)	Net Loan Chargeoffs (\$'000)	NLCs/ Loans (%)
Bradford Bancorp, Inc.	0.05%	0.45%	0.51%	0.59%	115.35%	103.67%	\$457	0.07%
All Public Companies								
Averages	0.09%	0.60%	0.61%	0.84%	236.18%	205.29%	\$486	0.11%
Medians	0.01%	0.40%	0.43%	0.78%	178.00%	115.61%	\$65	0.03%
State of MD								
Averages	0.15%	0.76%	0.67%	1.15%	188.09%	135.58%	\$31	0.01%
Medians	0.15%	0.76%	0.67%	1.15%	188.09%	135.58%	\$31	0.01%
Comparable Group								
Averages	0.03%	0.43%	0.40%	0.77%	174.67%	254.35%	\$249	0.14%
Medians	0.00%	0.49%	0.50%	0.65%	145.21%	136.57%	\$27	0.02%
Comparable Group								
ABNJ American Bancorp of NJ	0.00%	NA	NA	0.57%	NA	NA	\$0	0.00%
ESBK Elmira Savings Bank, FSB of NY(1)	0.01%	0.06%	0.09%	0.65%	425.98%	789.90%	\$80	0.13%
FSBI Fidelity Bancorp, Inc. of PA	0.01%	NA	0.57%	0.63%	102.32%	NA	\$33	0.03%
FKFS First Keystone Financial, Inc. of PA	0.00%	0.49%	0.44%	1.05%	194.00%	136.57%	\$391	0.51%
HARL Harleysville Savings Fin. Corp. of PA	0.00%	0.06%	0.06%	0.47%	NA	394.73%	\$3	0.00%
PBCI Pamrapo Bancorp, Inc. of NJ	0.00%	0.60%	0.15%	0.67%	80.22%	73.42%	\$0	0.00%
SVBI Severn Bancorp, Inc. of MD	0.06%	0.76%	0.67%	1.15%	188.09%	135.58%	\$17	0.01%
THRD TF Financial Corp. of Newtown PA	0.00%	0.42%	0.56%	0.57%	57.40%	103.13%	\$20	0.02%
WSB Washington SB, FSB of Bowie MD(1)	0.23%	NA	NA	NA	NA	NA	\$45	0.00%
WFBC Willow Financial Bancorp Inc. of PA	0.00%	0.59%	0.68%	1.16%	NA	147.14%	\$1,902	0.73%

(1) Financial information is for the quarter ending March 31, 2007.

Source: Audited and unaudited financial statements, corporate reports and offering circulars, and RP[®] Financial, L.C. calculations. The information provided in this table has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

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IV. VALUATION ANALYSIS

Introduction

This chapter presents the valuation analysis and methodology, prepared pursuant to the regulatory valuation guidelines, and valuation adjustments and assumptions used to determine the estimated pro forma market value of the common stock to be issued in conjunction with the Company's conversion transaction.

Appraisal Guidelines

The OTS written appraisal guidelines specify the market value methodology for estimating the pro forma market value of an institution pursuant to a mutual-to-stock conversion. Pursuant to this methodology: (1) a peer group of comparable publicly-traded institutions is selected; (2) a financial and operational comparison of the subject company to the peer group is conducted to discern key differences; and (3) a valuation analysis in which the pro forma market value of the subject company is determined based on the market pricing of the peer group as of the date of valuation, incorporating valuation adjustments for key differences. In addition, the pricing characteristics of recent conversions, both at conversion and in the aftermarket, must be considered.

RP Financial Approach to the Valuation

The valuation analysis herein complies with such regulatory approval guidelines. Accordingly, the valuation incorporates a detailed analysis based on the Peer Group, discussed in Chapter III, which constitutes "fundamental analysis" techniques. Additionally, the valuation incorporates a "technical analysis" of recently completed stock conversions, including closing pricing and aftermarket trading of such offerings. It should be noted that these valuation analyses cannot possibly fully account for all the market forces which impact trading activity and pricing characteristics of a particular stock on a given day.

The pro forma market value determined herein is a preliminary value for the Company's to-be-issued stock. Throughout the conversion process, RP Financial will: (1) review changes in the operations and financial conditions of the combined institutions; (2) monitor the operations and financial conditions of the combined institutions relative to the Peer Group to identify any fundamental changes; (3) monitor the external factors affecting value including, but not limited to, local and national economic conditions, interest rates, and the stock market environment, including the market for thrift stocks; and (4) monitor pending conversion offerings (including those in the offering phase), both regionally and nationally. If material changes should occur during the conversion process, RP Financial will evaluate if updated valuation reports should be prepared reflecting such changes and their related impact on value, if any. RP Financial will also prepare a final valuation update at the closing of the offering to determine if the prepared valuation analysis and resulting range of value continues to be appropriate.

The appraised value determined herein is based on the current market and operating environment for the Company and for all thrifts. Subsequent changes in the local and national economy, the legislative and regulatory environment, the stock market, interest rates, and other external forces (such as natural disasters or major world events), which may occur from time to time (often with great unpredictability) may materially impact the market value of all thrift stocks, including Bradford Bancorp's value, or Bradford Bancorp's value alone. To the extent a change in factors impacting the Company's value can be reasonably anticipated and/or quantified, RP Financial has incorporated the estimated impact into the analysis.

Valuation Analysis

A fundamental analysis discussing similarities and differences relative to the Peer Group was presented in Chapter III. The following sections summarize the key differences between the Company and the Peer Group, incorporating the Patapsco Bancorp acquisition, and how those differences affect the pro forma valuation. Emphasis is placed on the specific strengths and weaknesses of the Company relative to the Peer Group in such key areas as financial condition, profitability, growth and viability of earnings, asset growth, primary market area, dividends, liquidity of the shares, marketing of the issue, management, and the effect of government regulations and/or regulatory reform. We have also considered the market for thrift stocks,

including the market for new issues, to assess the impact on value of Bradford Bancorp coming to market at this time.

1. Financial Condition

The financial condition of an institution is an important determinant in pro forma market value, because investors typically look to such factors as liquidity, capital, asset composition and quality, and funding sources in assessing investment attractiveness. The similarities and differences in the Company's and the Peer Group's financial strengths are noted as follows:

- o Overall A/L Composition. Loans funded by retail deposits were the primary components of the Company's and Peer Group's balance sheets. The Company's interest-earning asset composition exhibited a higher concentration of loans and a greater degree of diversification into higher risk and higher yielding types of loans. Overall, the Company's risk weighted assets-to-assets ratio was higher than the Peer Group's ratio. Bradford Bancorp's funding composition reflected a higher level of deposits and a lower level of borrowings in comparison to the Peer Group's ratios. Overall, as a percent of assets, the Company maintained a lower level of interest-earning assets and a higher level of interest-bearing liabilities relative to the Peer Group's measures, which resulted in a higher IEA/IBL ratio for the Peer Group. The infusion of stock proceeds should serve to increase the Company's IEA/IBL ratio to a ratio that is more comparable to the Peer Group's ratio, although the Company will continue to maintain a higher level of non-interest earning assets compared to the Peer Group. The Company's higher level of non-interest earning assets is largely due to the higher level of goodwill and intangibles that will be maintained by the Company following the acquisition of Patapsco Bancorp. On balance, RP Financial concluded that the Company's pro forma asset/liability composition was a neutral factor in our adjustment for financial condition.
- o Credit Quality. In comparison to the Peer Group, the Company maintained a similar ratio of non-performing assets-to-assets and a slightly higher ratio of non-performing loans-to-loans. Reserves as a percent of non-performing loans and as a percent of loans were higher for the Peer Group. Net loan charge-offs were slightly higher for the Peer Group. The Company's more significant diversification into higher risk types of lending translated in a higher risk weighted assets-to-assets ratio for the Company. Overall, RP Financial concluded that credit quality was a slightly negative factor in our adjustment for financial condition.
- o Balance Sheet Liquidity. The Company operated with a lower level of cash and investment securities relative to the Peer Group (13.1% of assets versus 28.7% for

the Peer Group). The Company's cash and investments ratio reflects the reduction in cash and investments to fund the cash consideration to be paid for the acquisition of Patapsco Bancorp, but does not reflect the impact of the stock offering. Accordingly, after taking into account the pro forma impact of the stock offering, the Company's cash and investments ratio will be more comparable to the Peer Group's ratio. The Company's future borrowing capacity was considered to be slightly greater than the Peer Group's, based on Bradford Bancorp's current lower utilization of borrowings. Overall, RP Financial concluded that this was a neutral factor in our adjustment for financial condition.

- o Funding Liabilities. The Company's interest-bearing funding composition reflected a higher concentration of deposits and a lower concentration of borrowings relative to the comparable Peer Group ratios. However, due to the high concentration of the Company's deposits maintained in CDs, the Peer Group maintained a lower cost of funds than the Company. In total, the Company maintained a higher level of interest-bearing liabilities than the Peer Group, which was attributable to Bradford Bancorp's lower capital position. Following the stock offering, the increase in the Company's capital position should serve to reduce the level of interest-bearing liabilities funding assets to a ratio that is more comparable to the Peer Group's ratio. Overall, based on the Peer Group's lower cost of funds, we concluded that this was a neutral factor in our adjustment for financial condition.
- o Capital. The Company maintains lower pre-conversion capital ratios than the Peer Group on a reported basis and on a tangible capital basis. After factoring in stock proceeds, the Company's and the Peer Group's tangible capital positions should be fairly comparable. Accordingly, RP Financial concluded that capital strength was a neutral factor in our adjustment for financial condition.

On balance, Bradford Bancorp's pro forma balance sheet strength was considered to be less favorable than the Peer Group's. Accordingly, a slight downward adjustment was warranted for the Company's financial condition.

2. Profitability, Growth and Viability of Earnings

Earnings are a key factor in determining pro forma market value, as the level and risk characteristics of an institution's earnings stream and the prospects and ability to generate future earnings heavily influence the multiple the investment community will pay for earnings. The major factors considered in the valuation are described below.

- o Reported Earnings. The Company's reported earnings were lower than the Peer Group's on a ROAA basis (net loss of 0.14% of average assets versus net income

of 0.64% for the Peer Group). A slightly higher net interest margin, a higher level of non-interest operating income, a lower level of loss provisions, a lower level of operating expenses and a higher level of non-operating income supported the Peer Group's higher return. Reinvestment of stock proceeds into interest-earning assets will serve to increase the Company's earnings, with the benefit of reinvesting proceeds expected to be somewhat offset by operating expenses associated with operating as a publicly-traded company and the implementation of stock benefit plans. Overall, the Company's reported earnings were considered to be less favorable than the Peer Group's and, thus, the Company's reported earnings were considered as a slightly negative factor in our adjustment for the Company's profitability growth and viability of earnings.

- o Core Earnings. Both the Company's and the Peer Group's earnings were derived largely from recurring sources, including net interest income, operating expenses, and non-interest operating income. In these measures, the Company operated with a lower net interest margin, a lower level of non-interest operating income and a higher operating expense ratio (excluding non-recurring merger expenses). The Company's lower net interest margin and higher level of operating expenses translated into a lower expense coverage ratio (1.01x versus 1.23x for the Peer Group). Similarly, the Company's efficiency ratio of 84.0% was less favorable than the Peer Group's efficiency ratio of 69.6%. In calculating the Company's expense coverage and efficiency ratios, non-recurring merger related expenses have been excluded from operating expenses. Loss provisions had a more significant impact on the Company's earnings and the Company maintained a lower effective tax rate than the Peer Group. Overall, these measures, as well as the expected earnings benefit the Company should realize from the redeployment of stock proceeds into interest-earning assets net of the additional expenses associated with the stock benefit plans, indicate that the Company's core earnings were less favorable than the Peer Group's. Accordingly, the Company's core earnings were considered a slightly negative factor in our adjustment for the Company's profitability growth and viability of earnings.
- o Interest Rate Risk. Quarterly changes in the Company's and the Peer Group's net interest income to average assets ratios indicated that the degree of volatility associated with the Company's and the Peer Group's net interest margins were fairly comparable during the period analyzed. Other measures of interest rate risk, such as capital ratios, IEA/IBL ratios, and the level of non-interest earning assets-to-total assets were more favorable for the Peer Group, thereby indicating a lower dependence on the yield-cost spread to sustain net interest income. On a pro forma basis, the Company's capital position and IEA/IBL ratio will be enhanced by the infusion of stock proceeds and should narrow the current advantages reflected in the Peer Group's ratios. However, as the result of the Company's higher level of non-interest earning assets, the Company will need to maintain a higher yield-cost spread to sustain a comparable level of net interest income as the Peer Group. Overall, RP Financial concluded that interest rate risk

was a slightly negative factor in our adjustment for profitability, growth and viability of earnings.

- o Credit Risk. Loan loss provisions were a larger factor in the Company's earnings (0.18% of average assets versus 0.05% for the Peer Group). In terms of future exposure to credit quality related losses, the Company maintained a higher concentration of loans and lending diversification into higher risk types of loans was more significant for the Company. In comparison to the Peer Group, the Company's credit quality measures showed a comparable ratio for non-performing assets and a higher ratio for non-performing loans. The Peer Group maintained stronger reserve coverage ratios than the Company. Overall, RP Financial concluded that earnings credit risk was a slightly negative factor in our adjustment for profitability, growth and viability of earnings.
- o Earnings Growth Potential. Several factors were considered in assessing earnings growth potential. First, earnings growth facilitated by acquisition related growth was considered to be more favorable for the Company pursuant to the increase in earnings that will be provided by the acquisition of Patapsco Bancorp. Second, following the infusion of stock proceeds, the Company's earnings growth potential with respect to leverage capacity will be comparable to the Peer Group's leverage capacity. Lastly, the Company's less diversified operations into areas that generate non-interest operating income implies less favorable earnings growth potential and sustainability of earnings during periods when net interest margins come under pressure as the result of higher interest rates. Overall, the Company's earnings growth potential appears to be slightly more favorable than the Peer Group's, and, thus, we concluded that this was a slightly positive factor in our adjustment for profitability, growth and viability of earnings.
- o Return on Equity. The Company's pro forma return on equity will be below the comparable averages for the Peer Group and the industry, which will be attributable to a combination of Bradford Bancorp's lower pro forma return on assets and higher pro forma capital position on a reported basis. In view of the lower capital growth rate that will be imposed by Bradford Bancorp's lower ROE, we concluded that this was a slightly negative factor in the adjustment for profitability, growth and viability of earnings.

Overall, the upward adjustment applied for the Company's earnings growth potential was more than offset by the downward adjustments applied for the Company's reported earnings, core earnings, credit risk, interest rate risk and return on equity. Accordingly, RP Financial concluded that a slight downward valuation adjustment was warranted for the Company's profitability, growth and viability of earnings.

3. Asset Growth

As the result of the acquisition related growth, Bradford Bancorp's asset growth was significantly stronger than the Peer Group's asset growth. The Company's organic asset growth was also stronger than the asset growth reflected for the Peer Group, which was supported by the Company's loan growth. On a pro forma basis, the Company's tangible equity-to-assets ratio will be fairly comparable to the Peer Group's ratio, indicating similar leverage capacity as maintained by the Peer Group. The expansion of market area and customer base resulting from the Patapsco Bancorp acquisition should also facilitate growth opportunities for the Company. On balance, we believe a moderate upward adjustment was warranted for this factor.

4. Primary Market Area

The general condition of an institution's market area has an impact on value, as future success is in part dependent upon opportunities for profitable activities in the local market served. Bradford Bancorp's primary market area for loans and deposits is considered to be Baltimore County, which incorporates the markets served by Patapsco Bancorp as well. Baltimore County has experienced growth in population and household income since 2000, with such growth falling slightly below the comparable Maryland and U.S. growth rates. Household income for Baltimore County was below and above the comparable respective measures for Maryland and the U.S., while Baltimore County's per capita income approximated Maryland's per capita income and exceeded the U.S. per capita income measure.

Overall, the markets served by the Peer Group companies were viewed as having fairly comparable growth characteristics as the Company's primary market area. On average, the Peer Group companies serve markets with comparable population bases as Baltimore County, which were growing at a slightly slower pace than Baltimore County. The primary market areas served by the Peer Group companies had average and median per capita income measures that approximate Baltimore County's per capita income, while per capita income as a percent of their state averages were higher for the Peer Group companies compared to Baltimore County's per capita income as a percent of Maryland's per capita income. The average and median deposit market shares maintained by the Peer Group companies exceeded the Company's market share

of deposits in Baltimore County. In general, the degree of competition faced by the Peer Group companies was viewed as being comparable to slightly less competitive than the Company's competitive environment. Summary demographic and deposit market share data for the Company and the Peer Group companies is provided in Exhibit III-3. As shown in Table 4.1, Baltimore County's July 2007 unemployment rate was consistent with the majority of unemployment rates indicated for the markets served by the Peer Group companies. On balance, we concluded that no adjustment was appropriate for the Company's market area.

Table 4.1
Market Area Unemployment Rates
Bradford Bancorp, Inc. and the Peer Group Companies (1)

	<u>County</u>	<u>July 2007 Unemployment</u>
Bradford Bancorp, Inc. - MD	Baltimore	4.3%
<u>The Peer Group</u>		
American Bancorp – NJ	Essex	6.3
Elmira Savings Bank - NY	Chemung	4.9
Fidelity Bancorp, Inc. - PA	Allegheny	4.3
First Keystone Financial, Inc. - PA	Delaware	4.2
Harleysville Savings Fin. Corp. – PA	Montgomery	3.6
Pamrapo Bancorp, Inc. - NJ	Hudson	5.9
Severn Bancorp, Inc. – MD	Anne Arundel	3.8
TF Financial Corp. – PA	Bucks	3.9
Washington SB, FSB - MD	Prince George's	4.5
Willow Financial Bancorp - PA	Montgomery	3.6

(1) Unemployment rates are not seasonally adjusted.

Source: U.S. Bureau of Labor Statistics.

5. Dividends

At this time the Company has not established a dividend policy. Future declarations of dividends by the Board of Directors will depend upon a number of factors, including investment opportunities, growth objectives, financial condition, profitability, tax considerations, minimum capital requirements, regulatory limitations, stock market characteristics and general economic conditions.

Nine out of the ten of the Peer Group companies pay regular cash dividends, with implied dividend yields ranging from 1.44% to 5.08%. The average dividend yield on the stocks of the Peer Group institutions equaled 2.94% as of August 31, 2007. As of August 31, 2007, approximately 82% of all publicly-traded thrifts had adopted cash dividend policies (see Exhibit IV-1), exhibiting an average yield of 2.34%. The dividend paying thrifts generally maintain higher than average profitability ratios, facilitating their ability to pay cash dividends.

While the Company has not established a definitive dividend policy prior to converting, the Company will have the capacity to pay a dividend comparable to the Peer Group's average dividend yield based on pro forma earnings and capitalization. On balance, we concluded that no adjustment was warranted for purposes of the Company's dividend policy.

6. Liquidity of the Shares

The Peer Group is by definition composed of companies that are traded in the public markets. Nine of the Peer Group companies trade on the NASDAQ system and Washington SB, FSB trades on the AMEX. Typically, the number of shares outstanding and market capitalization provides an indication of how much liquidity there will be in a particular stock. The market capitalization of the Peer Group companies ranged from \$29.7 million to \$194.1 million as of August 31, 2007, with average and median market values of \$85.3 million and \$67.6 million, respectively. The shares issued and outstanding to the public shareholders of the Peer Group members ranged from 1.5 million to 15.6 million, with average and median shares outstanding of 6.4 million and 4.4 million, respectively. The Company's pro forma market value will be comparable to the Peer Group's average market value, while shares outstanding for the Company will be in the upper end of the range of shares outstanding maintained by the individual Peer Group companies. The Company's stock will be quoted on the NASDAQ Global Market System following the stock offering. Overall, we anticipate that the Company's stock will have a comparable trading market as the Peer Group companies on average and, therefore, concluded no adjustment was necessary for this factor.

7. Marketing of the Issue

We believe that three separate markets exist for thrift stocks, including those coming to market such as Bradford Bancorp: (1) the after-market for public companies, in which trading activity is regular and investment decisions are made based upon financial condition, earnings, capital, ROE, dividends and future prospects; (2) the new issue market in which converting thrifts are evaluated on the basis of the same factors, but on a pro forma basis without the benefit of prior operations as a fully-converted publicly-held company and stock trading history; and (3) the acquisition market for thrift franchises in Maryland. All of these markets were considered in the valuation of the Company's to-be-issued stock.

A. The Public Market

The value of publicly-traded thrift stocks is easily measurable, and is tracked by most investment houses and related organizations. Exhibit IV-1 provides pricing and financial data on all publicly-traded thrifts. In general, thrift stock values react to market stimuli such as interest rates, inflation, perceived industry health, projected rates of economic growth, regulatory issues and stock market conditions. Exhibit IV-2 displays historical stock market trends for various indices and includes historical stock price index values for thrifts and commercial banks. Exhibit IV-3 displays historical stock price indices for thrifts only.

In terms of assessing general stock market conditions, the performance of the overall stock market has been mixed over the past year. Stocks traded in a narrow range before strengthening at the end of August 2006 and into early-September, as oil prices dropped below \$70 a barrel for the first time in two months and the unemployment rate for August dropped to 4.7%. The Dow Jones Industrial Average ("DJIA") moved to a four-month high in mid-September, with further declines in oil prices and the Federal Reserve's decision to leave rates unchanged helping to sustain the positive trend. Stocks retreated modestly heading into late-September, as investors reacted negatively to an economic report showing a slow down in business activity in the Mid-Atlantic region. Lower oil prices and a strong consumer sentiment report helped stocks to rally at the close of the third quarter.

The broader stock market rally was sustained into the fourth quarter of 2006, as the DJIA moved to an all-time high in early-October. Lower oil prices and growing expectations that the next move by the Federal Reserve would be to cut rates extended the stock market rally into mid-October, with the DJIA approaching the 12000 mark. The DJIA closed above 12000 heading into late-October 2006, with optimism about corporate earnings, the Federal Reserve's decision to hold rates steady and lower oil prices sustaining the rally. Despite a slight pullback at the end of October, the 3.4% gain in the DJIA for October was the best monthly gain since November 2005. Stocks continued to edge lower at the beginning of November, but then rebounded strongly in mid-November. Favorable inflation data reflected in wholesale and consumer prices for October, merger news and upbeat comments by the Federal Reserve about interest rates were factors that contributed to the rally in the broader market. Stocks traded in a narrow range ahead of the holiday shopping season in late-November. After posting a big one day loss in late-November on concerns about retail sales, lower oil prices, merger news and favorable economic reports provided a boost to stocks in early-December. The DJIA traded to record highs in mid- and late-December, as stocks benefited from some robust economic reports and investors betting on a strong finish for the year.

Lower oil prices helped to sustain the positive trend in stocks at the start of 2007, which was followed by a mild pullback due to weakness in technology stocks. Optimism about the economy and some favorable earnings reports helped to lift the DJIA to a record high heading into late-January 2007, which was followed by a one day sell-off on a weak housing report and concerns about higher rates. Stocks surged higher at the end of January 2007, as the Federal Reserve's late-January meeting concluded with no change in rates. The broader stock market traded in a narrow range in early-February and then the DJIA rallied to a new record in mid-February. Comments by the Federal Reserve Chairman that helped to alleviate concerns of higher rates, as well as lower oil prices, were factors that contributed to the mid-February rally. Comparatively, higher oil prices contributed to a downturn in stocks heading into late-February. A sell-off in China's stock market turned into a global market sell-off, as the DJIA plunged over 400 points on February 27th.

Stocks recovered some of the losses from the one day sell-off in early-March 2007, as the broader stock market benefited from a rebound in China's stock market. Mounting

troubles for subprime mortgage lenders and weak economic data fueled a sharp downturn in the broader stock market in mid-March. Following the sell-off, merger announcements, rallies in overseas markets and a drop in oil prices supported a rebound in the broader stock market ahead of the March meeting of the Federal Reserve. The Federal Reserve's decision to hold rates steady further strengthened the rebound in the stock market as investors were buoyed by the Federal Reserve's assessment that the economy would continue to expand at a moderate pace. Stocks fluctuated at the close of the first quarter on mixed economic data.

Signs of an improving housing market provided a boost to the stock market at the start of the second quarter 2007, with news of an increase in an index of pending existing home sales during February supporting a one-day gain of more than 120 points in the DJIA. News of Iran's release of British hostages, lower oil prices and a favorable March employment report also contributed to the broader market gains in early-April. The broader market rally continued through most of April, as merger news and strong corporate profits lifted the DJIA above a close of 13000 in late-April. For the month of April, the DJIA closed up 5.7%. Stronger than expected manufacturing data and lower oil prices helped to propel the DJIA to five consecutive record highs in early-May. Following a sharp one day sell-off on a weak retail sales report for April, the positive trend in the broader stock market continued into mid-May. A new wave of corporate deals, lower oil prices and a stronger than expected reading for May consumer confidence were noted factors that help to sustain the rally. Stocks eased lower in late-May, reflecting profit taking and concerns about a pullback in China's stock market. Inflation worries and higher rates pushed stocks lower in early-June, while a strong retail sales report for May triggered a rebound in the stock market in mid-June. Stocks generally traded lower in the second half of June on continued inflation concerns, as well as higher oil prices and weakness in the housing market.

The broader stock market showed a positive trend at the start of third quarter of 2007, with the DJIA closing at record highs in mid-July. A positive report on manufacturing activity in June, healthy job growth reflected in the June employment report and merger news contributed to the stock market rally. A favorable second quarter earnings report by IBM helped the DJIA close above the 14000 mark heading into late-July, which was followed a general downturn in stocks during late-July and early-August. Stocks were driven lower by fears that the

housing slump was spreading to the broader economy and concerns of a widening credit crunch prompted by home mortgage lenders cutting off credit or raising rates for a growing number of borrowers. The stock market turned highly volatile in mid-August, reflecting mixed economic news and the ongoing fallout from the credit crisis. Volatility in the stock market continued to prevail through the end of August, based on concerns about the impact of the credit crunch on the economy and speculation about whether or not the Federal Reserve would cut rates at its September meeting. As an indication of the general trends in the nation's stock markets over the past year, as of August 31, 2007 the DJIA closed at 13357.74 an increase of 17.4% from one year ago and an increase of 7.2% year-to-date, and the NASDAQ closed at 2596.36 an increase of 18.9% from one year ago and an increase of 7.5% year-to-date. The Standard & Poors 500 Index closed at 1473.99 on August 31, 2007 an increase of 13.1% from one year ago and an increase of 3.9% year-to-date.

The market for thrift stocks has been mixed during the past twelve months, but, in general, thrift stocks have underperformed the broader stock market. Thrift stocks trended lower in late-August 2006 reflecting concerns of a slowdown in housing, while a favorable August employment report provided a boost to the thrift sector at the beginning of September. Inflationary fears prompted a brief sell-off in thrift stocks heading into mid-September, which was followed by a rebound as falling oil prices benefited stocks in general.

Thrift stocks advanced at the start of the fourth quarter of 2006, based on economic data that suggested the economy was slowing and comments from the Federal Reserve Chairman that raised hopes of a decline in short-term interest rates. Acquisition news and strength in the broader market sustained the upward trend in thrift stocks into mid-October. Thrift stocks sold off with the broader market at the end of October and into early-November, as economic data showing slower growth raised concerns for some investors. Strength in the broader market supported a rebound in thrift stocks ahead of the national elections. Favorable inflation data boosted thrifts stocks along with the broader market in mid-November. Weaker than expected housing data pressured thrift stocks lower heading into late-November. Merger news, including Bank of New York's announced merger with Mellon Financial Corp., sparked gains in thrift stocks in early-December 2006. Thrift stocks traded in a narrow range through mid-December, as the Federal Reserve left interest rates unchanged as expected. An upbeat

report on home sales helped thrift and bank stocks participate in the broader market rally in late-December.

Thrift stocks traded lower at the beginning of 2007, as a favorable employment report for December reduced expectations of the Federal Reserve cutting interest rates. Mixed fourth quarter earnings reports and investor nervousness ahead of the Federal Reserve meeting provided for a choppy trading market for thrift issues in mid- and late-January. Thrift stocks posted gains in late-January and early-February, as thrift investors reacted favorably to the Federal Reserve's decision to hold rates steady. While the DJIA moved to a new high in mid-February, thrift stocks traded in a narrow range heading into late-February. The late-February sell-off triggered by the downturn in China's stock market hit thrift stocks as well. Selling pressure in thrift stocks increased during the first half of March, as mortgage lenders in general were hurt by the deterioration in market conditions for subprime mortgage lenders. In mid-March, the Mortgage Bankers Association reported that subprime mortgage delinquencies rose to a four year high during the fourth quarter of 2006. Thrift stocks participated in the broader stock market rally following the Federal Reserve's decision to hold rates steady at its March meeting, based on expectations that the economy would continue to expand at a moderate pace. Thrift stocks pulled back in late-March, as lenders were hurt by news that sales of new homes fell for the second straight month in February and consumer confidence dropped in March.

A favorable report on February pending existing home sales sparked gains in thrift stocks at the start of the second quarter of 2007. In contrast to the broader market, thrift stocks trended lower in mid-April as a weak housing market and the overhang of problems in the subprime lending market continued to weigh on the thrift sector. Some positive earnings reports helped to boost thrift stocks heading into the second half of April, but the rally did not match gains posted in the broader market. A late-April report showing a decline in home sales in March served to dampen enthusiasm for thrift stocks, while news of Bank of America's \$21 billion proposed acquisition of LaSalle Bank Corp. had little impact on trading activity among thrift and bank stocks. Thrift stocks headed higher along with the broader stock market in early-May, but did not sustain the upward momentum into mid-May. A disappointing report on the outlook for the housing market weighed on the thrift sector in mid-May, with the National Association of Home Builders report projecting that home sales and housing production would

not begin to improve until late in 2007. Merger news provided a boost to thrift stocks heading into late-May, but the gains were not sustained as thrift stocks traded lower on news of stronger than expected economic data and higher interest rates. A favorable employment report for May boosted thrift stocks at the start of June, which was followed by a general downturn in thrift stocks going into mid-June on higher interest rates. Higher interest rates and lackluster housing data furthered the downward trend in thrift stocks during the second half of June.

The thrift sector continued to struggle at the beginning of the third quarter of 2007 on earnings worries and the widening meltdown in the subprime market as Standard & Poors and Moody's announced plans to downgrade securities backed by subprime mortgages. Bargain hunting and strength in the broader market supported a brief rebound in thrift stocks in mid-July, which was followed a sharp sell-off on fears of spreading subprime problems and some second quarter earnings reports showing deterioration in credit quality. A disappointing second quarter earnings report by Countrywide Financial and a larger-than-expected decline in new home sales knocked thrift equities lower in late-July. The downturn in thrift stocks continued into the beginning of August on news that American Home Mortgage Investment Corp. was shutting down operations due to liquidity problems. Thrift stocks participated in the volatility exhibited in the broader market in mid-August, but, in general, the downward trend in thrift equities continued during the first half of August. Thrift equities benefited from the mid-August discount rate cut by the Federal Reserve and then fluctuated along with the broader market through the end of August based on speculation over the outcome of the Federal Reserve's next meeting. On August 31, 2007, the SNL Index for all publicly-traded thrifts closed at 1,537.5 a decrease of 8.7% from one year ago and a decrease of 16.0% year-to-date.

B. The New Issue Market

In addition to thrift stock market conditions in general, the new issue market for converting thrifts is also an important consideration in determining the Company's pro forma market value. The new issue market is separate and distinct from the market for seasoned thrift issues in that the pricing ratios for converting issues are computed on a pro forma basis, specifically: (1) the numerator and denominator are both impacted by the conversion offering amount, unlike existing stock issues in which price change affects only the numerator; and (2)

the pro forma pricing ratio incorporates assumptions regarding source and use of proceeds, effective tax rates, stock plan purchases, etc. which impact pro forma financials, whereas pricing for existing issues are based on reported financials. The distinction between pricing of converting and existing issues is perhaps no clearer than in the case of the price/book ("P/B") ratio in that the P/B ratio of a converting thrift will typically result in a discount to tangible book value whereas in the current market for existing thrifts the P/B ratio often reflects a premium to book value. Therefore, it is appropriate to also consider the market for new issues, both at the time of the conversion and in the aftermarket.

The market for recent conversions has pulled back along with the thrift sector in general, with fewer offerings being oversubscribed and typically reflecting only modest price appreciation or, in some cases, trading below their IPO prices in initial after market trading activity. As shown in Table 4.2, two standard conversions, one second-step conversion and three mutual holding company offerings were completed during the past three months. The standard conversion offerings are considered to be more relevant for purposes of our analysis. Louisiana Bancorp's offering closed slightly above the maximum of the offering range and Quaint Oak Bancorp's offering closed at the top of the range. The average closing pro forma price/tangible book ratio of the two recent standard conversion offerings equaled 79.8%. On average, the two standard conversion offerings reflected price depreciation of 1.5% and 0.9% after the first week and first month of trading, respectively. As of August 31, 2007, the two recent standard conversion offerings reflected average price depreciation of 0.7%, based on an 8.6% increase in Louisiana Bancorp's stock price from the IPO price and a 10.0% decrease in Quaint Oak Bancorp's stock price from the IPO price.

Shown in Table 4.3 are the current pricing ratios for the two companies that have completed fully-converted offerings during the past three months and are traded on NASDAQ or an Exchange. One of the offerings was a second-step conversion (Abington Bancorp of Pennsylvania), thereby placing an upward bias on the P/TB ratio compared to the standard conversion offering P/TB ratio. The current average P/TB ratio of the publicly-traded recent conversions equaled 88.98%.

Table 4.2
Pricing Characteristics and After-Market Trends
Recent Conversions Completed (Last Three Months)

Institutional Information			Pre-Conversion Data			Offering Information			Contribution to Charitable Found.			Insider Purchases			Pricing Ratios(3)			Pro Forma Data			Financial Charac.			Post-IPO Pricing Trends										
Institution	Conver. Date	Issuer	Financial Info.		Asset Quality	Gross Exp. (\$MM.)	% of Offered Mid. Procs. (%)	% of Exp./ Procs. (%)	Form	% of Orienting (%)	% Off Incl. Plan.		ESOP Plans (%)	Recog. Plans (%)	Sik. Offered (%)	Mgmt. & Dir. (%)	Dividend Yield (%)	Initial Yield (%)	P/E	E/E	P/A	E/A	Core ROA (%)	IE/Δ (%)	Core ROE (%)	IPO Price (\$)	First Trading Day (\$)	% Change (%)	After First Week(4) (\$)	% Change (%)	After First Month(5) (\$)	% Change (%)	Three Month(6) (\$)	% Change (%)
			Assets (\$MM)	Equity/Assets (%)							NPAA/Assets (%)	Rep. Cov. (%)																						
Standard Conversions			\$ 216	13.74%	0.12%	852%	\$	63.5	100%	120%	2.3%	N.A.	N.A.	N.A.	3.4%	0.00%	0.00%	75.5%	31.5x	23.5%	0.7%	31.1%	2.4%	\$10.00	\$10.95	9.5%	\$10.40	4.0%	\$10.91	9.1%	\$10.86	8.6%		
Louisiana Bancorp, Inc., LA	7/10/07	LABC-NASDAQ	\$ 61	7.96%	1.46%	64%	\$	13.9	100%	132%	4.0%	N.A.	N.A.	N.A.	6.1%	0.00%	0.00%	84.1%	20.3x	19.1%	0.9%	22.3%	4.2%	\$10.00	\$9.80	-2.0%	\$9.30	-7.0%	\$9.80	-1.0%	\$9.00	-10.0%		
Quaint Oak Bancorp, Inc., PA(1)	7/5/07	QINTO-OTCBB	\$ 139	10.85%	0.79%	459%	\$	38.7	100%	128%	3.1%	N.A.	N.A.	N.A.	4.8%	0.00%	0.00%	78.8%	25.9x	21.3%	0.8%	28.7%	3.3%	\$10.00	\$10.38	3.8%	\$9.85	-1.5%	\$9.91	-0.9%	\$9.93	-0.7%		
Second Step Conversions			\$ 951	12.15%	0.25%	87%	\$	139.7	57%	87%	3.6%	N.A.	N.A.	N.A.	4.9%	1.50%	1.50%	102.9%	27.2x	22.6%	0.6%	22.1%	3.6%	\$10.00	\$9.60	-4.0%	\$9.84	-1.6%	\$9.25	-7.5%	\$9.59	-4.1%		
Abington Bancorp, Inc., PA*	6/29/07	ABBC-NASDAQ	\$ 951	12.15%	0.25%	87%	\$	139.7	57%	87%	3.6%	N.A.	N.A.	N.A.	4.9%	1.50%	1.50%	102.9%	27.2x	22.6%	0.6%	22.1%	3.6%	\$10.00	\$9.60	-4.0%	\$9.84	-1.6%	\$9.25	-7.5%	\$9.59	-4.1%		
Mutual Holding Company Conversions			\$ 151	9.05%	0.03%	700%	\$	8.4	47%	85%	10.2%	N.A.	N.A.	N.A.	3.2%	0.00%	0.00%	88.5%	166.7x	11.3%	0.1%	12.6%	0.6%	\$10.00	\$10.00	0.0%	\$10.00	0.0%	\$8.75	-12.5%	\$8.75	-12.5%		
FSB Community Bancorp, Inc., NY	8/15/07	FSBC-OTCBB	\$ 3,483	11.44%	0.50%	207%	\$	236.1	44%	132%	1.3%	C/S	500/4,029	1.3%	0.00%	0.00%	97.6%	44.9x	20.2%	0.3%	12.2%	2.0%	\$10.00	\$9.21	-7.9%	\$9.38	-8.2%	\$8.70	-13.0%	\$8.50	-5.0%			
Beneficial Mutual Bancorp, Inc., PA	7/16/07	BNCL-NASDAQ	\$ 124	7.04%	0.39%	187%	\$	10.7	45%	132%	6.5%	N.A.	N.A.	N.A.	4.2%	0.00%	0.00%	82.6%	23.9x	16.6%	0.7%	13.1%	4.6%	\$10.00	\$10.00	0.0%	\$10.00	0.0%	\$8.75	-12.5%	\$8.25	-17.5%		
Homestead Bancorp, Inc., NY	6/29/07	HTWC-OTCBB	\$ 1,253	8.19%	0.31%	358%	\$	85.1	45%	117%	6.0%	NA	NA	NA	2.9%	0.00%	0.00%	89.5%	78.5x	16.0%	0.3%	12.7%	2.5%	\$10.00	\$9.74	-2.6%	\$9.79	-2.1%	\$8.73	-12.7%	\$8.83	-11.7%		
Averages - Mutual Holding Company Conversions:			\$ 151	9.05%	0.39%	207%	\$	10.7	45%	132%	6.5%	NA	NA	NA	3.2%	0.00%	0.00%	88.5%	44.9x	16.6%	0.3%	12.6%	2.0%	\$10.00	\$10.00	0.0%	\$10.00	0.0%	\$8.75	-12.5%	\$8.75	-12.5%		
Averages - All Conversions:			\$ 831	10.23%	0.48%	343%	\$	78.7	65%	115%	4.7%	NA	NA	NA	3.8%	0.25%	0.25%	88.5%	52.4x	18.9%	0.6%	18.9%	3.0%	\$10.00	\$9.93	-0.7%	\$9.82	-1.8%	\$9.21	-7.9%	\$8.33	-8.8%		
Medians - All Conversions:			\$ 184	10.25%	0.32%	187%	\$	38.7	62%	128%	3.9%	NA	NA	NA	3.8%	0.00%	0.00%	86.3%	28.4x	18.7%	0.7%	17.6%	3.1%	\$10.00	\$9.80	-1.0%	\$9.92	-0.8%	\$8.83	-11.8%	\$9.25	-7.5%		

Note: * - Appraisal performed by RP Financial; BOLD=RP Financial did the Conversion Business Plan. "NT" - Not Traded; "NA" - Not Applicable, Not Available, C/S=Cash/Stock.
 (1) Non-OTS registered firm.
 (2) As a percent of MHC offering for MHC transactions.
 (3) Does not take into account the adoption of SOP 93-6.
 (4) Latest price if offering is less than one week old.
 (5) Latest price if offering is more than one week but less than one month old.
 (6) Mutual holding company pro forma data on full conversion basis.
 (7) Simultaneously completed acquisition of another financial institution.
 (8) Simultaneously converted to a commercial bank charter.

Table 4.3
Market Pricing Comparatives
Prices As of August 31, 2007

	Market Capitalization		Per Share Data		Pricing Ratios(3)							Dividends(4)				Financial Characteristics(5)			
	Price/ Share(1) (\$)	Market Value (\$Mil)	Core 12 Month EPS(2) (\$)	Book Value/ Share	P/E (x)	P/B (%)	P/A (%)	P/TB (%)	P/CoCo (x)	Amount/ Share (\$)	Yield (%)	Payout Ratio(5) (%)	Total Assets (\$Mil)	Equity/ Assets (%)	NPAs/ Assets (%)	Reported		Core	
																ROA (%)	ROE (%)	ROA (%)	ROE (%)
All Public Companies	\$16.62	\$412.92	\$0.74	\$13.46	19.97x	130.65%	16.47%	149.25%	20.71x	\$0.41	2.34%	35.89%	\$3,136	12.58%	0.60%	0.53%	5.04%	0.49%	4.70%
Converted Last 3 Months (no MHC)	\$10.23	\$151.74	\$0.29	\$11.62	36.15x	88.98%	23.90%	88.98%	36.15x	\$0.09	0.94%	36.00%	\$660	27.17%	0.26%	0.70%	3.40%	0.70%	3.40%
State of MD	\$10.07	\$93.01	\$0.89	\$8.72	12.24x	113.97%	13.21%	114.30%	13.46x	\$0.20	2.09%	29.21%	\$678	12.29%	0.76%	1.16%	10.99%	1.09%	10.50%
Converted Last 3 Months (no MHC)																			
ABBC Abington Bancorp, Inc. of PA	\$9.59	\$234.57	\$0.25	\$9.99	38.36x	96.00%	22.34%	96.00%	38.36x	\$0.18	1.88%	72.00%	\$1,050	23.27%	0.26%	0.65%	4.38%	0.65%	4.38%
LABC Louisiana Bancorp, Inc. of LA	\$10.86	\$68.92	\$0.32	\$13.25	33.94x	81.96%	25.47%	81.96%	33.94x	\$0.00	0.00%	0.00%	\$271	31.07%	NA	0.75%	2.42%	0.75%	2.42%

(1) Average of High/Low or Bid/Ask price per share.

(2) EPS (estimate core basis) is based on actual trailing 12 month data, adjusted to omit non-operating items on a tax-effected basis, and is shown on a pro forma basis where appropriate.

(3) P/E = Price to earnings; P/B = Price to book; P/A = Price to assets; P/TB = Price to tangible book value; and P/CoCo = Price to core earnings.

(4) Indicated 12 month dividend, based on last quarterly dividend declared.

(5) Indicated 12 month dividend as a percent of trailing 12 month estimated core earnings.

(6) ROA (return on assets) and ROE (return on equity) are indicated ratios based on trailing 12 month common earnings and average common equity and total assets balances.

(7) Excludes from averages and medians those companies the subject of actual or rumored acquisition activities or unusual operating characteristics.

Source: Corporate reports, offering circulars, and RP Financial, L.C. calculations. The information provided in this report has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

C. The Acquisition Market

Also considered in the valuation was the potential impact on Bradford Bancorp's stock price of recently completed and pending acquisitions of other savings institutions operating in Maryland. As shown in Exhibit IV-4, there were seven Maryland thrift acquisitions completed between the beginning of 2003 through year-to-date 2007 and there are currently no acquisitions pending of Maryland savings institutions (merger data excludes mutual mergers). The recent acquisition activity involving Maryland savings institutions may imply a certain degree of acquisition speculation for the Company's stock. To the extent that acquisition speculation may impact the Company's offering, we have largely taken this into account in selecting companies for the Peer Group which operate in markets that have experienced a comparable level of acquisition activity as the Company's market and, thus, are subject to the same type of acquisition speculation that may influence Bradford Bancorp's stock. However, since converting thrifts are subject to a three-year regulatory moratorium from being acquired, acquisition speculation in Bradford Bancorp's stock would tend to be less compared to the stocks of the Peer Group companies.

* * * * *

In determining our valuation adjustment for marketing of the issue, we considered trends in both the overall thrift market, the new issue market for conversions and the acquisition market. Taking these factors and trends into account, RP Financial concluded that a slight downward adjustment was appropriate in the valuation analysis for purposes of marketing of the issue.

8. Management

Bradford Bancorp's management team appears to have experience and expertise in all of the key areas of the Company's operations. The directors and staff that will be added through the acquisition of Patapsco Bancorp will serve to strengthen personnel depth and expertise. Immediately following the acquisition of Patapsco Bancorp, one of the Company's current directors will resign and two members of Patapsco Bancorp's Board of Directors will be

appointed to the Company's Board of Directors. The composition of the Company's executive management will also change immediately following the acquisition of Patapsco Bancorp: the Company's current Executive Vice President and Chief Financial Officer will be appointed to the position of Executive Vice President and Chief Operating Officer and Patapsco Bancorp's current President, Chief Executive Officer and Chief Financial Officer will be appointed to the position of Senior Vice President and Chief Financial Officer. Exhibit IV-5 provides summary resumes of Bradford Bancorp's Board of Directors and senior management following the conversion and acquisition of Patapsco Bancorp. The Company's recent operating results, which include successfully completing the acquisitions of Valley Bancorp, Golden Prague and Senator Bank, provide evidence of a well-managed institution that has been successful in the implementation of its business plan. There appears to be a well-defined organizational structure for the merged entity.

Similarly, the returns, capital positions, and other operating measures of the Peer Group companies are indicative of well-managed financial institutions, which have Boards and management teams that have been effective in implementing competitive operating strategies. Therefore, on balance, we concluded no valuation adjustment relative to the Peer Group was appropriate for this factor.

9. Effect of Government Regulation and Regulatory Reform

In summary, as a fully-converted OTS regulated institution, Bradford Bancorp will operate in substantially the same regulatory environment as the Peer Group members -- all of whom are adequately capitalized institutions and are operating with no apparent restrictions. Exhibit IV-6 reflects the Bank's pro forma regulatory capital ratios. On balance, no adjustment has been applied for the effect of government regulation and regulatory reform.

Summary of Adjustments

Overall, based on the factors discussed above, we concluded that the Company's pro forma market value should reflect the following valuation adjustments relative to the Peer Group:

<u>Key Valuation Parameters:</u>	<u>Valuation Adjustment</u>
Financial Condition	Slight Downward
Profitability, Growth and Viability of Earnings	Slight Downward
Asset Growth	Moderate Upward
Primary Market Area	No Adjustment
Dividends	No Adjustment
Liquidity of the Shares	No Adjustment
Marketing of the Issue	Slight Downward
Management	No Adjustment
Effect of Government Regulations and Regulatory Reform	No Adjustment

Valuation Approaches

In applying the accepted valuation methodology promulgated by the OTS, i.e., the pro forma market value approach, we considered the three key pricing ratios in valuing Bradford Bancorp's to-be-issued stock -- price/earnings ("P/E"), price/book ("P/B"), and price/assets ("P/A") approaches -- all performed on a pro forma basis including the effects of the stock proceeds and the acquisition of Patapsco Bancorp. In computing the pro forma impact of the conversion and the related pricing ratios, we have incorporated the valuation parameters disclosed in Bradford Bancorp's prospectus for offering expenses, reinvestment rate, effective tax rate, purchase accounting adjustments for the acquisition, and stock benefit plan assumptions (summarized in Exhibits IV-7 and IV-8).

RP Financial's valuation placed an emphasis on the following:

- o P/E Approach. The P/E approach is generally the best indicator of long-term value for a stock. Given the similarities between the Company's and the Peer Group's operating strategies, core earnings composition and overall financial condition, the P/E approach was carefully considered in this valuation. At the same time, since reported earnings for both the Company and the Peer Group included certain non-recurring items, we also made adjustments to earnings to arrive at core earnings estimates for the Company and the Peer Group and resulting price/core earnings ratios.
- o P/B Approach. P/B ratios have generally served as a useful benchmark in the valuation of thrift stocks, particularly in the context of a public offering, as the earnings approach involves assumptions regarding the use of proceeds. RP Financial considered the P/B approach to be a useful indicator of pro forma value taking into account the pricing ratios under

the P/E and P/A approaches. We have also modified the P/B approach to exclude the impact of intangible assets (i.e., price/tangible book value or "P/TB"), in that the investment community frequently makes this adjustment in its evaluation of this pricing approach.

- o P/A Approach. P/A ratios are generally a less reliable indicator of market value, as investors typically assign less weight to assets and attribute greater weight to book value and earnings - we have also given less weight to the assets approach. Furthermore, this approach as set forth in the regulatory valuation guidelines does not take into account the amount of stock purchases funded by deposit withdrawals, thus understating the pro forma P/A ratio. At the same time, the P/A ratio is an indicator of franchise value, and, in the case of highly capitalized institutions, high P/A ratios may limit the investment community's willingness to pay market multiples for earnings or book value when ROE is expected to be low.

The Company will adopt Statement of Position ("SOP") 93-6, which causes earnings per share computations to be based on shares issued and outstanding excluding unreleased ESOP shares. For purposes of preparing the pro forma pricing analyses, we have reflected all shares issued in the offering, including all ESOP shares, to capture the full dilutive impact, particularly since the ESOP shares are economically dilutive, receive dividends and can be voted. However, we did consider the impact of SOP 93-6 in the valuation.

Based on the application of the three valuation approaches, taking into consideration the valuation adjustments discussed above and the dilutive impact of the stock contribution to the Foundation, RP Financial concluded that, as of August 31, 2007, the aggregate pro forma market value of Bradford Bancorp's conversion stock, including the stock to-be-issued for the acquisition of Patapsco Bancorp was \$89,363,540 at the midpoint, equal to 8,936,540 shares at \$10.00 per share.

1. Price-to-Earnings ("P/E"). The application of the P/E valuation method requires calculating the Company's pro forma market value by applying a valuation P/E multiple to the pro forma earnings base. In applying this technique, we considered both reported earnings and a recurring earnings base, that is, earnings adjusted to exclude any one-time non-operating items, plus the estimated after-tax earnings benefit of the reinvestment of the net proceeds. The Company's reported earnings, including the estimated pro forma earnings impact of the

acquisition of Patapsco Bancorp, equaled a net loss of \$1.149 million for the twelve months ended June 30, 2007. In deriving Bradford Bancorp's estimated core earnings for purposes of the valuation, the adjustments made to reported earnings were to eliminate net gains on the sale of investment securities (\$20,000) and net other non-operating losses mostly consisting of merger expenses (\$2.008 million). As shown below, on a tax-effected basis, assuming an effective marginal tax rate of 34.0% was applied to pre-tax adjusted earnings of \$849,000, the Company's core earnings were determined to equal \$560,000 for the twelve months ended June 30, 2007. (Note: see Exhibit IV-9 for the adjustments applied to the Peer Group's earnings in the calculation of core earnings).

	<u>Amount(1)</u> (\$000)
Pre-tax income(loss)	(\$1,139)
Deduct: Net gain on sale of securities	(20)
Add: Net other non-operating losses	<u>2,008</u>
Adjusted pre-tax income	\$849
Income taxes(1)	<u>289</u>
Core net income	\$560

(1) Adjusted pre-tax income tax effected at 34.0%.

Based on the Company's reported and estimated core earnings, and incorporating the impact of the pro forma assumptions discussed previously, the Company's pro forma reported and core P/E multiples at the \$89.4 million midpoint value were not meaningful ("NM") and 69.44 times, respectively. Comparatively, the Peer Group's average reported and core P/E multiples equaled 15.27 times and 17.96 times, respectively (see Table 4.4). In comparison to the Peer Group's core P/E multiple, the Company's core P/E multiple indicated a premium of 286.64%. The Peer Group's median reported and core earnings multiples equaled 15.52 times and 16.92 times, respectively. In comparison to the Peer Group's median core P/E multiple, the Company's pro forma core P/E multiple at the midpoint value indicated a premium of 310.40%.

2. Price-to-Book ("P/B"). The application of the P/B valuation method requires calculating the Company's pro forma market value by applying a valuation P/B ratio, derived from the Peer Group's P/B ratio, to the Company's pro forma book value taking into account the

estimated pro forma impact of the Patapsco Bancorp acquisition. In applying the P/B approach, we considered both reported book value and tangible book value. Based on the \$89.4 million midpoint valuation, Bradford Bancorp's pro forma P/B and P/TB ratios equaled 75.36% and 116.55%, respectively. In comparison to the respective average P/B and P/TB ratios indicated for the Peer Group of 115.66% and 128.01%, the Company's ratios reflected discounts of 34.84% and 8.95%, respectively. In comparison to the Peer Group's median P/B and P/TB ratios of 117.18% and 123.77%, respectively, the Company's pro forma P/B and P/TB ratios at the midpoint value reflected discounts of 35.69% and 5.83%, respectively.

3. Price-to-Assets ("P/A"). The P/A valuation methodology determines market value by applying a valuation P/A ratio to the Company's pro forma asset base taking into account the estimated pro forma impact of the Patapsco Bancorp acquisition and conservatively assuming no deposit withdrawals are made to fund stock purchases. In all likelihood there will be deposit withdrawals, which results in understating the pro forma P/A ratio computed herein. At the midpoint of the valuation range, Bradford Bancorp's value equaled 10.14% of pro forma assets. Comparatively, the Peer Group companies exhibited an average P/A ratio of 11.72%, which implies a discount of 13.48% has been applied to the Company's pro forma P/A ratio. In comparison to the Peer Group's median P/A ratio of 11.78%, the Company's pro forma P/A ratio at the midpoint value indicated a discount of 13.92%.

Comparison to Recent Conversions

As indicated at the beginning of this chapter, RP Financial's analysis of recent conversion offering pricing characteristics at closing and in the aftermarket has been limited to a "technical" analysis and, thus, the pricing characteristics of recent conversion offerings can not be a primary determinate of value. Particular focus was placed on the P/TB approach in this analysis, since the P/E multiples do not reflect the actual impact of reinvestment and the source of the stock proceeds (i.e., external funds vs. deposit withdrawals). As discussed previously, two standard conversion offerings have been completed within the past three months. In comparison to the average closing pro forma price/tangible book ratio of 79.8% for the two recent standard

conversion offerings, the Company's P/TB ratio of 116.6% at the midpoint value reflects an implied premium of 46.1%.

Valuation Conclusion

It is our opinion that, as of August 31, 2007, the estimated aggregate pro forma market value of the shares to be issued immediately following the conversion – including: (1) the \$44.7 million cash and stock acquisition of Patapsco Bancorp, which includes the 2,161,354 merger shares issued to Patapsco Bancorp's shareholders; and (2) the 275,000 shares of common stock contributed to the Foundation – was \$89,363,540 at the midpoint, equal to 8,936,354 shares at a per share value of \$10.00.

Based on the foregoing valuation, the corresponding range of shares and values are as follows:

	<u>Offering Shares</u>	<u>Merger Shares(1)</u>	<u>Foundation Shares</u>	<u>Total Shares</u>
<u>Shares</u>				
Super maximum	8,596,250	2,161,354	275,000	11,032,604
Maximum	7,475,000	2,161,354	275,000	9,911,354
Midpoint	6,500,000	2,161,354	275,000	8,936,354
Minimum	5,525,000	2,161,354	275,000	7,961,354
Adjusted minimum(2)	4,696,250	2,161,354	275,000	7,132,604

	<u>Offering Shares</u>	<u>Merger Shares(1)</u>	<u>Foundation Shares</u>	<u>Total Shares</u>
<u>Market Value</u>				
Super maximum	\$85,962,500	\$21,613,540	\$2,750,000	\$110,326,040
Maximum	\$74,750,000	\$21,613,540	\$2,750,000	\$99,113,540
Midpoint	\$65,000,000	\$21,613,540	\$2,750,000	\$89,363,540
Minimum	\$55,250,000	\$21,613,540	\$2,750,000	\$79,613,540
Adjusted minimum(2)	\$46,962,500	\$21,613,540	\$2,750,000	\$71,326,040

- (1) Merger shares could increase up to 2,216,850 at the time the acquisition of Patapsco Bancorp is completed, due to the exercise of stock options and issuances of deferred compensation shares to directors, which would increase total shares issued at the super range to 11,088,100. RP Financial considered the pro forma impact of the additional merger shares and we concluded that the pro forma shares outstanding, pro forma pricing ratios and pro forma market value were substantially unchanged from the super maximum.
- (2) If Bradford Bancorp does not receive orders for at least 5,525,000 shares in the offering, then, in Bradford Bancorp's discretion in order to issue the minimum number of shares necessary to complete the conversion and stock offering, up to 828,750 unsubscribed shares may be issued to stockholders of Patapsco Bancorp as merger consideration.

EXHIBITS

LIST OF EXHIBITS

Exhibit

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I-4	Investment Portfolio Composition
I-5	Yields and Costs
I-6	Loan Loss Allowance Activity
I-7	Interest Rate Risk Analysis
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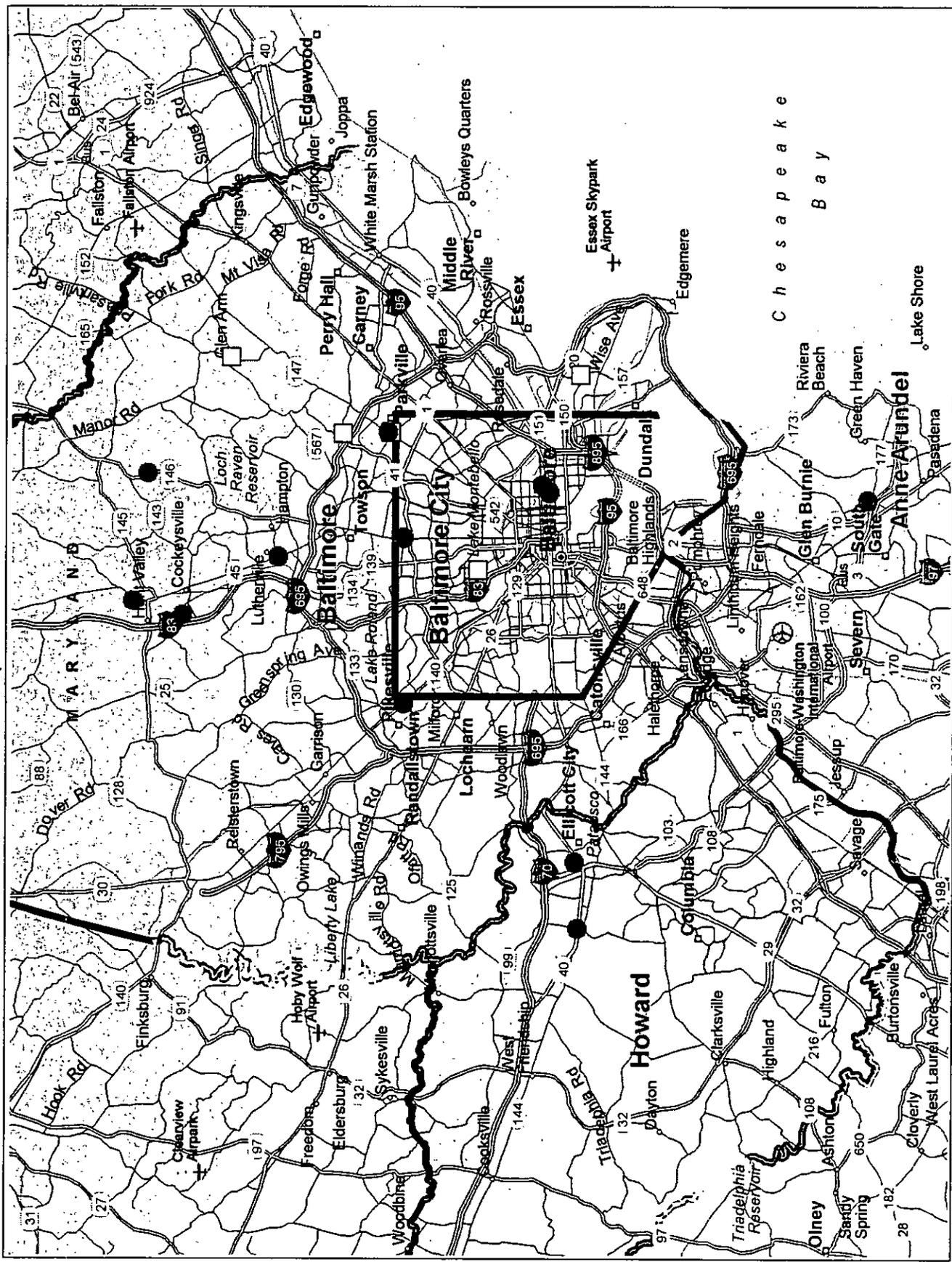
Exhibit

<u>Number</u>	<u>Description</u>
III-1	General Characteristics of Publicly-Traded Institutions
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EXHIBIT I-1
Bradford Bancorp, Inc.
Audited Financial Statements
[Incorporated by Reference]

EXHIBIT I-2
Bradford Bancorp, Inc.
Map of Office Locations

Bradford and Patapsco Offices



- Pushpins
- Bradford
- Patapsco
- Counties
- ▨ Anne Arundel
- ▨ Baltimore
- ▨ Baltimore City
- ▨ Howard



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EXHIBIT I-3
Bradford Bancorp, Inc.
Key Operating Ratios

	At or For the Six Months Ended June 30		At or For the Year Ended December 31,				
	2007	2006	2006	2005	2004	2003	2002
Performance Ratios:							
Return on average assets	(0.22)%	0.48%	0.12%	0.60%	0.46%	(0.24)%	1.18%
Return on average equity	(2.92)	5.25	1.35	6.49	4.16	(2.56)	11.31
Interest rate spread (4).....	2.40	2.76	2.62	2.88	2.80	2.62	2.18
Net interest margin (5).....	2.64	3.04	2.93	3.10	2.99	2.80	2.52
Noninterest expense to average assets.....	3.20	2.32	2.42	2.36	2.23	3.07	1.93
Efficiency ratio (6).....	113.96	74.33	79.70	74.57	73.65	108.91	54.23
Average interest-earning assets to average interest-bearing liabilities.....	106.01	109.17	109.10	109.14	108.42	107.22	109.51
Average equity to average assets	7.37	8.96	8.75	9.13	8.90	9.49	10.48
Capital Ratios (7):							
Tier 1 capital to average assets.....	6.63	7.98	7.48	8.31	8.00	8.38	11.32
Tier 1 capital to risk-weighted assets	9.13	12.53	11.38	13.05	13.54	16.82	26.31
Total capital to risk-weighted assets	9.87	13.04	12.10	13.53	14.01	17.26	29.49
Asset Quality Ratios:							
Allowance for loan losses as a percent of total loans.....	0.63	0.43	0.63	0.41	0.40	0.33	0.23
Allowance for loan losses as a percent of nonperforming loans	95.89	194.14	152.93	141.53	75.89	67.94	90.84
Net charge-offs (recoveries) to average outstanding loans during the period	0.07	(0.01)	(0.01)	0.05	0.01	0.03	0.02
Nonperforming loans as a percent of total loans.....	0.66	0.25	0.41	0.29	0.53	0.48	0.25
Nonperforming loans as a percent of total assets.....	0.50	0.19	0.30	0.22	0.35	0.30	0.14
Other Data:							
Number of:							
Loans outstanding (8).....	4,753	3,135	3,158	3,133	3,044	3,017	2,441
Deposit Accounts (8)	24,601	20,873	21,766	20,399	21,134	21,515	17,066
Offices (9).....	9	8	8	8	8	8	6

- (1) Financial condition data at June 30, 2007 includes the assets and liabilities resulting from the acquisition of Valley Bancorp on January 19, 2007. See Note 2 of the notes to the Consolidated Financial Statements of Bradford Bank MHC for a summary of the assets and liabilities of Valley Bancorp on the date of acquisition.
- (2) Operating data for the six months ended June 30, 2007 includes the effect of the interest income, interest expense and other expense resulting from the acquisition of Valley Bancorp on January 19, 2007. For the period from January 19, 2007 to June 30, 2007, the assets and liabilities acquired from Valley Bancorp generated interest income and interest expense of approximately \$1,634,000 and \$809,000, respectively, and operation of the branch and other expenses amounted to approximately \$426,000.
- (3) Interest and rates are presented on a tax equivalent basis utilizing a federal tax rate of 34% and a state tax rate of 7%. See "Management's Discussion and Analysis of Bradford Bancorp—Explanation of Use of Non-GAAP Financial Measures."
- (4) Represents the difference between the weighted average yield on average interest-earning assets on a tax equivalent basis and the weighted average cost of interest-bearing liabilities.
- (5) Represents net interest income on a tax equivalent basis as a percent of average interest-earning assets.
- (6) Represents noninterest expense divided by the sum of net interest income on a tax equivalent basis and noninterest income.
- (7) Ratios are for Bradford Bank.
- (8) Number of loans outstanding and deposit accounts for Golden Prague and Senator Bank were not available for any period prior to June 30, 2007.
- (9) The number of offices does not include the branch of Golden Prague that was closed shortly after the merger.

Source: Bradford Bancorp's prospectus.

EXHIBIT I-4
Bradford Bancorp, Inc.
Investment Portfolio Composition

(Dollars in thousands)	June 30, 2007		December 31,					
	Amortized Cost	Fair Value	2006		2005		2004	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Securities available for sale:								
U.S. Government and agency securities	\$45,868	\$44,747	\$39,434	\$38,930	\$32,415	\$31,660	\$ 44,489	\$ 44,126
Mortgage-backed securities.....	28,558	27,773	22,310	22,008	28,295	27,846	34,098	34,191
Trust preferred securities.....	4,500	4,546	4,500	4,561	4,500	4,532	4,500	4,513
Municipal bonds.....	11,596	11,313	11,891	11,951	7,562	7,414	3,442	3,425
Equity securities.....	346	346	1,964	1,925	1,683	1,646	4,527	4,490
Total available for sale	90,868	88,725	80,099	79,375	74,456	73,098	91,056	90,745
Securities held to maturity:								
U.S. Government and agency securities	-	-	3,848	3,705	3,848	3,717	3,898	3,799
Mortgage-backed securities.....	7,667	7,356	14,174	13,879	15,479	15,201	18,176	18,339
Total held to maturity.....	7,667	7,356	18,022	17,583	19,327	18,918	22,074	22,138
Total	\$98,535	\$96,801	\$98,120	\$96,958	\$93,783	\$92,016	\$113,130	\$112,883

Source: Bradford Bancorp's prospectus.

EXHIBIT I-5
Bradford Bancorp, Inc.
Yields and Costs

Six Months Ended June 30,

	June 30, 2007		2007		2006		Yield/Cost
	Yield/Cost	Average Balance	Interest and Dividends	Yield/Cost	Average Balance	Interest and Dividends	
Assets:							
Interest-earning assets:							
Loans.....	7.10%	\$423,050	\$14,583	6.95%	\$347,358	\$11,390	6.61%
Mortgage-backed securities	5.14	37,401	932	5.03	41,932	941	4.53
Municipal bonds (tax equivalent basis).....	5.32	11,716	301	5.19	9,003	224	5.02
U. S. government agencies (tax equivalent basis).....	5.20	46,442	1,171	5.08	40,737	879	4.35
Other interest-earning assets	6.73	22,749	605	5.36	20,646	484	4.72
Total interest-earning assets	6.77	541,359	17,593	6.55	459,676	13,918	6.11
Noninterest-earning assets		21,139			15,014		
Total assets.....		562,498			474,689		
Liabilities and equity:							
Interest-bearing liabilities:							
Savings deposits.....	1.07	31,857	160	1.01	36,811	241	1.32
NOW deposits.....	2.42	32,965	394	2.41	18,207	109	1.20
Money market deposits.....	2.53	17,325	175	2.04	21,175	153	1.45
Certificates of deposit	4.65	373,326	8,554	4.62	325,124	6,139	3.81
Total interest-bearing deposits	4.18	455,474	9,283	4.11	401,317	6,642	3.34
FHLB advances and other borrowings.....	4.30	55,217	1,221	4.46	19,763	355	3.62
Total interest-bearing liabilities	4.19	510,690	10,504	4.15	421,080	6,997	3.35
Noninterest-bearing demand deposits.....		6,795			8,567		
Other noninterest-bearing liabilities.....		3,560			2,504		
Total liabilities		521,046			432,150		
Retained earnings.....		42,205			43,532		
Accumulated other comprehensive income.....		(754)			(993)		
Total equity		41,452			42,539		
Total liabilities and equity.....		\$562,498			\$474,689		
Net interest income (tax equivalent basis).....			7,088			6,921	
Net interest rate spread (tax equivalent basis)(1)	2.58%			2.40%			2.76%
Net interest margin (tax equivalent basis)(2)	2.85%			2.64%			3.04%
Average interest-earning assets to average interest-bearing liabilities.....	107.04%			106.01%			109.17%

(1) Net interest rate spread represents the difference between the average yield on income earning assets and the average cost of interest bearing liabilities.

(2) Net interest margin represents net interest income as a percentage of average interest earning assets.

Source: Bradford Bancorp's prospectus.

EXHIBIT I-5(continued)
Bradford Bancorp, Inc.
Yields and Costs

(Dollars in thousands)	Year Ended December 31,								
	2006			2005			2004		
	Average Balance	Interest and Dividends	Yield/ Cost	Average Balance	Interest and Dividends	Yield/ Cost	Average Balance	Interest and Dividends	Yield/ Cost
Assets:									
Interest-earning assets:									
Loans.....	\$358,957	\$24,167	6.73%	\$323,029	\$19,878	6.15%	\$302,750	17,400	5.75%
Mortgage-backed securities	39,869	1,866	4.68	46,957	2,011	4.28	48,556	1,923	3.96
Municipal bonds (tax equivalent basis).....	10,361	533	5.14	6,020	315	5.23	3,961	214	5.40
U. S. government agencies (tax equivalent basis).....	43,081	2,111	4.90	43,042	1,754	4.07	51,720	2,285	4.42
Other interest-earning assets	20,273	950	4.68	21,031	754	3.59	24,717	598	2.42
Total interest-earning assets	472,541	29,626	6.27	440,078	24,713	5.62	431,705	22,421	5.19
Noninterest-earning assets	14,685			15,098			15,576		
Total assets.....	487,227			455,175			447,280		
Liabilities and equity:									
Interest-bearing liabilities:									
Savings deposits.....	36,363	446	1.23	45,182	433	0.96	52,622	449	0.85
NOW deposits	21,390	364	1.70	15,717	93	0.59	15,875	81	0.51
Money market deposits	19,047	294	1.54	32,054	401	1.25	39,880	405	1.02
Certificates of deposit	332,335	13,681	4.12	291,552	9,441	3.24	277,366	8,209	2.96
Total interest-bearing deposits	409,135	14,784	3.61	384,506	10,368	2.70	385,744	9,144	2.37
FHLB advances and other borrowings...	23,997	1,017	4.24	18,735	694	3.70	12,419	356	2.87
Total interest-bearing liabilities	433,132	15,801	3.65	403,240	11,062	2.74	398,162	9,501	2.39
Noninterest-bearing demand deposits....	8,741			7,523			6,980		
Other noninterest-bearing liabilities.....	2,712			2,868			2,342		
Total liabilities	444,585			413,631			407,484		
Retained earnings.....	43,648			42,009			40,081		
Accumulated other comprehensive income.....	(1,007)			(464)			(285)		
Total equity.....	42,642			41,545			39,796		
Total liabilities and equity.....	487,227			455,175			447,280		
Net interest income (tax equivalent basis).....		\$13,825			\$13,651			\$12,920	
Net interest rate spread (tax equivalent basis) (1)			2.62%			2.87%			2.81%
Net interest margin (tax equivalent basis) (2)			2.93%			3.10%			2.99%
Average interest-earning assets to average interest-bearing liabilities.....			109.10%			109.14%			108.42%

(1) Net interest rate spread represents the difference between the average yield on interest earning assets and the average cost of interest bearing liabilities.

(2) Net interest margin represents net interest income as a percentage of average interest earning assets.

Source: Bradford Bancorp's prospectus.

EXHIBIT I-6
Bradford Bancorp, Inc.
Loan Loss Allowance Activity

(Dollars in thousands)	December 31,								
	June 30, 2007			2006			2005		
	Amount	% of Allowance to Total Allowance	% of Loans in Category To Total Loans	Amount	% of Allowance to Total Allowance	% of Loans in Category to Total Loans	Amount	% of Allowance to Total Allowance	% of Loans in Category to Total Loans
Real estate loans:									
One- to four-family.....	\$ 700	25.65%	46.81%	\$667	27.81%	48.45%	\$459	32.48%	51.91%
Commercial real estate.....	178	6.52	13.23	163	6.80	14.52	35	2.48	15.66
Acquisition, development and construction.....	457	16.75	17.77	547	22.81	18.66	221	15.65	16.63
Commercial construction.....	29	1.06	2.86	26	1.08	2.41	11	0.78	1.68
Total real estate loans.....	1,364	49.98%	80.67	1,403	58.51	84.04	726	51.38	85.88
Commercial business.....	595	21.80	4.93	437	18.22	4.47	468	33.17	5.16
Consumer:									
Home equity loans and lines of credit.....	232	8.50	7.61	219	9.13	7.83	45	3.19	8.38
Automobile loans.....	299	10.96	5.70	172	7.17	3.25	10	0.71	0.32
Other consumer loans.....	60	2.20	1.09	14	0.58	0.41	10	0.71	0.26
Total consumer loans.....	591	21.66	14.40	405	16.89	11.49	65	4.61	8.96
Unallocated.....	179	6.56		153	6.38		153	10.84	
Total allowance for loan losses.....	\$2,729	100.00%	100.00%	\$2,398	100.00%	100.00%	\$1,412	100.00%	100.00%

Source: Bradford Bancorp's prospectus.

EXHIBIT I-7
Bradford Bancorp, Inc.
Interest Rate Risk Analysis

The following table, which is based on the sensitivity analysis we perform, presents the change in our net portfolio value at June 30, 2007 that would occur in the event of an immediate change in interest rates based on our assumptions, with no effect given to any steps that we might take to counteract that change.

Basis Point ("bp") Change in Rates	Net Portfolio Value (Dollars in thousands)			Net Portfolio Value as % of Portfolio Value of Assets	
	\$ Amount	\$ Change	% Change	NPV Ratio	Change
300	\$14,943	\$(23,209)	(61.00)%	2.88%	(396) bp
200	22,536	(15,616)	(41.00)	4.24	(260) bp
100	30,349	(7,803)	(20.00)	5.58	(126) bp
0	38,152			6.84	
(100)	43,607	5,455	14.00	7.65	81 bp
(200)	44,654	6,502	17.00	7.72	88 bp

The following table, which is based on information that we provide to the Office of Thrift Supervision, presents the change in our net portfolio value at June 30, 2007 that would occur in the event of an immediate change in interest rates based on Office of Thrift Supervision assumptions, with no effect given to any steps that we might take to counteract that change.

Basis Point ("bp") Change in Rates	Net Portfolio Value (Dollars in thousands)			Net Portfolio Value as % of Portfolio Value of Assets	
	\$ Amount	\$ Change	% Change	NPV Ratio	Change
300	\$ 2,001	\$(31,338)	(94.00)%	0.39%	(564) bp
200	16,071	(17,268)	(52.00)	3.04	(299) bp
100	23,315	(10,024)	(30.00)	4.31	(172) bp
0	33,339			6.03	
(100)	40,063	6,724	20.00	7.11	108 bp
(200)	43,642	10,303	31.00	7.63	160 bp

Source: Bradford Bancorp's prospectus

EXHIBIT I-8
Bradford Bancorp, Inc.
Fixed Rate and Adjustable Rate Loans

Interest rate terms on amounts due after one year:								
Fixed-rate loans.....	136,274	44,024	-	-	8,191	40,924	229,414	
Adjustable-rate loans.....	53,222	993	9,930	-	1,848	14,028	80,020	
Total.....	\$189,496	\$45,017	\$ 9,930	\$ -	\$10,039	\$54,952	\$309,434	

Source: Bradford Bancorp's prospectus.

EXHIBIT I-9
Bradford Bancorp, Inc.
Loan Portfolio Composition

(Dollars in thousands)	June 30,		December 31,			
	2007		2006		2005	
	Amount	Percent	Amount	Percent	Amount	Percent
Real estate loans:						
One- to four-family	\$202,783	46.82%	\$185,347	48.45%	\$175,808	51.75%
Commercial real estate	57,275	13.23	55,553	14.52	53,749	15.82
Acquisition, development and construction	76,942	17.77	71,371	18.66	56,491	16.63
Commercial construction	12,379	2.86	9,205	2.41	5,711	1.68
Total real estate loans	349,380	80.67	321,475	84.04	291,759	85.88
Commercial business loans	21,340	4.93	17,118	4.47	17,535	5.16
Consumer loans:						
Home equity loans	18,606	4.30	16,208	4.24	14,806	4.36
Home equity lines of credit	14,325	3.31	13,747	3.59	13,677	4.03
Auto loans	24,703	5.70	12,426	3.25	1,080	0.32
Other consumer loans	4,725	1.09	1,575	0.41	872	0.26
Total consumer loans	62,359	14.40	43,955	11.49	30,435	8.96
Total loans	433,079	100.00 %	382,549	100.00 %	339,730	100.00 %
Net deferred loan fees	461	0.11 %	241	0.06 %	(27)	(0.01)%
Premium on loans purchased	313	0.07 %	397	0.10 %	551	0.16 %
Allowance for losses	(2,729)	(0.63)%	(2,398)	(0.63)%	(1,412)	(0.42)%
Loans, net	\$431,124		\$380,789		\$338,842	

(Dollars in thousands)	December 31,					
	2004		2003		2002	
	Amount	Percent	Amount	Percent	Amount	Percent
Real estate loans:						
One- to four-family	\$161,774	52.98%	\$162,657	59.89%	\$149,853	73.74%
Commercial real estate	52,263	17.12	35,163	12.95	13,078	6.44
Acquisition, development and construction	42,370	13.88	24,792	9.13	8,519	4.19
Commercial construction	2,539	0.83	4,550	1.68	1,838	0.90
Total real estate loans	258,946	84.80	227,162	83.65	173,289	85.28
Commercial business loans	15,609	5.11	14,911	5.49	6,075	2.99
Consumer loans:						
Home equity loans	12,565	4.11	14,002	5.16	15,128	7.44
Home equity lines of credit	16,622	5.44	13,850	5.10	6,446	3.17
Auto loans	767	0.25	1,010	0.37	1,297	0.64
Other consumer loans	844	0.28	643	0.24	973	0.48
Total consumer loans	30,799	10.09	29,505	10.86	23,844	11.73
Total loans	305,354	100.00 %	271,577	100.00 %	203,208	100.00 %
Net deferred loan fees	80	0.03 %	(11)	-%	(243)	(0.12)%
Premium on loans purchased	734	0.24 %	1,035	0.38 %	-	-%
Allowance for losses	(1,221)	(0.40)%	(898)	(0.33)%	(466)	(0.23)%
Loans, net	\$304,947		\$271,702		\$202,499	

Source: Bradford Bancorp's prospectus.

EXHIBIT I-9A
Patapsco Bancorp, Inc.
Loan Portfolio Composition

(Dollars in thousand)	At June 30,					
	2007		2006		2005	
	Amount	%	Amount	%	Amount	%
Real estate loans:						
Residential	\$74,332	33.03%	\$80,693	40.58%	\$74,600	44.46%
Commercial	36,302	16.13	29,712	14.94	25,109	14.96
Construction (1)	23,907	10.62	13,913	7.00	5,520	3.29
Consumer loans:						
Home improvements	12,481	5.55	11,442	5.75	7,910	4.71
Home equity	4,964	2.21	4,400	2.21	5,205	3.10
Other consumer	2,955	1.31	2,483	1.25	2,401	1.43
Commercial loans:						
Commercial loans	52,711	23.43	34,827	17.51	28,102	16.75
Commercial leases	17,366	7.72	21,409	10.76	18,969	11.30
	225,018	100.00%	198,879	100.00%	167,816	100.00%
Less:						
Deferred loan origination fees, net of costs	240		178		99	
Unearned interest consumer loans	1,147		1,245		503	
Unearned interest commercial leases ...	2,480		6,091		5,446	
Purchase accounting discount, net	(198)		(224)		(271)	
Allowance for loan losses	1,110		1,000		945	
Total	\$220,239		\$190,589		\$161,094	

(Dollars in thousand)	At June 30,			
	2004		2003	
	Amount	%	Amount	%
Real estate loans:				
Residential	\$78,303	49.27%	\$48,664	40.76%
Commercial	16,545	10.41	14,622	12.25
Construction (1)	6,510	4.10	4,266	3.57
Consumer loans:				
Home improvements	8,063	5.07	9,161	7.67
Home equity	4,244	2.67	3,709	3.11
Other consumer	2,170	1.36	2,194	1.84
Commercial loans:				
Commercial loans	21,919	13.79	17,564	14.70
Commercial leases	21,182	13.33	19,225	16.10
	158,936	100.00%	119,405	100.00%
Less:				
Deferred loan origination fees, net of costs	94		96	
Unearned interest consumer loans	465		408	
Unearned interest commercial leases ...	6,473		4,356	
Purchase accounting (discount) premium, net	(445)		154	
Allowance for loan losses	936		1,139	
Total	\$151,413		\$113,252	

(1) Net of loans in process.

Source: Bradford Bancorp's prospectus.

EXHIBIT I-10
Bradford Bancorp, Inc.
Contractual Maturity By Loan Type

June 30, 2007 (Dollars in thousands)	One- to Four- Family Loans	Commercial Real Estate Loans	Acquisition, Development and Construction	Commercial Construction Loans	Commercial Business Loans	Consumer Loans	Total Loans
Amounts due in:							
One year or less.....	\$13,287	\$12,258	\$67,012	\$12,379	\$11,301	\$7,407	\$123,645
More than one to five years.....	44,057	34,511	9,930	-	7,269	29,039	124,805
More than five to ten years.....	40,502	8,297	-	-	2,153	7,481	58,434
More than ten years.....	104,937	2,209	-	-	617	18,432	126,195
Total.....	202,783	57,275	76,942	12,379	21,340	62,359	433,079

Source: Bradford Bancorp's prospectus.

EXHIBIT I-11
Bradford Bancorp, Inc.
Non-Performing Assets

(Dollars in thousands)	June 30,	December 31,				
	2007	2006	2005	2004	2003	2002
Real estate loans:						
One- to four-family	\$885	\$639	\$732	\$1,324	\$810	\$506
Commercial real estate	534	627	—	—	66	—
Acquisition, development and construction	1,405	—	—	—	—	—
Commercial construction	—	—	—	—	—	—
Total real estate loans	2,824	1,266	732	1,324	876	\$506
Commercial business loans	—	181	212	234	360	—
Consumer loans:						
Home equity loans and lines of credit	—	120	50	51	65	7
Auto mobile loans	10	—	—	—	—	—
Other consumer loans	12	1	6	—	20	—
Total consumer loans	22	120	54	51	85	7
Total nonaccrual loans	2,846	1,568	998	1,609	1,322	513
Real estate owned	370	120	195	195	195	391
Total nonperforming assets	3,216	1,688	1,193	1,804	1,517	904
Total nonperforming loans to total loans	0.66%	0.41%	0.29%	0.53%	0.48%	0.25%
Total nonperforming loans to total assets	0.50%	0.30%	0.22%	0.35%	0.30%	0.14%
Total nonperforming assets and troubled debt restructurings to total assets	0.57%	0.32%	0.26%	0.40%	0.34%	0.26%

Source: Bradford Bancorp's prospectus.

EXHIBIT I-11A
Patapsco Bancorp, Inc.
Non-Performing Assets

(Dollars in thousands)	At June 30,				
	2007	2006	2005	2004	2003
Loans accounted for on a non-accrual basis: (1)					
Real estate:					
Residential	\$168	\$13	\$ -	\$ -	\$ 90
Commercial	-	146	-	-	-
Construction.....	-	-	-	-	-
Consumer.....	14	7	16	12	44
Commercial Loan/Lease.....	300	78	22	486	193
Total.....	482	244	38	498	327
Accruing loans which are contractually past due					
90 days or more	-	-	-	-	-
Total.....	-	-	-	-	-
Total non-performing loans	\$482	\$244	\$38	\$498	\$327
Percentage of total loans	0.22%	0.13%	0.02%	0.33%	0.29%
Other non-performing assets (2).....	\$ 5	-	\$60	\$ -	\$ 19

- (1) Non accrual status denotes loans on which, in the opinion of management, the collection of additional interest is unlikely. Payments received on a nonaccrual loan are either applied to the outstanding principal balance or recorded as interest income, depending on management's assessment of the collectability of the loan.
- (2) Other nonperforming assets represents property and equipment acquired by Patapsco Bancorp through foreclosure or repossession.

Source: Bradford Bancorp's prospectus.

EXHIBIT I-12
Bradford Bancorp, Inc.
Deposit Composition

(Dollars in thousands)	June 30, 2007		2006		December 31, 2005		2004	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Noninterest-bearing demand deposits	\$ 6,224	1.34%	\$ 6,058	1.41%	\$ 6,051	1.56%	\$ 6,115	1.56%
Interest-bearing demand deposits	47,515	10.27	42,275	9.86	39,391	10.13	54,191	13.80
Savings accounts	31,284	6.76	32,724	7.63	40,519	10.42	51,665	13.16
Certificates of deposit	377,537	81.58	347,555	81.04	302,543	77.81	279,971	71.32
Other deposits	240	0.05	249	0.06	320	0.08	611	0.16
Total	\$ 462,801	100.00%	\$428,861	100.00%	\$388,824	100.00%	\$392,555	100.00%

Source: Bradford Bancorp's prospectus.

EXHIBIT I-13
Bradford Bancorp, Inc.
Time Deposit Maturity Schedule

	Amount Due				Total	Percent of Total Time Deposit Accounts
	Less Than One Year	More Than One Year to Two Years	More Than Two Years to Three Years	More Than Three Years		
	(Dollars in thousands)					
0.00 - 1.00%.....	\$ 99	\$ 83	\$ -	\$ -	\$ 182	0.05%
1.01 - 2.00.....	8	-	-	30	38	0.01
2.01 - 3.00.....	2,951	4,591	42	56	7,640	2.02
3.01 - 4.00.....	23,272	5,102	3,926	3,490	35,790	9.48
4.01 - 5.00.....	152,565	49,165	34,333	3,618	239,680	63.49
5.01 - 6.00.....	63,119	26,026	907	4,155	94,208	24.95
6.01 - 7.00.....	-	-	-	-	-	-
Total.....	\$242,014	\$ 84,968	\$39,208	\$11,348	\$377,537	100.00%

Source: Bradford Bancorp's prospectus

EXHIBIT I-13A
 Patapsco Bancorp, Inc.
 Time Deposit Maturity Schedule

The following table sets forth deposit balances by type as of the dates indicated.

(Dollars in thousands)	At June 30,					
	2007		2006		2005	
	Balance	% Total	Balance	% Total	Balance	% Total
Savings Accounts.....	\$ 20,228	10.66%	\$ 25,819	15.48%	\$ 31,984	19.46%
NOW Checking.....	12,745	6.72	12,781	7.66	13,406	8.16
Money Market.....	32,235	16.99	28,968	17.36	29,211	17.78
Certificates of deposit	112,751	59.43	86,079	51.60	77,647	47.25
Interest-bearing deposits	177,959	93.80	153,647	92.10	152,248	92.65
Non-interest bearing checking	11,753	6.20	13,186	7.90	12,072	7.35
Total.....	\$189,712	100.00%	\$166,833	100.00%	\$164,320	100.00%

Source: Bradford Bancorp's prospectus.

EXHIBIT I-14
Bradford Bancorp, Inc.
Borrowing Activity

(Dollars in thousands)	Six Months Ended June 30,		Year Ended December 31,		
	2007	2006	2006	2005	2004
Maximum amount outstanding at any month end during the period:					
FHLB advances.....	\$53,000	\$20,100	\$46,900	\$22,000	\$18,500
Other borrowings	4,500	5,000	14,000	2,600	2,600
Average amount outstanding during the period:					
FHLB advances.....	\$50,316	\$19,763	\$21,514	\$18,620	\$11,527
Other borrowings	4,901	722	2,483	115	892
Weighted average interest rate during the period:					
FHLB advances.....	4.26%	3.62%	3.96%	3.71%	3.28%
Other borrowings	7.75	5.56	5.49	3.74	1.44
Balance outstanding at end of period:					
FHLB advances.....	\$53,000	\$20,100	\$46,900	\$22,000	\$18,500
Other borrowings	4,500	5,000	-	2,600	-
Weighted average interest rate at end of period:					
FHLB advances.....	4.19%	4.11%	4.68%	3.92%	3.63%
Other borrowings	7.02	5.50	-	4.50	-

Source: Bradford Bancorp's prospectus.

EXHIBIT II-1
Description of Office Facilities

Properties

At June 30, 2007, we conducted business through our corporate headquarters and nine full-service banking offices in Baltimore, Cockeysville, Ellicott City, Glen Burnie, Lutherville, Parkville, Phoenix and Pikesville, Maryland. We own all of our offices, except for Cockeysville (subject to a renewable lease that expires in 2008), Glen Burnie (subject to a renewable lease that expires in 2012), Lutherville (subject to a renewable ground lease that expires 2012) and Pikesville (subject to a renewable lease that expires 2008). The net book value of our land, buildings, furniture, fixtures and equipment was \$5.2 million as of June 30, 2007.

One of Golden Prague's branch offices located in Baltimore City has been closed and we expect to close Golden Prague's Parkville branch office due to the proximity of that office to a current Patapsco Bank branch office.

Description of Property

The following table sets forth the location and certain additional information regarding Patapsco Bank's offices at June 30, 2007.

	Year Opened	Owned or Leased	Book Value at June 30, 2007	Approximate Square Footage
(Dollars in thousands)				
Headquarters and Branch Office: 1301 Merritt Boulevard Dundalk, Maryland 21222	1970	Owned	\$ 445	9,600
Branch Offices: 2028 Joppa Road Baltimore, Maryland 21234	2007	Leased	2,935	7,000
7802 Harford Road Baltimore, Maryland 21234	1979	Owned	263	2,000
821 W. 36 th Street Baltimore, Maryland 21211	1988	Owned	114	1,100
12128 Long Green Pike Glen Arm, Maryland 21057	1988	Leased	25	1,400
11630 Glen Arm Road Glen Arm, Maryland 21057	2006	Leased	0	400

The book value of Patapsco Bank's investment in premises and equipment totaled \$4.5 million at June 30, 2007.

Source: Bradford Bancorp's prospectus.

EXHIBIT II-2
Historical Interest Rates

Exhibit II-2
Historical Interest Rates(1)

<u>Year/Qtr. Ended</u>	<u>Prime Rate</u>	<u>90 Day T-Bill</u>	<u>One Year T-Bill</u>	<u>10 Year T-Bond</u>
1999: Quarter 1	7.75%	4.49%	4.72%	5.25%
Quarter 2	7.75%	4.78%	5.07%	5.81%
Quarter 3	8.25%	4.88%	5.22%	5.90%
Quarter 4	8.50%	5.33%	5.98%	6.45%
2000: Quarter 1	9.00%	5.88%	6.28%	6.03%
Quarter 2	9.50%	5.88%	6.08%	6.03%
Quarter 3	9.50%	6.23%	6.07%	5.80%
Quarter 4	9.50%	5.89%	5.32%	5.12%
2001: Quarter 1	8.00%	4.30%	4.09%	4.93%
Quarter 2	6.75%	3.65%	3.72%	5.42%
Quarter 3	6.00%	2.40%	2.49%	4.60%
Quarter 4	4.75%	1.74%	2.17%	5.07%
2002: Quarter 1	4.75%	1.79%	2.70%	5.42%
Quarter 2	4.75%	1.70%	2.06%	4.86%
Quarter 3	4.75%	1.57%	1.53%	3.63%
Quarter 4	4.25%	1.22%	1.32%	3.83%
2003: Quarter 1	4.25%	1.14%	1.19%	3.83%
Quarter 2	4.00%	0.90%	1.09%	3.54%
Quarter 3	4.00%	0.95%	1.15%	3.96%
Quarter 4	4.00%	0.95%	1.26%	4.27%
2004: Quarter 1	4.00%	0.95%	1.20%	3.86%
Quarter 2	4.00%	1.33%	2.09%	4.62%
Quarter 3	4.75%	1.70%	2.16%	4.12%
Quarter 4	5.25%	2.22%	2.75%	4.24%
2005: Quarter 1	5.75%	2.80%	3.43%	4.51%
Quarter 2	6.00%	3.12%	3.51%	3.98%
Quarter 3	6.75%	3.55%	4.01%	4.34%
Quarter 4	7.25%	4.08%	4.38%	4.39%
2006: Quarter 1	7.75%	4.63%	4.82%	4.86%
Quarter 2	8.25%	5.01%	5.21%	5.15%
Quarter 3	8.25%	4.88%	4.91%	4.64%
Quarter 4	8.25%	5.02%	5.00%	4.71%
2007: Quarter 1	8.25%	5.04%	4.90%	4.65%
Quarter 2	8.25%	4.68%	4.91%	5.03%
As of Aug. 31, 2007	8.25%	4.01%	4.19%	4.54%

(1) End of period data.

Sources: Federal Reserve and The Wall Street Journal

EXHIBIT III-1
General Characteristics of Publicly-Traded Institutions

RP FINANCIAL, LC.
Financial Services Industry Consultants
1700 North Moore Street, Suite 2210
Arlington, Virginia 22209
(703) 528-1700

Exhibit III-1
Characteristics of Publicly-Traded Thrifts
August 31, 2007(1)

Ticker	Financial Institution	Exchgs.	Primary Market	Operating Total Strat.(2)	Assets (\$Mill)	Offices	Fiscal Year	Conv. Date	Stock Price (\$)	Market Value (\$Mill)	
California Companies											
IME	IndyMac Bancorp, Inc. of CA	NYSE	Pasadena, CA	Thrift	31,659	14	12-31	11/86	23.65	1,742	
DSL	Downey Financial Corp. of CA	NYSE	Newport Beach CA	Thrift	14,903	172	12-31	01/71	54.13	1,508	
FED	FirstFed Financial Corp. of CA	NYSE	Santa Monica, CA	Thrift	7,669	29	12-31	12/83	51.20	820	
PPB	PPF Bancorp, Inc. of Pomona CA	NYSE	Pomona, CA	Thrift	4,469	30	03-31	03/86	17.42	408	
PROV	Provident Fin. Holdings of CA	NASDAQ	Riverside, CA	M.B.	1,770 M	12	06-30	06/86	22.80	145	
HWFQ	Harrington West Finl Grp of CA	NASDAQ	Solvang, CA	Thrift	1,130	15	12-31	11/02	15.07	84	
BOFI	BofI Holding, Inc. Of CA	NASDAQ	San Diego, CA	Thrift	947	1	06-30	03/05	7.18	59	
KFED	K-Fed Bancorp MHC of CA (37.3)	NASDAQ	Covina, CA	Thrift	799 M	5	06-30	03/04	14.11	197	
PFTB	First Pctrust Bancorp of CA	NASDAQ	Chula Vista, CA	Thrift	769	9	12-31	08/02	22.92	101	
BYFC	Broadway Financial Corp. of CA	NASDAQ	Los Angeles, CA	Thrift	318	4	12-31	01/86	10.50	18	
Florida Companies											
BKUNA	BankUnited Fin. Corp. of FL	NASDAQ	Coral Gables, FL	Thrift	14,489	55	09-30	12/85	17.20	613	
BFF	BFC Financial Corp. of FL	NYSE	Fort Lauderdale, FL	Thrift	7,606 D	74	12-31	/	3.52	127	
BBA	BankAtlantic Bancorp of FL	NYSE	Fort Lauderdale, FL	M.B.	6,495	75	12-31	11/83	8.76	509	
FDT	Federal Trust Corp of FL	AMEX	Sanford, FL	Thrift	721	6	12-31	12/97	5.00	47	
FCFL	First Community Bk Corp of FL	NASDAQ	Pineellas Park FL	Thrift	413	4	12-31	05/03	14.75	60	
Mid-Atlantic Companies											
SOV	Sovereign Bancorp, Inc. of PA	NYSE	Philadelphia, PA	M.B.	82,735	677	12-31	08/86	18.06	8,653	
HCBK	Hudson City Bancorp, Inc of NJ	NASDAQ	Paramus, NJ	Thrift	39,690	86	12-31	06/05	14.09	7,493	
NYB	New York Community Bcrp of NY	NYSE	Westbury, NY	Thrift	29,624	143	12-31	11/93	17.66	5,543	
AP	Astoria Financial Corp. of NY	NYSE	Lake Success, NY	Thrift	21,650	86	12-31	11/93	25.90	2,508	
FNFO	First Niagara Fin. Group of NY	NASDAQ	Lockport, NY	Thrift	7,945 D	132	12-31	02/03	14.05	1,432	
NWBB	Northwest Bcrp MHC of PA(39.1)	NASDAQ	Warren, PA	Thrift	6,898	154	06-30	11/94	28.30	1,391	
PFS	Provident Fin. Serv. Inc of NJ	NYSE	Jersey City, NJ	Thrift	5,743 D	79	12-31	01/03	16.76	1,063	
ISBC	Investors Bcrp MHC of NJ(45.7)	NASDAQ	Short Hills, NJ	Thrift	5,601	46	06-30	10/05	13.74	1,532	
BNCL	Beneficial Mt MHC of PA(44.3)	NASDAQ	Uicics, NY	Thrift	3,671 P	0	07/07	9.37	771		
FNTR	Partners Trust Fin. Corp. of NY	NASDAQ	Uicics, NY	Thrift	3,650	37	12-31	07/04	12.08	525	
TRST	Trustco Bank Corp NY of NY	NASDAQ	Greenville, NY	Thrift	3,374	75	12-31	/	11.01	826	
DCOM	Dime Community Bancshares of NY	NASDAQ	Brooklyn, NY	Thrift	3,250	20	12-31	06/96	13.98	493	
FFIC	Flushing Fin. Corp. of NY	NASDAQ	Lake Success, NY	Thrift	3,042	11	12-31	11/95	17.00	361	
WSFS	WSFS Financial Corp. of DE	NASDAQ	Wilmington, DE	Div.	3,018	23	12-31	11/86	62.69	395	
KNBT	KNBT Bancorp, Inc. of PA	NASDAQ	Bethlehem, PA	Thrift	2,889	57	12-31	11/03	14.47	394	
PNY	Provident NY Bcrp, Inc. of NY	NASDAQ	Montebello, NY	Thrift	2,783	39	09-30	01/04	13.84	577	
KRNY	Kearny Fin Cp MHC of NJ (29.7)	NASDAQ	Fairfield, NJ	Thrift	2,008 M	25	06-30	02/05	13.59	967	
OCFC	OceanFirst Fin. Corp of NJ	NASDAQ	Toms River, NJ	Thrift	1,978	17	12-31	07/96	17.11	211	
ESBF	ESB Financial Corp. of PA	NASDAQ	Ellwood City, PA	Thrift	1,889	26	12-31	06/90	10.15	129	
PVSA	Partvale Financial Corp of PA	NASDAQ	Monroeville, PA	Thrift	1,825 M	47	06-30	07/87	27.80	156	
WFBC	Willow Financial Bcrp Inc of PA	NASDAQ	Maple Glen, PA	Thrift	1,553	14	06-30	04/02	12.26	192	
ORIT	Oritani Fin Cp MHC of NJ(32.0)	NASDAQ	Trenton, NJ	Thrift	1,194	20	06-30	01/07	15.01	609	
ABBC	Abington Bancorp, Inc. of PA	NASDAQ	Jenkintown, PA	Thrift	1,050	12	12-31	06/07	9.66	236	
SYNF	Synergy Financial Group of NJ	NASDAQ	Cranford, NJ	Thrift	933	18	12-31	01/04	14.08	160	
SVBI	Severn Bancorp, Inc. of MD	NASDAQ	Annapolis, MD	Thrift	926	2	12-31	/	14.13	143	
ESSA	ESSA Bancorp, Inc. of PA	NASDAQ	Scrubsburg, PA	Thrift	892	0	04/07	11.10	188		
GLK	Great Lakes Bancorp, Inc of NY	NYSE	Buffalo, NY	Thrift	892	14	12-31	/	11.91	130	
ROMA	Roma Fin Corp MHC of NJ (31.0)	NASDAQ	Robbinsville, NJ	Thrift	807	8	12-31	07/06	16.93	554	
CSBK	Clifton Svc Bp MHC of NJ(49.3)	NASDAQ	Clifton, NJ	Thrift	801	10	03-31	03/04	11.19	319	
HARL	Harleysville Svcs Fin Cp of PA	NASDAQ	Harleysville, PA	Thrift	778	5	09-30	08/87	13.95	54	
CARV	Carver Bancorp, Inc. of NY	NASDAQ	New York, NY	Thrift	764	8	03-31	10/94	16.00	40	
ZACB	Fox Chase Bcrp MHC of PA(44.5)	NASDAQ	Hatboro, PA	Thrift	761	11	12-31	10/06	12.14	178	
F8BI	Fidelity Bancorp, Inc. of PA	NASDAQ	Pittsburgh, PA	Thrift	727	13	09-30	06/88	16.00	48	
TRHD	TF Fin. Corp. of Newtown PA	NASDAQ	Newtown, PA	Thrift	664	14	12-31	07/94	26.87	78	
BCSB	BCSB Bancorp MHC of MD (36.5)	NASDAQ	Baltimore, MD	Thrift	651	17	09-30	07/98	8.95	53	
PRCI	Pearapo Bancorp, Inc. of NJ	NASDAQ	Bayonne, NJ	Thrift	636	9	12-31	11/89	17.50	87	
OSHC	Ocean Shr Hldg MHC of NJ(44.8)	NASDAQ	Ocean City, NJ	Thrift	582	6	12-31	12/04	10.85	92	
ABNJ	American Bancorp of NJ	NASDAQ	Bloomfield, NJ	Thrift	562	2	09-30	10/05	10.89	136	

Exhibit III-1
Characteristics of Publicly-Traded Thrifts
August 31, 2007(1)

Ticker	Financial Institution	Exchgb. Market	Primary Market	Operating Total Strat.(2)	Assets (\$Mil)	Offices	Fiscal Year	Conv. Date	Stock Price (\$)	Market Value (\$Mil)	
Mid-Atlantic Companies (continued)											
FRFS	First Keystone Fin., Inc. of PA	NASDAQ	Berwick, PA	Thrift	525	8	09-30	01/95	13.25	32	
ONFC	Oneida Financial MHC of NY(44.6)	NASDAQ	Onesida, NY	Thrift	504	10	12-31	12/98	12.10	94	
FBIF	Prudential Banc MHC PA (42.7)	NASDAQ	Philadelphia, PA	Thrift	477	6	09-30	03/05	13.28	154	
MGTA	Magyar Bancorp MHC of NJ(46.0)	NASDAQ	Nw Brunswick, NJ	Thrift	474	3	09-30	01/06	11.10	65	
COBK	Colonial Banc MHC of NY (46.0)	NASDAQ	Bridgeton, NJ	Thrift	432	6	12-31	06/05	12.26	54	
WBS	Washington SB, FSB of Bowie MD	AMEX	Bowie, MD	Thrift	420 M	5	07-31	08/88	6.56	50	
ALUB	Alliance Bank MHC of PA (45.0)	NASDAQ	Broomall, PA	Thrift	425	9	12-31	01/07	8.57	62	
BRBY	Brooklyn Fed MHC of NY (30.0)	NASDAQ	Brooklyn, NY	Thrift	398	4	09-30	04/05	14.21	191	
WVFC	WV Financial Corp. of PA	NASDAQ	Pittsburgh, PA	Thrift	390 M	6	06-30	11/93	16.30	38	
EBBK	Elmira Svgs Bank, FSB of NY	NASDAQ	Elmira, NY	Thrift	376 M	6	12-31	03/85	21.10	31	
LSBK	Lake Shore Bup MHC of NY(45.0)	NASDAQ	Dunkirk, NY	Thrift	349	8	12-31	04/06	10.40	67	
GCBC	Green Co Bcrp MHC of NY (44.4)	NASDAQ	Catskill, NY	Thrift	326	7	06-30	12/98	13.06	54	
ROME	Rome Bancorp, Inc. of Rome NY	NASDAQ	Rose, NY	Thrift	311	4	12-31	03/05	11.91	99	
NECB	NE Comm Bancorp MHC of NY (45.0)	NASDAQ	White Plains, NY	Thrift	306	6	12-31	07/06	10.42	138	
PBHC	Pathfinder BC MHC of NY (35.8)	NASDAQ	Owego, NY	Thrift	305	8	12-31	11/95	10.30	26	
MSBF	MSB Fin Corp MHC of NJ (45.0)	NASDAQ	Millington, NJ	Thrift	283 M	4	06-30	01/07	10.10	57	
FFCO	Fedfirst Fin MHC of PA (45.8)	NASDAQ	Monessen, PA	Thrift	273	7	12-31	04/05	9.00	60	
IFSB	Independence FSB of DC	NASDAQ	Washington, DC	Thrift	159 M	5	12-31	06/85	10.10	16	
CMGB	CMG Bancorp, Inc. of NY	NASDAQ	White Plains, NY	Thrift	142	0	04/07	10.60	22	22	
GOV	Gouverneur Bcp MHC of NY(42.0)	AMEX	Gouverneur, NY	Thrift	133	2	09-30	03/99	11.00	25	
Mid-West Companies											
FBC	Flagstar Bancorp, Inc. of MI	NYSE	Troy, MI	Thrift	16,179	128	12-31	04/97	12.06	737	
MAFB	MAF Bancorp, Inc. of IL	NASDAQ	Clarendon Hls IL	Thrift	10,318	73	12-31	01/90	53.55	1,771	
TFSL	TFB Fin Corp MHC of OH (31.5)	NASDAQ	Cleveland, OH	Thrift	10,016	40	09-30	04/07	11.58	3,848	
CFPN	Capitol Fd Fn MHC of KS (29.5)	NASDAQ	Topeka, KS	Thrift	7,823	37	09-30	04/99	35.07	2,506	
ABCM	Anchor Bancorp Wisconsin of WI	NASDAQ	Madison, WI	M.B.	4,533	57	03-31	07/92	27.37	584	
TONE	TierOne Corp. of Lincoln NE	NASDAQ	Lincoln, NE	Thrift	3,495	69	12-31	10/02	22.31	403	
BRMU	Bank Mutual Corp of WI	NASDAQ	Milwaukee, WI	Thrift	3,438	71	12-31	10/03	11.89	656	
FFFC	First Place Fin. Corp. of OH	NASDAQ	Warren, OH	Thrift	3,226	27	06-30	01/99	18.21	314	
UCFC	United Community Fin. of MI	NASDAQ	Youngstown OH	Thrift	2,706	35	12-31	07/98	7.62	230	
CTZN	Citizens First Bancorp of MI	NASDAQ	Port Huron, MI	Thrift	1,787	23	12-31	03/01	19.06	153	
MAUM	Mauwataua Hlds MHC of WI(30.4)	NASDAQ	Wauwatosa, WI	Thrift	1,647	7	06-30	10/05	16.24	528	
FDRF	First Defiance Fin. Corp of OH	NASDAQ	Defiance, OH	Thrift	1,541	27	12-31	10/95	26.80	193	
NABF	NABF Fin, Inc. of Grandview MO	NASDAQ	Grandview, MO	Thrift	1,536	8	09-30	09/85	34.66	275	
BFIN	BankFinancial Corp. of IL	NASDAQ	Burr Ridge, IL	Thrift	1,532	16	12-31	06/05	15.72	361	
CITZ	CFS Bancorp, Inc of Munster IN	NASDAQ	Munster, IN	Thrift	1,203	22	12-31	07/98	14.15	153	
PULB	Pulaski Fin Cp of St. Louis MO	NASDAQ	St. Louis, MO	Thrift	1,136	7	09-30	12/98	14.01	140	
HNFV	HNF Financial, Inc. of MN	NASDAQ	Rochester, MN	Thrift	1,127	13	12-31	06/94	29.33	125	
PCBI	Peoples Community Bcrp. of OH	NASDAQ	West Chester, OH	Thrift	1,021	14	09-30	03/00	15.12	73	
HFPC	HF Financial Corp. of SD	NASDAQ	Sicoux Falls, SD	Thrift	996 M	34	06-30	04/92	16.52	66	
MTSF	MutualFirst Fin. Inc. of IN	NASDAQ	Muncie, IN	Thrift	949	19	12-31	12/99	17.93	78	
PVFC	PVF Capital Corp. of Solon OH	NASDAQ	Solon, OH	R.B.	908 M	16	06-30	12/92	15.65	121	
HFBC	Hopped Bancorp, Inc. of KY	NASDAQ	Hopkinsville, KY	Thrift	769	9	12-31	02/98	15.49	56	
CASH	Meta Financial Group of IA	NASDAQ	Storm Lake, IA	Thrift	667	16	09-30	09/93	39.90	103	
FFSK	First Federal Bankshares of IA	NASDAQ	Sicoux City, IA	Thrift	646	14	06-30	04/99	17.40	59	
FFFD	North Central Bankshares of IA	NASDAQ	Fort Dodge, IA	Thrift	531	10	12-31	03/96	39.00	53	
MYBC	MYB Corp. of Mishawaka IN	NASDAQ	Mishawaka, IN	Thrift	505	11	09-30	03/94	30.50	40	
FDBC	Peoples Bancorp of Auburn IN	NASDAQ	Auburn, IN	Thrift	484	15	09-30	07/87	19.00	60	
FCAP	First Capital, Inc. of IN	NASDAQ	Corydon, IN	Thrift	445	12	12-31	01/99	16.61	47	
ASBI	American Bancorp of IN	NASDAQ	New Castle, IN	Thrift	423	10	03-31	03/87	9.06	27	
WAYN	Wayne Savings Bankshares of OH	NASDAQ	Wooster, OH	Thrift	398	11	03-31	01/03	13.18	42	
UCBA	United Coma Bncp MHC IN (45.0)	NASDAQ	Lawrenceburg, IN	Thrift	386 M	5	06-30	03/06	12.24	102	
FCLF	First Clover Leaf Fin Cp of IL	NASDAQ	Edwardsville, IL	Thrift	376	4	12-31	07/06	10.85	98	
FBEI	First Bancorp of Indiana of IN	NASDAQ	Evansville, IN	Thrift	364 M	7	06-30	04/99	15.50	29	
LSBI	LSB Fin. Corp. of Lafayette IN	NASDAQ	Lafayette, IN	Thrift	350	5	12-31	02/95	23.39	37	
RIVR	River Valley Bancorp of IN	NASDAQ	Madison, IN	Thrift	337	6	12-31	12/96	18.25	30	
CZMI	Citizens Coma Bncorp Inc of WI	NASDAQ	Sau Claire, WI	Thrift	331	12	09-30	11/06	8.62	61	
LBCP	Liberty Bancorp, Inc. of MO	NASDAQ	Liberty, MO	Thrift	329	6	09-30	07/06	10.77	51	
FZNS	First Franklin Corp. of OH	NASDAQ	Cincinnati, OH	Thrift	323	8	12-31	01/88	13.10	22	
CHRV	Cheviot Fin Cp MHC of OH(42.1)	NASDAQ	Cincinnati, OH	Thrift	316	5	12-31	01/04	12.14	111	

RP FINANCIAL, LC.

Financial Services Industry Consultants
1700 North Moore Street, Suite 2210
Arlington, Virginia 22209
(703) 548-1700

Exhibit III-1
Characteristics of Publicly-Traded Thrifts
August 31, 2007(1)

Ticker	Financial Institution	Exchg. Market	Primary Market	Operating Total Strat. (2)	Assets (\$M)	Offices	Fiscal Year	Conv. Date	Stock Price (\$)	Market Value (\$M)	
Mid-West Companies (continued)											
FBTC	First BancTrust Corp of IL	NASDAQ Paris, IL		Thrift	301	4	12-31	04/01	11.06	25	
JCSB	Jacksonville BCP MHC of IL(47.7)	NASDAQ Jacksonville, IL		Thrift	275	8	12-31	04/95	12.25	24	
KZPB	KY Fed Fed Bp MHC of KY (44.5)	NASDAQ Hazard, KY		Thrift	267 M		06-30	03/05	10.00	83	
FFNA	First Fed of N. Michigan of MI	NASDAQ Alpena, MI		Thrift	260	10	12-31	04/05	7.64	22	
CFBK	Central Federal Corp. of OH	NASDAQ Fairlawn, OH		Thrift	260	4	12-31	12/98	6.11	27	
FBBI	First Bancshares, Inc. of MO	NASDAQ Mtna Grove, MO		Thrift	242 M	10	06-30	12/93	16.34	25	
BBBI	Blue River Bancshares of IN	NASDAQ Shelbyville, IN		Thrift	237	5	12-31	06/98	5.50	19	
PZPD	Park Bancorp of Chicago IL	NASDAQ Chicago, IL		Thrift	210	4	12-31	08/96	30.49	38	
FDPF	FPD Financial Corp of Dover OH	NASDAQ Dover, OH		Thrift	170 M	3	06-30	04/96	15.25	17	
New England Companies											
FBCT	Peoples United Financials of CT	NASDAQ Bridgeport, CT		Div.	13,820	157	12-31	04/07	17.44	5,248	
NAL	New Alliance Bancshares of CT	NYSE New Haven, CT		Thrift	7,942	64	12-31	04/04	14.63	1,651	
BRKL	Brookline Bancorp, Inc. of MA	NASDAQ Brookline, MA		Thrift	2,371	25	12-31	07/02	12.44	741	
BHLB	Berkshire Hills Bancorp of MA	NASDAQ Pittsfield, MA		Thrift	2,170	25	12-31	06/00	30.70	271	
RCKB	Rockville Fin MHC of CT (45.0)	NASDAQ Vrn Rockville CT		Thrift	1,271	16	12-31	05/05	14.70	285	
WFD	New Westfield Fin. Inc. of MA	AMEX Westfield, MA		Thrift	1,032	10	12-31	01/07	10.02	320	
USNK	United Fin Grp MHC of MA(46.4)	NASDAQ W Springfield MA		Thrift	1,023	11	12-31	07/05	12.02	205	
BPMC	Benjamin Franklin Bancorp Inc of MA	NASDAQ Franklin, MA		Thrift	896	9	12-31	04/05	13.31	108	
LEGC	Legacy Bancorp, Inc. of MA	NASDAQ Pittsfield, MA		Thrift	844	10	12-31	10/05	13.61	136	
MASB	MassBank Corp. of Reading MA	NASDAQ Reading, MA		Thrift	817	15	12-31	05/86	34.00	147	
SIPI	SI Fin Gp Inc MHC of CT (41.3)	NASDAQ Willimantic, CT		Thrift	761	16	12-31	10/04	10.62	132	
NHTB	NH Thrift Bancshares of NH	NASDAQ Newport, NH		Thrift	750	17	12-31	05/86	15.30	78	
HVPS	Hingham Inst. for Sav. of MA	NASDAQ Hingham, MA		Thrift	710	8	12-31	12/88	30.00	64	
LSBK	LSB Corp of No. Andover MA	NASDAQ North Andover, MA		Thrift	579	7	12-31	05/86	16.25	75	
CEBK	Central Bancorp of Somerville MA	NASDAQ Somerville, MA		Thrift	549	10	03-31	10/86	23.30	38	
HBNK	Hampden Bancorp, Inc. of MA	NASDAQ Springfield, MA		Thrift	511 M	7	06-30	01/07	10.22	81	
PSBH	PBB Rldgs Inc MHC of CT (45.2)	NASDAQ Putnam, CT		Thrift	491	4	06-30	10/04	9.50	67	
CBNK	Chicopee Bancorp, Inc. of MA	NASDAQ Chicopee, MA		Thrift	469	7	12-31	07/06	14.22	106	
NVBL	Naug Villy Fin MHC of CT (44.2)	NASDAQ Naugatuck, CT		Thrift	429	6	12-31	10/04	10.88	80	
NFBP	Newport Bancorp, Inc. of RI	NASDAQ Newport, RI		Thrift	310	5	12-31	07/06	12.15	59	
NBSB	New England Bnchr Inc. of CT	NASDAQ Enfield, CT		Thrift	292	8	03-31	12/05	12.30	66	
MFLR	Mayflower Co-Op. Bank of MA	NASDAQ Middleboro, MA		Thrift	242 M	6	04-30	12/87	11.60	24	
North-West Companies											
WFSL	Washington Federal, Inc. of WA	NASDAQ Seattle, WA		Thrift	9,986	121	09-30	11/82	25.93	2,265	
FMGB	First Mutual Bancorp Inc of WA	NASDAQ Bellevue, WA		Thrift	1,029	12	12-31	12/85	26.01	174	
RFPQ	Reisler Pacific Fin Grp of WA	NASDAQ Tacoma, WA		Thrift	905	13	12-31	10/03	16.28	107	
RVSB	Riverview Bancorp, Inc. of WA	NASDAQ Vancouver, WA		Thrift	832	16	03-31	10/97	14.91	172	
TSBK	Timberland Bancorp, Inc. of WA	NASDAQ Hoquiam, WA		Thrift	624	25	09-30	01/98	15.76	111	
South-East Companies											
FFCH	First Fin. Holdings Inc. of SC	NASDAQ Charleston, SC		Thrift	2,671	47	09-30	11/83	31.57	374	
SUPR	Superior Bancorp of AL	NASDAQ Birmingham, AL		Thrift	2,470	59	12-31	12/98	9.46	328	
ACFC	Atl Cat Fed Cp of GA MHC(36.8)	NASDAQ Mayscross, GA		Thrift	898	12	12-31	10/04	13.50	185	
FFBH	First Fed. Bancshares of AR	NASDAQ Harrison, AR		Thrift	820	15	12-31	05/96	18.72	91	
CBSC	Citizens South Banking of NC	NASDAQ Gastonia, NC		Thrift	755	11	12-31	10/02	12.71	100	
TBR	Teche Hldng Cp of N Iberia LA	AMEX New Iberia, LA		Thrift	714	17	09-30	04/95	42.00	92	
CFPC	Community Fin. Corp. of VA	NASDAQ Staunton, VA		Thrift	479	6	03-31	03/88	10.50	45	
HN09	Heritage Fd Gp MHC of GA(29.9)	NASDAQ Albany, GA		Thrift	448	7	12-31	06/05	13.10	143	
JTBI	Jefferson Bancshares Inc of TN	NASDAQ Morristown, TN		Thrift	330 M	1	06-30	07/03	10.75	69	
LASC	Louisiana Bancorp, Inc. of LA	NASDAQ		Thrift	271 P	0					
PRDS	Great Fee Dee Bancorp of SC	NASDAQ Cheraw, SC		Thrift	219 M	3	06-30	12/97	21.64	39	
GSLA	GS Financial Corp. of LA	NASDAQ Metairie, LA		Thrift	170	4	12-31	04/97	18.25	23	
South-West Companies											

RP FINANCIAL, LC.
 Financial Services Industry Consultants
 1700 North Moore Street, Suite 2210
 Arlington, Virginia 22209
 (703) 528-1700

Exhibit III-1
 Characteristics of Publicly-Traded Thrifts
 August 31, 2007(1)

Ticker	Financial Institution	Exchg.	Primary Market	Operating Strat. (2)	Total Assets (\$Mil)	Offices	Fiscal Year	Conv. Date	Stock Price (\$)	Market Value (\$Mil)
<u>South-West Companies (continued)</u>										
FBYX	Franklin Bank Corp of TX	NASDAQ	Houston, TX	Thrift	5,546	32	12-31	12/03	9.66	245
VPFG	ViewPoint Finl MHC of TX(45.0)	NASDAQ	Piano, TX	Thrift	1,605	34	12-31	10/06	17.19	446
OSBK	Osage Bancshares, Inc. of OK	NASDAQ	Pawhuska, OK	Thrift	126 M	2	06-30	01/07	8.40	30
<u>Western Companies (Excl CA)</u>										
UWBR	United Western Bncp, Inc of CO	NASDAQ	Denver, CO	Thrift	2,043	1	12-31	10/96	21.20	155
HOME	Home Fed Bncp MHC of ID (40.8)	NASDAQ	Nampa, ID	Thrift	728	15	09-30	12/04	14.68	224

Other Areas

NOTES: (1) Or most recent date available (M=March, S=September, D=December, J=June, E=Estimated, and P=Pro Forma)
 (2) Operating strategies are: Thrift=Traditional Thrift, M.B.=Mortgage Banker, R.E.=Real Estate Developer, Div.=Diversified, and Ret.=Retail Banking.
 (3) BIF insured savings bank.

Source: Corporate offering circulars, SNL Securities Quarterly Thrift Report, and financial reports of publicly Traded Thrifts.

Date of Last Update: 08/31/07

EXHIBIT III-2
Public Market Pricing of Mid-Atlantic Institutions

Exhibit III-2
Market Pricing Comparatives
Prices As of August 31, 2007

Financial Institution	Market Capitalization (\$)	Price/Share (\$)	Per Share Data	Pricing Ratios(3)				Dividends(4)		Financial Characteristics(6)									
				F/E (x)	F/B (x)	F/A (x)	F/TP (x)	E/CORE (x)	Amount/Share (\$)	Yield (%)	Payout Ratio (%)	Total Assets (\$Bdl)	NPAs/Assets (%)	ROA (%)	ROE (%)				
All Public Companies	16.62	412.92	0.74	19.97	130.65	16.47	149.25	20.71	0.41	2.34	39.89	3,136	12.58	0.60	0.53	5.04	0.49	4.70	
Special Selection Grouping(8)	14.95	637.36	0.58	21.56	144.70	19.44	171.59	22.00	0.34	2.15	30.94	4,551	13.39	0.36	0.54	4.55	0.47	4.43	
State of MD	10.07	93.01	0.89	12.24	113.97	13.21	114.30	13.46	0.20	2.09	29.21	678	13.29	0.76	1.16	10.99	1.09	10.50	
Comparable Group																			
Special Comparative Group(8)																			
ABC Abington Bancorp, Inc. of PA	9.59	234.57	0.25	38.36	96.00	22.34	96.00	38.36	0.18	1.88	72.00	1,050	23.27	0.26	0.65	4.38	0.65	4.38	
ALLB Alliance Bank MHC of PA (45.0)	8.74	28.41	0.20	6.84	127.78	14.86	127.78	NM	0.29	2.29	NM	425	11.63	0.48	0.36	3.61	0.36	3.61	
ANJ American Bancorp of NJ	11.10	138.41	0.07	8.50	130.59	24.62	130.59	NM	0.16	1.44	NM	562	18.85	NA	0.19	0.86	0.16	0.86	
AF Astoria Financial Corp. of NY	26.07	2524.93	1.52	12.34	213.26	11.66	249.95	17.15	1.04	3.99	68.42	21,450	5.52	0.32	0.69	12.03	0.68	11.95	
BCSB BCSB Bancorp MHC of MD (36.5)(7)	9.75	21.05	0.10	5.72	170.45	8.86	189.96	NM	0.00	0.00	0.00	651	5.20	0.37	-0.42	9.38	0.08	1.77	
BCLC Beneficial Mt MHC of PA(44.3)	9.50	346.48	0.14	7.13	133.43	21.29	174.95	NM	0.00	0.00	0.00	3,671	15.96	0.50	0.34	2.11	0.31	1.97	
BFSB Brooklyn Fed MHC of NY (30.0)	14.01	55.59	0.28	6.36	220.28	47.24	220.28	NM	0.16	1.14	16.90	398	21.44	0.03	0.98	4.58	0.94	4.58	
CBSB CMS Bancorp, Inc. of NY	10.50	21.58	0.78	11.89	88.31	15.24	88.31	NM	0.00	0.00	NM	142	17.25	NA	-1.07	9.81	-1.07	9.81	
CAVB Carver Bancorp, Inc. of NY	15.59	39.02	1.61	20.89	74.83	5.11	85.01	9.48	0.40	2.57	24.84	764	6.85	0.61	0.40	5.81	0.54	7.99	
CLCB Clifton Sv Bp MHC of NJ(43.3)	11.22	143.76	0.10	6.36	176.42	39.87	176.42	NM	0.20	1.78	NM	801	22.60	0.03	0.36	1.57	0.36	1.57	
COBK Colonial Bank MHC of NJ (46.0)	11.74	24.42	0.35	8.19	143.35	12.04	143.35	33.54	0.00	0.00	0.00	432	8.40	0.05	0.39	4.25	0.39	4.25	
DCOM Dime Community Bancshares of NY	13.63	480.57	0.66	7.81	19.47	174.52	14.78	218.78	20.65	4.11	NM	3,250	8.47	0.09	0.77	8.57	0.73	8.08	
EBFP ESB Financial Corp. of PA	11.02	131.24	0.62	9.53	149.36	6.95	170.96	16.45	0.40	3.88	64.52	1,889	6.42	0.23	0.46	7.04	0.41	6.33	
ESBA ESEA Bancorp, Inc. of PA	11.35	187.64	0.91	12.04	91.78	21.03	91.78	NM	0.00	0.00	NM	892	22.92	NA	-1.70	-11.65	-1.70	-11.65	
ESBE EState Svcs Bank, FSB of NY	20.49	29.73	1.54	17.09	119.89	7.90	120.96	13.31	0.80	3.90	51.95	376	6.59	0.06	0.47	7.06	0.63	9.37	
FFCO First Federal Fin MHC of PA (45.8)	9.01	27.67	1.17	15.06	104.17	6.58	110.73	13.68	0.56	3.50	47.86	727	6.32	NA	-0.38	-2.32	-0.38	-2.32	
FFBI Fidelity Bancorp, Inc. of PA	16.00	47.84	0.33	14.00	92.14	5.98	92.14	36.06	0.00	0.00	0.00	525	6.64	0.49	0.13	2.14	0.16	2.68	
FFFB First Federal Fin MHC of PA (45.0)	12.90	31.37	0.35	14.00	92.14	5.98	92.14	36.06	0.00	0.00	0.00	525	6.64	0.49	0.13	2.14	0.16	2.68	
FFFG First Federal Fin MHC of PA (45.0)	14.13	1500.73	0.81	10.54	17.09	18.89	234.72	17.44	0.56	3.96	69.14	7.945	17.46	0.27	1.06	6.05	1.08	6.20	
FFFC First Federal Fin MHC of PA (45.0)	16.42	348.97	0.92	10.54	17.09	18.89	234.72	17.44	0.56	3.96	69.14	7.945	17.46	0.27	1.06	6.05	1.08	6.20	
FFCB Fox Chase Bancorp MHC of PA(44.5)	12.38	60.85	0.31	8.63	143.45	23.90	143.45	39.94	0.00	0.00	0.00	761	16.66	0.02	0.55	3.64	0.60	4.03	
GOV Gouverneur Bcp MHC of NY(42.8)	11.85	129.46	0.17	12.30	96.42	14.51	96.42	22.10	0.32	2.90	27.30	133	15.40	0.44	0.82	5.40	0.88	5.75	
GLK Great Lakes Bancorp, Inc. of NY	11.05	10.84	0.50	8.88	124.54	19.17	124.54	22.10	0.32	2.90	27.30	133	15.40	0.44	0.82	5.40	0.88	5.75	
GCBC Green Co Bcp MHC of NY (44.4)	12.28	22.61	0.59	8.53	143.96	15.65	143.96	20.81	0.50	4.07	NM	892	15.06	0.42	-0.18	-1.21	-0.21	-1.37	
HAL Harleyville Svcs Fin Cp of PA	14.83	57.13	0.84	12.73	170.51	7.34	116.50	17.45	0.68	4.59	NM	778	6.30	0.06	0.44	6.88	0.42	6.84	
HCB Hudson City Bancorp, Inc. of NJ	14.22	7862.62	0.53	8.75	162.51	19.05	168.48	26.83	0.34	2.39	64.15	39,590	11.72	0.10	0.79	5.77	0.79	5.77	
IFSB Independence FSB of DC	10.10	15.68	2.74	7.67	131.68	9.87	131.68	NM	0.00	0.00	NM	159	7.50	0.28	-2.30	-39.06	-2.63	-33.17	
IBSB Investors Bcp MHC of NJ(45.7)	14.20	755.10	0.22	7.57	187.58	28.26	187.58	NM	0.00	0.00	0.00	5,001	15.06	0.24	0.40	2.52	0.44	2.77	
KNBT KNY Bancorp, Inc. of PA	14.71	400.07	0.80	12.95	113.59	13.85	183.98	18.39	0.40	2.72	50.00	2,889	12.19	0.16	0.67	5.56	0.74	6.18	
KRY Kearny Fin Cp MHC of NJ (29.7)	13.21	284.52	0.05	6.63	138.65	46.83	249.52	NM	0.20	1.51	NM	2,008	23.57	NA	0.18	0.73	0.18	0.73	
LSBK Lake Shore Bcp MHC of NY (45.0)	10.40	50.95	0.24	8.05	129.19	19.25	129.19	NM	0.12	1.15	23.02	349	14.90	0.41	0.44	2.90	0.44	2.90	
MSFB MSB Fin Corp MHC of NJ (45.0)	10.21	25.82	0.28	7.68	134.03	13.46	134.03	36.46	0.00	0.00	0.00	283	15.27	NA	0.52	5.00	0.52	5.00	
MGFB Maytag Bancorp MHC of NJ(46.0)	10.95	29.82	0.14	8.17	134.03	13.46	134.03	36.46	0.00	0.00	0.00	474	10.04	0.26	4.00	13.45	-0.22	-0.75	
MECB ME Comm Bancorp MHC of NY (45.0)	10.40	61.89	0.05	8.16	127.45	44.91	127.45	NM	0.00	0.00	NM	306	35.23	0.27	4.00	13.45	-0.22	-0.75	
NYB New York Community Bcp of NY	17.69	552.04	0.81	12.62	140.17	18.74	366.35	21.84	1.00	5.65	NM	6,898	18.60	0.69	0.69	7.67	0.68	7.67	
NWBB Northwest Bcp MHC of PA(39.1)	29.16	570.81	0.93	12.07	241.59	20.78	351.33	32.94	0.88	3.02	NM	29,424	13.37	0.09	0.75	5.77	0.68	7.67	
OCBC Ocean Shr Hldg MHC of NJ(44.8)	11.20	43.23	0.34	7.37	32.94	16.36	351.33	32.94	0.00	0.00	0.00	1,978	16.25	0.06	0.51	4.64	0.51	4.64	
OCFC OceanFirst Fin. Corp. of NJ	17.56	216.32	0.74	10.04	174.90	10.94	174.90	23.73	0.80	4.56	NM	1,978	16.25	0.06	0.51	4.64	0.51	4.64	
ONFC Onida Financi MHC of NY(44.6)	11.90	41.34	0.49	7.46	159.52	18.38	287.44	24.29	0.48	4.03	NM	1,504	11.52	0.01	-0.02	-1.32	0.44	6.98	
ORIT Oriskany Fin Cp MHC of NJ(32.0)	15.12	196.21	0.31	6.72	225.00	53.34	225.00	NM	0.00	0.00	0.00	1,194	22.82	NA	1.01	4.52	1.01	4.52	
PACI Parkvale Financial Corp. of NJ	18.10	90.07	1.07	1.07	153.39	14.15	153.39	16.92	0.92	5.08	0.00	1,194	22.82	NA	1.01	4.52	1.01	4.52	
PVSA Parkvale Financial Corp. of PA	29.50	165.58	2.32	22.96	128.48	9.07	170.03	12.72	0.68	2.98	37.93	1,825	7.06	0.37	0.71	10.64	0.70	10.42	
PRR Partners Trust Fin. Grp. of NY(7)	12.14	527.50	0.59	11.28	107.62	14.45	218.74	20.58	0.28	2.11	47.46	3,850	13.43	0.11	0.59	4.51	0.69	5.22	
PRFC Parkfinder FC MHC of NY (35.8)	10.98	9.67	0.24	6.38	131.34	8.96	161.95	NM	0.41	3.73	NM	305	5.82	0.54	0.27	3.82	0.28	3.85	
PRS Provident Fin. Serv. Inc. of NY	16.80	1065.94	0.83	16.06	194.51	18.56	280.45	20.24	0.44	2.62	53.01	5,743	17.42	0.15	0.92	5.15	0.92	5.06	
PRY Provident NY Bcp, Inc. of NY	13.61	575.42	0.48	9.66	29.38	24.96	280.45	28.77	0.20	1.45	43.67	7,883	17.42	0.15	0.92	5.15	0.92	5.06	
PRP Prudential Bcp MHC PA (42.7)	13.36	68.87	0.32	7.12	187.64	62.50	187.64	28.77	0.20	1.45	27.74	477	17.32	0.12	0.79	4.31	0.79	4.31	
ROMA Roma Fin Corp MHC of NJ (31.0)	16.99	172.40	0.18	7.26	131.68	32.50	131.68	NM	0.24	1.80	1.80	887	26.73	NA	0.66	2.71	0.66	2.71	
ROKB Roke Bancorp, Inc. of NJ	11.90	95.20	0.39	9.11	132.81	31.90	132.81	30.51	0.22	2.65	NM	311	24.02	NA	1.08	4.18	1.08	4.18	
SVBI Sovereign Bancorp, Inc. of MD	13.43	135.20	1.38	9.91	142.42	14.60	142.42	17.18	0.32	2.65	NM	311	24.02	NA	1.08	4.18	1.08	4.18	
SOV Sovereign Financial Corp. of PA	16.08	846.03	0.72	17.92	163.39	10.47	275.19	25.11	0.32	1.77	48.44	82.25	10.38	0.40	0.28	2.83	0.40	4.07	
STMP Sverigian Financial Group of NJ(7)	21.05	163.17	0.33	6.77	178.04	17.28	142.39	NM	0.26	1.88	NM	223	10.70	0.04	0.31	3.14	0.37	3.73	
THRD TP Fin Corp. of NewYork NY	11.33	78.04	1.77	22.95	14.70	317.86	24.82	365.98	15.28	0.64	4.50	3,974	6.80	0.42	0.80	9.10	0.77	7.79	
TRST TrustCo Bank Corp NY of NY	27.05	838.68	0.55	31.06</															

RP FINANCIAL, LC.
 Financial Services Industry Consultants
 1700 North Moore Street, Suite 2210
 Arlington, Virginia 22209
 (703) 528-1700

Exhibit III-2
 Market Pricing Comparatives
 Prices As of August 31, 2007

Financial Institution	Market Capitalization		Per Share Data		Pricing Ratios(3)				Dividends(4)		Financial Characteristics(6)								
	Price/Share(1)	Market Value (\$M)	Core Book Value/Share(2)	EPS(2)	P/E (x)	P/B (x)	P/A (x)	P/TS (x)	Amount/Share (\$)	Yield Ratio(5) (%)	Total Assets (\$M)	Equity/Assets (%)	NPAs/Assets (%)	Reported ROA (%)	Core ROA (%)				
Special Comparative Group(8) (continued)																			
WSB Washington SB, FSB of Bowie MD	6.70	50.82	0.39	0.32	14.89	80.53	11.82	80.53	17.18	0.16	2.39	41.03	430	14.67	NA	0.77	5.60	0.67	4.05
WPBC Willow Financial BCP Inc of PA	12.42	194.07	0.59	13.20	20.70	94.09	12.49	200.65	21.05	0.46	3.70	NM	1,553	13.28	0.59	0.60	4.53	0.59	4.45

- (1) Average of High/Low or Bid/Ask price per share.
- (2) EPS (estimate core basis) is based on actual trailing twelve month data, adjusted to omit non-operating items on a tax affected basis.
- (3) P/E = Price to earnings; P/B = Price to book; P/A = Price to assets; P/TS = Price to tangible book value, and P/CORE = Price to estimated core earnings.
- (4) Indicated twelve month dividend, based on last quarterly dividend declared.
- (5) Indicated dividend as a percent of trailing twelve month estimated core earnings.
- (6) ROA (return on assets) and ROE (return on equity) are indicated ratios based on trailing twelve month earnings and average equity and assets balances.
- (7) Excludes from averages those companies the subject of actual or rumored acquisition activities or unusual operating characteristics.
- (8) Includes Mid-Atlantic Companies;

Source: Corporate reports, offering circulars, and RP Financial, LC. calculations. The information provided in this report has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

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EXHIBIT III-3
Peer Group Market Area Comparative Analysis

Exhibit III-3
Peer Group Market Area Comparative Analysis

<u>Institution</u>	<u>County</u>	<u>Population</u>		<u>Proj. Pop. 2012</u>	<u>2000-2007 % Change</u>	<u>2007-2012 % Change</u>	<u>Per Capita Income</u>		<u>Deposit Market Share(1)</u>
		<u>2000 (000)</u>	<u>2007 (000)</u>				<u>Amount</u>	<u>% State Average</u>	
American Bancorp of NJ	Essex	794	808	818	1.8%	1.2%	\$31,402	88.8%	2.1%
Elmira Savings Bank of NY	Chemung	91	90	88	-1.6%	-1.4%	23,585	75.8%	18.7%
Fidelity Bancorp, Inc. of PA	Allegheny	1,282	1,241	1,211	-3.2%	-2.4%	29,961	108.5%	0.8%
First Keystone Financial, Inc. of PA	Delaware	551	562	569	2.1%	1.2%	33,393	121.0%	3.4%
Harleysville Savings Fin. Corp. of PA	Montgomery	750	790	818	5.3%	3.6%	41,542	150.5%	1.7%
Pamrapo Bancorp, Inc. of NJ	Hudson	609	622	631	2.1%	1.5%	27,379	77.5%	2.2%
Severn Bancorp, Inc. of MD	Anne Arundel	490	527	550	7.5%	4.5%	36,758	110.9%	8.7%
TF Financial Corp. of PA	Bucks	598	638	668	6.8%	4.6%	37,687	136.5%	1.6%
Washington SB, FSB of MD	Prince George's	802	857	892	6.9%	4.1%	29,497	89.0%	2.4%
Willow Financial Bancorp of PA	Montgomery	750	790	818	5.3%	3.6%	41,542	150.5%	1.5%
	Averages:	672	692	706	3.3%	2.0%	33,275	110.9%	4.3%
	Medians:	680	714	743	3.7%	2.5%	32,398	109.7%	2.1%
Bradford Bancorp, Inc.	Baltimore	754	797	826	5.7%	3.6%	32,807	99.0%	1.6%

(1) Total institution deposits in headquarters county as percent of total county deposits as of June 30, 2006.

Sources: ESRI, FDIC.

EXHIBIT IV-1
Stock Prices:
As of August 31, 2007

Exhibit IV-1
Weekly Thrift Market Lines - Part One
Prices As Of August 31, 2007

Financial Institution	Market Capitalization		Price Change Data			Current Per Share Financials			
	Price/Share (1)	Shares Outstanding (2)	52 Week (1)	Last Week	Last 52 Wks	Trailing 12 Mo. EPS (3)	12 Mo. Core EPS (3)	Book Value/Share (4)	Tangible Book Value/Share (4)
	(\$)	(000)	(\$)	(\$)	(%)	(\$)	(\$)	(\$)	(\$)
All Public Companies (no MRC)									
SAIP-Insured Thrifts(125)	17.61	28,895	22.20	17.58	0.20	0.96	0.88	15.17	13.55
SAIP-Insured Thrifts(125)	17.61	28,895	22.20	17.58	0.20	0.96	0.88	15.17	13.55
NYSE Traded Companies(13)	22.88	111,367	32.64	18.59	23.68	2.06	1.51	20.58	17.56
NYSE Traded Companies(13)	22.88	111,367	32.64	18.59	23.68	2.06	1.51	20.58	17.56
AMEX Traded Companies(4)	15.83	12,782	21.80	15.35	15.90	0.89	0.87	13.17	12.74
AMEX Traded Companies(4)	15.83	12,782	21.80	15.35	15.90	0.89	0.87	13.17	12.74
MARDAQ Listed OTC Companies(108)	17.06	13,134	20.98	15.34	15.90	0.83	0.81	14.61	13.10
MARDAQ Listed OTC Companies(108)	17.06	13,134	20.98	15.34	15.90	0.83	0.81	14.61	13.10
California Companies(9)	25.23	18,582	36.76	20.28	24.95	2.82	2.05	23.61	23.28
California Companies(9)	25.23	18,582	36.76	20.28	24.95	2.82	2.05	23.61	23.28
Florida Companies(5)	11.12	26,802	19.11	9.72	11.43	0.90	0.78	11.31	10.73
Florida Companies(5)	11.12	26,802	19.11	9.72	11.43	0.90	0.78	11.31	10.73
Mid-Atlantic Companies(35)	16.50	59,459	20.33	14.72	16.51	0.74	0.78	13.01	10.94
Mid-Atlantic Companies(35)	16.50	59,459	20.33	14.72	16.51	0.74	0.78	13.01	10.94
Mid-West Companies(41)	17.77	8,885	21.31	15.70	17.12	0.66	0.60	15.90	14.35
Mid-West Companies(41)	17.77	8,885	21.31	15.70	17.12	0.66	0.60	15.90	14.35
New England Companies(17)	17.37	33,982	20.83	15.28	17.12	0.52	0.56	15.37	13.53
New England Companies(17)	17.37	33,982	20.83	15.28	17.12	0.52	0.56	15.37	13.53
North-East Companies(5)	10.39	28,130	21.92	16.45	18.22	0.62	0.58	13.82	10.67
North-East Companies(5)	10.39	28,130	21.92	16.45	18.22	0.62	0.58	13.82	10.67
South-East Companies(10)	8.26	8,887	22.95	15.95	18.31	1.16	1.03	14.86	13.70
South-East Companies(10)	8.26	8,887	22.95	15.95	18.31	1.16	1.03	14.86	13.70
South-West Companies(2)	8.80	14,475	17.46	7.75	9.03	0.42	0.39	12.44	7.13
South-West Companies(2)	8.80	14,475	17.46	7.75	9.03	0.42	0.39	12.44	7.13
Western Companies (Excl. CA)(1)	21.90	7,304	26.32	18.75	21.20	3.41	1.68	15.28	15.28
Western Companies (Excl. CA)(1)	21.90	7,304	26.32	18.75	21.20	3.41	1.68	15.28	15.28
Thrift Strategy(118)	17.18	22,589	21.62	15.12	17.12	0.92	0.88	15.00	13.42
Thrift Strategy(118)	17.18	22,589	21.62	15.12	17.12	0.92	0.88	15.00	13.42
Mortgage Banker Strategy(4)	16.98	141,240	26.11	15.65	19.25	3.17	0.88	15.00	13.42
Mortgage Banker Strategy(4)	16.98	141,240	26.11	15.65	19.25	3.17	0.88	15.00	13.42
Diversified Strategy(2)	38.98	153,598	46.83	34.10	40.07	2.60	2.71	32.72	32.32
Diversified Strategy(2)	38.98	153,598	46.83	34.10	40.07	2.60	2.71	32.72	32.32
Company Issuing Dividends(110)	18.06	31,438	22.62	15.88	18.01	1.03	0.96	15.26	13.58
Company Issuing Dividends(110)	18.06	31,438	22.62	15.88	18.01	1.03	0.96	15.26	13.58
Company Without Dividends(15)	14.30	10,181	19.11	12.58	14.49	0.99	0.96	14.35	13.28
Company Without Dividends(15)	14.30	10,181	19.11	12.58	14.49	0.99	0.96	14.35	13.28
Equity/Assets <6%(6)	17.54	40,347	22.75	14.90	17.37	1.72	1.36	14.73	14.13
Equity/Assets <6%(6)	17.54	40,347	22.75	14.90	17.37	1.72	1.36	14.73	14.13
Equity/Assets >12%(30)	19.17	23,500	24.79	15.84	19.17	0.76	0.78	14.87	14.47
Equity/Assets >12%(30)	19.17	23,500	24.79	15.84	19.17	0.76	0.78	14.87	14.47
Converted Last 3 Mths (no MRC)(2)	14.45	38,282	16.88	12.75	14.39	0.72	0.78	11.53	9.92
Converted Last 3 Mths (no MRC)(2)	14.45	38,282	16.88	12.75	14.39	0.72	0.78	11.53	9.92
Actively Traded Companies(10)	10.23	15,403	11.87	9.35	10.27	0.76	0.78	11.62	12.75
Actively Traded Companies(10)	10.23	15,403	11.87	9.35	10.27	0.76	0.78	11.62	12.75
Market Value Below \$20 Million(4)	23.05	66,555	19.01	20.80	22.85	1.12	1.23	11.62	15.30
Market Value Below \$20 Million(4)	23.05	66,555	19.01	20.80	22.85	1.12	1.23	11.62	15.30
Holding Company Structure(118)	10.26	1,855	12.31	8.74	10.85	0.01	-0.10	2.88	3.64
Holding Company Structure(118)	10.26	1,855	12.31	8.74	10.85	0.01	-0.10	2.88	3.64
Assets Over \$1 Billion(53)	17.85	30,359	22.48	16.74	17.82	1.91	0.93	15.34	13.61
Assets Over \$1 Billion(53)	17.85	30,359	22.48	16.74	17.82	1.91	0.93	15.34	13.61
Assets \$250-\$500 Million(36)	18.96	63,673	25.96	18.73	19.82	1.35	1.16	16.16	13.42
Assets \$250-\$500 Million(36)	18.96	63,673	25.96	18.73	19.82	1.35	1.16	16.16	13.42
Assets \$50-\$250 Million(26)	16.81	5,784	23.30	17.11	18.82	0.96	0.97	14.17	14.86
Assets \$50-\$250 Million(26)	16.81	5,784	23.30	17.11	18.82	0.96	0.97	14.17	14.86
Assets less than \$250 Million(10)	12.94	4,224	15.20	11.26	12.83	0.54	0.57	12.55	12.08
Assets less than \$250 Million(10)	12.94	4,224	15.20	11.26	12.83	0.54	0.57	12.55	12.08
Goodwill Companies(87)	14.08	1,994	24.11	12.62	15.96	0.06	-0.01	13.70	12.07
Goodwill Companies(87)	14.08	1,994	24.11	12.62	15.96	0.06	-0.01	13.70	12.07
Non-Goodwill Companies(38)	14.02	7,923	17.61	12.82	13.19	1.14	1.08	16.08	13.73
Non-Goodwill Companies(38)	14.02	7,923	17.61	12.82	13.19	1.14	1.08	16.08	13.73
Acquirers of PUBLIC Cases(4)	25.61	25,933	32.32	20.64	24.81	1.36	0.45	13.13	13.13
Acquirers of PUBLIC Cases(4)	25.61	25,933	32.32	20.64	24.81	1.36	0.45	13.13	13.13

(1) Average of high/low or bid/ask price per share.
(2) Or since offering price if converted or first listed in 2005 or within the past 52 weeks. Percent change figures are actual year-to-date and are not annualized.
(3) EPS (earnings per share) is based on actual trailing twelve month data and is not shown on a pro forma basis.
(4) Excludes intangibles (such as goodwill, value of core deposits, etc.).
(5) ROA (return on assets) and ROE (return on equity) are indicated ratios based on trailing twelve month common earnings and average common equity and assets balances.
(6) Indicated dividend as a percent of trailing twelve month earnings.
(7) Excluded from averages due to actual or rumored acquisition activities or unusual operating characteristics.
(8) For MRC institutions, market value reflects share price multiplied by public (non-MRC) shares.

* All thrifts are SAIP insured unless otherwise noted with an asterisk. Parentheses following market averages indicate the number of institutions included in the respective averages. All figures have been adjusted for stock splits, stock dividends, and secondary offerings.
Source: Corporate reports and offering circulars for publicly traded companies, and RP Financial, LC. calculations. The information provided in this report has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

RP FINANCIAL, LC.
Financial Services Industry Consultants
1700 North Moore Street, Suite 2210
Arlington, Virginia 22209
(703) 528-1700

Exhibit IV-1 (continued)
Weekly Thrift Market Lines - Part One
Prices As Of August 31, 2007

Financial Institution	Market Capitalization		Price Change Data				Current Per Share Financials						
	Price/Share (1)	Shares Outstanding (1000)	High (\$)	Low (\$)	Last Week (\$)	Last 52 Wks % Change (2)	Trailing 12 Mo. EPS (3)	Book Value/Share (4)	12 Mo. Core EPS (3)	Book Value/Share (4)	Assets/Share (5)		
All Public Companies(40)	13.29	30,850	15.61	11.69	13.22	0.51	1.53	-6.33	0.28	7.74	7.27	59.07	
SAIF-Insured Thrifts(40)	13.29	30,850	15.61	11.69	13.22	0.51	1.53	-6.33	0.28	7.74	7.27	59.07	
ANKX Traded Companies(1)	11.05	2,300	14.35	10.60	11.00	0.45	-21.07	-11.60	0.47	0.50	0.88	57.55	
NASDAQ Listed OTC Companies(35)	13.36	31,690	15.65	11.72	13.29	0.51	2.19	-6.17	0.27	0.34	7.70	7.22	59.11
Mid-Atlantic Companies(23)	12.64	24,059	14.99	11.05	12.59	0.34	-1.00	-6.46	0.31	0.27	7.74	7.21	57.69
Mid-West Companies(7)	15.02	66,685	17.70	13.02	15.65	1.47	4.14	-0.02	0.21	0.20	8.22	7.75	62.57
South-East Companies(5)	11.50	11,482	14.14	10.86	11.53	-0.13	-5.65	-13.55	0.24	0.23	7.25	6.94	64.39
South-West Companies(2)	13.20	10,868	17.00	11.56	13.10	0.76	2.65	-20.72	0.21	0.22	5.78	5.59	41.15
North-West Companies(1)	17.17	25,863	19.00	14.25	17.12	-0.12	71.70	3.36	0.23	0.22	8.09	8.09	61.81
Thrift Strategy(40)	13.29	30,850	15.61	11.69	13.22	0.51	1.53	-6.33	0.28	7.74	7.27	59.07	
Companies Issuing Dividends(26)	13.29	30,850	15.61	11.69	13.22	0.51	1.53	-6.33	0.28	7.74	7.27	59.07	
Companies Without Dividends(14)	13.29	30,850	15.61	11.69	13.22	0.51	1.53	-6.33	0.28	7.74	7.27	59.07	
Equity/Assets >12%(24)	14.16	34,802	17.37	12.64	14.25	0.88	-6.09	-11.15	0.36	0.36	8.48	7.51	88.29
Holiday Company Structures(37)	12.66	40,333	14.57	11.12	12.62	0.30	6.02	-3.48	0.23	0.19	7.29	7.07	41.80
Assets Over \$1 Billion(11)	13.35	31,505	15.76	11.75	13.28	0.52	1.53	-6.46	0.28	0.25	7.80	7.30	60.55
Assets \$250-\$500 Million(18)	17.59	83,903	19.77	15.06	17.48	0.59	12.61	0.73	0.29	0.29	8.05	7.38	60.55
Assets less than \$250 Million(1)	11.31	7,437	13.83	10.24	11.29	0.24	-4.10	-9.72	0.26	0.26	7.30	6.73	50.26
Goodwill Companies(19)	11.05	2,300	14.35	10.60	11.00	0.45	-21.07	-11.60	0.47	0.50	0.88	0.88	57.55
Non-Goodwill Companies(21)	13.51	25,407	14.96	11.94	12.84	1.04	-2.35	-6.34	0.24	0.23	7.64	6.83	64.56
MHC Institutions(40)	13.28	30,850	15.61	11.69	13.22	0.51	1.53	-6.33	0.28	7.74	7.27	59.07	
MHC Converted Last 3 Months(1)	9.50	82,855	9.59	8.31	9.37	1.39	-5.00	-5.00	0.15	0.14	7.12	5.43	44.52

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 (2) Or since offering price if converted or first listed in 2005 or within the past 52 weeks. Percent change figures are actual year-to-date and are not annualized.
 (3) EPS (earnings per share) is based on actual trailing twelve month data and is not shown on a pro forma basis.
 (4) Excludes intangibles (such as goodwill, value of core deposits, etc.).
 (5) ROE (return on assets) and ROE (return on equity) are based on trailing twelve month common earnings and average common equity and assets balances.
 (6) Annualized dividend based on last regular quarterly cash dividend announcement.
 (7) Indicated dividend as a percent of trailing twelve month earnings.
 (8) Excluded from averages due to actual or rumored acquisition activities or unusual operating characteristics.
 (9) For MHC institutions, market value reflects share price multiplied by public (non-MHC) shares.

* All thrifts are SAIF insured unless otherwise noted with an asterisk. Parentheses following market averages indicate the number of institutions included in the respective averages. All figures have been adjusted for stock splits, stock dividends, and secondary offerings.
 Source: Corporate reports and offering circulars for publicly traded companies, and RP Financial, LC. calculations. The information provided in this report has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

RP FINANCIAL, LC.
Financial Services Industry Consultants
1700 North Moore Street, Suite 2210
Arlington, Virginia 22209
(703) 528-1700

Exhibit IV-1 (continued)
Weekly Thrift Market Line - Part One
Prices As Of August 31, 2007

Financial Institution	Market Capitalization			Price Change Data				Current Per Share Financials					
	Price/Share (\$)	Outstanding (\$)	Capitalization (\$)	52 Week High (\$)	52 Week Low (\$)	Last Week (\$)	% Change	12 Mo. EPS (\$)	12 Mo. Core EPS (\$)	Book Value (\$)	Tangible Assets/Share (\$)		
NASDAQ Listed OTC Companies (continued)													
ONFC Onside Financial MHC of NY (44.6)	11.90	7,787	41.3	13.44	10.94	12.10	-1.63	1.71	0.76	0.48	0.49	7.46	64.74
ORIT Oriant Fin Cp MHC of NJ (32.0)	15.12	40,552	196.2	16.00	12.55	15.01	0.73	51.20	51.20	0.30	0.31	6.72	29.45
OSBK Osage Bancshares, Inc. of OK	8.40	3,604	30.3	13.03	8.00	8.40	0.00	-35.53	-26.77	0.26	0.26	9.76	34.97
PSBH PSB Hlds Inc MHC of CT (45.2)	9.60	6,779	29.5	11.48	9.50	9.90	-3.03	-11.93	-13.82	0.28	0.28	7.56	72.46
PVFC PVF Capital Corp. of Solon OH (8)	15.57	7,730	120.4	15.90	9.88	15.65	-0.51	55.33	47.30	0.67	0.65	9.23	117.41
PPCI Pamapo Bancorp, Chicago, IL	18.10	4,976	90.1	26.50	16.82	17.50	3.43	-0.95	-23.17	1.12	1.07	11.80	127.89
PPCD Park Bancorp of Chicago, IL	30.35	1,241	37.5	36.00	28.54	30.49	-0.79	-6.92	-9.65	0.00	0.04	25.14	175.92
PVSA Parkvale Financial Corp. of NY	29.50	5,613	167.6	34.60	26.30	27.88	5.81	-4.47	-7.09	2.37	2.32	22.96	325.19
PRTR Partners Trust Fin. Grp. of PA (8)	12.14	43,451	535.4	12.20	9.81	12.08	0.50	10.77	4.30	0.51	0.59	11.28	84.00
PFBC Pathfinder AC MHC of NY (35.9)	10.98	2,484	9.7	16.00	9.35	10.30	6.60	-20.09	-15.80	0.33	0.34	8.36	122.61
PFDC Peoples Bancorp of Auburn IN	19.00	3,145	59.6	16.00	16.63	19.00	0.00	-1.04	-1.91	0.87	0.83	19.64	187.77
PCBI Peoples Community Bcrp. of OH	15.61	4,839	75.5	19.60	14.01	15.12	3.24	-17.23	-13.28	1.38	-1.40	17.86	111.03
PBCT Peoples United Financial of CT	17.68	300,900	5,319.9	22.81	14.78	17.44	1.38	2.73	-16.80	0.34	0.38	14.97	14.62
PROV Provident Fin. Holdings of CA	23.32	6,377	148.1	32.80	17.51	22.80	1.84	-24.19	-23.67	2.05	1.08	20.63	45.93
PRNY Provident NY Bancrp, Inc. of NY	13.81	41,667	575.4	16.00	11.42	13.84	-0.22	-1.00	-7.81	0.47	0.48	9.66	56.79
PRIP Prudential Banc MHC PA (42.7)	13.36	11,614	68.9	13.89	12.46	13.28	0.45	0.45	-0.30	0.32	0.32	7.12	41.11
PULB Pulaaki Fin Cp of St. Louis MO	14.04	9,381	140.1	17.00	12.11	14.01	0.23	-14.91	-11.86	0.93	0.71	8.04	7.58
RPRF Rainier Pacific Fin Grp of WA	16.16	6,568	106.1	23.50	14.50	16.28	-0.74	-12.13	-18.51	0.45	0.42	13.69	137.77
RVRV River Valley Bancorp of IN	19.42	1,628	31.6	20.24	17.00	18.25	6.41	7.35	7.59	1.31	1.30	14.91	14.88
RWSB Riverview Bancorp, Inc. of WA	14.93	11,567	172.7	17.75	13.73	14.91	0.13	14.32	-1.78	1.02	1.00	8.62	6.35
RCBB Rockville Fin MHC of CT (45.0)	14.45	19,354	136.4	18.20	13.93	14.70	-1.70	-1.37	-19.05	0.16	0.18	7.26	7.24
ROMA Roma Fin Corp MHC of NJ (31.0)	16.99	32,732	172.4	17.37	13.54	16.93	0.35	17.44	2.60	0.18	0.18	8.96	27.31
ROME Rome Bancorp, Inc. of Rome NY	11.90	8,336	99.2	13.00	11.00	11.91	-0.08	-7.61	-6.67	0.37	0.39	8.66	37.30
SIFI SI Fin Op Inc MHC of CT (41.3)	10.95	12,405	56.2	13.94	9.95	10.62	3.11	-4.70	-23.13	1.40	1.18	9.31	9.07
SVAI Severa Bancorp, Inc. of MD	13.43	10,067	135.2	22.55	12.25	14.19	-5.36	-22.59	-23.13	0.21	0.16	8.03	4.32
SUPR Superior Bancorp of AL	9.40	34,671	335.9	11.93	8.10	9.46	-0.43	-19.45	-17.11	0.77	0.77	8.77	8.22
SYNF Synergy Financial Group of NJ (8)	14.16	11,382	161.2	16.69	12.21	14.08	0.57	-11.56	-14.08	1.84	1.77	22.85	21.77
THRD TF Fin. Corp. of Newark PA	27.05	2,885	78.0	33.49	24.36	26.87	0.57	-11.02	-12.74	0.04	0.04	25.80	33.16
TPSL TFS Fin Corp MHC of OH (31.5)	11.60	332,319	1,220.3	12.60	10.45	11.58	0.77	15.00	-16.00	1.96	1.86	20.35	178.60
TONS TiarOne Corp. of Lincoln NE (8)	22.42	18,054	404.6	34.97	18.72	22.32	0.45	-34.27	-39.07	1.76	1.52	10.53	9.82
TEBK Timberline Bancorp, Inc. of WA	15.91	7,025	111.8	19.48	14.95	15.76	0.95	-18.49	-14.28	0.35	0.32	7.06	86.65
TRST TrustCo Bank Corp NY of NY	11.18	75,016	838.7	11.67	9.14	11.01	1.34	16.98	9.51	0.35	0.32	7.06	44.28
UCBA United Comm Bancp MHC IN (45.0)	12.40	8,298	47.2	13.70	10.52	12.24	1.31	16.98	9.51	0.35	0.32	7.06	44.28
URFK United Community Fin. of OH	7.39	30,313	233.3	13.30	6.13	7.62	-3.02	-41.06	-38.62	0.52	0.51	8.11	7.82
UNBK United Fin Grp MHC of MA (46.4) (8)	12.80	17,072	101.9	16.00	11.01	12.02	6.98	-2.36	-7.25	0.21	0.21	8.11	7.82
UNBK United Western Bancp, Inc of CO	21.90	7,104	160.9	26.32	18.75	21.20	3.30	-2.45	-9.55	1.41	1.48	15.28	15.89
VVPG ViewPoint Finl MHC of TX (45.0)	17.17	25,863	199.3	19.00	14.35	17.19	-0.12	71.70	1.36	0.21	0.22	15.08	273.77
WFSF WFS Financial Corp. of PA	60.24	6,296	379.3	70.85	53.42	62.69	-3.41	-4.76	-10.00	4.86	5.02	8.09	61.81
WVFC WVS Financial Corp. of PA	14.40	2,320	38.0	17.95	12.77	16.30	0.61	0.00	-0.61	1.59	1.59	13.25	167.59
WPSL Washington Federal, Inc. of WA	26.54	87,361	2,318.6	26.94	21.43	28.73	2.33	19.40	12.73	1.56	1.59	14.83	124.31
WATW Watatopa Hlds MHC of WI (30.4)	16.65	33,489	167.2	18.00	14.14	16.24	4.34	-3.67	-6.57	0.23	0.12	6.87	50.63
WAYN Wayne Savings Bancshares of OH	13.00	2,194	41.5	15.00	12.80	13.18	-1.37	-11.86	-10.93	0.63	0.74	10.56	124.60
WPRC Willow Financial Bcp Inc of PA	12.42	13,626	194.1	15.95	10.88	12.26	1.32	-20.59	-12.60	0.60	0.59	13.20	93.41

Exhibit IV-1
Weekly Thrift Market Line - Part Two
Prices As Of August 31, 2007

Financial Institution	Key Financial Ratios				Asset Quality Ratios				Pricing Ratios				Dividend Data(s)				
	Equity/ Assets (%)	Tang. Assets (%)	ROA(5) (%)	ROE(5) (%)	Reported Earnings ROA(5) (%)	ROE(5) (%)	NPAs Assets (%)	Resvs/ NPAs (%)	Loans Assets (%)	Price/ Earnings (X)	Price/ Assets (%)	Price/ Book (X)	Price/ Tang. Book (X)	Core Earnings (%)	Price/ Core Earnings (X)	Ind. Divi. Share Yield (%)	Payout Ratio(7) (%)
Market Averages - All Public Companies (no PRICs)																	
SAIF-Insured Thrifts(125)	11.70	10.46	0.52	5.47	4.43	0.50	5.16	0.64	211.07	0.88	18.81	118.59	13.39	136.91	0.46	2.58	41.04
NYSE Traded Companies(113)	10.56	7.88	0.65	7.67	6.73	0.52	5.57	0.51	184.34	0.82	17.18	114.84	11.92	166.55	0.57	2.87	43.47
AMEX Traded Companies(4)	14.81	14.68	0.53	3.81	2.88	0.50	3.94	1.14	216.32	1.33	14.07	104.95	15.54	107.12	0.46	2.72	38.73
NASDAQ Listed OTC Companies(108)	11.71	10.60	0.51	5.27	4.22	0.50	5.18	0.64	214.84	0.88	13.21	119.57	13.47	136.89	0.44	2.54	40.76
California Companies(8)	7.83	7.82	0.79	10.23	9.68	0.58	7.68	0.31	172.89	0.63	12.21	105.92	8.50	107.95	0.60	2.79	25.62
Mid-Atlantic Companies(5)	7.23	6.85	0.36	5.27	5.13	0.27	4.08	1.08	114.35	1.06	17.44	106.20	8.00	111.52	0.08	1.35	17.44
Mid-Atlantic Companies(35)	11.46	9.56	0.45	4.86	3.44	0.46	5.07	0.33	241.81	0.77	19.42	132.48	14.23	166.52	0.45	2.72	46.14
Mid-West Companies(41)	10.49	9.51	0.48	5.08	4.40	0.44	4.70	0.33	430.80	0.96	18.60	111.41	11.42	133.20	0.51	2.93	46.65
New England Companies(17)	16.42	14.99	0.37	3.15	2.37	0.44	3.47	0.23	330.80	0.96	24.71	112.18	18.24	130.92	0.39	2.11	55.30
North-West Companies(10)	11.69	10.26	1.15	9.14	5.70	1.12	8.96	0.06	395.73	0.96	20.32	135.32	18.40	179.88	0.46	2.56	47.31
South-West Companies(2)	13.91	12.72	0.77	7.14	5.67	0.76	6.93	0.64	214.99	1.26	16.98	119.14	14.93	142.14	0.49	2.14	30.72
South-West Companies(2)	17.41	14.98	0.52	3.96	4.65	0.41	2.12	0.45	380.67	0.41	24.23	143.42	14.11	145.14	0.16	1.90	0.00
Western Company (Excl. CA) (1)	15.46	10.46	0.48	9.43	6.44	0.58	12.24	0.51	82.67	0.79	15.53	143.32	7.83	137.51	0.24	1.10	17.02
Thrift Strategy(118)	11.68	10.45	0.51	5.33	4.38	0.50	5.07	0.44	209.96	0.88	18.23	117.94	13.30	137.51	0.48	2.60	41.13
Mortgage Master Strategy(4)	18.28	16.21	0.55	6.87	5.84	0.51	5.09	0.81	99.07	0.92	22.72	119.23	9.66	169.54	0.48	2.38	47.70
Diversified Strategy(1)	19.65	19.21	0.55	10.15	5.00	1.02	10.71	0.17	485.25	1.07	12.40	153.32	25.53	155.39	0.47	1.83	8.23
Companies Paying Dividends(13)	11.37	10.05	0.52	6.35	5.09	0.58	6.07	0.65	209.97	0.88	18.79	120.99	13.34	141.68	0.52	2.93	45.33
Companies Without Dividends(15)	14.11	13.38	0.54	-1.02	-0.97	-0.17	-1.47	0.51	220.51	0.82	19.20	100.89	13.74	116.53	0.00	0.00	0.00
Equity/Assets <4%(40)	5.41	5.20	0.54	9.85	8.77	0.50	8.98	0.48	71.61	0.56	13.03	124.50	6.76	132.80	0.38	2.08	31.21
Equity/Assets >12%(80)	8.58	7.62	0.57	5.61	5.70	0.53	5.18	0.76	188.79	0.80	17.07	123.48	10.51	141.52	0.53	2.86	40.50
Converted Last 3 Mths (no NHC) (2)	18.87	16.35	0.70	3.41	2.80	0.42	2.78	0.41	273.91	0.80	25.83	107.87	20.10	134.45	0.32	2.07	47.14
Actively Traded Companies(10)	7.40	9.37	0.43	2.10	4.08	0.70	3.20	0.62	173.94	1.24	36.13	88.98	23.90	88.98	0.09	0.94	36.00
Market Value Below \$20 Million(4)	11.76	10.42	0.57	5.24	4.08	-0.24	4.50	0.37	370.19	0.80	21.33	134.17	12.84	159.53	0.72	3.04	54.29
Holding Company Structures(118)	7.78	7.42	0.48	5.24	4.08	-0.24	4.50	0.37	370.19	0.80	21.33	134.17	12.84	159.53	0.72	3.04	54.29
Assets Over \$1 Billion(31)	11.22	9.06	0.79	7.51	5.74	0.55	6.55	0.68	159.15	0.94	18.82	119.27	9.34	134.43	0.22	1.87	31.32
Assets \$500 Million-\$1 Billion(36)	10.31	9.51	0.85	5.23	3.32	0.44	5.71	0.84	170.46	0.88	19.18	130.66	14.12	168.42	0.52	2.84	40.88
Assets less than \$250 Million(26)	13.83	13.37	0.45	4.23	3.32	0.47	4.43	0.52	239.60	0.84	21.44	103.94	11.91	128.43	0.49	2.43	43.21
Assets less than \$250 Million(10)	13.31	13.14	0.09	-2.30	-0.33	-0.66	-1.36	1.84	194.66	1.87	18.47	104.33	13.00	107.22	0.28	1.92	32.32
Goodwill Companies(87)	10.75	8.36	0.53	6.85	5.22	0.50	5.25	0.59	277.46	0.87	18.43	124.33	14.01	105.98	0.51	2.73	43.17
Non-Goodwill Companies(39)	13.83	13.89	0.39	2.82	2.42	0.28	3.50	0.52	477.16	0.87	18.43	124.33	14.01	105.98	0.34	2.26	34.40
Acquirers of Public Cases(4)	9.44	9.11	0.01	-2.15	-2.42	-0.87	-3.01	0.56	143.56	0.80	12.73	126.37	12.54	131.11	0.37	1.44	30.33

(1) Average of high/low or bid/ask price per share.
(2) Or since offering price if converted or first listed in 2001 or in the past 52 weeks. Percent change figures are actual year-to-date and are not annualized
(3) EPS (earnings per share) is based on actual trailing twelve month data and is not shown on a pro forma basis.
(4) Excludes intangibles (such as goodwill, value of core deposits, etc.).
(5) ROA (return on assets) and ROE (return on equity) are indicated ratios based on trailing twelve month common earnings and average common equity and assets balances. ROI (return on investment) is current EPS divided by current price.
(6) Annualized, based on last regular quarterly cash dividend announcement.
(7) Indicated dividend as a percent of trailing twelve month earnings.
(8) Excluded from averages due to actual or rumored acquisition activities or unusual operating characteristics.
* All thrifts are SAIF insured unless otherwise noted with an asterisk. Parentheses following market averages indicates the number of institutions included in the respective averages. All figures have been adjusted for stock splits, stock dividends, and secondary offerings.

Sources: Corporate reports and offering circulars for publicly traded companies, and RP Financial, LC. calculations.
The information provided in this report has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

Exhibit IV-1 (continued)
Weekly Thrift Market Line - Part Two
Prices As Of August 31, 2007

Financial Institution	Key Financial Ratios				Asset Quality Ratios				Pricing Ratios				Dividend Data(6)					
	Equity/ Assets (%)	Tang. Assets (%)	Reported Earnings ROA(5) (%)	Core Earnings ROA(5) (%)	MPAs Assets (%)	Revs/ MPAs (%)	Revs/ Loans (%)	Price/ Earning Book (%)	Price/ Assets (%)	Price/ Tang. Book (%)	Price/ Core Earnings (%)	Ind. Divi. Share Yield (%)	Dividend Payout Ratio(7) (%)					
Market Averages: MHC Institutions	15.53	14.78	0.55	3.60	2.14	0.43	3.16	0.49	185.45	0.70	29.35	170.98	26.79	183.79	30.64	0.24	1.56	14.73
SAIF-Insured Thrifts(40)	15.40	15.40	0.82	5.40	4.25	0.88	5.75	0.44	158.25	0.83	23.51	124.44	19.17	124.44	22.10	0.32	2.90	68.09
AMEX Traded Companies(1)	15.53	14.76	0.55	3.55	2.08	0.42	3.09	0.49	186.46	0.69	29.94	172.35	27.02	185.54	31.70	0.23	1.52	11.18
MADDAQ Listed OTC Companies(39)	16.28	15.45	0.68	4.09	2.48	0.48	3.47	0.41	205.44	0.68	27.76	163.02	27.27	179.20	30.18	0.18	1.30	18.34
Mid-Atlantic Companies(23)	16.14	15.17	0.34	2.92	1.29	0.31	2.19	0.84	65.19	0.58	38.75	189.16	29.42	198.12	NM	0.48	2.47	0.00
Mid-West Companies(7)	11.31	10.85	0.38	3.26	2.10	0.36	3.11	0.35	231.83	0.78	34.29	158.27	18.01	164.86	34.29	0.15	1.44	0.00
New England Companies(5)	14.05	13.83	0.55	3.51	1.59	0.58	3.68	0.16	587.64	1.53	NM	228.37	32.08	231.99	NM	0.24	1.82	0.00
South-West Companies(2)	13.09	13.09	0.38	3.11	1.34	0.36	2.97	0.28	139.79	0.66	NM	212.24	27.78	212.24	NM	0.20	1.15	0.00
South-West Companies(1)	15.53	14.78	0.55	3.60	2.14	0.43	3.16	0.49	185.45	0.70	29.35	170.98	26.79	183.79	30.64	0.24	1.56	14.73
Thrift Strategy(40)	15.08	14.08	0.30	3.52	2.14	0.43	3.54	0.35	160.25	0.71	29.77	174.84	26.70	183.08	26.57	0.38	2.48	58.34
Companies Without Dividends(14)	16.28	15.95	0.45	3.58	2.13	0.33	2.52	0.74	230.82	0.68	28.63	164.45	26.85	168.07	35.72	0.00	0.00	0.00
Companies Including Dividends(26)	10.03	9.12	0.43	4.18	2.59	0.43	4.13	0.34	191.63	0.76	30.37	162.36	16.41	186.45	29.54	0.31	2.38	0.00
Equity/Assets >12%(24)	10.78	18.12	0.43	3.26	1.87	0.43	2.59	0.45	180.82	0.66	27.57	176.08	32.93	182.23	32.83	0.13	1.08	18.14
Holding Company Structures(37)	15.26	14.46	0.55	3.64	2.17	0.42	3.18	0.32	174.83	0.72	29.35	170.98	26.22	183.90	30.64	0.24	1.55	11.55
Assets Over \$1 Billion(11)	15.52	14.44	0.44	3.18	1.48	0.44	3.17	0.59	128.79	0.67	31.02	212.20	32.77	231.74	31.35	0.33	1.14	0.00
Assets \$200-\$1 Billion(11)	16.54	15.66	0.53	3.62	2.14	0.54	3.65	0.15	394.72	0.59	28.87	171.51	29.84	193.14	32.39	0.20	1.45	0.00
Assets \$50-\$100 Million(18)	15.20	14.63	0.61	3.73	2.38	0.37	2.85	0.49	156.25	0.75	30.09	150.49	23.16	124.44	22.10	0.20	1.75	23.85
Assets less than \$250 Million(1)	15.40	15.40	0.82	5.40	4.25	0.88	5.75	0.44	158.25	0.83	23.51	124.44	19.17	124.44	22.10	0.32	2.90	68.09
Goodwill Companies(19)	14.64	12.88	0.36	2.87	1.67	0.35	2.77	0.45	174.92	0.80	28.50	171.87	27.70	171.87	30.97	0.23	1.35	18.34
Non-Goodwill Companies(21)	16.20	16.20	0.70	4.15	2.49	0.49	3.46	0.52	193.16	0.62	29.35	170.98	26.79	183.79	30.64	0.24	1.56	14.73
MHC Institutions(40)	15.53	14.78	0.55	3.60	2.14	0.43	3.16	0.49	185.45	0.70	29.35	170.98	26.79	183.79	30.64	0.24	1.56	14.73
MHC Converted Last 3 Months(1)	15.96	12.17	0.34	2.11	1.58	0.31	1.97	0.50	184.61	1.08	NM	133.43	21.29	174.55	NM	0.00	0.00	0.00

(1) Average of high/low or bid/ask price per share.
(2) Or since offering price if converted or first listed in 2001 or in the past 52 weeks. Percent change figures are actual year-to-date and are not annualized.
(3) EPG (earnings per share) is based on actual trailing twelve month data and is not shown on a pro forma basis.
(4) Excludes intangibles (such as goodwill, value of core deposits, etc).
(5) ROA (return on assets) and ROE (return on equity) are indicated ratios based on trailing twelve month common earnings and average common equity and assets balances; ROI (return on investment) is current EPG divided by current price.
(6) Annualized, based on last regular quarterly cash dividend announcement.
(7) Indicated dividend as a percent of trailing twelve month earnings.
(8) Excluded from averages due to actual or rumored acquisition activities or unusual operating characteristics.
* All thrifts are SAIF insured unless otherwise noted with an asterisk. Parentheses following market averages indicate the number of institutions included in the respective averages. All figures have been adjusted for stock splits, stock dividends, and secondary offerings.
Source: Corporate reports and offering circulars for publicly traded companies, and RP Financial, LC, calculations.
The information provided in this report has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.
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Exhibit IV-1 (Continued)
Weekly Thrift Market Line - Part Two
Prices As Of August 31, 2007

Financial Institution	Key Financial Ratios				Asset Quality Ratios				Pricing Ratios				Dividend Data(\$)			
	Equity/ Assets (%)	Tang Assets/ ROA(%)	Reported Earnings ROA(%)	Core Earnings ROA(%)	NPAs Assets (%)	Revs/ NPAs (%)	Revs/ Loans (%)	Price/ Earning (X)	Price/ Book (X)	Price/ Assets (%)	Price/ Book (X)	Price/ Assets (%)	Price/ Book (X)	Ind. Div./ Share (\$)	Divi- Yield (%)	Payout Ratio(%)
MADDAO Limited OTC Companies (continued)																
FBI First Bancorp of Indiana of IN	9.35	7.45	0.22	2.32	1.99	NA	NA	0.43	36.74	85.45	7.95	107.19	NM	3.80	NM	0.60
FBI First Bancorp, Inc. of MO	11.02	10.90	-0.13	-1.11	-1.17	1.47	73.26	1.67	NM	94.64	10.43	95.70	NM	0.00	0.00	NM
FCAP First Capital, Inc. of IN	9.94	8.55	0.77	7.99	7.26	3.13	48.41	0.70	13.77	107.42	10.68	123.44	13.27	0.68	4.05	55.74
FCFL First Clover Leaf Fin Co of IL	24.83	24.87	0.75	3.09	2.57	0.61	76.07	0.70	38.93	105.83	26.28	120.18	37.59	0.24	2.20	NM
FCPL First Community Banc Corp of PA	8.88	8.48	0.74	8.60	5.16	0.71	8.25	1.03	19.19	165.13	14.17	167.05	20.21	0.00	0.00	0.00
FDFP First Defense Fin. Corp of OH	10.59	9.95	0.98	9.36	7.63	0.87	8.28	1.07	13.10	119.35	12.76	158.17	14.80	1.00	3.65	47.85
FFNB First Fed of N. Michigan of MI	12.83	13.22	0.31	0.91	1.38	0.31	0.91	1.06	NM	68.09	8.73	76.48	NM	0.20	2.50	NM
FFNB First Fed. Bancshares of AR	5.09	5.60	0.57	0.30	5.58	2.91	37.68	0.42	17.93	115.79	10.52	115.79	20.17	0.64	3.61	64.65
FFNB First Federal Bancshares of IA	10.89	6.02	1.00	3.44	7.10	0.73	43.08	0.42	19.62	86.15	9.37	116.90	28.33	0.42	2.35	46.25
FFNB First Fin. Holdings Inc. of SC	7.07	7.22	1.95	3.74	2.17	1.18	39.05	0.78	26.67	89.53	7.08	89.53	34.86	0.00	0.00	0.00
FFNB First Franklin Corp. of OH	7.21	6.92	1.35	3.14	2.17	0.49	136.57	1.05	56.57	92.14	5.98	92.14	36.36	0.00	0.00	0.00
FFNB First KeyStone Fin., Inc of PA	6.43	6.92	0.13	14.45	5.71	0.19	493.34	1.10	17.50	230.42	17.08	230.42	23.23	0.36	1.37	24.00
FFNB First Mutual Bancshares Inc of WA(8)	17.48	8.05	1.06	6.58	5.29	0.77	328.33	1.23	17.89	108.19	18.09	234.72	17.44	0.56	3.96	70.89
FFNB First Niagara Fin. Group of NY	10.45	10.85	0.54	5.78	8.46	0.84	2.20	0.88	23.27	120.32	11.05	120.32	23.27	0.74	3.25	NM
FFNB First Place Fin. Corp. of OH	10.11	6.75	0.93	7.37	8.46	0.88	6.52	0.93	11.83	93.13	9.41	139.40	14.44	0.74	3.25	41.61
FFNB First State Fin. Corp. of NY	7.38	6.74	0.72	9.40	5.25	0.68	2.01	0.74	17.10	155.79	11.47	170.33	17.85	0.48	2.92	50.00
FFNB Fox Chase Banc Corp of PA(44.5)	16.66	16.66	0.55	3.48	4.28	0.68	4.28	0.70	13.80	132.52	11.11	137.88	17.03	0.42	3.41	50.51
FFNB Franklin Bank Corp of TX	6.21	2.06	0.28	4.07	6.28	0.72	8.26	0.74	16.12	60.78	4.20	204.22	NM	0.00	0.00	0.00
GSLA GS Financial Corp. of LA	15.88	13.48	1.17	7.45	8.27	1.34	7.26	0.70	17.85	136.50	14.34	89.02	12.32	0.40	2.11	25.48
GFDE Great Pee Dee Bancorp of SC(8)	12.48	12.24	0.73	5.83	4.16	0.74	5.72	1.08	24.02	140.01	17.48	142.82	24.57	0.64	2.99	71.91
GCBC Green Co Bancorp of NY (44.4)	10.87	10.87	0.71	6.45	4.40	0.78	7.03	0.71	23.74	143.94	15.48	143.94	20.81	0.50	4.07	NM
GFPC HF Financial Corp. of SD	6.20	5.70	0.56	9.25	8.74	1.14	78.77	1.25	11.80	132.52	11.11	137.88	17.03	0.42	3.41	50.51
GNFP HSN Financial, Inc. of MN	6.40	8.06	0.81	9.04	6.76	0.70	7.85	0.74	13.80	132.52	11.11	137.88	17.03	0.42	3.41	50.51
HBNK Hampden Bancorp, Inc. of MA	19.32	19.32	-0.52	-4.13	-3.29	-0.54	-4.25	-0.54	17.85	136.50	14.34	89.02	12.32	0.40	2.11	25.48
HARL Harleyville Svcs Fin Co of PA	6.30	6.30	0.42	10.55	6.59	0.66	6.64	0.67	17.85	136.50	14.34	89.02	12.32	0.40	2.11	25.48
HMPQ Harrington West Finl Grp of CA	6.09	5.53	0.62	8.88	5.59	0.88	11.54	0.80	13.64	118.90	7.31	132.09	10.64	0.24	1.82	NM
HBOB Harborage Fin Grp of CA(29.3)	14.05	13.83	0.55	3.51	1.53	0.18	887.60	2.23	NM	228.27	39.08	231.99	10.64	0.24	1.82	NM
HFBZ Hingham Inst. for sav. of MA	7.50	7.50	0.42	8.22	6.70	0.82	8.22	0.82	14.32	133.22	8.86	133.22	14.93	0.80	2.63	39.80
HOMB Home Fed Bancorp of MD	15.10	15.10	0.52	7.31	2.72	0.74	4.34	0.88	36.72	185.77	17.35	175.08	14.27	1.58	57.89	NM
HPCB HopFed Bancorp, Inc. of KY	6.43	5.75	0.52	7.65	7.14	0.52	7.14	0.52	14.32	133.22	8.86	133.22	14.93	0.80	2.63	39.80
HPCB Hudson City Bancorp, Inc. of NJ	11.72	11.31	0.75	5.77	3.77	0.80	84.15	0.83	28.33	162.51	19.05	168.48	25.83	0.34	2.39	64.15
IFBB Independence FSB of DC	7.50	7.50	-2.30	-29.06	-23.76	-2.63	-33.17	-2.63	NM	137.58	28.36	187.58	NM	0.00	0.00	0.00
IBBC Investors Bancorp of NJ(45.7)	15.06	15.06	0.40	2.52	1.41	0.44	2.47	0.44	17.85	136.50	14.34	89.02	12.32	0.40	2.11	25.48
IBCB Investors Bancorp of IL(47.7)	7.64	6.61	0.22	2.76	2.17	0.23	2.95	0.12	24.51	146.34	28.36	187.58	NM	0.00	0.00	0.00
IFBI Jefferson Bancshares Inc of TN	22.34	22.34	0.45	1.95	2.04	0.49	2.13	0.42	NM	136.50	39.08	231.99	10.64	0.24	1.82	NM
IFBI K-Fed Bancorp Inc of CA (37.3) (8)	11.47	10.93	0.62	5.13	2.68	0.52	5.13	0.52	NM	209.15	23.29	239.52	NM	0.40	2.72	55.56
KNBT KBT Bancorp, Inc. of PA	12.19	7.53	0.67	3.56	4.89	0.74	6.18	0.98	20.43	133.59	13.85	183.98	18.39	0.40	2.72	55.56
KFBP KY Fed Bancorp of KY (44.5)	23.31	17.66	0.31	1.32	1.01	0.31	1.32	0.31	NM	133.17	30.38	173.90	NM	0.20	1.51	NM
LENY Lehigh Valley Bancorp of NJ (29.7)	23.57	19.46	0.18	0.73	0.38	0.38	0.73	0.38	NM	133.17	30.38	173.90	NM	0.20	1.51	NM
LSBK Lehigh Valley Bancorp of NY	10.01	10.01	0.63	5.92	4.56	0.70	6.65	0.70	21.93	124.71	12.08	124.71	13.35	0.36	3.45	55.25
LSBK Lake Shore Bancorp of Lafayette IN	9.84	9.84	0.78	8.23	7.87	0.74	7.78	0.74	13.71	104.74	10.31	104.74	13.45	1.00	4.79	24.24
LSBK Lake Shore Bancorp of NY(45.0)	14.90	14.90	0.44	2.90	2.31	0.44	2.90	0.44	NM	129.19	15.25	129.19	NM	0.12	1.15	50.00
LSBK Legacy Bancorp, Inc. of MO	16.79	16.42	0.23	1.30	1.34	0.23	1.34	0.23	28.45	105.05	15.45	105.05	30.89	0.16	0.93	26.32
LSCF Liberty Bancorp, Inc. of MO	14.90	14.90	0.61	4.15	3.52	0.56	3.62	0.56	33.94	81.96	25.47	81.96	33.94	0.00	0.00	0.00
LABC Louisiana Bancorp, Inc. of LA	31.07	31.07	0.75	2.42	2.95	0.75	2.42	0.75	NM	100.35	15.85	102.60	NM	0.00	0.00	0.00
MAFB MAF Bancorp, Inc. of IL(8)	10.63	6.71	0.68	6.98	4.31	0.71	7.23	0.69	21.07	136.61	17.94	136.61	22.46	1.12	3.30	89.57
MGBF MGB Fin Corp MHC of NJ(45.0)	8.12	7.45	0.74	9.33	9.39	0.45	8.22	0.45	23.74	161.96	17.21	256.52	22.94	1.08	2.04	47.29
MGBF MGB Fin Corp MHC of NJ(46.0)	15.27	15.27	0.52	5.00	2.74	0.52	5.00	0.52	36.48	132.94	20.30	132.94	36.48	0.00	0.00	0.00
MGBF MGB Fin Corp MHC of NJ(46.0)	13.13	12.99	0.83	6.55	4.75	0.78	6.14	0.69	21.07	136.61	17.94	136.61	22.46	1.12	3.30	89.57
MGBF MGB Fin Corp MHC of NJ(46.0)	8.10	8.08	0.43	5.47	4.35	0.43	4.81	0.43	23.00	122.66	9.95	123.13	26.14	0.52	1.30	84.82
MGBF MGB Fin Corp MHC of NJ(46.0)	7.07	6.56	0.06	0.92	0.40	0.55	332.68	1.32	NM	122.66	9.95	123.13	26.14	0.52	1.30	84.82
MGBF MGB Fin Corp MHC of NJ(46.0)	5.24	7.63	0.42	11.55	6.39	0.80	108.72	1.03	18.57	85.28	7.88	103.35	18.18	0.60	2.41	60.28
MGBF MGB Fin, Inc. of Grandview MO	9.71	9.52	1.15	3.53	4.00	0.51	5.15	0.57	15.42	183.57	17.83	187.26	34.33	0.60	2.41	60.28
MGBF MGB Fin, Inc. of Grandview MO	35.23	35.23	4.00	13.45	8.65	-0.22	-0.75	-0.22	11.56	127.45	44.91	127.45	NM	0.00	0.00	0.00
MGBF MGB Fin, Inc. of Grandview MO	8.16	5.23	0.64	8.72	5.56	0.54	7.31	0.54	17.93	128.28	10.46	200.13	21.44	0.52	3.52	59.77
MGBF MGB Fin, Inc. of Grandview MO	11.66	11.62	0.29	2.34	1.45	0.27	2.12	0.29	NM	162.48	18.94	182.96	NM	0.20	1.82	NM
MGBF MGB Fin, Inc. of Grandview MO	19.47	18.90	0.35	1.79	1.58	0.33	1.69	0.33	NM	112.68	21.98	116.26	NM	0.12	1.00	83.16
MGBF MGB Fin, Inc. of Grandview MO	19.57	19.57	-0.44	-2.55	-2.23	-0.44	-2.55	-0.44	12.09	126.92	9.98	144.02	12.09	0.00	0.00	0.00
MGBF MGB Fin, Inc. of Grandview MO	7.06	6.93	0.85	10.37	6.37	0.85	10.37	0.85	31.02	243.59	20.78	243.59	31.35	3.02	3.02	NM
MGBF MGB Fin, Inc. of Grandview MO	8.60	5.91	0.69	7.67	3.24	0.68	83.35	0.86	32.94	153.97	16.36	153.97	32.94	0.00	0.00	0.00
MGBF MGB Fin, Inc. of Grandview MO	10.77	10.77	0.51	4.64	3.04	0.51	4.64	0.51	24.79	174.90	10.94	174.90	23.73	0.60	4.56	NM
MGBF MGB Fin, Inc. of Grandview MO	6.25	6.25	-0.08	-1.32	-0.80	0.22	55.95	0.62	24.79	174.90	10.94	174.90	23.73	0.60	4.56	NM
MGBF MGB Fin, Inc. of Grandview MO	11.52	6.39	0.82	6.56	4.03	0.84	6.69	0.84	24.79	174.90	10.94	174.90	23.73	0.60	4.56	NM
MGBF MGB Fin, Inc. of Grandview MO	22.82	22.82	1.01	4.52	1.98	1.04	4.67	1.04	NM	225.00	51.34	225.00	NM	0.00	0.00	0.00

EXHIBIT IV-2
Historical Stock Price Indices

Exhibit IV-2
Historical Stock Price Indices(1)

<u>Year/Qtr. Ended</u>	<u>DJIA</u>	<u>S&P 500</u>	<u>NASDAQ Composite</u>	<u>SNL Thrift Index</u>	<u>SNL Bank Index</u>
1999: Quarter 1	9786.2	1286.4	2,461.4	707.6	448.4
Quarter 2	10970.8	1372.7	2,686.1	695.6	479.3
Quarter 3	10337.0	1282.7	2,746.2	609.1	409.9
Quarter 4	11497.1	1469.3	4,069.3	562.4	416.7
2000: Quarter 1	10921.9	1498.6	4,572.8	545.6	421.2
Quarter 2	10447.9	1454.6	3,966.1	567.8	387.4
Quarter 3	10650.9	1436.5	3,672.8	718.3	464.6
Quarter 4	10786.9	1320.3	2,470.5	874.3	479.4
2001: Quarter 1	9878.8	1160.3	1,840.3	885.2	459.2
Quarter 2	10502.4	1224.4	2,160.5	964.5	493.7
Quarter 3	8847.6	1040.9	1,498.8	953.9	436.6
Quarter 4	10021.5	1148.1	1,950.4	918.2	473.7
2002: Quarter 1	10403.9	1147.4	1,845.4	1006.7	498.3
Quarter 2	9243.3	989.8	1,463.2	1121.4	468.9
Quarter 3	7591.9	815.3	1,172.1	984.3	396.8
Quarter 4	8341.6	879.8	1,335.5	1073.2	419.1
2003: Quarter 1	7992.1	848.2	1,341.2	1096.2	401.0
Quarter 2	8985.4	974.5	1,622.8	1266.6	476.1
Quarter 3	9275.1	996.0	1,786.9	1330.9	490.9
Quarter 4	10453.9	1112.0	2,003.4	1482.3	548.6
2004: Quarter 1	10357.7	1126.2	1,994.2	1585.3	562.2
Quarter 2	10435.5	1140.8	2,047.8	1437.8	546.6
Quarter 3	10080.3	1114.6	1,896.8	1495.1	556.0
Quarter 4	10783.0	1211.9	2,175.4	1605.6	595.1
2005: Quarter 1	10503.8	1180.6	1,999.2	1516.6	551.0
Quarter 2	10275.0	1191.3	2,057.0	1577.1	563.3
Quarter 3	10568.7	1228.8	2,151.7	1527.2	546.3
Quarter 4	10717.5	1248.3	2,205.3	1616.4	582.8
2006: Quarter 1	11109.3	1294.8	2,339.8	1661.1	595.5
Quarter 2	11150.2	1270.2	2,172.1	1717.9	601.1
Quarter 3	11679.1	1335.9	2,258.4	1727.1	634.0
Quarter 4	12463.2	1418.3	2,415.3	1829.3	658.6
2007: Quarter 1	12354.4	1420.9	2,421.6	1703.6	634.4
Quarter 2	13408.6	1503.4	2,603.2	1645.9	622.6
As of Aug. 31, 2007	13357.7	1474.0	2,596.4	1537.5	594.6

(1) End of period data.

Sources: SNL Financial and The Wall Street Journal.

EXHIBIT IV-3
Historical Thrift Stock Indices

Index Values

	Index Values				Price Appreciation (%)		
	06/29/07	05/31/07	12/29/06	06/30/06	1 Month	YTD	LTM
All Pub.Traded Thrifts	1,645.9	1,732.0	1,829.3	1,717.9	-4.97	-10.03	-4.19
MHC Index	3,558.2	3,743.6	3,874.7	3,252.9	-4.95	-8.17	9.39
Stock Exchange Indexes							
AMEX Thrifts	682.8	701.9	745.2	687.2	-2.72	-8.37	-0.64
NYSE Thrifts	1,026.8	1,078.5	1,143.0	1,087.8	-4.79	-10.17	-5.61
OTC Thrifts	2,051.4	2,164.6	2,271.9	2,079.8	-5.23	-9.71	-1.37
Geographic Indexes							
Mid-Atlantic Thrifts	3,664.2	3,889.9	4,104.1	3,769.7	-5.80	-10.72	-2.80
Midwestern Thrifts	3,420.9	3,534.5	3,623.7	3,502.1	-3.21	-5.60	-2.32
New England Thrifts	1,925.8	2,118.3	2,223.0	1,829.4	-9.09	-13.37	5.27
Southeastern Thrifts	1,248.0	1,346.1	1,670.8	1,520.7	-7.29	-25.31	-17.93
Southwestern Thrifts	1,408.5	1,493.4	1,538.4	1,477.2	-5.69	-8.44	-4.65
Western Thrifts	1,574.6	1,635.3	1,717.1	1,660.3	-3.71	-8.30	-5.16
Asset Size Indexes							
Less than \$250M	1,175.5	1,190.0	1,241.5	1,354.2	-1.21	-5.31	-13.19
\$250M to \$500M	3,453.5	3,546.4	3,587.6	3,403.2	-2.62	-3.74	1.48
\$500M to \$1B	1,973.4	2,086.2	2,135.1	1,936.6	-5.41	-7.58	1.90
\$1B to \$5B	2,396.8	2,471.3	2,693.3	2,521.6	-3.01	-11.01	-4.95
Over \$5B	983.7	1,039.3	1,096.0	1,029.7	-5.34	-10.24	-4.47
Pink Indexes							
Pink Thrifts	521.9	519.3	515.9	471.4	0.51	1.16	10.71
Less than \$75M	595.0	573.5	576.9	500.0	3.75	3.13	18.99
Over \$75M	541.0	538.4	535.0	489.4	0.47	1.12	10.53
Comparative Indexes							
Dow Jones Industrials	13,408.6	13,627.6	12,463.2	11,150.2	-1.61	7.59	20.25
S&P 500	1,503.4	1,530.6	1,418.3	1,270.2	-1.78	6.00	18.36

All SNL indexes are market-value weighted; i.e., an institution's effect on an index is proportionate to that institution's market capitalization. All SNL thrift indexes, except for the SNL MHC Index, began at 100 on March 30, 1984. The SNL MHC Index began at 201.082 on Dec. 31, 1992, the level of the SNL Thrift Index on that date. On March 30, 1984, the S&P 500 closed at 159.2 and the Dow Jones Industrials stood at 1,164.9.

Mid-Atlantic: DE, DC, MD, NJ, NY, PA, PR; Midwest: IA, IL, IN, KS, KY, MI, MN, MO, ND, NE, OH, SD, WI;
 New England: CT, MA, ME, NH, RI, VT; Southeast: AL, AR, FL, GA, MS, NC, SC, TN, VA, WV;
 Southwest: CO, LA, NM, OK, TX, UT; West: AZ, AK, CA, HI, ID, MT, NV, OR, WA, WY

EXHIBIT IV-4
Market Area Acquisition Activity

**Exhibit IV-4
Maryland Thrift Acquisitions 2003-Present**

Announce Date	Complete Date	Buyer Short Name	Target Name	Target Financials at Announcement							Deal Terms and Pricing at Announcement							
				Total Assets (\$000)	E/A (%)	ROAA (%)	ROAE (%)	NPAs/Assets (%)	Rsrvs/Assets (%)	NPLs (%)	Deal Value (\$M)	Share Value (\$)	P/B (%)	P/TB (%)	P/E (x)	P/A (x)	Prem/ Cdeps (%)	
11/15/2006	12/31/2006	E*TRADE Financial Corp.	NY United Medical Bank, FSB	MD	29,654	10.12	-10.72	-95.20	2.02	58.98	NA	NA	NA	NA	NA	NA	NA	NA
09/05/2006	04/01/2007	Community Banks Inc.	PA BUCS Financial Corp	MD	143,704	8.01	0.30	3.72	NA	NA	22.6	24,000	184.01	184.01	41.38	15.72	NA	NA
07/28/2006	01/19/2007	Bradford Bancorp Inc.	MD Valley Bancorp, Incorporated	MD	49,893	10.08	0.91	8.92	0.00	NA	9.6	71,000	190.44	190.44	31.61	19.20	17.19	NA
03/30/2006	10/27/2006	Sterling Financial Corp.	PA Bay Net Financial, Inc.	MD	96,743	7.37	1.10	13.62	0.13	398.39	22.3	NA	337.75	337.75	24.54	23.14	51.42	NA
10/10/2005	04/08/2006	Madison Bohemian SB	MD Back & Middle River Federal S&L	MD	4,339	14.63	-0.09	-0.63	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA
04/23/2004	09/30/2004	Suburban FSB	MD Westview Savings Bank	MD	69,696	16.16	0.14	0.89	0.29	104.48	NA	NA	NA	NA	NA	NA	NA	NA
11/12/2003	04/01/2004	Patapsco Bancorp Inc.	MD Parkville Federal Savings Bank	MD	48,501	6.84	0.34	4.86	0.00	NA	4.4	62,510	132.05	132.05	22.35	9.03	2.93	NA
					63,219	10.46	-1.15	-9.12	0.41	187.28								
					49,893	10.08	0.30	3.72	0.07	104.48								
				Average:						211.06	211.06	28.97	16.77	23.85				
				Median:						187.23	187.23	28.08	17.46	17.19				

Source: SNL Financial, L.C.

EXHIBIT IV-5
Bradford Bancorp, Inc.
Director and Senior Management Summary Resumes

Bradford Bancorp, Inc.
Director and Senior Management Summary Resumes

The following directors have terms ending in 2008:

G. Scott Barhight is a partner in the law firm of Whiteford, Taylor & Preston. Mr. Barhight specializes in land use, zoning, real estate development and real estate transactions. Mr. Barhight is a former director of Wyman Park Bancorporation, Inc., and its subsidiary, Wyman Park Federal Savings & Loan Association, which were acquired by Bradford Bank in February 2003. Age 49. Director since 2003.

Melvin C. Benhoff, Jr. is the President of Benhoff Builders Inc., a real estate development and investment company. Age 52. Director since 2002.

George K. Mister, Jr., a certified public accountant, has served as the President of Mister, Burton and Palmisano, P.C., an accounting firm since July 2006. Previously, Mr. Mister served as President of Scheiner, Mister & Grandizio, P.A., an accounting firm. Age 52. Director since 2004.

The following directors have terms ending in 2009:

Dallas R. Arthur has served as President of Bradford Bank since March 2001. Mr. Arthur previously served as President and Chief Executive Officer of Carrollton Bank in Baltimore, Maryland. Age 62. Director since 2001.

Gilbert D. Marsiglia, Sr. is the owner and President of Gilbert D. Marsiglia & Co., a residential real estate brokerage company, and Marsiglia & Co., Inc., a commercial real estate brokerage company. Mr. Marsiglia is a former director of Wyman Park Bancorporation, Inc., and its subsidiary, Wyman Park Federal Savings & Loan Association, which were acquired by Bradford Bank in February 2003. Age 68. Director since 2003.

The following directors have terms ending in 2010:

Carl W. Brand, III is the President of Dulaney Motor Co. Inc., an automobile dealership. Age 65. Director since 1988.

Lawrence M. Denton is retired and worked as a consultant for The Weather Channel for 11 years until his retirement in 2004. Age 63. Director since 2001.

John O. Mitchell, III has served as Chairman of the Board of Bradford Bank since 2001. Mr. Mitchell is the President of Mitchell-Wiedefeld Funeral Home, Inc., a funeral home. Age 67. Director since 1983.

Directors to be appointed upon completion of merger with Patapsco Bancorp:

Nicole N. Glaeser has served as a director of Patapsco Bancorp and Patapsco Bank since 1995 and 1993, respectively. Ms. Glaeser is Budget Director for the Baltimore County Police Department, a position she has held since 1988. On a part-time basis, Ms. Glaeser is a practicing attorney and also a certified public accountant. Age 48.

Thomas P. O'Neill has served as Chairman of the Board of Patapsco Bancorp and Patapsco Bank since August 1999 and has been a director of Patapsco Bancorp and Patapsco Bank since 1995. He is a managing director of RSM McGladrey, Inc. Formerly, he was the managing partner of the regional accounting firm of Wolpoff & Company LLP. Mr. O'Neill is a member of the American Institute of Certified Public Accountants and the Maryland Association of Certified Public Accountants. He has served on the boards of many charitable and civic groups. Age 54.

Bradford Bancorp, Inc.
Director and Senior Management Summary Resumes(continued)

Executive Officers

The current executive officers of Bradford Bancorp are the same as those who serve as executive officers of Bradford Bank. These executive officers are elected annually by their respective boards of directors and serve at the boards' discretion. Currently, the executive officers of Bradford Bancorp are:

<u>Name</u>	<u>Position</u>
Dallas R. Arthur	President and Chief Executive Officer
David L. Costello, III	Executive Vice President and Chief Financial Officer

The officers of Bradford Bank are elected annually by the board of directors and serve at the board's discretion. The executive officers and key employees of Bradford Bank are:

<u>Name</u>	<u>Position</u>
Dallas R. Arthur	President and Chief Executive Officer
David L. Costello, III	Executive Vice President and Chief Financial Officer

Immediately following the merger with Patapsco Bancorp, the composition of our executive management will change. We will appoint David L. Costello, III, our current Executive Vice President and Chief Financial Officer, as Executive Vice President and Chief Operating Officer and appoint Michael J. Dee, the current President, Chief Executive Officer and Chief Financial Officer of Patapsco Bancorp, as Senior Vice President and Chief Financial Officer.

Below is information regarding our executive officers after the merger with Patapsco Bancorp who are not also directors. Each executive officer has held his or her current position for at least the last five years, unless otherwise stated. Ages presented are as of December 31, 2006.

David L. Costello, a certified public accountant, has served as Executive Vice President and Chief Financial Officer of Bradford Bank since 2004. From 1999 to 2004, Mr. Costello served as Chief Financial Officer of Maryland Permanent Bank in Owings Mills, Maryland. Previously, Mr. Costello served as Chief Financial Officer of Carrollton Bank in Baltimore, Maryland. Age 55.

Michael J. Dee, a certified management accountant, has served as President, Chief Executive Officer and Chief Financial Officer of Patapsco Bancorp since 2006. From 1999 to 2006, Mr. Dee served Patapsco Bancorp as Senior Vice President, Chief Financial Officer and Controller. Previously, Mr. Dee served in a variety of senior financial positions at several other financial institutions in the greater Baltimore metropolitan area. Age 46.

Source: Bradford Bancorp's prospectus.

EXHIBIT IV-6
Bradford Bancorp, Inc.
Pro Forma Regulatory Capital Ratios

EXHIBIT IV-6
Pro Forma Regulatory Capital Ratios

	Pro Forma (giving effect to the offering, merger and other acquisitions) at June 30, 2007 (LVS)										
	Minimum As Adjusted			15% Above							
	Bradford Bank Historical at June 30, 2007	Offering Range 5,525,000 Shares at \$10.00 Per Share (2)	Percent of Assets (3)	Minimum of Offering Range 5,525,000 Shares at \$10.00 Per Share	Midpoint of Offering Range 6,500,000 Shares at \$10.00 Per Share	Maximum of Offering Range 7,475,000 Shares at \$10.00 Per Share	Maximum of Offering Range 8,596,250 Shares at \$10.00 Per Share	Percent of Assets	Percent of Assets	Percent of Assets	Percent of Assets
(Dollars in thousands)	Amount	Amount	Assets (3)	Amount	Amount	Amount	Amount	Assets	Assets	Assets	Assets
Capital under generally accepted accounting principles.....	\$43,386	\$95,766	11.73%	\$103,950	\$112,028	\$120,106	\$129,396	13.44%	14.26%	15.18%	
Tangible Capital:											
Actual.....	34,025	54,363	6.66	62,547	70,625	78,703	87,993	8.48	9.35	10.32	
Requirement.....	8,394	12,244	1.50	12,367	12,500	12,633	12,786	1.50	1.50	1.50	
Excess.....	25,631	42,119	5.16	50,180	58,125	66,070	75,207	6.98	7.85	8.82	
Core Capital:											
Actual.....	34,025	54,363	6.66	62,547	70,625	78,703	87,993	8.48	9.35	10.32	
Requirement.....	16,788	24,489	3.00	24,734	25,000	25,266	25,571	3.00	3.00	3.00	
Excess.....	17,237	29,874	3.66	37,813	45,625	53,437	62,421	5.48	6.35	7.32	
Risk-Based Capital:											
Actual (4).....	36,754	58,202	10.38	66,386	74,464	82,542	91,832	13.20	14.58	16.17	
Requirement.....	29,802	44,867	8.00	44,998	45,140	45,282	45,445	8.00	8.00	8.00	
Excess.....	6,952	13,335	2.38	21,388	29,324	37,260	46,387	5.20	6.58	8.17	

(1) Reflects the issuance of 2,161,354 shares in the merger with Palapasco Bancorp.
(2) If Bradford Bancorp does not receive orders for at least 5,525,000 shares in the offering, then, in Bradford Bancorp's discretion in order to issue the minimum number of shares necessary to complete the conversion and stock offering, up to 828,750 unsubscribed shares may be issued to stockholders of Palapasco Bancorp as merger consideration.
(3) Shown as a percent of assets under generally accepted accounting principles, adjusted total, or adjusted risk-weighted assets as appropriate.
(4) Pro forma amounts and percentages assume net proceeds are invested in assets that carry a 20% risk-weighting.

Source: Bradford Bancorp's prospectus.

EXHIBIT IV-7
Bradford Bancorp, Inc.
Pro Forma Analysis Sheet

Exhibit IV-7
PRO FORMA ANALYSIS SHEET
WITH SHARES ISSUED FOR ACQUISITION OF PATAPSCO BANCORP, INC.
 Bradford Bancorp, Inc.
 Prices as of August 31, 2007

Price Multiple	Symbol	Subject (1)	Peer Group		Maryland Companies		All Publicly-Traded	
			Mean	Median	Mean	Median	Mean	Median
Price-earnings ratio (x)	P/E	N/A	15.27x	15.52x	12.24x	12.24x	18.97x	17.88x
Price-core earnings ratio (x)	P/CE	69.44 x	17.96x	16.92x	13.46x	13.46x	20.71x	19.09x
Price-book ratio (%)	P/B	75.36%	115.66%	117.18%	113.97%	113.97%	130.65%	120.76%
Price-tangible book ratio (%)	P/TB	116.55%	128.01%	123.77%	114.30%	114.30%	149.25%	138.61%
Price-assets ratio (%)	P/A	10.14%	11.72%	11.78%	13.21%	13.21%	16.47%	13.46%

Valuation Parameters

Pre-Conversion Earnings (Y)	(\$1,149,000)
Pre-Conversion Earnings (CY)	\$560,000
Pre-Conversion Book Value (B)	\$63,046,000
Pre-Conv. Tang. Book Value (T)	\$21,091,000
Pre-Conversion Assets (A)	\$825,433,000
Reinvestment Rate (2)(R)	4.91%
Est. Conversion Expenses (3)(E)	3.29%
Tax Rate (TAX)	34.00%

ESOP Stock Purchases (E)	8.00% (5)
Cost of ESOP Borrowings (S)	0.00% (4)
ESOP Amortization (I)	20.00 years
RRP Amount (M)	4.00%
RRP Vesting (N)	5.00 years (5)
Foundation (F)	3.36%
Tax Benefit (Z)	1,020,000
Merger Shares (PATD)	24.19%
Percentage Sold (PCT)	100.00%
Option (O1)	10.00% (6)
Estimated Option Value (O2)	40.50% (6)
Option vesting (O3)	5.00 (6)
Option pct taxable (O4)	25.00% (6)

Calculation of Pro Forma Value After Conversion

- $$V = \frac{P/E \cdot (Y)}{1 - P/E \cdot PCT \cdot (1 - X - E - M - F - PATD) \cdot R \cdot (1 - TAX) - (1 - TAX) \cdot (E + I) - (1 - TAX) \cdot (MN) - (1 - TAX) \cdot (O4) \cdot (O1 + O2) \cdot (O3)}$$
 V = \$0
- $$V = \frac{P/CE \cdot (Y)}{1 - P/CE \cdot PCT \cdot (1 - X - E - M - F - PATD) \cdot R \cdot (1 - TAX) - (1 - TAX) \cdot (E + I) - (1 - TAX) \cdot (MN) - (1 - TAX) \cdot (O4) \cdot (O1 + O2) \cdot (O3)}$$
 V = \$89,363,540
- $$V = \frac{P/B \cdot (B + Z)}{1 - P/B \cdot PCT \cdot (1 - X - E - M - F - PATD)}$$
 V = \$89,363,540
- $$V = \frac{P/TB \cdot (TB + Z)}{1 - P/TB \cdot PCT \cdot (1 - X - E - M - F - PATD)}$$
 V = \$89,363,540
- $$V = \frac{P/A \cdot (A + Z)}{1 - P/A \cdot PCT \cdot (1 - X - E - M - F - PATD)}$$
 V = \$89,363,540

Conclusion	Shares Issued To the Public	Price Per Share	Gross Offering Proceeds	Merger Shares		Total Shares Issued	Aggregate Market Value of Shares Issued
				Issued To Public (Z)	Shares Issued To Foundation		
Supremum	8,596,250	10.00	\$ 85,962,500	2,161,354	275,000	11,032,604	\$ 110,326,040
Maximum	7,475,000	10.00	74,750,000	2,161,354	275,000	9,911,354	99,113,540
Midpoint	6,500,000	10.00	65,000,000	2,161,354	275,000	6,906,354	69,363,540
Minimum	5,525,000	10.00	55,250,000	2,161,354	275,000	7,981,354	79,613,540
Minimum as adjusted	4,696,250	10.00	46,962,500	2,161,354	275,000	7,132,604	71,326,040

- (1) Pricing ratios shown reflect the midpoint value.
- (2) Net return reflects a reinvestment rate of 4.91%, and a tax rate of 34.0%.
- (3) Offering expenses shown at estimated midpoint value as a percent of total offering proceeds.
- (4) No cost is applicable since holding company will fund the ESOP loan.
- (5) ESOP and RRP amortize over 20 years and 5 years, respectively; amortization expenses tax effected at 34.0%.
- (6) 10% option plan with an estimated Black-Scholes valuation of 38.7% of the exercise price, including a 5 year vesting with 25% of the options (granted to directors) tax effected at 34.00%.
- (7) Merger shares could increase up to 2,216,650 shares at the time the acquisition is completed, which would increase total shares issued at the super range to 11,088,100.

EXHIBIT IV-8
Bradford Bancorp, Inc.
Pro Forma Effect of Conversion Proceeds

Exhibit IV-8
PRO FORMA EFFECT OF CONVERSION PROCEEDS
Bradford Bancorp, Inc.
At the Minimum As Adjusted

1. Pro Forma Market Capitalization		\$71,326,040
Less: Foundation Shares		2,750,000
Less: Merger Shares		<u>21,613,540</u>
2. Offering Proceeds		\$46,962,500
Less: Estimated Offering Expenses		<u>1,844,313</u>
Net Conversion Proceeds		\$45,118,187
3. Estimated Additional Income from Conversion Proceeds		
Net Conversion Proceeds		\$45,118,187
Less: Cash Contribution to Foundation		250,000
Less: Non-Cash Stock Purchases (1)		<u>7,036,500</u>
Net Proceeds Reinvested		\$37,831,687
Estimated net incremental rate of return		<u>3.24%</u>
Reinvestment Income		\$1,225,974
Less: Estimated cost of ESOP borrowings (2)		0
Less: Amortization of ESOP borrowings (3)		154,803
Less: Amortization of Options (4)		434,592
Less: Restricted Stock Plan Vesting (5)		<u>309,606</u>
Net Earnings Impact		\$326,973

	<u>Before Conversion</u>	<u>Net Earnings Increase</u>	<u>After Conversion</u>
4. Pro Forma Earnings			
12 Months ended June 30, 2007 (reported)	(\$1,149,000)	\$326,973	(\$822,027)
12 Months ended June 30, 2007 (core)	\$560,000	\$326,973	\$886,973
5. Pro Forma Net Worth	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit (6) Of Contribution</u>
June 30, 2007	\$63,046,000	\$37,831,687	\$101,897,687
June 30, 2007 (Tangible)	\$21,091,000	\$37,831,687	\$59,942,687
6. Pro Forma Assets	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit (6) Of Contribution</u>
June 30, 2007	\$825,433,000	\$37,831,687	\$864,284,687

(1) Includes ESOP and RRP stock purchases equal to 8.0% and 4.0% of the offering at the minimum of the range and Foundation, respectively.

(2) ESOP stock purchases are internally financed by a loan from the holding company.

(3) ESOP borrowings are amortized over 20 years, amortization expense is tax-effected at a 34.0% rate.

(4) Option valuation based on Black-Scholes model, 5 year vesting, and assuming 25% taxable.

(5) RRP is amortized over 5 years, and amortization expense is tax-effected at 34.0%.

(6) Reflects tax benefit of contribution to Foundation.

Exhibit IV-8
PRO FORMA EFFECT OF CONVERSION PROCEEDS
Bradford Bancorp, Inc.
At the Minimum

1. Pro Forma Market Capitalization		\$79,613,540
Less: Foundation Shares		2,750,000
Less: Merger Shares		<u>21,613,540</u>
2. Offering Proceeds		\$55,250,000
Less: Estimated Offering Expenses		<u>2,024,000</u>
Net Conversion Proceeds		\$53,226,000
3. Estimated Additional Income from Conversion Proceeds		
Net Conversion Proceeds		\$53,226,000
Less: Cash Contribution to Foundation		250,000
Less: Non-Cash Stock Purchases (1)		<u>6,960,000</u>
Net Proceeds Reinvested		\$46,016,000
Estimated net incremental rate of return		<u>3.24%</u>
Reinvestment Income		\$1,491,194
Less: Estimated cost of ESOP borrowings (2)		0
Less: Amortization of ESOP borrowings (3)		153,120
Less: Amortization of Options (4)		429,867
Less: Restricted Stock Plan Vesting (5)		<u>306,240</u>
Net Earnings Impact		\$601,967

	<u>Before Conversion</u>		<u>Net Earnings Increase</u>	<u>After Conversion</u>
4. Pro Forma Earnings				
12 Months ended June 30, 2007 (reported)	(\$1,149,000)		\$601,967	(\$547,033)
12 Months ended June 30, 2007 (core)	\$561,000		\$601,967	\$1,162,967
5. Pro Forma Net Worth	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit (6) Of Contribution</u>	<u>After Conversion</u>
June 30, 2007	\$63,046,000	\$46,016,000	\$1,020,000	\$110,082,000
June 30, 2007 (Tangible)	\$21,091,000	\$46,016,000	\$1,020,000	\$68,127,000
6. Pro Forma Assets	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit (6) Of Contribution</u>	<u>After Conversion</u>
June 30, 2007	\$825,433,000	\$46,016,000	\$1,020,000	\$872,469,000

- (1) Includes ESOP and RRP stock purchases equal to 8.0% and 4.0% of the offering and Foundation, respectively.
(2) ESOP stock purchases are internally financed by a loan from the holding company.
(3) ESOP borrowings are amortized over 20 years, amortization expense is tax-effected at a 34.0% rate.
(4) Option valuation based on Black-Scholes model, 5 year vesting, and assuming 25% taxable.
(5) RRP is amortized over 5 years, and amortization expense is tax effected at 34.0%.
(6) Reflects tax benefit of contribution to Foundation.

Exhibit IV-8
PRO FORMA EFFECT OF CONVERSION PROCEEDS
Bradford Bancorp, Inc.
At the Midpoint

1.	Pro Forma Market Capitalization	\$89,363,540
	Less: Foundation Shares	2,750,000
	Less: Merger Shares	<u>21,613,540</u>
2.	Offering Proceeds	\$65,000,000
	Less: Estimated Offering Expenses	<u>2,136,125</u>
	Net Conversion Proceeds	\$62,863,875
3.	Estimated Additional Income from Conversion Proceeds	
	Net Conversion Proceeds	\$62,863,875
	Less: Cash Contribution to Foundation	250,000
	Less: Non-Cash Stock Purchases (1)	<u>8,130,000</u>
	Net Proceeds Reinvested	\$54,483,875
	Estimated net incremental rate of return	<u>3.24%</u>
	Reinvestment Income	\$1,765,604
	Less: Estimated cost of ESOP borrowings (2)	0
	Less: Amortization of ESOP borrowings (3)	178,860
	Less: Amortization of Options (4)	502,129
	Less: Restricted Stock Plan Vesting (5)	<u>357,720</u>
	Net Earnings Impact	\$726,895

	<u>Before Conversion</u>	<u>Net Earnings Increase</u>	<u>After Conversion</u>
4. Pro Forma Earnings			
12 Months ended June 30, 2007 (reported)	(\$1,149,000)	\$726,895	(\$422,105)
12 Months ended June 30, 2007 (core)	\$560,000	\$726,895	\$1,286,895
5. Pro Forma Net Worth	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit (6) Of Contribution</u>
June 30, 2007	\$63,046,000	\$54,483,875	\$118,549,875
June 30, 2007 (Tangible)	\$21,091,000	\$54,483,875	\$76,594,875
6. Pro Forma Assets	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit (6) Of Contribution</u>
June 30, 2007	\$825,433,000	\$54,483,875	\$880,936,875

- (1) Includes ESOP and RRP stock purchases equal to 8.0% and 4.0% of the offering and Foundation, respectively.
(2) ESOP stock purchases are internally financed by a loan from the holding company.
(3) ESOP borrowings are amortized over 20 years, amortization expense is tax-effected at a 34.0% rate.
(4) Option valuation based on Black-Scholes model, 5 year vesting, and assuming 25% taxable.
(5) RRP is amortized over 5 years, and amortization expense is tax effected at 34.0%.
(6) Reflects tax benefit of contribution to Foundation.

Exhibit IV-8
PRO FORMA EFFECT OF CONVERSION PROCEEDS
Bradford Bancorp, Inc.
At the Maximum

1. Pro Forma Market Capitalization		\$99,113,540
Less: Foundation Shares		2,750,000
Less: Merger Shares		<u>21,613,540</u>
2. Offering Proceeds		\$74,750,000
Less: Estimated Offering Expenses		<u>2,248,250</u>
Net Conversion Proceeds		\$72,501,750
3. Estimated Additional Income from Conversion Proceeds		
Net Conversion Proceeds		\$72,501,750
Less: Cash Contribution to Foundation		250,000
Less: Non-Cash Stock Purchases (1)		<u>9,300,000</u>
Net Proceeds Reinvested		\$62,951,750
Estimated net incremental rate of return		<u>3.24%</u>
Reinvestment Income		\$2,040,014
Less: Estimated cost of ESOP borrowings (2)		0
Less: Amortization of ESOP borrowings (3)		204,600
Less: Amortization of Options (4)		574,391
Less: Restricted Stock Plan Vesting (5)		<u>409,200</u>
Net Earnings Impact		\$851,823

	<u>Before Conversion</u>	<u>Net Earnings Increase</u>	<u>After Conversion</u>
4. Pro Forma Earnings			
12 Months ended June 30, 2007 (reported)	(\$1,149,000)	\$851,823	(\$297,177)
12 Months ended June 30, 2007 (core)	\$560,000	\$851,823	\$1,411,823
5. Pro Forma Net Worth	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit (6) Of Contribution</u>
June 30, 2007	\$63,046,000	\$62,951,750	\$127,017,750
June 30, 2007 (Tangible)	\$21,091,000	\$62,951,750	\$85,062,750
6. Pro Forma Assets	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit (6) Of Contribution</u>
June 30, 2007	\$825,433,000	\$62,951,750	\$889,404,750

(1) Includes ESOP and RRP stock purchases equal to 8.0% and 4.0% of the offering and Foundation, respectively.

(2) ESOP stock purchases are internally financed by a loan from the holding company.

(3) ESOP borrowings are amortized over 20 years, amortization expense is tax-effected at a 34.0% rate.

(4) Option valuation based on Black-Scholes model, 5 year vesting, and assuming 25% taxable.

(5) RRP is amortized over 5 years, and amortization expense is tax effected at 34.0%.

(6) Reflects tax benefit of contribution to Foundation.

Exhibit IV-8
PRO FORMA EFFECT OF CONVERSION PROCEEDS
Bradford Bancorp, Inc.
At the Supermaximum Value

1. Pro Forma Market Capitalization		\$110,326,040
Less: Foundation Shares		2,750,000
Less: Merger Shares		<u>21,613,540</u>
2. Offering Proceeds		\$85,962,500
Less: Estimated Offering Expenses		<u>2,377,194</u>
Net Conversion Proceeds		\$83,585,306
3. Estimated Additional Income from Conversion Proceeds		
Net Conversion Proceeds		\$83,585,306
Less: Cash Contribution to Foundation		250,000
Less: Non-Cash Stock Purchases (1)		<u>10,645,500</u>
Net Proceeds Reinvested		\$72,689,806
Estimated net incremental rate of return		<u>3.24%</u>
Reinvestment Income		\$2,355,586
Less: Estimated cost of ESOP borrowings (2)		0
Less: Amortization of ESOP borrowings (3)		234,201
Less: Amortization of Options (4)		657,493
Less: Restricted Stock Plan Vesting (5)		<u>468,402</u>
Net Earnings Impact		\$995,490

	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Net Earnings Increase</u>	<u>After Conversion</u>
4. Pro Forma Earnings				
12 Months ended June 30, 2007 (reported)	(\$1,149,000)		\$995,490	(\$153,510)
12 Months ended June 30, 2007 (core)	\$560,000		\$995,490	\$1,555,490
5. Pro Forma Net Worth	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit (6) Of Contribution</u>	<u>After Conversion</u>
June 30, 2007	\$63,046,000	\$72,689,806	\$1,020,000	\$136,755,806
June 30, 2007 (Tangible)	\$21,091,000	\$72,689,806	\$1,020,000	\$94,800,806
6. Pro Forma Assets	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit (6) Of Contribution</u>	<u>After Conversion</u>
June 30, 2007	\$825,433,000	\$72,689,806	\$1,020,000	\$899,142,806

- (1) Includes ESOP and RRP stock purchases equal to 8.0% and 4.0% of the offering and Foundation, respectively.
(2) ESOP stock purchases are internally financed by a loan from the holding company.
(3) ESOP borrowings are amortized over 20 years, amortization expense is tax-effected at a 34.0% rate.
(4) Option valuation based on Black-Scholes model, 5 year vesting, and assuming 25% taxable.
(5) RRP is amortized over 5 years, and amortization expense is tax effected at 34.0%.
(6) Reflects tax benefit of contribution to Foundation.

EXHIBIT IV-9
Peer Group Core Earnings Analysis

RF FINANCIAL, LC.
Financial Services Industry Consultants
1700 North Moore Street, Suite 2210
Arlington, Virginia 22209
(703) 538-1700

Core Earnings Analysis
Comparable Institution Analysis
For the Twelve Months Ended June 30, 2007

Comparable Group	Net Income	Less: Net	Tax Effect	Less: Extd	Estimated	Shares	Estimated
	to Common	Gains (Loss)	@ 34%	Items	Core Income		
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$)
ABNJ American Bancorp of NJ	948	-34	12	0	926	12,459	0.07
SEBK Elanco Svcs Bank, FSB of NY(1)	1,686	430	-282	0	2,234	1,451	1.54
FEBI Fidelity Bancorp, Inc. of PA	4,196	-423	145	-407	3,509	2,990	1.17
FFFB First Keystone Fin., Inc of PA	674	284	-97	0	861	2,232	0.38
HARL Harleysville Svcs Fin Co of PA	3,333	-160	34	0	3,207	3,832	0.84
PFCI Pinnacle Bancorp, Inc. of NJ	5,390	-490	146	0	4,972	4,972	1.07
SVEI Severn Bancorp, Inc. of MD	16,060	-394	103	0	15,695	10,066	1.58
TRFD TF Fin. Corp. of Newtown PA	5,302	-317	108	0	5,093	7,982	1.77
WGB Washington SB, FSB of Bowie MD(1)	3,424	-726	247	0	2,947	7,583	0.39
WFBC Willow Financial Bcp Inc of PA	9,311	-141	46	0	9,218	15,626	0.59

(1) Financial information is for the quarter ending March 31, 2007.

Sources: Audited and unaudited financial statements, corporate reports and offering circulars, and RF Financial, LC. calculations. The information provided in this table has been obtained from sources we believe are reliable, but we cannot guarantee the accuracy or completeness of such information.

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EXHIBIT V-1
RP Financial, LC.
Firm Qualifications Statement

FIRM QUALIFICATION STATEMENT

RP[®] Financial provides financial and management consulting, merger advisory and valuation services to the financial services industry nationwide. RP[®] Financial establishes long-term client relationships through its wide array of services, emphasis on quality and timeliness, hands-on involvement by our principals and senior staff, careful structuring of strategic plans and transactions and providing sophisticated valuation analyses consistent with accepted valuation practices. RP[®] Financial's staff draws from backgrounds in consulting, valuation, regulatory agencies and investment banking. Our clients include commercial banks, thrifts, credit unions, mortgage companies and other financial service companies.

STRATEGIC & CAPITAL PLANNING

RP[®] Financial's strategic and capital planning services are designed to provide effective workable plans with quantifiable results. RP[®] Financial analyzes strategic options to enhance shareholder value, achieve regulatory approval or other established objectives. Our planning services involve conducting situation analyses; establishing mission statements, strategic goals and objectives; and identifying strategies to enhance franchise and/or market value, capital management, earnings improvement, operational matters and organizational issues. Strategy development typically focuses on: capital formation and management, asset/liability targets, profitability, return on equity and market value of stock. Our proprietary financial simulation models provide the basis for evaluating the financial impact of alternative strategies and assessing their feasibility/compatibility with regulations and/or other guidelines.

MERGER & ACQUISITION SERVICES

RP[®] Financial's merger and acquisition (M&A) services include targeting potential buyers and sellers, assessing acquisition merit, conducting detailed due diligence, negotiating and structuring merger transactions, preparing merger business plans and financial simulations, rendering fairness opinions, preparing mark-to-market analyses and assisting in implementing post-acquisition strategies. Through our financial simulations, comprehensive in-house data bases, valuation expertise and regulatory knowledge, RP[®] Financial's M&A consulting focuses on enhancing shareholder returns.

VALUATION SERVICES

RP[®] Financial's extensive valuation practice includes valuations for a variety of purposes including mergers and acquisitions, thrift mutual-to-stock conversions, insurance company demutualizations, ESOPs, subsidiary companies, mark-to-market transactions and various other corporation valuation requirements. Our principals and staff are highly experienced in performing valuation appraisals which conform with regulatory guidelines and appraisal industry standards. RP[®] Financial is the nation's leading valuation firm for mutual-to-stock conversions of thrift institutions.

OTHER CONSULTING SERVICES & DATA BASES

RP[®] Financial offers other services including branching and diversification strategies, feasibility studies and special research studies. RP[®] Financial assists banks and thrifts prepare CRA plans and related applications. RP[®] Financial's consulting services are aided by in-house data bases and proprietary valuation and financial simulation models.

RP[®] Financial's Key Personnel (Years of Relevant Experience) & Contact Information

Ronald S. Riggins, Managing Director (27)	(703) 647-6543	rriggins@rpfinancial.com
William E. Pommerening, Managing Director (22)	(703) 647-6546	wpommerening@rpfinancial.com
Gregory E. Dunn, Senior Vice President (24)	(703) 647-6548	gdunn@rpfinancial.com
James P. Hennessey, Senior Vice President (21)	(703) 647-6544	jhennessey@rpfinancial.com
James J. Oren, Senior Vice President (19)	(703) 647-6549	joren@rpfinancial.com

Washington Headquarters

Rosslyn Center
1700 North Moore Street, Suite 2210
Arlington, VA 22209
www.rpfinancial.com

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Telephone: (703) 528-1700
Fax No.: (703) 528-1788
Toll-Free No.: (866) 723-0594
E-Mail: mail@rpfinancial.com