

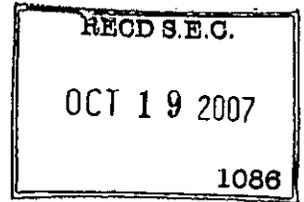


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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM SE

FORM FOR SUBMISSION OF PAPER FORMAT EXHIBITS
BY EDGAR ELECTRONIC FILERS



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

0001410703
Registrant CIK Number

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

333-145875
SEC file number, if available

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)

PROCESSED
OCT 29 2007 *E*
THOMSON
FINANCIAL

SIGNATURES

Filings Made By the Registrant:

The Registrant has duly caused this form to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Danvers, Commonwealth of Massachusetts, 2007.

Danvers Bancorp, Inc.
(Registrant)

By: /s/ L. MARK PANELLA
(Name)

Chief Financial Officer
(Title)

IN ACCORDANCE WITH RULE 202 OF REGULATION S-T, THIS EXHIBIT 99.4 TO THE REGISTRATION STATEMENT OF DANVERS BANCORP, INC. (FILE NO. 333-145875) IS BEING FILED IN ITS ENTIRETY IN PAPER PURSUANT TO A CONTINUING HARDSHIP EXEMPTION.

PRO FORMA VALUATION REPORT

DANVERS BANCORP, INC.

***HOLDING COMPANY FOR
DANVERSBANK
Danvers, Massachusetts***

***Dated As Of:
August 10, 2007***

Prepared By:

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

August 10, 2007

Board of Directors
Danvers Bancorp, Inc.
Danversbank
One Conant Street
Danvers, Massachusetts 01923

Members of the Board 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 which is to be offered in connection with the plan of stock issuance described below. This Appraisal is furnished pursuant to the requirements of 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") and applicable interpretations thereof. Such Valuation Guidelines are relied upon by the Federal Deposit Insurance Corporation ("FDIC") and the Massachusetts Division of Banks (the "Division") in the absence of separate written valuation guidelines.

Plan of Conversion

Danvers Bancorp, Inc. ("DBI" or the "Company") was organized in 1998, concurrent with the reorganization of Danversbank (the "Bank") from a state-chartered mutual savings bank into a mutual holding company structure ("MHC"). In conjunction with the reorganization, DBI was formed and concurrently owns all the capital stock of the Bank. No stock was issued publicly pursuant to the reorganization. The Bank transferred a small portion of its retained earnings to DBI for its initial capitalization. At the same time, the Bank converted to a state-chartered stock savings bank with the Company owning all of its outstanding stock. The Company is a bank holding company and conducts its operations primarily through the Bank.

The respective Boards of Directors of the MHC and the Company adopted a plan of conversion and reorganization on June 15, 2007 (the "Plan"). Pursuant to the Plan, the Company will convert from the mutual holding company form of organization to the stock form and will sell shares of common stock to the public in a stock offering. The conversion (the "Conversion") will be accomplished under the laws of the Commonwealth of Massachusetts and the regulations of the Division and the FDIC, and other applicable laws and regulations. As part of the Conversion, the MHC, the mutual holding company parent of the Bank will be merged into the Bank and the MHC will no longer exist. The Company, a Massachusetts corporation, which owns 100% of the Bank, will be succeeded by a new Delaware corporation with the same name. When the conversion is completed, all of the capital stock of Danversbank will be owned

Washington Headquarters

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by Danvers Bancorp, Inc., the newly formed Delaware-chartered holding company, and all of the common stock of DBI will be owned by public stockholders.

Concurrent with the plan of conversion and reorganization, the Company will retain up to 50% of the net proceeds raised in the offering and downstream to the Bank the remaining net proceeds. The funds downstreamed to the Bank will be includable as Tier 1 capital for regulatory capital purposes. Immediately after consummation of the conversion and reorganization, it is not anticipated that the Company will engage in any business activity other than ownership of the Bank subsidiary, extending the loan to the Bank's newly formed employee stock ownership plan ("ESOP") and investment of stock proceeds that are retained by the Company. It is anticipated that the shares will be offered in a subscription offering to the Bank's Eligible Account Holders, Supplemental Eligible Account Holders, Employee Stock Ownership Plan, and Employees, Officers and Trustees of Danversbank and the MHC and Corporators of the MHC. 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 community offering.

Concurrent with the Conversion, the Bank will form a charitable foundation called the Danversbank Foundation (the "Foundation"). The Foundation will be funded with a contribution of \$350,000 in cash and with shares equal to the lesser of 650,000 shares or 5% of the shares sold in the offering.

RP[®] Financial, L.C.

RP[®] Financial, L.C. ("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. We believe that, except for the fee we will receive for our appraisal, we are independent of the Company, the Bank 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 Bank's and the Company's regulatory applications, including the prospectus as filed with the Division, FDIC, and the Securities and Exchange Commission ("SEC"). In preparing our appraisal, we have reviewed the Bank's regulatory applications, including the prospectus as filed with the OTS and the Securities and Exchange Commission ("SEC"). We have conducted a financial analysis of Bank and the Company that has included a review of its audited financial information for the fiscal years ended December 31, 2002 through December 31, 2006 and various audited and unaudited information and internal financial reports through June 30, 2007. We have also engaged in due diligence related discussions with the Company's management; Wolf & Company, PC, the Bank's independent auditor; Goodwin Proctor, LLP., the Company's counsel in connection with

the Conversion, and Sandler O'Neill Partners, LLP, the Company's financial and marketing advisor in connection with the stock offering. All 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 the Company operates and have assessed the Company's relative strengths and weaknesses. We have kept abreast of the changing regulatory and legislative environment for financial institutions and analyzed the potential impact on the Company and the industry as a whole. We have analyzed the potential effects of the stock offering on the Company's operating characteristics and financial performance as they relate to the pro forma market value. We have reviewed the economy in the Company's primary market area and have compared the Company's financial performance and condition with publicly-traded thrifts. We have reviewed market conditions for stocks in general and market conditions for thrift stocks in particular, including the market for existing thrift issues and the market for initial public offerings by thrifts. We have also considered the expected market for the Company's public shares. We have excluded from such analyses thrifts subject to announced or rumored acquisition, mutual holding company institutions and/or those institutions that exhibit other unusual characteristics.

Our Appraisal is based on the Company's representation that the information contained in the regulatory applications and additional information furnished to us by the Company, its independent auditors, legal counsel and other authorized agents are truthful, accurate and complete. We did not independently verify the financial statements and other information provided by the Company, its independent auditors, legal counsel and other authorized agents nor did we independently value the assets or liabilities of the Company. 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 the Company and for all thrifts. Changes in the local, state and national economy, the legislative and regulatory environment, 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 the Company's value alone. It is our understanding that the Company intends to remain an independent institution and there are no current plans for selling control of the Company as a converted institution. To the extent that such factors can be foreseen, they have been factored into our analysis.

Pro forma market value is defined as the price at which the Company's stock, immediately upon completion of the conversion 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 10, 2007, the aggregate pro forma market value of the Company's common stock, including the stock portion of the contribution to the Foundation immediately following the offering, is \$136,500,000 at the midpoint, equal to 13,650,000 shares issued at a per share value of \$10.00. The resulting range of value pursuant to regulatory guidelines and the corresponding number of shares based on the Board approved \$10.00 per share offering price is set forth below.

<u>Valuation Range</u>	<u>Offering Amount</u>	<u>Foundation Shares</u>	<u>Total Issued</u>
<u>Shares</u>			
Minimum	11,050,000	552,500	11,602,500
Midpoint	13,000,000	650,000	13,650,000
Maximum	14,950,000	650,000	15,600,000
Supermaximum	17,192,500	650,000	17,842,500
<u>Value</u>			
Minimum	\$ 110,500,000	\$ 5,525,000	\$ 116,025,000
Midpoint	\$ 130,000,000	\$ 6,500,000	\$ 136,500,000
Maximum	\$ 149,500,000	\$ 6,500,000	\$ 156,000,000

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 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 pro forma market value thereof.

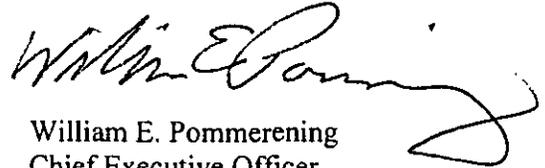
RP Financial's valuation was determined based on the financial condition and operations of the Company as of June 30, 2007, the date of the financial data included in the regulatory applications and prospectus.

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 the Company, its principals or employees from purchasing stock of its client institutions.

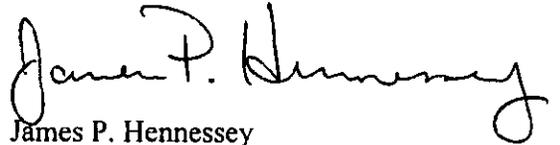
The valuation will be updated as provided for in the conversion regulations and guidelines. These updates will consider, among other things, any developments or changes in the Company's financial performance and condition, management policies, and current conditions in the equity markets for thrift stocks. 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, 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 shares, 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.

Respectfully submitted,

RP® FINANCIAL, LC.



William E. Pommerening
Chief Executive Officer



James P. Hennessey
Senior Vice President

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Danvers, Massachusetts

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I. OVERVIEW AND FINANCIAL ANALYSIS

Introduction

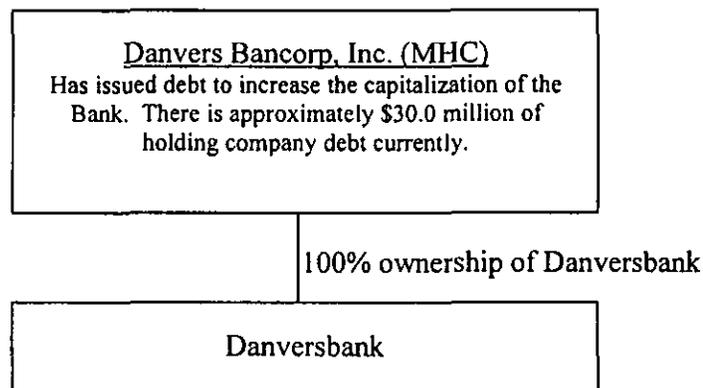
Danversbank (the "Bank"), organized in 1850, is a state chartered stock savings bank which conducts operations through its main office in Danvers, Massachusetts. The Bank's branches serve an area extending from the City of Boston to the north shore area of Boston metropolitan region. In this regard, the Bank operates a total of seven branch offices in Essex County where Danvers is located, four branch offices in contiguous Middlesex County, Massachusetts, and two branch offices and a full-service commercial banking office in contiguous Suffolk County. A portion of the recent branch expansion is the result of mergers with several other local financial institutions; the Company acquired two branches as a result of the acquisition of Revere Federal Savings in 2001 and one branch office in Middlesex County from the recent merger with BankMalden in February of 2007.

The Bank is a member of the Federal Home Loan Bank ("FHLB") system, and its deposits are insured up to the regulatory maximums by the Federal Deposit Insurance Corporation ("FDIC"), with amounts above this level insured by the State Depositors Insurance Fund ("DIF"). As more fully described below, in 1998, Danversbank ("Danversbank" or the "Bank") reorganized into a mutual holding company structure. As part of the reorganization, Danversbank formed Danvers Bancorp, Inc. ("DBI" or the "Company"), a state-chartered mutual holding company ("MHC"). Simultaneously, Danversbank became a state-chartered capital stock savings bank, and a wholly-owned subsidiary of the Company, and the Company became the wholly-owned subsidiary of the MHC. At June 30, 2007, the Company had \$1.3 billion in assets, \$971.8 million in deposits and total equity of \$65.9 million equal to 5.2% of total assets. The Company's audited financial statements are included by reference as Exhibit I-1.

Current Organization Structure

DBI was organized in 1998, concurrent with the Bank's reorganization from a state-chartered mutual savings bank into a mutual holding company structure. In conjunction with the reorganization, DBI was formed and concurrently owns all the capital stock of the Bank. No

stock was issued publicly pursuant to the reorganization. The Bank transferred a small portion of its retained earnings to the Company at initial capitalization. At the same time, the Bank converted to a state-chartered stock savings bank with the Company owning all of its outstanding stock. The Company is a bank holding company and conducts its operations primarily through the Bank. A chart showing the current structure of the MHC and the Bank is set forth below.



One of the principal purposes of forming the mutual holding company was to facilitate growth and leveraging of the Bank and the Company. In this regard, the Company has raised funds through the issuance of subordinated debentures to its wholly-owned subsidiaries, Danvers Capital Trust I (“Trust I”), Danvers Capital Trust II (“Trust II”), and Danvers Capital Trust III (“Trust III”) (the “Trusts”). The Trusts have funded the purchases of the subordinated debentures by offering capital securities representing preferred ownership interests in the assets of the Trusts. Using interest payments made by the Company on the debentures, the Trusts pay semiannual or quarterly dividends to preferred security holders. The Company has the option to defer interest payments on the subordinated debentures for up to five years and, accordingly, the Trusts may defer dividend distributions on the capital securities for up to five years. In addition, the Company may elect to accelerate the maturity dates of the subordinated debentures subject to obtaining prior regulatory approval.

Substantially of the funds raised through the issuance of the subordinated debentures was infused into the Bank with the objective of increasing its regulatory capital and to facilitate targeted growth. A small balance of funds is maintained at the Company level to cover operating

costs including interest payments. Importantly, the outstanding subordinated debt may be included in regulatory Tier 1 capital subject to a limitation that such amounts not exceed 25% of Tier 1 capital. At June 30, 2007, subordinated debt aggregating to \$22.7 million is included in Tier 1 capital.

Table 1.1 is an unconsolidated balance sheet for DBI, reflecting these financing transactions. It is important to note that while the Bank's equity on a generally accepted accounting principles ("GAAP") basis is equal to \$94.2 million as of June 30, 2007, or 7.47% of total assets, the Company's balance sheet on a consolidated basis is considerably more leveraged, reflecting total equity of only \$65.9 million, or 5.22% of total assets. As a result of the level of debt at the Company level, the Bank upstreams dividends to service the debt. The Company incurred \$1.3 million and \$2.3 million of interest expense on the subordinated debt for the six months ended June 30, 2007 and the fiscal year ended December 31, 2006, respectively.

Plan of Conversion

The respective Boards of Directors of the Company and the Bank adopted a plan of conversion and reorganization on June 15, 2007 (the "Plan"). Pursuant to the Plan, the organization will convert from the mutual holding company form of organization to the stock form and will sell shares of common stock to the public in a stock offering. The conversion (the "Conversion") will be accomplished under the laws of the Commonwealth of Massachusetts and the regulations of the Division and the FDIC, and other applicable laws and regulations. As part of the Conversion, the MHC, the mutual holding company parent of the Company will be merged into the Bank and the MHC will no longer exist. The Company, a Massachusetts corporation, which owns 100% of the Bank, will be succeeded by a new Delaware corporation with the same name. When the conversion is completed, all of the capital stock of Danversbank will be owned by Danvers Bancorp, Inc., the newly formed Delaware-chartered holding company and all of the common stock of DBI will be owned by public stockholders.

Concurrent with the plan of conversion and reorganization, the Company will retain up to 50% of the net proceeds of the stock offering, and downstream to the Bank the remaining net proceeds to the Bank. The funds downstreamed to the Bank will be includable as Tier 1 capital. Immediately after consummation of the conversion and reorganization, it is not

Table 1.1
 Danvers Bancorp, Inc.
 Unconsolidated Balance Sheet

	6/30/07 <u>Amount</u> (\$000)
<u>Assets</u>	
Due From Banks	\$325
Corporate Stock	965
Investment in Danversbank	96,988
Investment in Danvers Capital Trust	619
Other Assets	<u>9</u>
Total Assets	\$98,906
 <u>Liabilities</u>	
Subordinated Debt	29,965
Other Liabilities	<u>202</u>
Total Liabilities	\$30,167
Equity	<u>\$68,739</u>
Total Liabilities and Equity	\$98,906
 <u>Memo Items:</u>	
<i>Danvers Bancorp, Inc.</i>	
Consolidated Equity	\$65,872
Consolidated Assets	1,262,929
Consolidated Equity/Assets	5.22%
 <i>Danversbank</i>	
Total Equity	\$94,236
Total Assets	1,261,496
Equity/Assets	7.47%

Source: Internal financial statements.

anticipated that the Company will engage in any business activity other than ownership of the Bank subsidiary, extending the loan to the Bank's newly formed employee stock ownership plan ("ESOP") and investment of stock proceeds that are retained by the Company. It is anticipated that the shares will be offered in a subscription offering to the Bank's Eligible Account Holders, Supplemental Eligible Account Holders, Employee Stock Ownership Plan, and Employees, Officers and Trustees of Danversbank and the MHC and Corporators of the MHC. 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 community offering.

Establishment of a Charitable Foundation

In order to enhance the historically strong community service and reinvestment activities, the Company will establish The Danversbank Foundation, Inc. (the "Foundation"), a private charitable foundation, in connection with the Offering. The Company will make a contribution to the Foundation of \$350,000 plus an amount of common stock equal to 5% of the value of the conversion offering based on the \$10.00 per share IPO price or \$6,500,000 whichever is less. The Foundation's charitable giving is intended to complement the Company's existing community reinvestment activities, and will be dedicated to help fund local projects and to support certain civic, charitable and cultural organizations within the communities served by the Bank. The Company believes the Foundation will enhance the Bank's already strong reputation for community service. The Foundation's ownership of the Company's stock will enable the local community served to share in the potential increase in market value and dividends over time.

Strategic Overview

Throughout much of its corporate history, the Company's strategic focus has been that of a community-oriented financial institution with a primary focus on meeting the borrowing, savings and other financial needs of its local customers in the greater Boston metropolitan area with a primary emphasis on the north shore area within the Company's retail branch banking footprint. Throughout most of its history, the Company had pursued a residential lending strategy for portfolio, with a moderate level of diversification into construction lending and

commercial real estate lending. In this regard, the Company has emphasized high quality and flexible customer service, capitalizing on its local orientation and relatively broad array of products and services.

In the early to mid 1990s, the Company was a relatively small institution with approximately \$250 million in total assets and conducted operations through four offices. Subsequently, under the direction of current management, DBI embarked on a growth and expansion strategy which included: (1) adding seven branch offices in the regional area; (2) completing acquisitions of regionally based financial institutions -- the Company acquired two branches as a result of the acquisition of Revere Federal Savings in 2001 and one branch office in Middlesex County from the recent merger with BankMalden in February of 2007; and (3) gradually diversifying the products and services offered to be more consistent with the product offerings of a community bank.

As noted above, the Company has historically pursued a portfolio residential lending strategy typical of a thrift institution, with a moderate level of diversification into commercial real estate lending as well as non-mortgage commercial and industrial ("C&I") lending. Commencing with the employment of the current managing officer in 1996, the Company sought to gradually restructure the loan portfolio to include a greater proportion of commercial loans, including mortgage, non-mortgage and construction loans. Such efforts have been facilitated by the acquisition of a number of community banks over the last ten years which has led to dissatisfaction among both borrowers and commercial lenders which has enhanced the ability of the Company to: (1) attract high quality commercial loan officers experienced in the local market; and (2) compete more effectively for commercial account relationships by emphasizing its local orientation and high level of service as compared to the out-of-market competitors which increasingly dominate the local market.

With this transition in recent years, the Company has been required to develop the infrastructure to undertake more diversified lending. In this regard, management has developed extensive policies and procedures pertaining to credit standards and the administration of commercial accounts. Additionally, the Company has employed a total of five loan officers at the Senior Vice President level to manage such key functional areas in the loan department including Commercial Real Estate Lending, Commercial and Industrial ("C&I") lending, Middle

Market Lending, Business Development and Cash Management Services. Additionally, the Company has expanded its staffing in the lower level management ranks and clerical areas, generally employing individuals who have local commercial lending experience and/or experience in various support functions in the loan underwriting, credit administration and loan servicing areas. The Company's expanded community bank focus has led to an expansion that is evidenced by the growth of commercial real estate and C&I loans – specifically, these loans in aggregate have increased from \$348.0 million, or 59.9% of total loans as of December 31, 2002, to \$511.4 million, or 59.3% of total loans as of June 30, 2007, which reflects an 8.9% compounded annual growth rate, comparable to the growth rate of loans overall. Construction and land development lending has increased from \$20.5 million, or 3.5% of total loans as of December 31, 2002, to \$128.6 million, or 14.9% of total loans as of June 30, 2007, which reflects a higher 49.7% compounded annual growth rate.

The Company has employed several means to fund targeted loan and balance sheet growth, both from a capital and liquidity perspective. While it is the Company's preference to fund growth out of retained earnings, asset growth realized over the last decade has outstripped equity growth and thus, the Company's capital has been leveraged. As previously discussed, one of the principal purposes of forming the mutual holding company was to facilitate growth and leveraging of the Bank and the Company, primarily by raising regulatory capital through the issuance of subordinated debentures to its wholly-owned subsidiaries, Trust I, Trust II and Trust III. The regulatory capital raised in this fashion has facilitated the Bank and Company's regulatory capital compliance and maintenance of "well-capitalized" status notwithstanding its relatively leveraged GAAP equity ratio.

Expanding the Company's retail branch footprint has been an important aspect of the growth and expansion strategy. DBI has sought expanded market coverage to provide enhanced service to its retail consumer and commercial customers while also seeking to expand the deposit balances in order to fund loan growth. Specifically, over the last ten years, the Company has opened a total of nine branch offices on a de novo basis, primarily by expanding west and south into Middlesex County as well as Boston and nearby inner suburban areas. Additionally, in order to accelerate the ability to grow, the Company acquired Revere Federal and its two offices in 2001 in a purchase accounting transaction which resulted in the creation of a \$1.6 million core

deposit intangible which is being amortized over 10 years using an accelerated amortization method. In another transaction, the Company merged with BankMalden in February of 2007, in a transaction that was accounted for as a pooling of interests (BankMalden's historical financial statements were merged with those of the Bank for accounting purposes). The Company will seek to continue to growth through the acquisition of branches or other financial institutions, as well as through de novo branching and organic growth realized through the current existing branch and delivery system.

While it is the Company's preference to utilize lower costing retail deposits to fund operations, borrowings have been employed as a supplemental funding source to facilitate management of funding costs (i.e., to limit the requirement to pay aggressively to attract deposit funds to meet established growth objectives) and manage interest rate risk. FHLB advances constitute the Company's the largest source of borrowings with many advances consisting of fixed term fixed rate or fixed rate amortizing borrowings. Retail repurchase agreements, which essentially are a collateralized commercial overnight sweep account, have also increased reflecting the growth of commercial account relationships.

Following the Conversion, the Company may evaluate the use of additional borrowings to facilitate leveraging of its higher capital position that will result from the stock offering. Moreover, while the Company plans to expand the deposit base both through existing offices and the relocation or establishment of new offices, the utilization of borrowed funds will serve as a temporary funding mechanism to provide liquidity for loan growth until branch deposits can be expanded.

The Company's earnings base is largely dependent upon net interest income and operating expense levels, as sources of non-interest operating income remain relatively limited, notwithstanding management's efforts to increase their levels. The Company's reported and core earnings have decreased from the peak level reported in fiscal 2005 as the flat yield curve environment prevailing in recent periods has negated the earnings benefit of balance sheet growth; the flattened yield curve has resulted in spread compression. Moreover, in addition to the earnings impact of spread compression referenced above, the Company has been subject to earnings pressure over the last several years as non-interest income remains relatively limited while the Company's operating expenses have been subject to increase as DBI has undertaken

several major initiatives to enhance its personnel, office facilities and infrastructure. Such investments have been incurred primarily in connection with the Company's strategy to become a more effective competitor in the commercial and retail banking arena. Specifically, the Company has established nine new offices over the last five fiscal years in addition to acquiring three branch offices pursuant to the Revere Federal and BankMalden transactions which has resulted in additional staffing expenses as well as operating costs. The Company has also added significant staff in the commercial lending and deposit services area and incurred significant costs in connection with the related marketing of its expanded products and services.

The post-offering business plan of the Company is expected to continue to focus on products and services which have been the Company's traditional emphasis. Specifically, the Company will continue to be an independent community-oriented financial institution with a commitment to local commercial and retail banking financing with operations funded by retail deposits, borrowings, equity capital and internal cash flows. In addition, the Company will seek to continue to develop the infrastructure management believes DBI requires in order to be an effective competitor in the commercial and retail banking arena locally. Accordingly, DBI will continue to employ additional staff as needed to support growth of its commercial and consumer banking products and services. Furthermore, DBI plans to continue to make significant capital investments in its retail branch network; the Company is planning to relocate three branches to nearby locations perceived to more favorable from a business and marketing standpoint in fiscal 2008, while subsequently engaging in de novo branching in subsequent years within its targeted markets. While specific locations have yet to be identified for the de novo branching initiative, new branches will generally be located in DBI's existing market in Essex, Middlesex or Suffolk Counties and will result in a significant capital outlay (in the general range of \$1.5 million to \$2.0 million for each office) and increased expense related to staffing and operating the new offices.

DBI will be seeking to leverage its infrastructure investments in office facilities and technology through balance sheet and fee income growth and on-going development of strong customer relationships, as it seeks to become a leading community bank in the markets served. In the near term, the Company will incur substantial costs which will negatively impact profitability.

The Company's Board of Directors has elected to convert to the stock form of ownership to improve the competitive position of the Company. The capital realized from the Conversion will increase the operating flexibility and overall financial strength of the Company, as well as support the expansion of the Company's strategic focus of providing competitive community banking services in its local market area as described above. The additional capital realized from the stock proceeds will increase liquidity to support funding of future loan growth and other interest-earning assets. The Company's higher capital position resulting from the infusion of stock proceeds will also serve to reduce interest rate risk, through enhancing the Company's interest-earning-assets-to-interest-bearing-liabilities ("IEA/IBL") ratio. The additional funds realized from the Conversion will provide an alternative funding source to deposits and borrowings in meeting the Company's future funding needs.

From a capital standpoint, the Company's higher equity-to-assets ratio will better position the Company to take advantage of expansion opportunities as they arise. Such expansion would most likely occur through targeted branching, and possibly through the acquisition of branch offices, other financial institutions that would provide for further penetration in the markets currently served by the Company or nearby surrounding markets. The Company will also be seeking to pursue growth of fee income through acquisition of other financial service providers, such as insurance agency, investment management firms, trust companies or similar entities following the Conversion, given its strengthened capital position and status as a stock company. At this time, the Company has no specific plans for expansion other than through establishing additional branches.

The overall impetus of the retail branch expansion will be to facilitate the ongoing development of commercial account relationships, which is the primary focus of the Company's strategic plan. In this regard, management expects to continue to build the team of seasoned commercial lenders with local market experience in all facets of commercial lending to small to mid-sized businesses including commercial mortgage lending, C&I lending, while also establishing an asset-based lending program. Moreover, the Company will continue to be active in construction and land acquisition and development lending when market conditions are favorable (DBI has recently retrenched from such lending owing to weak market conditions recently prevailing). An added benefit of the Bank's higher capitalization will be the ability to

service comparatively larger commercial account relationships from a lending perspective as a result of the higher legal lending limit (the Bank expects that its internal lending limit will be substantially increased but will be less than the legal limit which may be in the range of \$25 million to \$30 million). Moreover, the Bank's ability to make larger loans will increase the ability to purchase large participation loans from other local lenders and/or participate in the syndication of very large loans originated by major commercial banks.

The projected use of proceeds is highlighted below.

- Company. The Company is expected to retain up to 50% of the net offering proceeds. At present, Company funds, net of the loan to the ESOP, are expected to be placed into short-term investment securities. Over time, Company funds are anticipated to be utilized for various corporate purposes, including benefit plans and retirement of subordinated debt as it can be repaid without penalty over a period ranging from fiscal 2009 to 2011. Additionally, cash retained by the holding company may be possibly be utilized to consummate acquisitions, infuse additional equity into the Bank, repurchase common stock, and to fund the payment of regular and/or special cash dividends.
- Bank. The majority of the net offering proceeds will be infused into the Company in exchange for all of the Company's newly-issued stock. The increase in the Company's capital will be less, as the amount to be borrowed by the ESOP to fund an 8% stock purchase will be accounted for as a contra-equity. Cash proceeds (i.e., net proceeds less deposits withdrawn to fund stock purchases) infused into the Company are anticipated to become part of general operating funds, and are expected to initially be invested in short-term investments pending longer term deployment, i.e., funding lending activities and for general corporate purposes.

Balance Sheet Trends

Growth Trends

Over the last 5 years, the Company has implemented a strategy of growth and expansion, both through internal growth at existing branches, de novo branching and through acquisition of two financial institutions with a total of three branch offices. This strategy is evidenced in the summary balance sheet data set forth in Table 1.2, which shows that total assets increased at a moderate pace equal to 9.2% annually, from \$849.1 million at the end of fiscal

2002, to \$1.3 billion as of June 30, 2007. The largest portion of the growth in the portfolio of interest-earning assets on an aggregate dollar basis has been realized in the loan portfolio which increased at an 9.3% compounded annual rate from the beginning of fiscal 2002, through June 30, 2007. Growth in the loan portfolio is primarily attributable to expansion of the portfolio of commercial mortgage, C&I loans and construction and land development loans as the proportion of residential mortgage loans has diminished since the end of fiscal 2002, as the Company has directed its lending emphasis to commercial lending.

The Company's assets are funded through a combination of deposits, borrowings and retained earnings. Deposits have always comprised the majority of funding liabilities, increasing at an annual rate of 8.9% since 2002. Borrowings have increased more rapidly (14.1% annually in aggregate since the end of 2002) reflecting the growth of retail repurchase agreements (i.e., commercial overnight sweep accounts) the expanded utilization of FHLB advances, and the issuance of subordinated debt to provide regulatory capital for the Bank and Company.

Annual equity growth equaled 5.2% since the end of fiscal 2002, with the modest growth rate reflecting the Company's moderate return on equity ("ROE"), particularly as DBI realized spread compression in the flat yield curve environment of recent periods and as the Company incurred additional expenses associated with the build-up of its infrastructure. The post-offering equity growth rate may initially fall below historical levels given the increased equity, the initial anticipated modest return on the net offering proceeds in the current interest rate environment, the cost of the stock benefit plans, public company reporting and the expense of targeted branching. Over the longer term, as the new equity is leveraged through growth, the return on equity may improve.

Loans Receivable

Loans receivable totaled \$850.7 million, or 67.4% of total assets, as of June 30, 2007, and reflects steady growth since the end of fiscal 2002 approximating 9.3% on a compounded annual basis. Over this period, the proportion of loans to total assets has remained relatively consistent modestly as the rate of loan growth approximated the asset growth rate while the

Table 1.2
Danvers Bancorp, Inc.
Historical Balance Sheets
(Amount and Percent of Assets)

	As of the Fiscal Year Ended December 31,												Compounded Annual Growth Rate Pct (%)
	2002		2003		2004		2005		2006		As of June 30, 2007		
	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	Amount (\$000)	Pct (%)	
Total Amount of:													
Assets	\$849,143	100.00%	\$925,535	100.00%	\$1,075,469	100.00%	\$1,180,384	100.00%	\$1,262,597	100.00%	\$1,262,929	100.00%	9.22%
Loans Receivable (net)	571,322	67.28%	634,982	68.61%	715,673	66.55%	813,908	68.95%	871,114	68.99%	850,697	67.36%	9.25%
Loans Receivable Held For Sale	8,429	0.99%	2,752	0.30%	1,611	0.15%	790	0.07%	751	0.06%	335	0.03%	-51.17%
Investment Securities (AFS)	193,262	22.76%	189,773	20.50%	268,882	25.00%	260,416	22.06%	273,083	21.63%	307,608	24.36%	10.88%
Bank-Owned Life Insurance	9,002	1.06%	13,871	1.50%	21,342	1.98%	21,952	1.86%	22,694	1.80%	23,139	1.83%	23.34%
Intangible Assets	1,332	0.16%	1,089	0.12%	890	0.08%	727	0.06%	594	0.05%	535	0.04%	-18.35%
Deposits	662,284	77.99%	682,202	73.71%	826,334	76.83%	892,120	75.58%	953,220	75.50%	971,824	76.95%	8.90%
FHLB Advances	102,335	12.05%	141,505	15.29%	116,391	10.82%	154,935	13.13%	167,899	13.30%	152,510	12.08%	9.27%
Other Borrowings	1,563	0.18%	16,443	1.78%	41,345	3.84%	35,782	3.03%	30,934	2.45%	30,583	2.42%	93.64%
Subordinated Debt	14,000	1.65%	24,810	2.68%	24,810	2.31%	24,810	2.10%	29,965	2.37%	29,965	2.37%	18.42%
Total Equity	52,428	6.17%	53,137	5.74%	55,668	5.18%	59,034	5.00%	65,079	5.15%	65,872	5.22%	5.20%
Tangible Equity	51,096	6.02%	52,048	5.62%	54,778	5.09%	58,307	4.94%	64,485	5.11%	65,337	5.17%	5.62%
Loans/Deposits		86.27%		93.08%		86.61%		91.23%		91.39%		87.54%	
Number of Full Service Offices		13		14		14		14		14		14	

Source: Danvers Bancorp, Inc.'s audited and unaudited financial statements and prospectus.

composition of the loan portfolio has gradually shifted to include a higher proportion of C&I and construction loans, while the proportion of commercial mortgage loans, 1-4 family mortgage loans and home equity loans diminished. The residential mortgage loan portfolio consists primarily of adjustable rate loans as the Company's policy is to generally sell longer term fixed rate loans into the secondary market. The majority of the Company's 1-4 family residential mortgage loans conform to standards set by Freddie Mac. Most non-conforming residential loans are non-conforming as to the loan amount (i.e., jumbo loans), while otherwise meeting the agency credit criteria.

The balance of the 1-4 family mortgage loan portfolio has increased modestly over the last five fiscal years (but diminished as a percent of total loans) reflecting the Company's preference to originate adjustable rate loans as well as the greater emphasis on commercial lending. As a result, permanent 1-4 family residential mortgage loans have declined in proportion to total loans (from 26.8% of total loans in fiscal 2002, to 19.9% of total loans as of June 30, 2007). Conversely, commercial loans (including commercial real estate and C&I loans) have increased in recent years to equal 59.3% in aggregate. Such loans are generally secured by office buildings and other commercial structures and mixed-use buildings as well as small apartments, as well as non-mortgage C&I loans. Importantly, C&I loans have been a significant component of the growth in conjunction with the Company's efforts to become a full-service community bank. Specifically, non-mortgage C&I loans have increased from 19.1% of total loans as of the end of fiscal 2002, to 34.0% of total loans as of June 30, 2007. DBI's mortgage lending emphasis is evident when it is considered that approximately 64.9% of the Company's loan portfolio is secured by mortgage loans (including construction loans) as of June 30, 2007, while commercial and consumer non-mortgage loans comprised 35.1% of the loan portfolio.

Cash, Investments and Mortgage-Backed Securities

The intent of the Company's investment policy is to provide adequate liquidity, to generate a favorable return on excess investable funds and to support the established credit and interest rate risk objectives. The ratio of cash and investments to assets has remained relatively consistent in aggregate since the end of fiscal 2002.

As of June 30, 2007, the Company's portfolio of cash and cash equivalents totaled \$29.5 million, equal to 2.3% of assets. The Company seeks to maintain an adequate balance of cash and short-term funds owing to the large balance of transaction accounts and commercial credit lines which may require it to draw upon available liquidity. Investment securities available for sale ("AFS") totaled \$307.6 million, equal to 24.4% of assets (see Exhibit I-3 for the investment portfolio composition) which included mortgage-backed securities ("MBS") classified as AFS totaling \$94.7 million, equal 7.5% of assets. It has been the Company's recent practice to classify its investments and MBS as AFS at the time of purchase. High quality short-to-intermediate term U.S. agency securities (typically with effective durations of less than 5 years) comprise the largest segment of the investment portfolio, totaling \$192.9, or 15.3% of assets, as of June 30, 2007. The balance of the investment securities portfolio totaled \$19.9 million, or 1.6% of total assets, as of June 30, 2007, and was primarily comprised of U.S. Government securities (\$2.0 million) and miscellaneous other debt securities including municipal bonds (\$17.6 million). Additionally, the Company maintains permissible equity investments such as FHLB stock and a small balance of corporate equity securities with a fair value of \$82,000 as of June 30, 2007.

No major changes to the composition and practices with respect to the management of the investment portfolio are anticipated over the near term. The level of cash and investments is anticipated to increase initially following conversion, pending gradual redeployment into higher yielding loans.

Bank Owned Life Insurance

As of June 30, 2007, the balance of bank owned life insurance ("BOLI") totaled \$23.1 million, which reflects growth since the end of fiscal 2002 owing to increases in the cash surrender value of the policies. The balance of the BOLI reflects the value of life insurance contracts on selected members of the Bank's management and has been purchased with the intent to offset various benefit program expenses on a tax advantaged basis. The increase in the cash surrender value of the BOLI is recognized as an addition to other non-interest income on an annual basis.

Funding Structure

Retail deposits have consistently been the substantial portion of balance sheet funding. Since fiscal year-end 2002, deposits have grown at an 8.9% compounded annual rate. The Company has been seeking to build the balance of transaction accounts in its efforts to transition operations to a "community bank" structure and has achieved some success in this regard. However, the Company's need for funds has outstripped the ability to generate new transaction accounts requiring it to primarily rely on CDs to fund most growth since the end of fiscal 2002. In this regard, CDs with balances of \$100,000 or more have increased to \$208.2 million as of June 30, 2007, or 61.0% of all CDs, reflecting both jumbo funds from within the local market and brokered CDs. As a result, the proportion of CDs to total deposits has increased from 31.7% at fiscal year end 2002, to 40.8% as of June 30, 2007, as checking and savings accounts have recently diminished in proportion to total deposits.

The Company has utilized borrowed funds to a moderate degree, both at the Company and Bank levels, with the majority of borrowed funds consisting of FHLB advances totaled \$152.5 million, representing 12.1% of total assets as of June 30, 2007. The Company typically utilizes borrowings: (1) when such funds are priced attractively relative to deposits; (2) to lengthen the duration of liabilities; (3) to enhance earnings when attractive revenue enhancement opportunities arise; and (4) to generate additional liquid funds, if required.

The other source of borrowings consists of retail repurchase agreements which totaled \$30.5 million, equal to 2.4% of total assets as of June 30, 2007. Such borrowings largely reflect the overnight deposit funds of commercial customers; retail repurchase agreements are essentially a commercial sweep account which provides a mechanism for commercial customers to earn interest on short term funds which would otherwise be invested in a non-interest bearing checking account.

A portion of the funds borrowed by the Company were infused into the Company to bolster regulatory capital to facilitate growth and branching initiatives. Subordinated debt totaled \$30.0 million, equal to 2.4% of total assets as of June 30, 2007.

Capital

Annual equity growth for the Company since the end of 2002 has approximated 5.2%, reflecting moderate profitability and a relatively leveraged capital ratio on a consolidated basis. As of June 30, 2007, the Company's consolidated equity totaled \$65.9 million, or 5.22% of total assets, while the tangible capital balance was modestly lower, equal to \$65.3 million, or 5.17% of assets, reflecting the small balance of intangible assets remaining from the Revere Federal acquisition (i.e., a small balance of core deposit intangible "CDI"). At the same date, the Bank's capital ratios were higher reflecting the impact of subordinated debt issued by the Company with substantially all of the proceeds infused into the Bank as capital. The Bank and the Company maintained capital surpluses relative to its regulatory capital requirements at June 30, 2007, and qualified as a "well capitalized" institution. The offering proceeds will serve to further strengthen the Bank's regulatory capital position as well as the Company's GAAP equity on a consolidated basis. The principal objective of the Conversion is to raise capital to support the Company's ability to achieve targeted growth. Importantly, the equity growth rate is expected to slow for the Company on a post-offering basis given the pro forma increase in equity, the potential dividend policy the potential dividend policy, and branching-related expenses.

Income and Expense Trends

Table 1.3 shows the Company's historical income statements for the fiscal years ended December 31, 2002 through 2006, and for the most recent twelve month period ended June 30, 2007. The Company's earnings diminished from fiscal 2002 to fiscal 2003, as the impact of a tax expenses related to a settlement with the State of Massachusetts for prior year tax returns. Subsequently, earnings increased from fiscal 2002 to 2004, from \$2.4 million (0.28% of average assets) to \$4.6 million (0.45% of average assets) reflecting the benefit of balance sheet growth and gradual loan portfolio restructuring, which resulted in higher yielding commercial mortgage and C&I loans increasing in proportion to total loans. However, earnings have diminished in fiscal 2006 and for the twelve months ended June 30, 2007, declining to \$4.2 million for the twelve months ended June 30, 2007 (0.33% of average assets) as spread compression and increasing operating expenses have offset the interim balance sheet growth from an earnings standpoint. Core earnings followed the same trend as non-recurring income and expenses have

Table 1.3
Danvers Bancorp, Inc.
Historical Income Statements

	For the Fiscal Year Ended December 31,												For the 12 Months Ended	
	2002		2003		2004		2005		2006		June 30, 2007		Amount (\$000)	Pct(L) (%)
	Amount (\$000)	Pct(L) (%)	Amount (\$000)	Pct(L) (%)	Amount (\$000)	Pct(L) (%)	Amount (\$000)	Pct(L) (%)	Amount (\$000)	Pct(L) (%)	Amount (\$000)	Pct(L) (%)		
Interest Income	\$49,597	6.31%	\$47,333	5.47%	\$ 50,264	4.88%	\$59,223	5.27%	\$73,726	6.00%	\$77,971	6.28%	\$77,971	6.28%
Interest Expense	(20,616)	-2.62%	(16,396)	-1.90%	(18,181)	-1.76%	(23,089)	-2.06%	(27,184)	-3.03%	(41,549)	-3.35%	(41,549)	-3.35%
Net Interest Income	\$28,981	3.69%	\$30,937	3.58%	\$32,083	3.11%	\$36,134	3.22%	\$46,542	2.97%	\$36,422	2.94%	\$36,422	2.94%
Provision for Loan Losses	(1,800)	-0.23%	(1,700)	-0.20%	(750)	-0.07%	(1,250)	-0.11%	(1,000)	-0.08%	(775)	-0.06%	(775)	-0.06%
Net Interest Income after Provisions	\$27,181	3.46%	\$29,237	3.38%	\$31,333	3.04%	\$34,884	3.11%	\$45,542	2.89%	\$35,647	2.87%	\$35,647	2.87%
Other Operating Income	4,088	0.52%	4,443	0.51%	5,522	0.54%	5,099	0.45%	4,328	0.35%	5,024	0.40%	5,024	0.40%
Operating Expense	(28,141)	-3.58%	(29,431)	-3.40%	(30,786)	-2.92%	(33,929)	-3.02%	(35,583)	-2.90%	(36,088)	-2.91%	(36,088)	-2.91%
Net Operating Income	\$ 3,128	0.40%	\$ 4,249	0.49%	\$ 6,069	0.59%	\$ 6,054	0.54%	\$ 4,287	0.35%	\$ 4,583	0.37%	\$ 4,583	0.37%
Net Gain(Loss) on Sale of Investments	\$ 158	0.02%	\$ 398	0.05%	\$ 199	0.02%	\$ 159	0.01%	\$ 47	0.00%	\$ 31	0.00%	\$ 31	0.00%
Loss on Impairment of AFS Securities	-	0.00%	-	0.00%	(53)	-0.01%	(39)	0.00%	-	0.00%	0	0.00%	0	0.00%
Net Gain(Loss) on Sale of Loans	1,306	0.17%	963	0.11%	590	0.06%	564	0.05%	331	0.03%	361	0.03%	361	0.03%
Other Non-Operating Income/(Expense)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	0	0.00%	0	0.00%
Total Non-Operating Income/(Expense)	\$ 1,464	0.19%	\$ 1,361	0.16%	\$ 736	0.07%	\$ 684	0.06%	\$ 378	0.03%	\$ 392	0.03%	\$ 392	0.03%
Net Income Before Tax	\$ 4,592	0.58%	\$ 5,610	0.65%	\$ 6,805	0.66%	\$ 6,738	0.60%	\$ 4,665	0.38%	\$ 4,975	0.40%	\$ 4,975	0.40%
Income Taxes	(428)	-0.05%	(3,188)	-0.37%	(2,165)	-0.21%	(1,797)	-0.16%	(609)	-0.05%	(823)	-0.07%	(823)	-0.07%
Net Income (Loss) Before Extraord. Items	\$ 4,164	0.53%	\$ 2,422	0.28%	\$ 4,640	0.45%	\$ 4,941	0.44%	\$ 4,056	0.33%	\$ 4,152	0.33%	\$ 4,152	0.33%
Estimated Core Net Income	\$ 4,164	0.53%	\$ 2,422	0.28%	\$ 4,640	0.45%	\$ 4,941	0.44%	\$ 4,056	0.33%	\$ 4,152	0.33%	\$ 4,152	0.33%
Net Income	(1,464)	-0.19%	(1,361)	-0.16%	(736)	-0.07%	(684)	-0.06%	(378)	-0.03%	(392)	-0.03%	(392)	-0.03%
Addback(Deduct): Non-Recurring (Inc)/Exp	-	0.00%	-	0.00%	-	0.00%	-	0.00%	326	0.03%	163	0.01%	163	0.01%
Reversal of Excess Tax Accrual	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Tax Effect (2)	512	0.07%	476	0.06%	258	0.02%	239	0.02%	132	0.01%	137	0.01%	137	0.01%
Estimated Core Net Income	\$ 3,212	0.41%	\$ 1,537	0.18%	\$ 4,162	0.40%	\$ 4,496	0.40%	\$ 4,136	0.34%	\$ 4,060	0.33%	\$ 4,060	0.33%

Memo:

- Expense Coverage Ratio (3) 102.98%
- Efficiency Ratio (4) 85.10%
- Effective Tax Rate 9.32%

- (1) Percent of average assets.
- (2) Assumes a marginal tax rate of 35%.
- (3) Net interest income divided by operating expenses.
- (4) Operating expenses as a percent of the sum of net interest income and other operating income (excluding gains on sale).

Source: Danvers Bancorp's audited financial statements and prospectus.

typically been a limited factor in the Company's operations. These trends are described more fully below.

Net Interest Income

Net interest income increased over the last five and one-half fiscal years primarily reflecting the impact of balance sheet growth. However, the ratio of net interest income to average assets has diminished dramatically over the corresponding timeframe. Specifically, net interest income increased from a level of \$29.0 million in fiscal 2002 to \$36.4 million for the twelve months ended June 30, 2007, owing to several factors previously discussed including the overall balance sheet growth realized over the period and ongoing restructuring of the loan portfolio to include higher yielding commercial and construction loans. However, the ratio of net interest income to average assets has diminished, from 3.69% in fiscal 2002, to 2.94% for the twelve months ended June 30, 2007. Importantly, growth in net interest income achieved in fiscal 2005 and 2006 has occurred notwithstanding ongoing spread compression as described below.

Data pertaining to the Company's interest rate spreads are set forth in Exhibit I-4 and show that its spreads have declined modestly over the last three fiscal years. Specifically, the Company's interest rate spread decreased from 3.19% in fiscal 2004 to 2.74% in fiscal 2006, and diminishing still further to 2.67% for the six months ended June 30, 2007. The yield-cost spreads are the result of several factors including the flattening yield curve experienced over the last several fiscal years as the Federal Reserve Open Market Committee has increased the targeted Federal Funds rate 17 times in 25 basis point increments while longer term interest rates have increased at a much more modest pace. Additionally, the increased reliance on borrowed funds, jumbo deposits, and high yield money market accounts to fund operations and the highly competitive loan market, particularly strong competition for the high credit quality relationships which DBI seeks to build have also been factors in the spread compression, increasing the cost of funds and limiting the Company's yields, respectively.

Importantly, there may be some improvement in DBI's asset yields over the short to intermediate term as the Company seeks to expand the loan portfolio, particularly with respect to commercial loans, and as portfolio loans continue to reprice upward in response to higher market

interest rates prevailing since the Federal Reserve commenced raising the short term interest rate benchmarks in 2004. At the same time, DBI's liability growth targets may continue to place upward pressures on funding costs as well. Additionally, while the initial reinvestment of the offering proceeds should increase net interest income, the initial reinvestment yields are expected to depress asset yields and the net interest income ratio.

Loan Loss Provisions

Provisions for loan losses have typically been limited reflecting the Company's relatively strong asset quality historically and the secured nature of the loan portfolio; the majority of the loan portfolio is secured by real estate collateral in the Company's local market area, which represents a relatively strong real estate market. Going forward, the Company will continue to evaluate the adequacy of the level of general valuation allowances ("GVAs") on a regular basis, and establish additional loan loss provisions in accordance with the Company's asset classification and loss reserve policies.

For the 12 months ended June 30, 2007, loan loss provisions totaled \$775,000, or 0.06% of average assets, which approximates the level reported for the prior four fiscal years. The level of loan loss provisions reflects relatively strong asset quality and an absence of material chargeoffs.

Non-Interest Income

Other income has fluctuated in a range between \$4.1 million (0.52% of average assets) reported in fiscal 2002 and \$5.5 million (0.54% of average assets) reported in fiscal 2004, and equaled \$5.0 million, or 0.40% of average assets for the twelve months ended June 30, 2007. The bulk of DBI's fee income is comprised of fees related to its depository activities, lending, and mortgage servicing. However, the Company has also diversified into non-traditional product lines (primarily investment management services), which provide a modest amount fee income. Additionally, non-interest income was further enhanced by the purchase of BOLI, wherein the income from the increase in the cash surrender value of the policies is reflected as non-interest income.

Management will seek to increase the level of non-interest fee income by continuing to expand fee generating commercial loan and deposit relationships and by increasing non-traditional products and services such as mutual fund and annuity sales. Fee income may also increase as the Company increased its fee schedule in May 2007, to be more in line with the local competition. At the same time, the growth in the level of non-interest operating income is expected to be gradual.

Operating Expenses

The Company's operating expenses have increased in recent years due to asset growth, emphasis in commercial lending, de novo branching and acquisitions, and revenue diversification strategies. Specifically, cost increases reflect increased business volumes facilitated by the ongoing management and staff expansion related to the commercial lending initiatives. Marketing expenses have also increased as DBI has sought to increase its visibility and name recognition locally in the face of significant competition. As a result, since fiscal 2002, operating expenses have increased from \$28.1 million, or 3.58% of average assets, to \$36.1 million, or 2.91% of average assets for the twelve months ended June 30, 2007. Over the timeframe, the operating expense ratio diminished as asset growth outstripped the growth rate for expenses.

Operating expenses are expected to increase following the Conversion as a result of the expense of the stock-related benefit plans, the cost related to operating as a public company and as a result of long-term plans to continue to expand the branch network. With regard to this latter factor, the Company plans to relocate three branches to nearby locations perceived to more favorable from a business and marketing standpoint in fiscal 2008, while subsequently engaging in de novo branching in subsequent years within its targeted markets. While specific locations have yet to be identified for the de novo branching initiative, new branches will generally be located in DBI's existing market in Essex, Middlesex or Suffolk Counties and will result in a significant capital outlay (in the general range of \$1.5 million to \$2.0 million for each office) and increased expense related to staffing and operating the new offices. Furthermore, DBI expects to continue to gradually build its commercial lending staffing levels to take advantage of the

expanded branch coverage. The Company will be seeking to offset such costs over time through growth and increased efficiency.

Non-Operating Income/Expense

Non-operating income and expenses have had a limited impact on earnings over the last five fiscal years, and have primarily consisted of gains on the sale of loans and investments. Non-operating income was at peak levels in fiscal 2003 owing to modest gains on the sale of loans and investments. For the twelve months ended June 30, 2007, non-operating income was solely comprised of gains on the sale of loans and investments and totaled \$392,000, equal to 0.03% of average assets.

Taxes

The Company's average tax rate has been trending downward over the last several fiscal years, reflecting the impact of various tax minimization strategies, which have included various investments in tax-exempt municipal and industrial revenue bonds, the investment in BOLI, and the holding of a substantial portion of the Bank's securities portfolio in first tier subsidiaries of the Bank known as Conant Investment Corp. and Danvers Square Investment Corp. Investment income generated by this special purpose investment subsidiary is taxed at a comparatively low effective tax rate (no more than 1.32% versus the state corporate tax rate of 10.5% for other income earned by the Company).

For the twelve months ended June 30, 2007, The Company's average tax rate equaled 16.54% which was relatively consistent with the fiscal 2006 rate of 13.05% but lower than the rate of 26.67% which prevailed in fiscal 2005. The Company's tax rate for fiscal 2006 was impacted by the reversal of \$326,000 of accrued taxes, which we consider to be a one-time non-recurring event.

Efficiency Ratio

The Company's efficiency ratio improved from fiscal 2002 to fiscal 2004, reflecting its improving core profitability but reflects an adverse trend since the end of fiscal 2004 largely as a result of diminishing net interest income owing to spread compression. Specifically, the

efficiency ratio decreased from 85.10% in fiscal 2002, to 81.87% in fiscal 2004 as the net interest margin expanded at a more rapid pace than operating expenses. Conversely, since fiscal 2005, the level of net interest income has remained substantially unchanged while operating expenses have increased as previously discussed. Accordingly, the efficiency ratio has increased (i.e., become less favorable) from 81.87% in fiscal 2004, to 87.07% for the twelve months ended June 30, 2007.

On a post-offering basis, the efficiency ratio is expected to show some improvement as the net interest ratio increases with the reinvestment of proceeds, although the increased operating expenses (reflecting the costs of building and staffing new branches as well as public company and stock plans expenses) may limit the improvement.

Non-Recurring Expenses

The Company anticipates several one-time non-recurring expenses in connection with the closing of the Conversion. Specifically, the Company will be making a one-time contribution to the newly-formed Danversbank Foundation with a value equal to \$350,000 plus the lesser of \$6,500,000 or 5% of the stock sold to the public which will be recorded as a tax deductible expense in DBI's financial statements. Similarly, Danversbank has established a phantom stock plan as a benefit for management and directors. The phantom stock plan will be terminated at the close of the Conversion and will be replaced by other stock-based benefit plans. The Company estimates it will incur a \$3.5 million pre-tax expense (\$2.2 million after-tax based on a 35% effective tax rate) as a result of such termination.

Interest Rate Risk Management

The primary aspects of the Company's interest rate risk management include: (1) emphasizing the origination of adjustable rate 1-4 family residential mortgage loans and selling a portion of the longer-term fixed-rate loans originated to the secondary market; (2) diversifying portfolio loans into other types of shorter-term or adjustable rate lending, including commercial and construction lending; (3) maintaining an investment portfolio, comprised of high quality, liquid securities and maintaining an ample balance of securities classified as available for sale;

(4) promoting transaction accounts and, when appropriate, longer term CDs; (5) utilizing longer-term borrowing when such funds are attractively priced relative to deposits and prevailing reinvestment opportunities; (6) utilizing artificial hedging techniques to stabilize net interest income including interest rate swaps and collars; and (7) increasing non-interest income within constraints imposed by the local market and product mix.

DBI primarily measures its interest rate risk exposure by modeling the potential changes to its net interest income ("NII") and for a twelve month period under rising and falling interest rate scenarios as well as by assessing the impact to its net portfolio value ("NPV") (see Exhibit I-5). The rate shock analysis as of June 30, 2007, reflects that projected interest income is subject to a reduction pursuant to either rising or falling interest rates as net interest income is projected to diminish by a modest 1.7% from base levels (i.e., no change in interest rates) assuming a positive 100 basis point instantaneous and permanent rate shock, and reduce by 3.9% assuming a 200 basis point instantaneous and permanent rate shock indicating a liability sensitive position over a short-term projection horizon. Similarly, projected net interest income is projected to diminish by a modest 1.4% over the first year assuming a negative 100 basis point instantaneous and permanent reduction in interest rate levels, and by 3.4% pursuant to a 200 basis point reduction in interest rates.

The NPV analysis, which measures interest rate risk over the longer term by estimating the market value of assets net of the market value of liabilities pursuant to a given change interest rates, suggests that the Company would be adversely impacted by rising interest rates. In this regard, pursuant to a 200 basis point increase instantaneous and permanent change interest rates, the estimated NPV would diminish by 29% while increasing by 19% pursuant to a 200 basis point reduction in interest rates.

Overall, the data indicates that net interest income would be adversely impacted by either rising or falling interest rates (i.e., over the next 12 month period). At the same time, there are numerous limitations inherent in such analyses such as the credit risk of Company's loans pursuant to changing interest rates. Additionally, such analyses do not measure the impact of changing spread relationships as interest rates among various asset and liability accounts rarely move in tandem as the shape of the yield curve for various types of assets and liabilities is constantly changing in response to investor perceptions and economic events and circumstances.

Lending Activities and Strategy

Historically, the Company's primary lending emphasis was the origination of 1-4 family residential mortgages. More recently, the Company shifted its focus to higher yielding lending, including: commercial real estate loans and C&I loans as well as construction loans. The Company's current lending strategy has been developed to take advantage of: (1) the Company's historical strengths in the areas of permanent and construction residential mortgage lending; (2) DBI name recognition and commitment to serving its local markets in Boston and its northern suburbs; and (3) the infrastructure which has been developed over the last decade to support the commercial lending emphasis.

The Company's lending operations consists of two principal segments: (1) residential mortgage lending; and (2) commercial and construction in conjunction with the intensified efforts to become a full-service community bank. Details regarding the Company's loan portfolio composition and characteristics are included in Exhibits I-6, I-7 and I-8. As of June 30, 2007, C&I loans had increased to \$293.2 million, equal to 34.0% of total loans while commercial mortgage loans amounted to \$218.2 million (25.3% of total loans) and construction loans amounted to \$128.6 million (14.9% of total loans). Thus, in aggregate, commercial mortgage, C&I and construction loans equaled 74.2% of the total loan portfolio. The balance of the loan portfolio was comprised of residential mortgage, home equity and consumer loans equal to \$171.8 million (19.9% of total loans), \$40.5 million (4.70% of total loans) and \$9.8 million (1.1% of total loans), respectively.

Commercial and Industrial Loans

C&I loans represent a growth element for the Company's loan portfolio and is the largest single element of the portfolio. The Company intensified its efforts to increase the business loan portfolio over the last decade, and management expects that ongoing regional consolidation coupled with planned branch expansion and efforts to hire seasoned commercial lenders in the local market will facilitate its marketing efforts in this regard. The Company offers commercial loans to sole proprietorships, professional partnerships and various other small businesses. Such loans may be either secured or unsecured to customers in the local market area, typically for the purpose of financing equipment acquisition, expansion, working capital and

other general business purposes. The terms of credit lines are generally one year but may be extended at the option of the Company; C&I term loans may be for periods of up to seven years. The loans are either negotiated on a fixed-rate basis or carry adjustable interest rates indexed to the Wall Street Journal Prime rate.

Commercial Mortgage Lending

Commercial mortgage lending (including limited multi-family mortgage lending) has been an area of portfolio diversification for the Company. Such loans are typically secured by properties in the Company's market area and are generally originated by the Company but may include participation interests purchased from other local lenders. The substantial majority of such mortgage loans originated by the Company are secured by properties in Massachusetts or nearby areas of southern New England. Multi-family and commercial mortgage loans are typically adjustable over a period of 3, 5 or 7 years of the loan and are indexed to the Federal Home Loan Bank advance rate of comparable maturity. Such loans typically possess amortization periods of 10 to 25 years, and loan-to-value ratios of up to 80%, and target a debt-coverage ratio of at least 1.2 times. The typical commercial or multi-family loans that the Company will be seeking to make will have a principal balance in the range of \$2 million to \$20 million, but may be larger, particularly if the loan is well-collateralized or extended to a very credit-worthy borrower. Multi-family and commercial real estate loans are secured by office buildings, retail and industrial use buildings, apartments and other structures such as strip shopping centers, retail shops and various other properties. Most income producing property loans originated by the Company are for the purpose of financing existing structures rather than new construction. Such loans will generally be collateralized by local properties.

Construction Loans

Construction lending has expanded modestly over the last several years reflecting the Company's portfolio diversification efforts. The Company originates residential and, to a lesser extent, commercial construction loans. Such lending shortens the average duration of assets and support asset yields. The Company generally limits such loans to known builders and developers with established lending relationships with the Company. In the case where the Company is

making a construction loan to the owner of the structure, DBI typically structures the loan as a construction which converts to a permanent loan upon completion of the construction phase. The majority of the Company's construction lending is in the Boston metropolitan area. Construction loans generally have terms which typically range from six to twelve months and LTV ratios up to 75%.

Residential Lending

As of June 30, 2007, residential mortgage loans equaled \$171.8 million, or 19.9% of total loans. It is the current practice to retain only adjustable rate or shorter-term fixed rate loans (i.e., maturities of 15 years or less) for portfolio and sell longer term fixed rate loans (i.e., with maturities greater than 15 years) into the secondary market on a servicing retained basis. The Company typically originates 1-4 family loans pursuant to the guidelines of Freddie Mac, with a loan-to-value ("LTV") ratio of up to 100%, with private mortgage insurance ("PMI") being required for loans in excess of a 80% LTV ratio. The substantial portion of 1-4 family mortgage loans have been originated by the Company and are secured by residences in the local market. As a complement to the 1-4 family permanent mortgage lending activities, the Company also offers home equity loans. Such loans typically have shorter maturities and higher interest rates than traditional 1-4 family lending. Home equity loans totaled \$40.5 million, equal to 4.7% of total loans as of June 30, 2007.

Consumer Lending

Consumer loans are generally offered to provide a full line of loan products to customers and typically include unsecured personal loans, automobile loans, loans secured by passbook savings or certificate accounts, overdraft lines of credit, boat and RV loans and loans to help finance the cost of education including primary, secondary and graduate school. As of June 30, 2007, consumer loans totaled \$9.8 million, equal to 1.1% of total loans.

Loan Originations, Purchases and Sales

Exhibit I-9, which shows the Company's loan originations/purchases, repayments and sales over the past three fiscal years, highlights the Company's recent emphasis on C&I,

commercial mortgage, and construction lending. Overall loan originations have fluctuated based primarily on market factors including the interest rate environment. In this regard, total loan originations have diminished from \$359.0 million in fiscal 2004 to \$261.6 million in fiscal 2006, and equaled \$183.0 million for the first six months of fiscal 2007 on an annualized basis. Notwithstanding the declining origination volumes, largely reflecting a retrenchment from construction lending reflecting the perceived risks of such lending in the current market environment, the outstanding balance of loans realized increases in each of the last three fiscal years as loan repayment rates have been declining as well.

Summary of Lending

The Company's intent is to continue to extend loans to borrowers primarily utilizing its in-house staff for the underwriting and origination functions. The focus will continue to be on building commercial account relationships and expects to continue to build the team of seasoned commercial lenders with local market experience in all facets of commercial lending to small to mid-sized businesses including commercial mortgage lending, C&I lending, while also establishing an asset-based lending program. An added benefit of the Bank's higher capitalization will be the ability to service comparatively larger commercial account relationships from a lending perspective as a result of the higher legal lending limit (the Bank expects that its internal lending limit will be substantially increased but will be less than the legal limit which may be in the range of \$25 million to \$30 million). Moreover, the Bank's ability to make larger loans will increase the ability to purchase large participation loans from other local lenders and/or participate in the syndication of very large loans originated by major commercial banks.

Asset Quality

The Company's asset quality has historically been strong and the level of non-performing assets ("NPAs") is currently modest. As reflected in Exhibit I-10, the NPA balance was \$5.2 million, equal to 0.41% of assets, consisting solely of non-accruing loans. The ratio of allowances to total loans equaled 1.20% while reserve coverage in relation to NPAs equaled 197.80% (see Exhibit I-11).

The most significant non-performing asset at June 30, 2007 consisted of a \$3.6 million construction and development loan secured by a 23 lot subdivision in the Company's market. The Company believes the loan is well secured but the borrower is experiencing cash flow problems and which could lead to foreclosure on the property.

While DBI's asset quality has been relatively strong, notwithstanding the large delinquent acquisition and development loan noted above, we believe there may be risk factor which is not reflected in the data. Specifically, the Company's asset base has been increasingly comprised of high risk-weight loans including commercial mortgage and C&I loans. Additionally, the commercial loan portfolio has limited seasoning; the portfolio of C&I loans increased by more than \$100 million between the end of fiscal 2004 and 2006 and thus, more than doubled in size. The limited seasoning of the portfolio is important since asset quality problems may not arise until after several years of seasoning and/or deterioration in the economy stresses the portfolio. Moreover, the portfolio reflects a concentration of comparatively large relationships, with the credit extended to each of the ten largest borrowers ranging from \$8.6 million to \$11.7 million as of June 30, 2007. At the same time, these large relationship are typically comprised of a number of loans with common guarantors.

Funding Composition and Strategy

As of June 30, 2007, the Company's assets were funded primarily with deposits, and, to a lesser extent, borrowings and equity (see Exhibits I-12, I-13 and I-14). The Company's deposit services cater to primarily individuals rather than commercial businesses, although the commercial segment has been growing in recent periods.

Deposits

Local retail deposits have consistently addressed the substantial portion of DBI's funding needs, with core deposits in the form of non-interest bearing checking, passbook accounts, and money market deposit accounts comprising the majority of deposits. In the aggregate, these accounts totaled \$630.5 million, or 64.9% of total deposits as of June 30, 2007. At this same date, CDs accounted for approximately 35.1% of deposits. Approximately 95% of CDs had remaining maturities of one year or less. Large balance CDs (i.e. balances greater than

\$100,000), which tend to be more rate sensitive than lower balance CDs, accounted for \$208.2 million, or 61.0% of deposits, at June 30, 2007.

Several factors have served to increase the Company's deposit costs, notwithstanding a deposit mixture weighted towards savings and transaction accounts. First, recent deposit growth (i.e., since fiscal 2005) has been primarily realized in large balance CDs which have been attracted with highly competitive rates – brokered and internet generated CDs approximated \$90 million as of June 30, 2007. Likewise, money market accounts comprise the majority of the transaction account total and have also been attracted and retained with a highly competitive rate relative to the prevailing competition. Similarly, the Company offers a high yield checking account offering a 6% yield subject to meeting certain requirements with respect to direct deposits, debit card utilization, and accessing the account online as well as receiving electronic statements.

Borrowings

Borrowings have been utilized primarily as a supplemental funding source to fund lending and investment security activity. As of June 30, 2007, borrowed funds consisted of \$152.5 million of Federal Home Loan Bank (FHLB) advances. Maturities on DBI's portfolio of borrowed funds extend out to 2011 and beyond. Fixed-rate advances includes amounts which may be converted by the FHLB, at various designated dates following issuance, from fixed-rate to variable-rate debt, or for certain advances, adjusted to current market fixed rates. As of June 30, 2007, convertible advances had a balance of \$138.4 million

Securities sold under agreements to repurchase consist of retail repurchase agreements, which essentially are a collateralized commercial overnight sweep account, have also increased reflecting the growth of commercial account relationships and equaled \$30.5 million, or 2.43% of assets as of June 30, 2007. The balance of borrowed funds consists of subordinated debt raised through the Trusts which totaled \$30.0 million as of June 30, 2007. A portion of the funds retained by the Company funds are anticipated to be utilized to fund the retirement of subordinated debt as it can be repaid without penalty over a period ranging from fiscal 2009 to 2011.

Subsidiary

The Bank has four wholly-owned subsidiaries as follows:

Conant Ventures, Inc. Conant Ventures, Inc. is a wholly owned subsidiary of DBI that is allowed to engage in real estate investment activities permissible for a Massachusetts bank as defined in section 362 of the FDIC's Rules and Regulations. Conant Ventures is not presently engaged in any real estate investment activities and has not held any real estate investments since prior to 2000.

Conant Investment Corporation and Danvers Square Investment Corporation. Conant Investment Corporation and Danvers Square Investment Corporation are wholly owned subsidiaries of DBI that qualify as Massachusetts securities corporations through which DBI buys, sells and holds securities on DBI's own behalf. These subsidiaries maintain accounts at DBI, on terms and conditions generally available to regular customers, for the primary purpose of accumulating current earnings, payments and/or maturities from their securities until a level is reached that would allow the acquisition of additional securities at the normal level purchased by the corporation. The accounts are limited in amount and time so as to reasonably reflect the need for holding cash in an interest bearing account on a short-term, temporary basis pending reinvestment. On a quarterly basis the activity of these subsidiaries is reviewed to determine if a dividend is required to be declared and paid to DBI in order to be in compliance with Massachusetts DOR Regulations.

One Conant Capital LLC. One Conant Capital LLC is a limited liability company, wholly owned by DBI that originates and holds loans secured by real estate, to originate and hold commercial and industrial loans, and to engage in any other activity in which the Bank itself may engage.

In addition to Danversbank, the DBI currently has three other subsidiaries: Danvers Capital Trust I, Danvers Capital Trust I, and Danvers Capital Trust III, all of which were formed for the purpose of issuing subordinated debt at the MHC level for the purpose of infusing capital into the Bank.

Legal Proceedings

Other than the routine legal proceedings that occur in the Company's ordinary course of business, the Company is not involved in litigation which is expected to have a material impact on the Company's financial condition or operations.

The Greater Boston Area

The Boston Metropolitan Statistical Area (“MSA”) had a population of approximately 4.5 million as of 2006, representing a moderate increase since 2000. The Greater Boston area has experienced a four-decade shift from a manufacturing to knowledge-based economy, with rising educational attainment levels driving individual economic outcomes.

Greater Boston’s colleges and universities have a major impact on the city and region’s economy. Not only are they major employers, but they also attract high-tech industries to the city and surrounding region, including computer hardware and software companies as well as biotechnology companies like Millennium Pharmaceuticals, Merck & Co., Millipore, Genzyme, and Biogen Idec. Students enrolled in Boston’s colleges and universities contribute \$4.8 billion annually to the city’s economy. Among other things, the area has a high regional concentration of institutions of higher education and health care, research institutes, high tech companies, a highly skilled workforce and venture capital.

A number of factors have contributed to the vibrant economy realized in Greater Boston over the last several decades, including the colleges and universities, culture, health care sector, and tourism.

Colleges and Universities. Boston’s reputation as the *Athens of America* derives in large part from the teaching and research activities of more than 100 colleges and universities located in the Greater Boston Area, with more than 250,000 students attending college in Boston and Cambridge alone. Within the Greater Boston area, institutions for higher learning consist of Harvard University, The Massachusetts Institute of Technology (“MIT”), and Boston University, among others. These institutions also serve as some of the area’s largest employers. Harvard employs over 10,000 people, while MIT employs over 9,500 people.

Culture. The culture of Boston shares many roots with greater New England, including a dialect of the Eastern New England accent popularly known as Boston English. Boston has its own slang, which has existed for many years. Boston is a major destination of Irish immigrants. Irish Americans are a major influence on Boston’s politics and religious institutions and consequently on the rest of Massachusetts.

Health Care. Greater Boston is a global leader in health care and health technology. The Boston’s health services sector represents more than one out of six city jobs, with 103,835 employed in 2003, including all employment in Boston’s 22 inpatient hospitals, 25 community health centers, nursing homes, and

community, family, and child services. The Longwood Medical Area is a region of Boston with a concentration of medical and research facilities, including Beth Israel Deaconess Medical Center, Brigham and Women's Hospital, Children's Hospital Boston, and Dana-Farber Cancer Institute. Greater Boston is also home to the medical and dental schools of Tufts, Harvard, and Boston Universities. The presence of numerous world-class teaching hospitals and academic research centers not only attracts out-of-state patients and research funds, but has sparked the rapid development of the related medical device and biotechnology sectors.

Tourism. Tourism comprises a large part of Boston's economy. Boston is one of the country's top 10 tourist attractions, focusing on the city's 62 historic sites, its nearly 2,000 restaurants, and its hundreds of hotels. Tourism is a year-round industry in Boston, which hosted 16.3 million visitors in 2004, spending \$7.9 billion.

During the mid- and late-1990s as well as 2000, the Boston economy flourished in connection with the national economic expansion and a resulting increase in demand for the products and services produced by the Boston MSA economy, particularly with respect to the technology and financial services sectors. Yet the area began losing jobs early in the recession of 2001. The national economic slowdown experienced has adversely impacted the Boston MSA economy, most notably in the technology sector. Between 2002 and 2004, Boston lost approximately 25,500 jobs, however the area regained 13,000 jobs from 2004 to 2006 reflecting the general economic recovery.

The Company's competitive environment includes a number of thrifts, commercial banks and other financial service providers, some of which have a regional or national presence. The primary market area economy is fairly diversified, with services, wholesale/retail trade and manufacturing constituting the basis of the primary market area economy.

Future growth opportunities for Danvers depend on the future growth and stability of the regional economy, demographic growth trends, and the nature and intensity of the competitive environment. These factors have been briefly examined in the following pages to help determine the growth potential that exists for the Company and the relative economic health of the Greater Boston area. The growth potential and the stability provided by the market area have a direct bearing on the market value of the Company and will be factored into our valuation analysis accordingly.

Market Area Demographics

Key demographic and economic indicators in the Company's market include population, number of households and household/per capita income levels. Demographic data for the Boston MSA, and the Counties of Essex, Middlesex, and Suffolk, as well as comparative data for Massachusetts and the U.S., is provided in Table 2.1.

Moderate population growth has been experienced in the Boston MSA, Essex County, and Middlesex County. Suffolk County, however declined by 0.1% from 2000-2006. The City of Boston, which is located in Suffolk County, has a high cost of living that makes it difficult for middle class families to stay in the area, which could be a factor in the small decline in population from the last six years. The outlying, more suburban and rural county of Essex recorded the highest growth rate of 0.7%, which was higher than the statewide growth rate of 0.5%. The Boston MSA grew at the same rate as the Commonwealth of Massachusetts and Middlesex County grew at a moderate 0.2%, which is comparatively modest relative to the national growth rate.

Growth in the number of households paralleled population growth, as the three market area counties recorded annual rates of household growth since 2000 of 0.1% for Suffolk County, 0.2% for Middlesex County, and 0.6% for Essex County, compared to the overall Boston MSA (0.5%) and Massachusetts (0.5%). All of the growth rates were lower than the comparable U.S. growth rate of 1.3%, for the past six years.

Median household and per capita income levels in Middlesex County were higher than the comparative medians for the Boston MSA, Massachusetts, and the U.S., reflecting the relative affluence of the market area that serves as home to a high concentration of white collar professionals who work in the Boston MSA. Essex County reported income levels in line with Boston MSA averages, while Suffolk County reported lower than average levels of income.

Household income distribution measures further imply Middlesex County as an affluent market, as the income distribution measures for Middlesex County indicated significantly higher percentages of households with incomes above \$50,000 compared to Essex and Suffolk Counties, the Commonwealth of Massachusetts, and the U.S. Growth in household income in the primary market area counties was above the Massachusetts growth rate from 2000 to 2006,

Table 2.1
Danvers Bancorp, Inc.
Summary Demographic Data

	Year			Growth Rate	Growth Rate
	2000	2006	2011	2000-06	2006-2011
<u>Population(000)</u>					
United States	281,422	303,582	323,786	1.3%	1.3%
Massachusetts	6,349	6,540	6,683	0.5%	0.4%
Boston MSA	4,391	4,518	4,612	0.5%	0.4%
Essex County	723	756	778	0.7%	0.6%
Middlesex County	1,465	1,484	1,495	0.2%	0.1%
Suffolk County	690	684	683	-0.1%	0.0%
<u>Households(000)</u>					
United States	105,480	114,050	121,863	1.3%	1.3%
Massachusetts	2,444	2,522	2,585	0.5%	0.5%
Boston MSA	1,680	1,732	1,773	0.5%	0.5%
Essex County	275	285	293	0.6%	0.6%
Middlesex County	561	569	575	0.2%	0.2%
Suffolk County	279	280	280	0.1%	0.0%
<u>Median Household Income(\$)</u>					
United States	\$42,164	\$51,546	\$60,704	3.4%	3.3%
Massachusetts	50,539	63,971	78,209	4.0%	4.1%
Boston MSA	54,590	70,111	86,118	4.3%	4.2%
Essex County	51,763	65,803	80,701	4.1%	4.2%
Middlesex County	60,814	78,854	100,228	4.4%	4.9%
Suffolk County	39,370	50,068	61,098	4.1%	4.1%
<u>Per Capita Income(\$)</u>					
United States	\$21,587	\$27,084	\$32,982	3.9%	4.0%
Massachusetts	25,952	34,320	43,730	4.8%	5.0%
Boston MSA	28,016	37,536	48,377	5.0%	5.2%
Essex County	26,358	34,287	43,362	4.5%	4.8%
Middlesex County	31,199	42,582	55,842	5.3%	5.6%
Suffolk County	22,766	30,099	38,655	4.8%	5.1%
<u>2006 HH Income Dist.(%)</u>					
	Less Than <u>\$25,000</u>	\$25,000 to <u>50,000</u>	\$50,000 to <u>\$100,000</u>	Over <u>\$100,000</u>	
United States	22.7%	25.8%	31.8%	19.8%	
Massachusetts	19.0%	20.5%	31.4%	29.2%	
Boston MSA	16.6%	18.7%	31.5%	33.2%	
Essex County	18.5%	19.8%	31.5%	30.3%	
Middlesex County	13.7%	16.7%	30.7%	38.8%	
Suffolk County	27.0%	22.9%	28.2%	21.8%	

Sources: SNL Financial, LC. and ESRI Business Information Solutions

and higher than the U.S. growth rate. Household income for Middlesex and Essex Counties is projected to increase over the next five years at a higher pace than the projected growth rates for Massachusetts and the U.S.

Local Economy

Shown in Table 2.2 below, Massachusetts and the three market area counties reported the largest proportion of employment in services and wholesale/retail trade, indicative of a relatively diversified employment base. Essex and Middlesex Counties recorded a higher level of manufacturing employment, while Suffolk County reported the highest level of employment in finance, insurance, and real estate. The manufacturing industry, once the backbone of the local economy, has generally experienced a decline in the Company's primary market area, reflecting the general trend of a shrinking manufacturing base throughout the Northeast U.S. in favor of the services sector.

Table 2.2
Danvers Bancorp, Inc.
Primary Market Area Employment Sectors - 2005
(Percent of Labor Force)

<u>Employment Sectors</u>	<u>Massachusetts</u>	<u>Essex</u>	<u>Middlesex</u>	<u>Suffolk</u>
Services	47.4%	45.0%	50.7%	55.2%
Wholesale/Ret. Trade	13.7	15.0	13.3	6.9
Government	10.6	10.3	8.4	12.3
Fin. Ins. Real Estate	9.2	7.7	7.0	14.7
Manufacturing	7.7	11.6	8.8	2.3
Construction	5.6	6.0	5.3	2.6
Transportation/Utilities	2.5	1.8	2.1	3.5
Information	2.4	2.0	3.9	2.5
Farming	0.2	0.2	0.1	0.0
Other	0.7	0.4	0.4	0.0
	100.0%	100.0%	100.0%	100.0%

Source: REIS DataSource.

Table 2.3 reveals employment projections from 2000 to 2030 for the Greater Boston area. The projections suggest that the region could add approximately 240,000 jobs during the 30-year period, an increase of 10.3%. Service sectors will have the largest number of new jobs, while

declines in manufacturing employment will continue. Half of the new jobs are expected to be in professional and business services and education and health services. Manufacturing is the only sector expected to decline, mirroring national trends. There may be a loss of 46,000 manufacturing jobs, a decrease of 16%.

The Greater Boston area is currently a leader in high-tech industry, which comprises many different activities in a variety of sectors. Projections suggest that high-tech employment may grow relatively slowly over the coming decades, declining from 12% to 8% of total employment.

For the Greater Boston area, this means:

- The loss of manufacturing jobs creates a need for workforce retraining.
- Gains in education and health services suggest that the region will remain a national leader in this field, though rising costs and infrastructure limits could constrain the growth of academic and medical institutions.
- The leisure and hospitality sectors may not grow as fast if unattractive development detracts from the New England character that brings tourists to the region.

Table 2.3
Danvers Bancorp, Inc.
Greater Boston Area Employment Sector Projections

Sector	2000	2010	2020	2030
Natural Resource, Mining, Construction	90,263	100,682	105,854	110,848
Manufacturing	288,246	268,934	255,026	242,434
Trade, Transportation and Utilities	462,539	483,408	500,442	510,907
Information	100,914	107,076	112,121	115,347
Financial Activities	186,647	194,932	202,810	206,211
Professional and Business Services	338,923	370,267	398,233	414,001
Education and Health Services	514,036	540,410	564,146	578,954
Leisure and Hospitality	183,734	195,874	206,362	213,032
Other Services	71,283	76,333	80,564	83,352
Government	107,752	108,639	110,259	110,252
Regional Total	2,344,338	2,446,555	2,535,816	2,585,338

Source: Metropolitan Area Planning Council.

Comparative unemployment rates for the three market area counties, as well as for the U.S., Massachusetts, and the Boston MSA, are shown in Table 2.4. The unemployment data for the market area further indicates the strength of the local economy, as the most recent unemployment rates for the Boston MSA are below the statewide average. Middlesex County reported the lowest unemployment rate of 4.1%, which is below both the U.S. and Massachusetts averages. Essex County reported the same unemployment rate as the Commonwealth of Massachusetts, 5.1% and Suffolk County was slightly higher with a 5.2% unemployment rate for May 2007. Consistent with the U.S. unemployment trends, Suffolk County reported a lower unemployment rate for May 2007, compared to a year ago. The Commonwealth of Massachusetts, the Boston MSA, and the other two primary market area counties reported higher unemployment rates, compared to a year ago.

Table 2.4
Danvers Bancorp, Inc.
Unemployment Trends (1)

<u>Region</u>	<u>May 2006 Unemployment</u>	<u>May 2007 Unemployment</u>
United States	4.6%	4.5%
Massachusetts	4.9	5.1
Boston MSA	4.5	4.6
Essex County	5.1	5.1
Middlesex County	4.0	4.1
Suffolk County	5.3	5.2

(1) Unemployment rates have not been seasonally adjusted.

Source: U.S. Bureau of Labor Statistics.

Market Area Deposit Characteristics

The Company's retail deposit base is closely tied to the economic fortunes of the Boston MSA and, in particular, the markets that are nearby to each of the Company's branch office locations. Table 2.5 displays deposit market trends over recent years for Essex, Middlesex, and Suffolk Counties as of June 30, 2006. Annual deposit growth in Essex and Suffolk Counties over the last several years has approximated 3.3% and 3.2%, respectively. Deposits declined in Middlesex County for the last few years at a rate of 2.7%. The market is dominated by savings

institutions in Essex and Middlesex Counties, which hold approximately 63.1% and 50.1% of the market share. However, commercial banks dominate in Suffolk County with 89.1% percent of the market share. The Company's annual deposit growth in Essex County was 10.3% and deposits grew at a faster pace in Middlesex County at 20.8%, which were both higher than deposits in Suffolk County, which declined at a 0.2% rate from 2004 to 2006. The merger with BankMalden in February 2007 provided Danvers with an additional branch location in Middlesex County facilitating growth in that market.

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 Danvers. 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, independent mortgage brokers, and credit unions in originating mortgage loans. Some of the Company's largest competitors include Bank of America Corporation, Eastern Bank Corporation, and Sovereign Bancorp Inc.

Table 2.5
Danvers Bancorp, Inc.
Middlesex County Deposit Detail

Company Name	Institution Name	Headquarters City	HQ State	Type	# of Brchs	Total Deposits as of June 30,			Market Share as of 2006 (%)	2004-2006 CAGR (%)
						2004 (\$000)	2005 (\$000)	2006 (\$000)		
Royal Bank of Scotland Group	Citizens Bank of Massachusetts	Boston	MA	Bank	119	\$7,087,939	\$7,351,097	\$6,948,214	20.52%	-0.99%
Bank of America Corp.	Bank of America NA	Charlotte	NC	Bank	128	\$7,893,878	\$5,665,346	\$5,344,285	15.78%	-17.72%
Middlesex Savings Bank	Middlesex Savings Bank	Natick	MA	SB	21	\$2,370,206	\$2,449,442	\$2,636,071	7.78%	5.46%
Sovereign Bancorp Inc.	Sovereign Bank	Wyomissing	PA	Thrift	51	\$2,299,512	\$2,205,975	\$2,268,522	6.70%	-0.68%
Cambridge Financial Group Inc	Cambridge Savings Bank (MHC)	Cambridge	MA	SB	16	\$1,644,554	\$1,653,623	\$1,687,877	4.98%	1.31%
TD Bank Financial Group	TD Banknorth NA	Portland	ME	Bank	36	\$1,955,772	\$1,577,960	\$1,462,205	4.32%	-13.53%
Watertown Savings Bank	Watertown Savings Bank	Watertown	MA	SB	9	\$934,279	\$984,626	\$1,053,093	3.11%	6.17%
Century Bancorp Inc.	Century Bank & Trust Company	Somerville	MA	Bank	8	\$900,633	\$900,886	\$927,295	2.74%	1.47%
MASSBANK Corp.	MASSBANK	Reading	MA	SB	15	\$865,652	\$822,495	\$757,092	2.24%	-6.48%
Enterprise Bancorp Inc.	Enterprise B&TC	Lowell	MA	Bank	10	\$633,909	\$680,589	\$757,061	2.24%	9.28%
Eastern Bank Corporation	Eastern Bank (MHC)	Boston	MA	SB	12	\$487,297	\$620,684	\$672,830	1.99%	17.50%
East Cambridge Savings Bank	East Cambridge Savings Bank	Cambridge	MA	SB	9	\$559,849	\$574,445	\$617,014	1.82%	4.98%
Cambridge Bancorp	Cambridge Trust Company	Cambridge	MA	Bank	9	\$628,665	\$629,789	\$613,665	1.81%	-1.20%
Lowell Five Cents Savings Bank	Lowell Five Cents Savings Bank	Lowell	MA	SB	12	\$583,524	\$565,145	\$562,988	1.66%	-1.78%
Brookline Bancorp Inc.	Brookline Bank	Brookline	MA	Thrift	12	\$441,049	\$475,015	\$498,074	1.47%	6.27%
Village Bank	Village Bank	Newton	MA	SB	7	\$430,825	\$445,559	\$454,093	1.34%	2.66%
Central Bancorp Inc.	Central Co-operative Bank	Somerville	MA	SB	12	\$315,655	\$341,067	\$410,245	1.21%	14.00%
Assabet Valley Bancorp	Hudson Savings Bank (MHC)	Hudson	MA	SB	3	\$367,991	\$367,546	\$390,802	1.15%	3.05%
Winchester Savings Bank	Winchester Savings Bank	Winchester	MA	SB	5	\$370,791	\$386,730	\$386,757	1.14%	2.13%
Eagle Bank	Eagle Bank	Everett	MA	SB	7	\$378,990	\$386,384	\$376,750	1.11%	-0.30%
Northern Bancorp Inc.	Northern Bank & Trust Company	Woburn	MA	Bank	11	\$267,190	\$292,903	\$324,243	0.96%	10.16%
Belmont Savings Bank	Belmont Savings Bank	Belmont	MA	SB	5	\$297,537	\$305,812	\$318,500	0.94%	3.46%
Winchester Co-operative Bank	Winchester Co-operative Bank	Winchester	MA	SB	1	\$308,608	\$304,458	\$296,303	0.88%	-2.01%
StonhamBank	StonhamBank	Stonham	MA	SB	5	\$251,602	\$276,283	\$285,281	0.84%	6.48%
Middlesex Federal Savings FA	Middlesex Federal Savings FA	Somerville	MA	Thrift	3	\$279,637	\$277,207	\$273,461	0.81%	-1.11%
North Middlesex Savings Bank	North Middlesex Savings Bank	Ayer	MA	SB	6	\$222,139	\$246,063	\$264,289	0.78%	9.08%
Savings Bank	Savings Bank	Wakefield	MA	SB	5	\$258,675	\$264,496	\$242,274	0.72%	-3.22%
Stonham Savings Bank	Stonham Savings Bank	Stonham	MA	SB	7	\$213,659	\$215,552	\$232,909	0.71%	6.10%
Framingham Co-operative Bank	Framingham Co-operative Bank	Framingham	MA	SB	3	\$232,127	\$236,316	\$232,909	0.69%	1.07%
Everett Co-operative Bank	Everett Co-operative Bank	Everett	MA	SB	1	\$183,193	\$190,174	\$195,502	0.58%	3.30%
Benjamin Franklin Bancorp Inc	Benjamin Franklin Bk	Franklin	MA	SB	3	\$200,356	\$214,220	\$187,910	0.55%	-3.16%
Reading Co-operative Bank	Reading Co-operative Bank	Reading	MA	SB	4	\$183,745	\$182,717	\$175,003	0.52%	-2.41%
Leader Bank NA	Leader Bank NA	Arlington	MA	Bank	3	\$89,827	\$137,536	\$166,747	0.49%	36.25%
Winter Hill Bank FSB	Winter Hill Bank FSB	Somerville	MA	Thrift	4	\$164,600	\$166,176	\$166,622	0.49%	0.61%
Marlborough Savings Bank	Marlborough Savings Bank	Marlborough	MA	SB	3	\$154,488	\$159,311	\$165,073	0.49%	3.37%
Boston Private Financial	Boston Private B&TC	Boston	MA	Bank	3	\$103,565	\$120,380	\$154,545	0.46%	22.16%
Bulter Bancorp MHC	Bulter Bank MHC	Lowell	MA	SB	1	\$99,344	\$120,223	\$149,791	0.44%	22.79%
Wainwright Bank & Trust Co.	Wainwright Bank & Trust Co.	Boston	MA	Bank	7	\$128,189	\$131,431	\$149,723	0.44%	8.07%
Natick FSB	Natick FSB	Natick	MA	Thrift	1	\$157,360	\$149,043	\$142,085	0.42%	-4.98%
Washington Savings Bank	Washington Savings Bank	Lowell	MA	SB	3	\$120,900	\$120,560	\$122,359	0.36%	0.60%
Danvers Bancorp Inc.	Danversbank (MHC)	Danvers	MA	SB	4	\$81,781	\$115,991	\$119,398	0.35%	20.83%
Melrose Co-operative Bank	Melrose Co-operative Bank	Melrose	MA	SB	1	\$103,983	\$100,694	\$101,802	0.30%	-1.05%

Table 2.5
Danvers Bancorp, Inc.
Middlesex County Deposit Detail

Company Name	Institution Name	Headquarters City	HQ State	# of Brchs	Total Deposits as of June 30,			Market Share as of 2006 (%)	2004-2006 CAGR (%)
					2004 (\$000)	2005 (\$000)	2006 (\$000)		
Lowell Co-operative Bank	Lowell Co-operative Bank	Lowell	MA	2	\$97,148	\$96,256	\$96,953	0.29%	-0.10%
North Cambridge Co-Op Bk	North Cambridge Co-Op Bk	Cambridge	MA	1	\$72,956	\$68,097	\$67,359	0.20%	-3.91%
Marlborough Bancorp	Marlborough Co-op Bk (MHC)	Marlborough	MA	3	\$68,145	\$68,105	\$64,309	0.19%	-2.86%
Wakefield Co-operative Bank	Wakefield Co-operative Bank	Wakefield	MA	2	\$60,526	\$57,365	\$56,995	0.17%	-2.96%
Beacon Federal	Beacon Federal	East Syracuse	NY	1	\$18,543	\$42,566	\$49,359	0.15%	63.15%
Salem Five Cents Savings Bank	Salem Five Cents Savings Bank	Salem	MA	1	\$20,978	\$32,287	\$44,535	0.13%	45.70%
Fidelity Co-operative Bank	Fidelity Co-operative Bank	Fitchburg	MA	1	\$38,688	\$41,292	\$40,932	0.12%	2.86%
Fitchburg SB FSB	Fitchburg SB FSB	Fitchburg	MA	1	\$32,491	\$30,877	\$31,057	0.09%	-2.23%
Northmark Bank	Northmark Bank	North Andover	MA	1	\$36,317	\$35,215	\$29,965	0.09%	-9.17%
Service Bancorp Inc. (MHC)	Strata Bank (MHC)	Medway	MA	1	\$19,973	\$23,812	\$23,033	0.07%	7.39%
Meridian Financial Svcs Inc	East Boston Savings Bank (MHC)	East Boston	MA	2	\$0	\$9,622	\$17,989	0.05%	N.M.
Patriot Community Bk	Patriot Community Bk	Woburn	MA	1	\$0	\$0	\$15,448	0.05%	N.M.
Family Federal Savings FA	Family Federal Savings FA	Fitchburg	MA	1	\$9,942	\$10,427	\$10,572	0.03%	3.12%
MNB Bancorp	Millford National B&TC	Millford	MA	1	\$0	\$0	\$8,746	0.03%	N.M.
Commerce Bancshares Corp.	Commerce Bank & Trust Company	Worcester	MA	1	\$6,190	\$18,785	\$6,163	0.02%	-0.22%
Totals	Totals				\$35,735,372	\$33,946,655	\$33,862,703	100.00%	-2.66%
	Commercial Banks				\$19,732,074	\$17,541,917	\$16,892,857	49.89%	-7.47%
	Savings Institutions				\$16,003,298	\$16,404,738	\$16,969,846	50.11%	2.98%

Source: SNL Securities.

Table 2.5
Danvers Bancorp, Inc.
Suffolk County Deposit Detail

Company Name	Institution Name	Headquarters City	HQ State	# of Brchs	Total Deposits as of June 30,			Market Share as of 2006 (%)	2004-2006 CAGR (%)	
					2004 (\$000)	2005 (\$000)	2006 (\$000)			
Bank of America Corp.	Bank of America NA	Charlotte	NC	Bank	68	\$20,089,855	\$20,829,880	\$19,432,148	28.51%	-1.65%
State Street Corp.	State Street B&TC	Boston	MA	Bank	1	\$14,881,963	\$13,399,547	\$12,097,179	17.75%	-9.84%
Royal Bank of Scotland Group	Citizens Bank of Massachusetts	Boston	MA	Bank	64	\$8,338,285	\$9,473,465	\$11,872,913	17.42%	19.33%
Bank of New York Mellon Corp	Mellon Trust New England	Boston	MA	Bank	1	\$6,658,039	\$6,460,183	\$8,353,380	12.26%	12.01%
State Street Corp.	Investors Bank & Trust Company	Boston	MA	Bank	1	\$5,017,917	\$5,121,666	\$5,958,262	8.74%	8.97%
Sovereign Bancorp Inc.	Sovereign Bank	Wyomissing	PA	Thrift	41	\$2,550,588	\$2,884,681	\$3,272,991	4.80%	13.28%
Boston Private Financial	Boston Private B&TC	Boston	MA	Bank	3	\$1,069,518	\$1,207,311	\$1,178,626	1.71%	4.98%
Eastern Bank Corporation	Eastern Bank (MHC)	Boston	MA	SB	4	\$1,090,508	\$892,322	\$971,940	1.43%	-5.59%
Lehman Brothers Holdings Inc.	Lehman Brothers Bank FSB	Wilmington	DE	Thrift	1	\$798,580	\$713,379	\$736,929	1.08%	-3.94%
Meridian Financial Svcs Inc	East Boston Savings Bank (MHC)	East Boston	MA	SB	6	\$476,367	\$465,429	\$462,974	0.68%	-1.42%
Hyde Park Savings Bank	Hyde Park Savings Bank	Boston	MA	SB	3	\$392,733	\$414,693	\$461,478	0.68%	8.40%
Bank of America Corp.	U.S. Trust Co. NA	New York	NY	Bank	1	\$114,398	\$387,276	\$445,727	0.65%	97.39%
Wainwright Bank & Trust Co.	Wainwright Bank & Trust Co.	Boston	MA	Bank	6	\$336,778	\$401,061	\$427,810	0.63%	12.71%
TD Bank Financial Group	TD Banknorth NA	Portland	ME	Bank	4	\$228,185	\$251,907	\$352,621	0.52%	24.31%
Mt. Washington Co-operative Bk	Mt. Washington Co-operative Bk	South Boston	MA	SB	5	\$261,990	\$288,304	\$316,282	0.46%	9.87%
Massachusetts State Carpenters	First Trade Union Bank	Boston	MA	Thrift	2	\$277,086	\$248,173	\$266,726	0.39%	-1.89%
Peoples Federal Bancorp Inc.	Peoples Fed Svgs Bk	Brighton	MA	Thrift	4	\$226,780	\$227,222	\$223,667	0.33%	-0.69%
Cooperative Bank	Cooperative Bank	Roslindale	MA	SB	3	\$190,572	\$193,970	\$192,672	0.28%	0.55%
Century Bancorp Inc.	Century Bank & Trust Company	Somerville	MA	Bank	9	\$177,335	\$178,813	\$167,878	0.25%	-2.70%
Danvers Bancorp Inc.	Danversbank (MHC)	Danvers	MA	SB	3	\$125,861	\$126,500	\$125,423	0.18%	-0.17%
UCBH Holdings Inc.	United Commercial Bank	San Francisco	CA	Bank	3	\$101,073	\$98,398	\$117,660	0.17%	7.89%
Mercantile Capital Corp	Mercantile B&TC	Boston	MA	Bank	3	\$92,733	\$103,103	\$111,054	0.16%	9.43%
Hyde Park Co-Operative Bank	Hyde Park Co-Operative Bank	Hyde Park	MA	Thrift	3	\$90,470	\$92,558	\$97,051	0.14%	3.57%
One United Bank	One United Bank	Boston	MA	Bank	2	\$74,261	\$62,111	\$63,070	0.09%	-7.84%
First Republic Bank	First Republic Bank	San Francisco	CA	Bank	1	\$0	\$0	\$61,262	0.09%	N.M.
Salem Five Cents Savings Bank	Salem Five Cents Savings Bank	Salem	MA	SB	1	\$38,252	\$41,965	\$51,798	0.08%	16.37%
Brookline Bancorp Inc.	Brookline Bank	Brookline	MA	Thrift	1	\$21,819	\$39,540	\$49,250	0.07%	50.24%
First Eastern Bankshares Corp.	First FSB of Boston	Boston	MA	Thrift	1	\$55,608	\$44,364	\$38,492	0.06%	-16.80%
Commonwealth Co-operative Bank	Commonwealth Co-operative Bank	Boston	MA	SB	1	\$43,154	\$41,027	\$37,958	0.06%	-6.21%
Meetinghouse Co-operative Bank	Meetinghouse Co-operative Bank	Dorchester	MA	SB	1	\$35,962	\$39,607	\$35,482	0.05%	-0.67%
Chelsea Provident Co-op Bk	Chelsea Provident Co-op Bk	Chelsea	MA	SB	1	\$36,809	\$36,029	\$34,323	0.05%	-3.44%
Cathy General Bancorp	Cathy Bank	Los Angeles	CA	Bank	3	\$17,857	\$20,659	\$31,973	0.05%	33.81%
First Ipswich Bancorp	First National Bank of Ipswich	Ipswich	MA	Bank	1	\$25,285	\$21,455	\$28,050	0.04%	5.33%
Cambridge Bancorp	Cambridge Trust Company	Cambridge	MA	Bank	1	\$23,790	\$23,860	\$28,050	0.04%	8.58%
Winter Hill Bank FSB	Winter Hill Bank FSB	Somerville	MA	Thrift	1	\$24,419	\$23,791	\$22,126	0.03%	-4.81%
Roxbury-Highland Co-op Bank	Roxbury-Highland Co-op Bank	Jamaica Plain	MA	SB	1	\$23,888	\$22,538	\$21,674	0.03%	-4.75%
FMR Corp.	Fidelity Mgmt Tr Co	Boston	MA	Bank	1	\$519	\$507	\$572	0.00%	0.29%
Marsh & McLennan Cos.	Putnam Fiduciary Trust Company	Boston	MA	Bank	1	\$500	\$500	\$500	0.00%	0.00%
Boston Trust & Invnt Mgmt Co.	Boston Trust & Invnt Mgmt Co.	Boston	MA	Bank	1	\$1,498	\$500	\$500	0.00%	-42.23%
Northern Trust Corp.	Northern Trust Bank FSB	Bloomfield Hills	MI	Thrift	1	\$0	\$0	\$196	0.00%	N.M.
Bank of New York Mellon Corp	Bank of New York Trust Co. NA	Los Angeles	CA	Bank	1	\$0	\$0	\$10	0.00%	N.M.
Totals						\$64,011,235	\$64,878,244	\$68,148,627	100.00%	3.18%
						\$57,249,789	\$58,042,202	\$60,729,195	89.11%	2.99%
						\$6,761,446	\$6,836,042	\$7,419,432	10.89%	4.75%

Source: SNL Securities.

III. PEER GROUP ANALYSIS

This chapter presents an analysis of DBI's operations versus a group of comparable savings institutions (the "Peer Group") selected from the universe of all publicly-traded savings institutions in a manner consistent with the regulatory valuation guidelines. The basis of the pro forma market valuation of DBI is derived from the pricing ratios of the Peer Group institutions, incorporating valuation adjustments for key differences in relation to the Peer Group. Since no Peer Group can be exactly comparable to DBI, key areas examined for differences are: financial condition; profitability, growth and viability of earnings; asset growth; primary market area; dividends; liquidity of the shares; marketing of the issue; management; and effect of government regulations and regulatory reform.

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. Institutions that are not listed on a national exchange or NASDAQ 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 140 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 DBI will be a full public company upon completion of the offering, we considered only full stock 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 DBI. In the selection process, we applied the following screen to the universe of all public companies:

- New England Institutions with assets between \$400 million and \$2.5 billion, positive core earnings and return on equity ratios of less than 10.0%. All of the companies meeting the foregoing asset size criteria were profitable on a core basis. Westfield Financial, Inc. and Hampden Bancorp, Inc., both based in Massachusetts, were excluded from the Peer Group due to the recency of their respective conversion offerings which were both completed in January 2007. Exhibit III-2 provides financial and public market pricing characteristics of all publicly-traded New England thrifts.

Table 3.1 shows the general characteristics of each of the 10 Peer Group companies. While there are expectedly some differences between the Peer Group companies and DBI, 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 DBI'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.

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

- **Brookline Bancorp, Inc. of Massachusetts.** Brookline Bancorp has \$2.4 billion of total assets, being the largest of the Peer Group institutions, and operates through 15 offices in eastern Massachusetts. Brookline Bancorp has the highest capital ratio of any of the Peer Group companies and a lending strategy focused on commercial mortgage and C&I enhancing the overall comparability to DBI. Operating returns are above the Peer Group average but in conjunction with the very high capital ratio, provides for a return on equity ("ROE") which is below the Peer Group average.
- **Berkshire Hills Bancorp of Massachusetts.** Berkshire Hills Bancorp reported total assets of \$2.2 billion and operates through a total of 25 branch offices in western Massachusetts. Berkshire Hills Bancorp's equity is more leveraged than the Company's pro forma ratios and its ROA is modestly above the Peer Group

Table 3.1
Peer Group of Publicly-Traded Thrifts
August 10, 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>
BRKL	Brookline Bancorp, Inc. of MA	NASDAQ	Brookline, MA	Thrift	2,371	15	D	J-02	11.66	695
BHLB	Berkshire Hills Bancorp of MA	NASDAQ	Pittsfield, MA	Thrift	2,170	25	D	J-00	28.86	255
BFBC	Benjamin FrkIn Bncrp Inc of MA	NASDAQ	Franklin, MA	Thrift	896	9	D	A-05	12.74	103
LEGC	Legacy Bancorp, Inc. of MA	NASDAQ	Pittsfield, MA	Thrift	844	10	D	O-05	12.80	128
MASB	MassBank Corp. of Reading MA	NASDAQ	Reading, MA	Thrift	817	15	D	M-86	34.00	147
HIFS	Hingham Inst. for Sav. of MA	NASDAQ	Hingham, MA	Thrift	710	8	D	D-88	30.24	64
NHTB	NH Thrift Bancshares of NH	NASDAQ	Newport, NH	Thrift	655	17	D	M-86	14.00	71
CEBK	Central Bncrp of Somerville MA	NASDAQ	Somerville, MA	Thrift	566	10	M	O-86	22.10	36
LSBX	LSB Corp of No. Andover MA	NASDAQ	North Andover, MA	Thrift	560	7	D	M-86	16.25	75
CBNK	Chicopee Bancorp, Inc. of MA	NASDAQ	Chicopee, MA	Thrift	469	7	D	J-06	14.37	107

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.

Source: Corporate offering circulars, data derived from information published in SNL Securities Quarterly Thrift Report, and financial reports of publicly-traded thrifts.

average. Berkshire Hills Bancorp's loan and MBS portfolio was broadly diversified with 1-4 family residential mortgage loans comprising the largest element of the portfolio. NPAs were above the Peer Group average and, while reserves as a percent of total loans were strong in comparison to the Peer Group average and median, reserve coverage relative to NPAs was below the Peer Group average.

- **Benjamin Franklin Bancorp of Massachusetts.** Benjamin Franklin Bancorp reported total assets of \$896 million and operates through a total of 9 branch offices in eastern Massachusetts. Benjamin Franklin Bancorp completed its conversion in April 2005, enhancing the overall comparability to the Company. Benjamin Franklin Bancorp operates with a loan portfolio which is relatively comparable to the Peer Group average and relatively strong asset quality ratios, as evidenced by the limited NPAs. Earnings approximate the Peer Group average having been impacted by the completion of an acquisition simultaneous with its stock conversion and the related intangible amortization expense.
- **Legacy Bancorp of Massachusetts.** Legacy Bancorp reported total assets of \$844 million and operates through a total of 10 branch offices in western Massachusetts. Legacy Bancorp completed its conversion in October 2005, enhancing the overall comparability to the Company. Legacy Bancorp operates with a loan portfolio which has a relatively high proportion of residential mortgage and like the majority of the Peer Group members, NPAs are at comparatively modestly levels. Core operating returns are positive, albeit at moderate levels in comparison to the Peer Group average.
- **MassBank Corp. of Massachusetts.** MassBank reported \$817 million of total assets generated through a branch network of 15 offices in eastern Massachusetts. MassBank's assets reflect the lowest ratio of loans in comparison to any Peer Group company on an individual basis, while deposits constitute the majority of funding liabilities. Notwithstanding the low ratio of higher yielding loans, the ROA exceeds the comparable to the Peer Group average as a modest net interest margin is offset by a comparatively low operating expense ratio. The loan portfolio is primarily comprised of residential mortgage loans and asset quality measures are relatively favorable.
- **Hingham Institution for Savings of Massachusetts.** Hingham Institution for Savings reported total assets equal to \$710 million and operates through a total of 8 branches in eastern Massachusetts. ROA is above the Peer Group average reflecting a comparatively favorable operating expense ratio, facilitated by its large average branch size and the high level of assets per employee. The ratio of loans exceeded the Peer Group average, and the loan portfolio was comprised of mortgage loans, including 1-4 family residential and commercial mortgages. Key asset quality ratios reflect a low balance of NPAs and loan chargeoffs have been limited over the last 12 months.
- **New Hampshire Thrift Bancshares of New Hampshire.** New Hampshire Thrift Bancshares reported total assets of \$655 million and operates through 17

branch offices in central New Hampshire. New Hampshire Thrift Bancshares' balance sheet included a comparatively higher ratio of loans than the Company and Peer Group which were funded by deposits and a comparatively higher level of borrowings. Earnings were modestly above the Peer Group average and the loan portfolio reflected an emphasis on mortgage lending, including residential mortgage loans and, to a lesser extent, commercial and multi-family mortgages.

- **Central Bancorp of Massachusetts.** Central Bancorp has \$566 million of total assets and operates through 10 offices in eastern Massachusetts. Central Bancorp was selected for the Peer Group owing to its Massachusetts location, comparable size of the branch network, moderate level operating returns, both in terms of the ROA and ROE measures, and emphasis on mortgage lending with a diversification emphasis on commercial real estate/multi-family loans.
- **LSB Corp. of Massachusetts.** LSB Corp. reported \$560 million of total assets generated through a branch network of 7 offices in eastern Massachusetts and southeastern New Hampshire. Earnings fell below the Peer Group average and median owing to a one-time investment portfolio restructuring expense which was partially offset by pension curtailment income. Core earnings for LSB Corp. exceeded the Peer Group average. The balance sheet composition reflects a comparatively high level of investments and borrowings reflecting a wholesale leveraging strategy. Residential mortgage loans including MBS make up the largest segment of the loan portfolio with moderate diversification in commercial and multi-family mortgage lending. The asset quality ratios reflect a limited balance of NPAs and loan chargeoffs have been limited over the last 12 months.
- **Chicopee Bancorp, Inc. of Massachusetts.** Chicopee Bancorp reported total assets of \$469 million and operates through a total of 7 branch offices in western Massachusetts. Chicopee Bancorp completed its conversion in July 2007, and the timing of the conversion transaction and the resulting strong capitalization of Chicopee Bancorp enhances the overall comparability to the Company from a valuation standpoint. Chicopee Bancorp also has implemented a commercial mortgage and non-mortgage lending strategy which is similar to the Company's recent and prospective operating strategy. Chicopee Bancorp operated at a loss based on trailing twelve month basis reflecting, in part, the establishment of a charitable foundation in connection with its conversion transaction. Core operating returns are positive, albeit at moderate levels in comparison to the Peer Group average.

In aggregate, the Peer Group companies maintain a modestly higher level of capital as the industry average (13.25% of assets versus 12.61% for all public companies), generate a slightly higher level of core earnings as a percent of average assets (0.54% core ROAA versus 0.51% for all public companies), and generate a slightly lower ROE based on core earnings (4.70% ROE versus 4.95% for all public companies). Overall, the Peer Group's average P/B and P/TB ratios

was modestly below the respective averages for all publicly traded thrifts while the P/E multiple based on earnings was modestly higher than the average for all publicly-traded thrifts.

	All <u>Publicly-Traded</u>	<u>Peer Group</u>
<u>Financial Characteristics (Averages)</u>		
Assets (\$Mil)	\$3,120	\$1,006
Market Capitalization (\$Mil)	\$390	\$168
Equity/Assets (%)	12.61%	13.25%
Core Return on Average Assets (%)	0.51	0.54
Core Return on Average Equity (%)	4.95	4.70
<u>Pricing Ratios (Averages)(1)</u>		
Core Price/Earnings (x)	20.52x	24.11x
Price/Book (%)	127.55%	113.69%
Price/Tangible Book(%)	145.58	134.05
Price/Assets (%)	16.08	14.81

(1) Based on market prices as of August 10, 2007.

Ideally, the Peer Group companies would be comparable to DBI 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 DBI, as will be highlighted in the following comparative analysis.

Financial Condition

Table 3.2 shows comparative balance sheet measures for DBI and the Peer Group, reflecting the expected similarities and some differences given the selection procedures outlined above. The Company's and the Peer Group's ratios reflect balances as of June 30, 2007, unless indicated otherwise for the Peer Group companies. DBI's equity-to-assets ratio of 5.2% was well below the Peer Group's average net worth ratio of 13.3%. The Company's equity substantially consisted of tangible equity as intangible assets were nominal at less than 0.1% of assets. Intangible assets were comparatively greater for the Peer Group equal to 1.5% of assets, translating into a tangible equity-to-assets ratio of 11.8% on average for the Peer Group. The Company's pro forma tangible capital position will increase with the addition of stock proceeds

Table 3.2
Balance Sheet Composition and Growth Rates
Danvers Bancorp, Inc. and the Comparable Group
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	Sub. Debt	Net Yield	Goodwill & Intang	Trg Net Yield	MEMO: Pref.Stocks	Assets	MBS, Cash & Investments	Loans	Deposits	Borrow.	Net Yield	Trg Net Yield	Lendable	Core	Reg.Cap.
Danvers Bancorp, Inc. June 30, 2007	2.3%	25.1%	67.4%	77.0%	14.5%	2.4%	5.2%	0.0%	0.0%	-0.0%	13.71%	-2.02%	2.32%	-10.98%	8.50%	8.60%	7.74%	7.74%	11.68%	11.68%
All Public Companies																				
Averages	4.4%	19.8%	70.2%	68.5%	17.0%	0.7%	12.3%	1.0%	0.0%	4.5%	-1.54%	7.76%	5.14%	-4.24%	2.86%	2.35%	10.79%	10.56%	17.68%	17.68%
Medians	3.0%	16.3%	70.8%	70.4%	15.6%	0.0%	10.6%	0.1%	0.0%	3.5%	-3.02%	7.14%	3.85%	-6.47%	3.31%	2.44%	9.37%	9.32%	14.97%	14.97%
State of MA																				
Averages	4.9%	18.6%	69.8%	66.7%	15.9%	0.0%	12.7%	0.1%	0.0%	1.8%	-6.26%	5.16%	1.20%	-7.06%	4.71%	-1.63%	18.50%	12.77%	18.20%	18.20%
Medians	0.0%	0.2%	0.7%	0.7%	0.2%	0.0%	0.1%	0.0%	0.0%	0.0%	-0.06%	0.05%	0.01%	-0.07%	0.05%	-0.02%	0.19%	0.13%	0.16%	0.16%
Comparable Group																				
Averages	6.3%	20.0%	69.1%	67.4%	17.9%	0.7%	13.3%	1.5%	0.0%	1.86%	-12.53%	7.55%	3.15%	0.15%	0.91%	-0.19%	13.62%	12.85%	18.90%	18.90%
Medians	3.9%	14.8%	76.3%	69.2%	17.0%	0.2%	12.2%	0.4%	9.3%	1.78%	-11.07%	7.70%	4.86%	-5.39%	0.21%	-1.62%	11.05%	11.02%	15.42%	15.42%
Comparable Group																				
BFC - Benjamin Fitch Bancorp Inc of MA	8.0%	18.2%	68.6%	70.8%	14.8%	1.0%	12.0%	4.1%	7.9%	-0.07%	13.53%	-4.33%	0.86%	-5.38%	-1.74%	-1.62%	9.60%	9.60%	14.72%	14.72%
BHLB - Berkshire Hills Bancorp of MA	1.2%	10.3%	78.9%	70.5%	16.3%	0.7%	12.3%	5.6%	6.7%	1.01%	-41.24%	11.29%	4.44%	-13.81%	7.29%	-2.23%	7.80%	7.80%	NA	10.30%
BRKL - Brookline Bancorp, Inc. of MA	6.4%	12.8%	77.2%	55.2%	20.2%	0.3%	23.1%	2.1%	21.0%	-0.41%	-11.36%	2.86%	5.57%	-7.06%	-7.49%	-7.65%	19.60%	19.60%	24.85%	24.85%
CEBK - Central Banc of Somerville MA	1.8%	13.7%	83.0%	68.3%	22.3%	2.1%	8.9%	0.4%	6.5%	0.62%	-31.26%	11.48%	-8.38%	41.37%	-3.18%	-3.37%	NA	6.21%	13.09%	13.09%
CBNK - Chicopee Bancorp, Inc. of MA	5.3%	9.7%	80.2%	70.1%	8.2%	0.0%	23.4%	0.0%	23.4%	6.88%	-18.64%	14.17%	8.54%	-6.61%	NM	NM	23.90%	23.90%	29.60%	29.60%
HIFS - Hingham Inst. for Sav. of MA	3.2%	15.1%	78.6%	60.4%	31.5%	0.0%	7.5%	0.0%	7.5%	7.01%	3.31%	7.84%	9.42%	2.74%	6.15%	6.15%	NA	7.69%	12.85%	12.85%
LSBX - LSB Corp of No. Andover MA(1)	3.9%	40.0%	54.2%	55.0%	33.6%	0.0%	10.6%	0.0%	10.6%	2.54%	-18.28%	27.32%	1.55%	4.13%	5.87%	5.87%	NA	11.02%	16.12%	16.12%
LEGC - Legacy Bancorp, Inc. of MA	2.2%	19.6%	73.0%	65.2%	17.2%	0.0%	16.8%	0.4%	16.4%	4.48%	-8.65%	7.46%	10.51%	-7.16%	-3.66%	-3.73%	12.50%	12.50%	18.20%	18.20%
MASB - MassBank Corp. of Reading MA	27.1%	46.3%	24.1%	86.2%	0.0%	0.0%	13.1%	0.1%	13.0%	-5.22%	-3.67%	-8.52%	-4.28%	NM	4.71%	4.75%	NA	13.04%	37.33%	37.33%
NHTB - NH Thrift Bancshares of NH(1)	3.9%	14.4%	75.5%	71.8%	16.7%	3.2%	7.2%	1.9%	5.3%	2.70%	-10.60%	5.85%	5.27%	-4.75%	0.21%	0.29%	8.29%	8.29%	11.95%	11.95%

(1) Financial data is as of 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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to levels approximating or potentially exceeding the Peer Group average. The increased equity is anticipated to enhance DBI's earnings potential through reinvestment of proceeds, lower funding costs and potentially through profitable growth. However, at the same time, the increased pro forma capital position is expected to result in a decline in the Company's return on equity ("ROE"), based on both reported and core earnings. Both the Company's and the Peer Group's current equity ratios reflect surpluses over regulatory capital requirements; and on a post-offering basis the Company's cushion over capital requirements will be enhanced.

The Company's asset composition reflects a similar concentration of loans to assets, at 67.4% versus a 69.1% average for the Peer Group. Similarly, the ratio of cash, investments, and MBS for the Company compared relatively closely to the Peer Group average (27.4% of assets for the Company which slightly exceeded the average of 26.3% for the Peer Group). Overall, the Company's interest-earning assets ("IEA") approximated 94.8% of assets, which was below the comparative Peer Group ratio of 95.6%. The Company's comparatively modest IEA ratio reflects, in part, the significant investment in BOLI by the Company, which is a non-interest earning investment. On a pro forma basis, the Company's IEA disadvantage is expected to diminish as the net proceeds are reinvested into IEA.

DBI's funding liabilities reflected a funding strategy that was somewhat similar to that of the Peer Group's. The Company's deposits equaled 77.0% of assets, which was above the Peer Group average of 67.4%. Comparatively, borrowings (including subordinated debt) accounted for a comparable portion of the Company's interest-bearing funding composition, as reflected by borrowings-to-assets ratios of 16.9% and 18.6% for DBI and the Peer Group, respectively, including balances of subordinated debt which totaled 2.4% for the Company versus only 0.7% for the Peer Group. Total interest-bearing liabilities ("IBL") maintained by DBI and the Peer Group, equaled 93.9% and 86.0% of assets, respectively. The ratio of IBL will be reduced on a post-offering basis as the Company funds a greater portion of its operations out 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 of 110.4% exceeds the Company's IEA/IBL ratio of 101.0%. The additional capital realized from stock proceeds should support an increase in DBI's IEA/IBL ratio, as the capital realized from DBI's stock offering will be primarily deployed into interest-earning assets.

The growth rate section of Table 3.2 shows annual growth rates for key balance sheet items, based on the Company's and the Peer Group's annual growth for the twelve months ended June 30, 2007, unless indicated otherwise for the Peer Group companies. DBI posted slower asset growth in comparison to the Peer Group, realizing nominal shrinkage of 0.09% in comparison to asset growth of 1.96% achieved by the Peer Group. Importantly, the Company did achieve modest balance sheet expansion through the pooling merger with BankMalden but the Company's financial statements for prior periods have been adjusted to reflect the pooling accounting treatment. The most significant factor leading to the limited growth reported by the Company includes shrinkage of the loan portfolio, particularly as DBI has retrenched its construction lending activities as a result of a challenging market environment. Specifically, DBI's loan portfolio balance diminished by 2.02% versus 7.55% loan portfolio growth realized by the Peer Group companies on average. Conversely, the cash and investment portfolio increased at a 13.71% annual rate for the Company which is higher in comparison to shrinkage of the Peer Group's cash and securities portfolio equal to 12.53% on average.

In terms of liability growth, deposits increased at a comparatively modest pace for the Company in comparison to the Peer Group based on growth rates of 2.52% and 3.15%, respectively. Borrowed funds shrank for both the Company by 10.98% in contrast to nominal growth of 0.15% for the Peer Group.

The Company's equity increased 8.50%, versus 0.91% for the Peer Group. The Peer Group's more limited equity growth, notwithstanding their higher profitability, reflects the impact of their respective dividend and capital management strategies. On a post-offering basis, the Company's capital growth rate is expected to decline due to the increased equity level and marginal short-term net proceeds reinvestment benefit.

Income and Expense Components

DBI and the Peer Group reported net income to average assets ratios of 0.33% and 0.40%, respectively (see Table 3.3), based on earnings for the twelve months ended June 30, 2007, unless indicated otherwise for the Peer Group companies. The Company maintained earnings advantages in the area of net interest incomes, which was more than offset by the Peer Group's lower level of operating expenses and slightly higher level of non-interest operating

Table 3.3
Income as Percent of Average Assets and Yields, Costs, Spreads
Danvers Bancorp, Inc., and Comparables
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				
	Income	Expense	NI	Provis. on IEA	After Provis.	NI	Loan Fees	R.E. Oper.	Other Income	Total	G&A Expense	Goodwill Amort.	Net Gains	Extrao. Items	Yield On Assets		Cost Of Funds	Yid-Cost Spread	MEMO: Assets/ FTE Emp.	
Danvers Bancorp, Inc.																				
June 30, 2007	0.33%	6.28%	3.35%	2.84%	0.06%	2.87%	0.00%	0.00%	0.40%	0.40%	2.91%	0.00%	0.03%	0.00%	6.57%	3.90%	2.67%	\$5,197	16.54%	
All Public Companies																				
Averages	0.50%	5.61%	3.08%	2.73%	0.10%	2.64%	0.03%	0.00%	0.62%	0.65%	2.54%	0.02%	0.02%	0.00%	6.16%	3.55%	2.62%	\$5,514	33.07%	
Medians	0.54%	5.73%	3.04%	2.70%	0.06%	2.61%	0.00%	0.00%	0.48%	0.50%	2.44%	0.00%	0.01%	0.00%	6.02%	3.54%	2.64%	\$4,499	32.57%	
State of MA																				
Averages	0.21%	5.54%	2.82%	2.72%	0.07%	2.65%	0.02%	0.00%	0.43%	0.45%	2.53%	0.03%	-0.18%	0.00%	5.81%	3.35%	2.45%	\$5,886	37.69%	
Medians	0.42%	5.62%	2.81%	2.72%	0.04%	2.60%	0.00%	0.00%	0.36%	0.39%	2.52%	0.00%	-0.02%	0.00%	5.83%	3.41%	2.40%	\$5,542	34.06%	
Comparable Group																				
Averages	0.40%	5.57%	2.87%	2.70%	0.08%	2.63%	0.01%	0.00%	0.50%	0.50%	2.28%	0.03%	-0.21%	0.00%	5.85%	3.35%	2.50%	\$5,801	34.38%	
Medians	0.47%	5.70%	2.90%	2.67%	0.04%	2.60%	0.00%	0.00%	0.41%	0.43%	2.48%	0.00%	-0.11%	0.00%	5.90%	3.42%	2.44%	\$5,409	34.06%	
Comparable Group																				
BFBC	0.40%	5.21%	2.60%	2.61%	0.02%	2.58%	0.08%	0.00%	0.61%	0.68%	2.69%	0.10%	-0.20%	0.00%	5.62%	3.00%	2.61%	\$5,745	NM	
BHLB	0.53%	5.82%	2.99%	2.83%	0.36%	2.47%	0.03%	-0.01%	1.11%	1.13%	2.45%	0.11%	-0.24%	0.01%	6.46%	3.41%	3.08%	\$4,156	28.17%	
BRKL	0.86%	5.99%	2.85%	3.04%	0.14%	2.90%	0.00%	0.00%	0.17%	0.17%	1.56%	0.08%	0.00%	0.00%	6.22%	3.96%	2.27%	\$10,402	39.02%	
CEBK	0.20%	5.97%	3.41%	2.55%	0.01%	2.54%	0.00%	0.00%	0.24%	0.24%	2.59%	0.00%	0.13%	0.00%	6.10%	3.69%	2.41%	\$4,006	31.29%	
CBNK	-0.47%	5.55%	2.36%	3.19%	0.09%	3.11%	0.00%	0.00%	0.36%	0.36%	2.90%	0.00%	-1.09%	0.00%	5.84%	3.11%	2.73%	\$4,304	11.83%	
HIFS	0.62%	5.80%	3.55%	2.24%	0.04%	2.20%	0.00%	0.00%	0.25%	0.25%	1.51%	0.00%	0.00%	0.00%	5.98%	3.87%	2.11%	\$6,759	34.06%	
LSBX	0.12%	5.68%	3.02%	2.66%	0.04%	2.62%	0.03%	0.00%	0.47%	0.50%	2.23%	0.00%	-0.68%	0.00%	5.81%	3.42%	2.40%	\$5,542	36.37%	
LEGC	0.24%	5.71%	2.84%	2.87%	0.04%	2.83%	0.00%	0.00%	0.67%	0.67%	2.85%	0.00%	-0.23%	0.00%	5.96%	3.50%	2.47%	\$5,277	61.62%	
MASS	0.83%	4.79%	2.44%	2.35%	0.01%	2.34%	0.00%	0.00%	0.29%	0.29%	1.45%	0.00%	0.08%	0.00%	4.95%	2.82%	2.12%	\$6,333	34.33%	
NHTB	0.71%	5.22%	2.53%	2.69%	0.03%	2.66%	0.00%	0.00%	0.78%	0.78%	2.53%	0.00%	0.14%	0.00%	5.55%	2.76%	2.76%	\$3,482	32.75%	

(1) Financial data is for the twelve months ended 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.

income. Loan loss provisions were a comparable factor in the Company's and the Peer Group's earnings.

The Company's interest income ratio exceeded the Peer Group average which was partially offset by the higher ratio of interest expense to average assets in comparison to the Peer Group. The Company's higher interest income ratio was the result of its higher yield on interest-earning assets (6.57% versus 5.85% for the Peer Group) and results primarily the composition of the loan portfolio, particularly the relatively higher proportion of construction, commercial real estate and C&I loans in relation to the Peer Group average. The Company's higher interest expense ratio as a percent of average assets, 3.35% versus 2.87% of average assets for the Peer Group, reflects both the Company's lower pre-offering capital ratio (i.e., the Company funds operations out of IBL to a greater extent than cost-free capital), may likely reflect the impact of the growth initiatives by DBI prior to fiscal 2006 which were funded, in part, by CDs priced on a highly competitive basis in relation to the prevailing market (including the extensive utilization of Jumbo CDs and high yield money market accounts). DBI's interest expense ratio is expected to diminish on a pro forma basis, as the Conversion proceeds will represent interest-free funds for the Company. Overall, the Company's net interest income ratio of 2.94% compared favorably to the Peer Group average of 2.70% as previously noted.

Non-interest operating income is a slightly lower contributor to DBI's earnings relative to the Peer Group, at 0.40% and 0.50%, respectively, in part reflecting competitive conditions which have limited the Company's ability to expand fee income. However, the relatively modest level of non-interest fee income in relation to industry averages (i.e., all publicly-traded savings institutions reported non-interest fee income equal to 0.65% of average assets) enhances their overall comparability and is indicative of its traditional thrift operating strategy, in which diversification into areas that generate revenues from non-interest sources has been limited for both the Company and the Peer Group.

In another key area of core earnings, the Company maintained a higher level of operating expenses than the Peer Group. For the period covered in Table 3.3, the Company and the Peer Group recorded operating expense to average assets ratios of 2.91% and 2.28%, respectively. The Company's higher level of operating expenses can in part be attributed to the higher personnel needs that result from a funding composition with comparatively higher concentration

of retail deposits relative to the Peer Group's funding composition. Additionally, the Company has added staff to support implementation of business plan growth strategies, including the commercial lending initiatives. Consistent with the Company's higher operating expense ratio, DBI maintained a comparatively higher number of employees relative to its asset size. Assets per full time equivalent employee equaled \$5.2 million for the Company, versus a comparable measure of \$5.8 million for the Peer Group.

DBI's efficiency ratio (operating expenses as a percent of the sum of non-interest operating income and net interest income) of 87.1% is less favorable than the Peer Group's ratio of 71.3%, reflecting the Company's comparatively weaker core earnings position. On a post-offering basis, the Company's efficiency ratio may improve marginally over the short term while management expects more significant long-term improvement as the proceeds and infrastructure investments are leveraged.

Loan loss provisions had a similar impact on DBI's and the Peer Group's earnings, with loan loss provisions established by the Company and the Peer Group equaling 0.06% and 0.08% of average assets, respectively. The relatively minor impact of loan loss provisions on the Company's and the Peer Group's earnings were indicative of their generally favorable credit quality measures and low risk lending strategies.

Gains and losses from the sale of assets had a similar impact on the Company's earnings for the twelve month period shown in Table 3.3, as the Company reported net gains equal to 0.03% of average assets while net losses reported by the Peer Group equaled 21 basis points of average assets based on the average while the median yielded a zero result. Gains reported by the Company and the Peer Group were largely comprised of gains on the sale of loans and investments. Such gains are subject to volatility due to fluctuations in market and interest rate conditions, and, thus are not viewed as being a recurring source of income, and thus will be excluded from the calculation of the valuation earnings base.

The Company's effective tax rate for the last 12 months of 16.54% is below the Peer Group average of 34.38%. The Company expects that its effective tax rate will continue to approximate the recent historical level over the near term and thus remain at a comparative advantage relative to the Peer Group.

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 investment in mortgage-backed securities, loans serviced for other and risk weighted assets. The information presented for the Company reflects financial data as of June 30, 2007, while the Peer Group reflects data as of March 31, 2007 or June 30, 2007. In comparison to the Peer Group, the Company maintained a relatively similar investment in MBS based on a ratio of 7.5% of assets for the Company and 8.2% for the Peer Group on average. However, the Peer Group was more heavily invested in 1-4 family whole mortgage loans than the Company, based on their respective ratios equal to 33.2% and 16.8% of total assets. Taken together, permanent 1-4 family residential mortgage loans and MBS equaled 24.3% and 41.4% of assets for the Company and the Peer Group, respectively.

Diversification into higher risk types of lending was more significant for the Company than the Peer Group companies on average. C&I loans represented the most significant area of lending diversification for the Company (23.2% of assets) followed by commercial mortgage loans (17.3%). Together, commercial mortgage and C&I loans approximated 40.5% of total assets and 59.3% of total loans for the Company, versus an average of 26.8% of assets and 36.9% of loans for the Peer Group. Additionally, construction and land loans were also more significant for DBI, equaling 10.2% versus an average of 5.0% for the Peer Group.

Consumer loans accounted for a relatively small portion of the respective loan portfolio of the Company and the Peer Group companies on average. As a result of the comparatively greater diversification into high risk-weight lending, the Company's modestly higher ratio of loans overall and corresponding lower level of low-risk investment securities and MBS translated into a modestly higher risk-weighted assets-to-assets ratio of 72.51%, as compared to the Peer Group's average ratio of 68.03%.

Credit Risk

The ratio of NPAs/assets equaled 0.41% for the Company versus an average of 0.21% for the Peer Group as shown in Table 3.5. The Company did not have an REO while REO was nominal for the Peer Group, equal to 1 basis point on average. The Company maintained a lower

Table 3.4
Loan Portfolio Composition and Related Information
Danvers Bancorp, Inc... and the Comparable Group
As of June 30, 2007

Institution	Portfolio Composition as a Percent of Assets							RWAV Assets (%)	Serviced For Others (\$'000)	Servicing Assets (\$'000)
	MBS (%)	1-4 Family (%)	Constr. & Land (%)	5+Unit Comm RE (%)	Business (%)	Consumer (%)	Commerc. (%)			
Danvers Bancorp, Inc..	7.50%	16.81%	10.18%	17.28%	23.21%	0.77%	72.51%	\$100,056	\$460	
<u>All Public Companies</u>										
Averages	10.14%	37.21%	6.65%	18.28%	4.22%	3.02%	63.46%	\$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 MA</u>										
Averages	10.65%	29.67%	4.54%	22.32%	4.49%	3.46%	66.11%	\$37,522	\$222	
Medians	6.38%	34.30%	3.36%	23.91%	3.22%	0.37%	68.43%	\$27,340	\$160	
<u>Comparable Group</u>										
Averages	8.23%	33.18%	4.96%	22.88%	3.94%	3.67%	68.03%	\$65,746	\$403	
Medians	5.23%	35.05%	5.78%	24.26%	2.93%	0.35%	69.36%	\$42,980	\$203	
<u>Comparable Group</u>										
BFBC Benjamin Frkin Bncrp Inc of MA	3.10%	36.87%	7.69%	23.91%	3.22%	0.33%	67.95%	\$114,200	\$334	
BHLB Berkshire Hills Bancorp of MA	4.09%	33.74%	7.47%	19.07%	8.80%	9.22%	79.88%	\$90,310	\$986	
BRKL Brookline Bancorp, Inc. of MA	3.85%	13.59%	1.33%	28.87%	8.31%	23.47%	77.39%	\$55,290	\$221	
CEBK Central Bncrp of Somerville MA	6.55%	34.30%	6.76%	40.71%	1.22%	0.24%	70.15%	\$130	\$0	
CBNK Chicopee Bancorp, Inc. of MA	1.44%	35.79%	7.23%	25.96%	9.54%	0.76%	80.58%	\$53,560	\$370	
HIFS Hingham Inst. for Sav. of MA	1.69%	41.28%	3.35%	31.73%	0.02%	0.10%	62.18%	\$940	\$0	
LSBX LSB Corp of No. Andover MA	30.27%	16.12%	7.73%	24.60%	1.94%	0.17%	71.47%	\$32,400	\$184	
LEGC Legacy Bancorp, Inc. of MA	6.38%	44.26%	2.99%	18.85%	2.63%	0.37%	66.08%	\$8,770	\$34	
MASB MassBank Corp. of Reading MA	17.12%	24.76%	0.22%	0.42%	0.01%	0.17%	36.00%	\$2,220	\$0	
NHTB NH Thrif Bancshares of NH	7.79%	51.12%	4.80%	14.69%	3.68%	1.82%	68.59%	\$299,640	\$1,902	

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.

Table 3.5
Credit Risk Measures and Related Information
Danvers Bancorp, Inc., and the Comparable Group
As of June 30, 2007 or Most Recent Data Available

Institution	REO/ Assets (%)	NPA's & 90+Del/ Assets (%)	NPLs/ Loans (%)	Rsvs/ Loans (%)	Rsvs/ NPLs (%)	Rsvs/ 90+Del (%)	Net Loan Chargeoffs (\$000)	NLCs/ Loans (%)
Danvers Bancorp, Inc..	0.00%	0.41%	0.61%	1.20%	197.80%	197.80%	\$703	0.08%
<u>All Public Companies</u>								
Averages	0.07%	0.61%	0.61%	0.84%	244.88%	208.47%	\$488	0.10%
Medians	0.00%	0.41%	0.43%	0.78%	161.09%	112.72%	\$68	0.02%
<u>State of MA</u>								
Averages	0.00%	0.26%	0.36%	1.01%	520.01%	416.12%	\$144	0.03%
Medians	0.00%	0.16%	0.28%	0.98%	603.73%	252.10%	\$31	0.01%
<u>Comparable Group</u>								
Averages	0.01%	0.21%	0.26%	0.95%	509.15%	481.57%	\$162	0.04%
Medians	0.00%	0.13%	0.13%	0.82%	625.38%	434.18%	\$24	0.01%
<u>Comparable Group</u>								
BFBC Benjamin Frkin Bncrp Inc of MA	0.00%	0.33%	0.44%	0.98%	NA	203.26%	\$18	0.01%
BHLB Berkshire Hillis Bancorp of MA	0.00%	0.82%	0.93%	1.11%	NA	110.18%	\$601	0.14%
BRKL Brookline Bancorp, Inc. of MA	0.05%	0.16%	0.14%	1.26%	647.02%	616.25%	\$815	0.18%
CEBK Central Bncrp of Somerville MA	0.00%	0.06%	0.07%	0.82%	71.26%	NA	\$33	0.03%
CBNK Chicopee Bancorp, Inc. of MA	0.00%	0.26%	0.32%	0.81%	603.73%	252.10%	\$29	0.03%
HIFS Hingham Inst. for Sav. of MA	0.00%	0.06%	0.08%	0.67%	NA	840.50%	\$0	0.00%
LSBX LSB Corp of No. Andover MA(1)	0.00%	0.02%	0.03%	1.36%	NA	NA	\$4	0.00%
LEGC Legacy Bancorp, Inc. of MA	0.00%	0.30%	0.41%	0.81%	NA	197.00%	\$14	0.01%
MASB MassBank Corp. of Reading MA	0.00%	0.02%	0.07%	0.69%	714.58%	933.78%	\$0	0.00%
NHTB NH Thrift Bancshares of NH(1)	0.00%	0.09%	0.11%	NA	NA	689.47%	\$103	0.00%

(1) Financial data is as of 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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level of loss reserves as a percent of non-performing assets (197.80% versus 481.57% for the Peer Group, although complete financial data was available for only 8 of the 10 Peer Group companies in this regard). Chargeoffs were minimal for both the Company and the Peer Group.

The Company maintains allowances for loan and lease losses (“ALLL”) to total loans which exceeded the Peer Group average. Specifically, the ratio of reserves to total loans equaled 1.20% for the Company versus an average and median ratio for the Peer Group equal to 0.95% and 0.82%, respectively. The greater emphasis on higher risk commercial lending suggest that the reserve coverage ratios in comparison to the Peer Group are appropriate (i.e., the greater emphasis on commercial mortgage and C&I lending warrants greater reserve coverage in relation to total loans). Additionally, the Company’s credit risk profile has increased over the last couple of years with the more active commercial mortgage, C&I and construction lending activity, many of which involve relatively large loan relationships. For example, the largest credit relationship as of June 30, 2007, was \$11.7 million and the second largest is \$10.2 million. While the Company has a track record with respect to these larger loans, the recent increase coupled with growth of the overall commercial loan balance (i.e., the limited seasoning) poses more uncertainty than historically.

Interest Rate Risk

Table 3.6 reflects various key ratios highlighting the relative interest rate risk exposure. From a balance sheet perspective, DBI’s lower pre-conversion capital position and lower IEA/IBL ratio suggest higher exposure. On a post-conversion basis, these ratios should increase to levels approximating or even exceed the Peer Group average and median at the upper end of the expected offering range. In the absence of comparability in timely interest rate risk reporting and methodology, we reviewed quarterly changes in the net interest income ratio.

To analyze interest rate risk associated with the net interest margin, we also reviewed quarterly changes in net interest income as a percent of average assets for DBI and the Peer Group. In general, the recent relative fluctuations in the Company’s net interest income to average assets ratios were considered to be more than the Peer Group, and thus, based on the interest rate environment that prevailed during the period analyzed in Table 3.6, DBI was viewed as maintaining a higher degree of interest rate risk exposure in the net interest margin. At the

Table 3.6
Interest Rate Risk Measures and Net Interest Income Volatility
Danvers Bancorp, Inc., and the Comparable Group
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)					
	Tangible Equity/ Assets (%)	Non-Earn. IEA/ Assets/ Assets (%)	5/30/2007	3/31/2007	12/31/2006	9/30/2006	6/30/2006	3/31/2006
Danvers Bancorp, Inc.	5.2%	101.1%	13	-21	0	-1	-5	-36
All Public Companies	11.2%	109.2%	1	0	-8	-6	-3	0
State of MA	14.1%	114.3%	0	9	-13	5	-7	-10
<u>Comparable Group</u>								
Averages	11.8%	111.5%	2	1	-13	6	-8	-10
Medians	9.3%	108.9%	2	2	-12	4	-8	-10
<u>Comparable Group</u>								
BFBC Benjamin Frkin Bncrp Inc of MA	7.9%	107.1%	13	12	-20	2	-4	-9
BHLB Berkshire Hills Bancorp of MA	6.7%	103.4%	-4	-5	-1	12	-10	-10
BRKL Brookline Bancorp, Inc. of MA	21.0%	127.1%	-1	9	-8	0	8	-7
CEBK Central Bncrp of Somerville MA	6.5%	106.3%	1	-20	-23	20	-23	-19
CBNK Chicopee Bancorp, Inc. of MA	23.4%	124.9%	6	-13	-12	23	-5	NA
HIFS Hingham Inst. for Sav. of MA	7.5%	105.4%	10	-2	-28	5	-27	-17
LSBX LSB Corp of No. Andover MA(1)	10.6%	110.6%	NA	6	-12	31	2	-12
LEGC Legacy Bancorp, Inc. of MA	16.4%	115.1%	-15	15	-8	-7	-14	-6
MASB MassBank Corp. of Reading MA	13.0%	113.0%	2	-6	-7	-3	3	-1
NHTB NH Thrift Bancshares of NH(1)	5.3%	102.4%	NA	9	-15	-22	-22	NA

(1) Financial data is as of 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, 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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same time, the Company's net interest income ratio should stabilize to some degree following the conversion stock offering, given the initial expected proceeds reinvestment strategy (primarily short-to-intermediate term investment securities).

Table 3.6 reflects various key ratios highlighting the relative interest rate risk exposure of the Company versus the Peer Group. In terms of balance sheet composition, DBI's interest rate risk characteristics were considered to be fairly comparable to the Peer Group's, as the Company's higher equity-to-assets ratio was somewhat offset by its higher level of non-interest earning assets. On a pro forma basis, the infusion of stock proceeds should serve to provide the Company with comparative advantages over the Peer Group's balance sheet interest rate risk characteristics, particularly with respect to the increases that will be realized in Company's equity-to-assets and IEA/IBL ratios.

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 DBI and the Peer Group. In general, there was a slightly greater degree of volatility reflected in the quarterly Changes in the Company's net interest income ratios, based on the interest rate environment that prevailed during the period covered in Table 3.6. However, the stability of the Company's net interest margin should be enhanced by the infusion of stock proceeds, since interest rate sensitive liabilities will be funding a lower portion of the Company's assets.

Summary

Based on the above analysis and the criteria employed in the selection of the companies for the Peer Group, RP Financial concluded that the Peer Group forms a reasonable basis for determining the pro forma market value of DBI. 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.

IV. VALUATION ANALYSIS

Introduction

This chapter presents the valuation analysis and methodology used to determine DBI's estimated pro forma market value of the common stock to be issued in conjunction with the Conversion transaction. The valuation incorporates the appraisal methodology promulgated by the Federal and state banking agencies for standard conversions and mutual holding company offerings, particularly regarding selection of the Peer Group, fundamental analysis on both the Company and the Peer Group, and determination of the Company's pro forma market value utilizing the market value approach.

Appraisal Guidelines

The OTS written appraisal guidelines, originally released in October 1983 and updated in late-1994, and adopted in practice by the Division and the FDIC, specify the market value methodology for estimating the pro forma market value of an institution. The valuation methodology provides for: (1) the selection of a peer group of comparable publicly-traded institutions, excluding from consideration institutions which have recently converted, subject to acquisition or in MHC form; (2) a financial and operational comparison of the subject company to the selected peer group, identifying key differences and similarities; 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 DBI's operations and financial condition; (2) monitor DBI's operations and financial condition 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 DBI's value, or DBI'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 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 DBI 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 strength are noted as follows:

- Overall A/L Composition. The Company's asset composition includes a relatively similar proportion of loans overall, with DBI's loan portfolio reflecting greater diversification in the area of commercial lending (the combined total of commercial/multi-family mortgage, C&I loans and construction/land loans significantly exceeds the Peer Group average). Comparatively, the Peer Group was more actively involved in 1-4 family mortgage lending. The Company's net interest income ratio is above the Peer Group average, reflecting the higher yielding high risk-weight loan portfolio composition in comparison to the Peer Group average. The composition of funding liabilities for the Company and the Peer Group is relatively similar in broad terms, as the ratio of deposits modestly exceeded the Peer Group average while borrowed funds compared more closely to the Peer Group average. Overall, the Company maintained a slightly lower level of interest-earning assets and a higher level of interest-bearing liabilities compared to the Peer Group, which provided for a lower IEA/IBL ratio for the Company. The Company's ratio of IEA/IBL will improve on a post-offering basis, diminishing or even eliminating the current disadvantage.
- Credit Quality. In comparison to the Peer Group, the Company maintained slightly higher ratios of non-performing assets/total assets and non-performing loans/loans. At the same time, the ratio of NPAs/assets falls between the average and median values for all publicly traded thrifts, indicative that the Company has maintained generally strong credit quality ratios. Loss reserves maintained as a percent of total loans were higher for the Company and the greater emphasis on higher risk commercial lending suggests that the reserve coverage ratios in comparison to the Peer Group are appropriate. In this regard, the Company's credit risk profile has been increasing in recent years with the more active commercial mortgage and C&I lending activity, many of which involve relatively large loan relationships.
- Balance Sheet Liquidity. The Company currently maintains a relatively comparable level of cash, investments and MBS. Like the Peer Group, the

majority of the Company's investments are designated AFS. The Company's borrowing capacity is considered to be relatively comparable to the Peer Group's borrowings capacity, in light of the similar level of borrowings maintained by the Company (16.9% of assets for the Company versus including subordinated debt versus 18.6% of assets for the Peer Group on average). The infusion of the conversion proceeds will initially increase the Company's level of liquid assets pending investment into loans and other longer-term investments.

- Funding Liabilities. Retail deposits served as the primary interest-bearing source of funds for the Company and the Peer Group, with the Company maintaining a higher deposits-to-assets ratio than the Peer Group. At the same time, the ratio of borrowings-to-assets was relatively comparable. In total, the Company maintained a higher level of interest-bearing liabilities than the Peer Group which, coupled with its relatively higher cost of funds, translated into a comparatively high ratio of net interest expense to average assets. Following the stock offering, the infusion of stock proceeds can be expected to support an increase in the Company's capital ratio and a resulting decline in the level of interest-bearing liabilities maintained as a percent of assets.
- Capital. The Company operates with a lower pre-offering capital ratio than the Peer Group, 5.2% and 13.3% of assets, respectively. However, following the Conversion offering, the disparity between the respective capital ratios of the Company and Peer Group; the Company's equity/assets ratio may approximate or modestly exceed the Peer Group (based on closing the Conversion at the upper end of the offering range).

On balance, we have made no adjustment for the Company's financial condition on a pro forma basis relative to the Peer Group.

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.

- Earnings. The Company's pre-conversion profitability (i.e., ROA) is below the Peer Group average, as DBI operates with a slightly stronger net interest margin, reflecting its comparatively higher asset yields, which is offset by its lower level of non-interest income and higher operating expense ratio. After adjusting for the Peer Group's net non-operating income, the Peer Group still maintains a core earnings advantage relative to the Company. Reinvestment of stock proceeds into interest-earning assets will serve to increase the Company's earnings on an

ROAA basis. At the same time, the Company will incur additional expenses related to the stock benefit plans that will be implemented in connection with the Offering.

- Core Earnings. Non-operating items were higher for the Peer Group reflecting the impact of net non-recurring expenses equal to 0.21% of average assets. Excluding such expenses on an after tax basis, the Peer Group's core ROA of 0.54% exceeded the Company's core ROA equal to 0.32%.
- Interest Rate Risk. Quarterly changes in the Company's net interest income to average assets ratios indicate higher volatility relative to the Peer Group on average. Other measures impacting interest rate risk, such as capital ratios and IEA/IBL ratios, reflect greater risk exposure for the Company. On a pro forma basis, the Company's capital position and IEA/IBL ratio will be enhanced by the infusion of the conversion proceeds, thereby lessening its comparative exposure.
- Credit Risk. Loan loss provisions were a comparable factor in the Company's and the Peer Group's earnings (0.06% of average assets versus 0.06% for the Peer Group) and chargeoffs have been modest for both. The ratio of NPAs/Assets was above the Peer Group average but fell within the range of the average and median for all publicly-traded savings institutions. The ratio of reserves to loans was above the Peer Group average reflecting the higher credit risk exposure inherent in the Company's commercial loan portfolio. Importantly, while growth of the loan portfolio has been limited for DBI, the portfolio reflects strong growth in the areas of C&I and commercial mortgage lending, many of which involve relatively large loan relationships. The strong growth in high risk-weight commercial loans (i.e., limited seasoning) coupled with the large size of the relationships may pose a higher risk profile than suggested by the current non-performing data.
- Earnings Growth Potential. Several factors were considered in assessing earnings growth potential. First, the infusion of stock proceeds will increase the Company's earnings growth potential with respect to leverage capacity and providing the Company with additional liquidity for purposes of funding loan growth. Second, opportunities to increase earnings through loan and deposit growth are considered to be similar relative to the Peer Group's markets as nine out of a total of ten Peer Group companies are based in Massachusetts with six of those nine Massachusetts thrifts operating within the greater Boston metropolitan area. The Company will be seeking to continue to expand on a retail basis following the offering and the strengthened pro forma capital position will support such efforts.
- Return on Equity. The Company's pro forma capital position will equal or exceed the Peer Group average. Coupled with DBI's lower profitability, in terms of its ROA, the Company's pro forma core ROE is anticipated to be lower than the Peer Group average initially.

Overall, we concluded that a slight downward adjustment for profitability, growth and viability of earnings was appropriate in view of DBI's relatively lower pro forma ROA and ROE versus the Peer Group, as well as the factors relating to the Company's credit risk and interest rate exposure and earnings growth potential.

3. Asset Growth

DBI experienced nominal asset growth during the most recent twelve month period, versus a 1.96% asset growth rate posted by the Peer Group based on the average. At the same time, the Company's longer term growth trends have been more favorable and the asset growth attributable to the BankMalden merger is not reflected in the Company's financial statements owing to the pooling accounting treatment for the transaction (i.e., the historical financial statements were merged for both). The Company will realize a significant increase in its pro forma capital position from the infusion of stock proceeds, which will provide DBI with equal to greater leverage capacity than currently maintained by the Peer Group. In addition, the Company's de novo branching strategy should provide a favorable platform to support asset growth. Accordingly, on balance, we believe a slight upward valuation 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. The market area served by the Company includes a mixture of suburban, and urban markets, with the Company's market area covering a part of the eastern and northeastern Massachusetts region, which includes a number of small and medium sized towns and cities as well as the City of Boston. The primary market areas of the Peer Group companies has experienced population and household growth since 2000 (see Table 4.1), with the rate of increase approximating the range exhibited by the Company's markets, with Suffolk County being at the lower end of the range and Essex County exhibiting very strong demographic growth trend at the upper end of the comparative range. Comparative per capita income data indicate that the Peer Group companies generally operate in markets that have a comparable

Table 4.1
Danvers Bancorp, Inc.
Peer Group Market Area Comparative Analysis

Institution	Headquarters City	Estimated Population		Projected Population 2011 (000)	Estimated 2000-2006 % Change	Projected 2006-2011 % Change	Per Capita Income		6/30/06 Deposit Market Share(1)	Unemployment Rate 5/31/2007
		2000 (000)	2006 (000)				Amount	% State Average		
Benjamin Franklin Bancorp, Inc. of MA	Norfolk	650	666	676	2.35%	1.62%	\$44,502	129.67%	2.73%	4.3%
Berkshire Hills Bancorp of MA	Berkshire	135	134	133	-0.90%	-0.32%	\$27,787	80.96%	33.57%	4.8%
Brookline Bancorp, Inc. of MA	Norfolk	650	666	676	2.35%	1.62%	\$44,502	129.67%	4.65%	4.3%
Central Bancorp of Somerville, MA	Middlesex	1,465	1,484	1,495	1.30%	0.72%	\$42,582	124.07%	1.21%	4.1%
Chicopee Bancorp, Inc. of MA	Hampden	456	468	476	2.62%	1.58%	\$24,007	69.95%	4.06%	5.9%
Hingham Institute for Savings of MA	Plymouth	473	502	523	6.15%	4.16%	\$32,405	94.42%	5.01%	5.1%
Legacy Bancorp, Inc. of MA	Berkshire	135	134	133	-0.90%	-0.32%	\$27,787	80.96%	17.81%	4.8%
LSB Corp. of No. Andover, MA	Essex	723	756	778	4.52%	2.86%	\$34,287	99.90%	1.97%	5.1%
MassBank Corp. of Reading, MA	Middlesex	1,465	1,484	1,495	1.30%	0.72%	\$42,582	124.07%	2.24%	4.1%
NH Thrift Bancshares of NH	Sullivan	40	43	45	6.32%	4.23%	\$26,326	85.02%	25.14%	3.2%
	Averages:	619	634	643	2.51%	1.69%	\$34,677	101.87%	9.84%	4.6%
	Medians:	562	584	600	2.35%	1.60%	\$33,346	97.16%	4.36%	4.6%
Danvers Bancorp, Inc.	Essex	723	756	778	4.52%	2.86%	\$34,287	99.90%	4.76%	5.1%
	Middlesex	1,465	1,484	1,495	1.30%	0.72%	\$42,582	124.07%	0.25%	4.1%
	Suffolk	690	684	683	-0.78%	-0.15%	\$30,099	87.70%	0.18%	5.2%

(1) Total institution deposits in headquarters county as percent of total county deposits (banks and thrifts only).

Sources: SNL, FDIC.

level of affluence – per capita income in the Company’s Essex County market approximates the average per capita income in the Peer Group’s markets while Middlesex County’s per capita income exceeds the Peer Group average and Suffolk County (Boston and vicinity) falls below the Peer Group average.

The Company will maintain a relatively small share of the deposit market but the Peer Group companies also maintain a limited share of their respective deposit markets, particularly those operating in the highly populous Boston metropolitan area. The three Peer Group companies operating in less populous western Massachusetts are able to maintain a relatively greater share of their comparatively smaller markets. As shown in Table 4.1, the unemployment rates for the Company’s markets fell within the range exhibited by the Peer Group’s primary markets, the unemployment rates for Essex, Middlesex and Suffolk Counties equaling 5.1%, 4.1% and 5.2%, respectively, in comparison to the Peer Group average and median of 4.1%.

On balance, we concluded that no valuation adjustment was required for the Company’s market area in comparison to the Peer Group’s markets.

5. Dividends

At this time the Company has not established a dividend policy pursuant to the Conversion offering. 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 ten Peer Group companies pay regular cash dividends, with implied dividend yields ranging from 1.25% to 3.71%. The average dividend yield on the stocks of the Peer Group institutions was 1.60% as of August 10, 2007, representing an average payout ratio of 23.46% of core earnings. However, three of the Peer Group companies had very high payout ratios approaching or exceeding 100% of earnings which were assigned a “NM – not meaningful” designation since they are paying dividends out of capital rather than earnings. As of August 10, 2007, approximately 90% of all publicly-traded thrifts had adopted cash dividend policies (see Exhibit IV-1) exhibiting an average yield of 2.41% and an average payout ratio of 35.44% of core earnings. The dividend

paying thrifts generally maintain higher than average profitability ratios, facilitating their ability to pay cash dividends.

The Company's dividend capacity will be enhanced by the Conversion and resulting increase in capital. At the same time, the Company will maintain a lower ROA in comparison to the Peer Group which will reduce its relative capacity to pay dividends. Coupled with the Company's stated growth objectives and the corresponding anticipated needs to retain capital to support that growth, we concluded that a slight downward adjustment is warranted for purposes of dividends relative to the Peer Group .

6. Liquidity of the Shares

The Peer Group is by definition composed of companies that are traded in the public markets. All 10 of the Peer Group companies trade on the NASDAQ system. 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 \$36.2 million to \$694.8 million as of August 10, 2007, with average and median market values of \$168.1 million and \$105.0 million, respectively. The shares issued and outstanding to the public shareholders of the Peer Group members ranged from 1.6 million to 59.6 million, with average and median shares outstanding equaling 11.2 million and 6.3 million, respectively. The Company's pro forma market value and shares outstanding for the Company will be in the upper end of the Peer Group range, and will exceed the Peer Group average and median. Accordingly, we anticipate that the liquidity in the Company's stock will be modestly greater relative to the Peer Group companies' stocks and have applied a slight upward adjustment for this factor.

7. Marketing of the Issue

We believe that three separate markets need to be considered for thrift stocks such as the Company coming to market: (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 thrift acquisition market for thrift and bank franchises in Massachusetts. 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, 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 market. 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 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 concluded its late-January meeting 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, reflecting concerns that rising subprime mortgage delinquencies would filter into the broader economy. 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 strengthened the stock market rebound, as investors were buoyed by the Federal Reserve's assessment that the economy continued 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 sale 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 held 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 in 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 stock 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 lender cutting off credit or raising rates for a growing number of borrowers. As an indication of the general trends in the nation's stock markets over the past year, as of August 10, 2007 the DJIA closed at 13239.54 an increase of 19.4% from one year ago and an increase of 6.2% year-to-date, but down by 5.4% from its historical high. The NASDAQ closed at 2544.89 an increase of 23.7% from one year ago and an increase of 5.4% year-to-date.

The Standard & Poors 500 Index closed at 1453.64 on August 10, 2007 an increase of 14.8% from one year ago and an increase of 2.5% 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. 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 start 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 rate meeting provided for a choppy trading market for thrift issues in mid- and late-January 2007. 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 at its late-January meeting. 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 & Poor and Moody's announced plans to downgrade backed by subprime mortgages. Bargain hunting and strength in the broader

market supported a modest rebound in thrift stocks in mid-July. In the latter part of July, the market tumbled again as credit quality concerns related to the strength of the economy and mortgage market translated into falling prices. In particular, news of the failure of American Home Mortgage and several hedge funds focusing their investments in the mortgage market provided an indication that problems might not be limited to the subprime market. Moreover, the liquidity of all but the conforming mortgage market was called into question with these well-publicized failures, which weighed heavily on the thrift stock market causing the SNL Thrift Index to decline by more than 12% since the end of April. On August 10, 2007, the SNL Index for all publicly-traded thrifts closed at 1481.8 a decrease of 11.1% from one year ago and a decrease of 19.0% 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 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 several transactions traded down in initial after market trading activity. As shown in Table 4.2, two standard conversions, one second-step conversion and two mutual holding company offerings were completed during the

past three months. The standard conversion offerings are considered to be more relevant for our analysis, which were completed by Louisiana Bancorp, Inc. of Louisiana on July 10, 2007 and Quaint Oak Bancorp, Inc. of Pennsylvania on July 5, 2007. Louisiana Bancorp's offering resulted in gross proceeds of \$63.5 million, which closed between the maximum and supermaximum of the offering range, while Quaint Oak Bancorp's oversubscribed offering resulted in closing at the \$13.9 million supermaximum of the offering range.

Louisiana Bancorp had pre-conversion assets of \$216 million and a pre-conversion equity-to-assets ratio of 13.7%, while Quaint Oak Bancorp had pre-conversion assets of \$61 million and a pre-conversion equity-to-assets ratio of 8.0%. The pro forma valuation and offering results of Louisiana Bancorp reflected weakness given the continuing impact of Hurricane Katrina. The average pro forma price/tangible book ratio at the closing value of these two offerings equaled 79.8% and the pro forma core price/earnings ratio at the closing value equaled 25.9 times. The average trading price of these two institutions was 3.8% above the initial public offering ("IPO") price after one day of trading and 1.7% lower than the IPO price as of August 10, 2007.

Although not directly comparable given their transaction structure, we believe it is useful to examine the market receptivity to other offering types. In this regard, we note that Hometown Bancorp in New York, who completed their mutual holding company offering at the end of June 2007, has experienced a 20.0% decline in stock price despite the oversubscribed offering, while Beneficial Mutual Bancorp in PA, who completed their mutual holding company offering on July 16, 2007, has experienced a 10.0% decline in stock price despite the oversubscribed offering. Shifting to the most recent second step conversion offering (Abington Bancorp ("Abington") in Pennsylvania), we note that the stock has declined from the offering price. Abington closed their offering in late June 2007 just above the bottom of the range through a syndicate process, and as of August 10, 2007, was trading 9.7% below the second step offering price.

C. The Acquisition Market

Also considered in the valuation was the potential impact on DBI's stock price of recently completed and pending acquisitions of other savings institutions operating in

Massachusetts, seven of which involved mutual-to-mutual mergers. Also considered in the valuation was the potential impact on the DBI's stock price of recently completed and pending acquisitions of other savings institutions operating in Massachusetts. As shown in Exhibit IV-4, there were twelve Massachusetts thrift acquisitions completed from January 1, 2004 through year-to-date 2007 and there are two currently pending transactions. The recent acquisition activity involving Massachusetts 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 DBI's stock. However, since converting thrifts are subject to a three-year regulatory moratorium from being acquired, acquisition speculation in DBI'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 the overall thrift market, the new issue market including the new issue market for second-step conversions, the acquisition market and recent trading activity in the Company's minority stock. We placed the greatest weight for this adjustment on the significant sell-off in financial stocks in the months leading up to the valuation date and the aftermarket trading results of recent conversion transactions where four out of five recent offerings are currently trading below their IPO prices. For these reasons, we applied a moderate downward adjustment in the valuation to for the marketing of the issue factor.

8. Management

DBI's management team appears to have experience and expertise in all of the key areas of the Company's operations. Exhibit IV-5 provides summary resumes of DBI's Board of Directors and senior management. While the Company does not have the resources to develop a great deal of management depth, given its asset size and the impact it would have on operating expenses, management and the Board have been effective in implementing an operating strategy

that can be well managed by the Company's present organizational structure as indicated by the financial characteristics of the Company. DBI currently does not have any executive management positions that are vacant.

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 federally-insured institution, DBI will operate in substantially the same regulatory environment as the Peer Group members -- all of whom are well capitalized institutions and are operating with no apparent restrictions. Exhibit IV-6 reflects the Company's pro forma regulatory capital ratios, while the Peer Group's regulatory capital ratios were previously shown in Table 3.2. 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	No Adjustment
Profitability, Growth and Viability of Earnings	Slight Downward
Asset Growth	Slight Upward
Primary Market Area	No Adjustment
Dividends	Slight Downward
Liquidity of the Shares	Slight Upward
Marketing of the Issue	Moderate 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 and adopted in practice by the FDIC and the Division, i.e., the pro forma market value approach, including the fully-converted analysis described above, we considered the three key pricing ratios in valuing the Company'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. In computing the pro forma impact of the Conversion and the related pricing ratios, we have incorporated the valuation parameters disclosed in DBI's prospectus for offering expenses, reinvestment rate, effective tax rate and stock benefit plan assumptions (summarized in Exhibits IV-7 and IV-8).

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

- 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, 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.
- 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.
- 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 has adopted 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, RP Financial concluded that the pro forma market value of the Company's conversion stock as of August 10, 2007 was \$136,500,000 at the midpoint, inclusive of 650,000 shares issued to the Foundation for a value of \$6,500,000 based on a per share value of \$10.00 at issuance. The offering amount at the midpoint is equivalent to \$130,000,000 or 13,000,000 shares at \$10.00 per share. The following sections describe the application of the valuation methodology.

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 equaled \$4.2 million for the twelve months ended June 30, 2007. In deriving DBI's estimated core earnings for purposes of the valuation, the only adjustment made to reported earnings was to eliminate the net gain on the sales of loans and investment securities equal to \$392 thousand for the twelve month period, and add back the over-accrual of taxes in an amount equal to \$163 thousand. As shown below, on a tax-effected basis, incorporating the Company's marginal tax rate 35.00%, the Company's core earnings were determined to equal \$4.1 million 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)
Net income	\$4,152
Deduct: Net gain on sale of loans and investments	(392)
Addback: Tax Effect	137
Addback: Overaccrual of taxes	<u>163</u>
Core earnings estimate	<u>\$4,060</u>

(1) Adjustment was tax effected at 35.0% which approximates the Company's effective marginal tax rate.

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 P/E multiple at the \$136.5 million midpoint value equaled 24.34 times which reflects a 9.6% premium to the Peer Group median P/E multiple of 22.20 times. On a core earnings basis, the P/Core multiple at the midpoint valuation equaled 24.74 times which was at a 12.1% premium to the Peer Group's median core earnings multiple of 22.06 times (see Table 4.3).

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. Importantly, corresponding to the treatment in the Company's conversion prospectus, pro forma equity has been adjusted to reflect the after-tax impact of the establishment of the Danversbank Foundation (\$6.9 million pre-tax expense and \$4.5 million after tax) and the termination of the phantom stock plan (\$3.5 million pre-tax expense and \$2.2 million after tax). In applying the P/B approach, we considered both reported book value and tangible book value. Based on the \$136.5 million midpoint valuation, DBI's pro forma P/B and P/TB ratios equaled 77.29% and 77.53%, respectively. In comparison to the respective median P/B and P/TB ratios indicated for the Peer Group of 108.95% and 132.23%, the Company's ratios reflected discounts of 29.1% and 41.4%. At the top of the super range, the Company's P/B and P/TB ratios equaled 83.69% and 83.90%, respectively. In comparison to the Peer Group's median P/B and P/TB ratios, the Company's P/B and P/TB ratios at the top of the super range reflected discounts of 23.2% and 36.6%, 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, 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, DBI's value equaled 9.94% of pro forma assets. Comparatively, the Peer Group companies exhibited a median P/A ratio of 12.56%, which implies a discount of 20.9% has been applied to the Company's pro forma P/A ratio.

Comparison to Recent Offerings

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 set forth above, the two most recent standard conversion offerings (Louisiana Bancorp of LA and Quint Oak Bancorp of PA) completed their offerings at 79.8% P/TB. By comparison, DBI is priced at a 77.53% P/TB at the midpoint and 83.90% at the supermaximum. While not a directly comparable transaction, Abington Bancorp completed its second step conversion transaction at a price of 102.9% P/TB but has traded downward by 9.7% in aftermarket trading to a level of 92.9%. Also reflecting the current market weakness, the three most recent standard and second step conversion offerings by companies based in Massachusetts (Westfield Financial, Hampden Bancorp and Chicopee Bancorp) have all declined in price in recent weeks and were trading at an average of 92.0% P/TB as of August 10, 2007.

We considered these aftermarket trends in recent conversions as an indicator of the potential aftermarket for the Company's stock price. The range of pro forma P/TB ratios resulting from the Company's valuation (ranging from 73.05% at the minimum to 83.90% at the supermaximum) are consistent with the current trading levels for the two recent conversions and do not represent excessive discounts relative to the three most recent Massachusetts conversion offerings which we believe provide a good indicator of the market for new issues.

Pricing Characteristics and Trends of
Recent Standard and Second Step Conversions (1)

Institution	Conversion			Assets (\$Mil)	Price as of August 10, 2007 (\$)	Change From IPO (%)	As of Aug. 10, 2007	
	ST.	Date	Ticker				P/TB (%)	P/E (%)
Standard Conversions								
Louisiana Bancorp, Inc	LA	7/10/07	LABC	\$ 216	\$ 10.91	9.1%	82.37%	34.37x
Quaint Oak Bancorp, Inc.	PA	7/5/07	QNT0	\$ 61	\$ 8.75	-12.5%	73.59%	17.76x
Second Step Conversions								
Abington Bancorp, Inc.	PA	6/28/07	ABBC	\$ 951	\$ 9.03	-9.7%	92.92%	24.56x
Average						-4.37%	82.96%	25.56x
Median						-9.70%	82.37%	24.56x
Three Most Recent Massachusetts Conversions								
Westfield Financial (2)	MA	1/4/07	WFD	\$ 1,032	\$ 8.95	-10.5%	97.39%	50.00x
Hampden Bancorp, Inc. (3)	MA	1/17/07	HBNK	\$ 511	\$ 10.40	4.0%	81.25%	NM
Chicopee Bancorp, Inc. (3)	MA	7/20/06	CBNK	\$ 469	\$ 14.37	43.7%	97.42%	NM
Average						12.40%	92.02%	50.00x
Median						4.00%	97.39%	50.00x

(1) Completed over the last three months.

(2) Was a second step conversion of a mutual holding company.

(3) Completed a standard conversion.

Valuation Conclusion

Based on the foregoing, it is our opinion that, as of August 10, 2007, the aggregate pro forma market value of the Company's common stock, including the stock portion of the contribution to the Foundation immediately following the offering, is \$136,500,000 at the midpoint, equal to 13,650,000 shares issued at a per share value of \$10.00. The resulting range of value pursuant to regulatory guidelines and the corresponding number of shares based on the Board approved \$10.00 per share offering price is set forth below. The pro forma valuation calculations relative to the Peer Group are shown in Table 4.3 and are detailed in Exhibit IV-7 and Exhibit IV-8.

<u>Valuation Range</u>	<u>Offering Amount</u>	<u>Foundation Shares</u>	<u>Total Issued</u>
<u>Shares</u>			
Minimum	11,050,000	552,500	11,602,500
Midpoint	13,000,000	650,000	13,650,000
Maximum	14,950,000	650,000	15,600,000
Supermaximum	17,192,500	650,000	17,842,500
<u>Value</u>			
Minimum	\$ 110,500,000	\$ 5,525,000	\$ 116,025,000
Midpoint	\$ 130,000,000	\$ 6,500,000	\$ 136,500,000
Maximum	\$ 149,500,000	\$ 6,500,000	\$ 156,000,000
Supermaximum	\$ 171,925,000	\$ 6,500,000	\$ 178,425,000

Table 4.3
Public Market Pricing
Danvers Bancorp, Inc.
As of August 10, 2007

	Market Capitalization		Per Share Data		Pricing Ratios(3)			Dividends(4)		Financial Characteristics(6)					Offering Size (\$Mill)						
	Price/Share(1)	Market Value (\$Mill)	Core EPS(2)	Book Value/Share	P/E (x)	P/B (%)	P/A (%)	P/B (%)	P/TB (%)	P/COE (x)	Amount/Share (\$)	Yield (%)	Payout Ratio(5)	Total Assets (\$MM)		Equity Assets (%)	NPAA Assets (%)	ROA (%)	ROE (%)	Core ROA (%)	Core ROE (%)
Danvers Bancorp, Inc.	\$10.00	\$176.43	\$0.34	\$11.95	29.06x	63.69%	12.65%	83.90%	29.50x	0.00%	\$0.00	0.00%	0.00%	\$1,410	15.12%	0.37%	0.44%	2.88%	0.43%	2.84%	171.93
Supernudge	\$10.00	\$195.00	\$0.40	\$12.94	26.64x	80.57%	11.22%	80.79%	27.07x	0.00%	\$0.00	0.00%	0.00%	\$1,391	13.82%	0.38%	0.42%	3.02%	0.41%	2.89%	149.50
Maximum	\$10.00	\$136.50	\$0.40	\$12.94	24.34x	77.29%	9.94%	77.53%	24.74x	0.00%	\$0.00	0.00%	0.00%	\$1,374	12.86%	0.38%	0.41%	3.18%	0.40%	3.12%	130.00
Midpoint	\$10.00	\$116.00	\$0.46	\$13.74	21.56x	72.80%	8.55%	73.05%	21.94x	0.00%	\$0.00	0.00%	0.00%	\$1,358	11.75%	0.39%	0.40%	3.38%	0.39%	3.32%	110.50
Minimum	\$10.00	\$116.00	\$0.46	\$13.74	21.56x	72.80%	8.55%	73.05%	21.94x	0.00%	\$0.00	0.00%	0.00%	\$1,358	11.75%	0.39%	0.40%	3.38%	0.39%	3.32%	110.50
All Public Companies(7)	\$16.16	\$390.03	\$0.75	\$13.41	19.77x	127.55%	16.08%	145.58%	20.52x	2.41%	\$0.40	2.41%	35.44%	\$3,120	12.81%	0.61%	0.52%	5.14%	0.51%	4.85%	4.85%
Averages	13.79	92.21	0.48	11.41	17.51x	121.00%	13.35%	134.97%	18.25x	2.35%	\$0.34	2.35%	20.54%	\$770	10.69%	0.37%	0.56%	4.64%	0.56%	4.68%	4.68%
Medians	\$17.63	\$168.88	\$0.68	\$16.55	25.16x	107.35%	15.95%	119.96%	25.20x	1.60%	\$0.44	1.60%	23.46%	\$931	15.17%	0.26%	0.31%	2.78%	0.44%	3.40%	3.40%
Averages	\$11.55	\$148.88	\$0.44	\$9.36	23.10x	97.41%	14.26%	122.07%	23.57x	1.68%	\$0.37	1.68%	18.61%	\$764	12.70%	0.16%	0.42%	3.13%	0.55%	3.96%	3.96%
Medians	\$18.70	\$168.08	\$0.85	\$17.68	24.01x	113.89%	14.81%	134.05%	24.11x	1.80%	\$0.51	1.80%	23.46%	\$1,006	13.25%	0.21%	0.39%	3.81%	0.54%	4.70%	4.70%
Averages	\$15.31	\$104.86	\$0.63	\$14.48	22.20x	106.95%	12.56%	132.23%	22.06x	1.56%	\$0.54	1.56%	18.61%	\$764	12.13%	0.13%	0.47%	3.44%	0.56%	4.86%	4.86%
Medians	\$12.74	\$103.02	\$0.59	\$13.28	28.31x	95.93%	11.50%	145.60%	21.59x	2.00%	\$0.24	2.00%	40.68%	\$898	11.98%	0.33%	0.40%	3.35%	0.53%	4.30%	4.30%
State of Massachusetts	\$28.66	\$255.18	\$1.87	\$30.12	22.20x	95.82%	11.76%	175.02%	17.38x	2.68%	\$0.60	2.68%	35.93%	\$2,170	12.27%	0.82%	0.53%	4.45%	0.68%	5.72%	5.72%
BFBC Benjamin Fitch Bancorp Inc. of MA	\$11.66	\$694.76	\$0.34	\$9.18	34.29x	127.02%	29.30%	139.81%	34.29x	2.82%	\$0.34	2.82%	NM	\$2,371	23.07%	0.16%	0.85%	3.53%	0.85%	3.53%	3.53%
BHLB Berkshire Hills Bancorp of MA	\$22.10	\$36.24	\$0.41	\$22.99	32.03x	96.09%	6.60%	102.13%	NM	3.26%	\$0.72	3.26%	NM	\$549	6.87%	0.06%	0.20%	2.80%	0.12%	1.72%	1.72%
BRKL Brookline Bancorp, Inc. of MA	\$14.37	\$106.90	\$0.16	\$14.75	NM	97.42%	22.75%	87.25%	NM	0.00%	\$0.00	0.00%	0.00%	\$469	23.39%	0.26%	-0.46%	-2.18%	0.26%	1.24%	1.24%
CEBK Central Bancorp of Somerville MA	\$10.40	\$82.68	\$0.36	\$12.80	NM	81.25%	18.16%	81.25%	NM	1.15%	\$0.12	1.15%	NM	\$511	19.82%	0.72%	0.72%	-4.13%	-0.54%	-4.54%	-4.54%
CHBK Chittenden Bancorp, Inc. of MA	\$30.24	\$64.06	\$2.01	\$25.10	15.04x	120.48%	9.03%	120.48%	15.04x	3.90%	\$0.80	3.90%	39.80%	\$710	7.50%	0.06%	0.62%	8.22%	0.62%	8.22%	8.22%
HFBK Hingham Bancorp, Inc. of MA	\$16.25	\$74.70	\$0.66	\$12.89	NM	128.07%	13.35%	128.07%	24.62x	3.45%	\$0.56	3.45%	50.00%	\$560	10.59%	0.02%	0.12%	1.13%	0.56%	5.32%	5.32%
HIFS Hingham Inst. for Sav. of MA	\$12.80	\$128.14	\$0.32	\$14.16	NM	90.40%	15.17%	82.42%	40.00x	1.25%	\$0.16	1.25%	50.00%	\$844	16.79%	0.30%	0.23%	1.30%	0.39%	2.19%	2.19%
LEGC Legacy Bancorp, Inc. of MA	\$34.00	\$146.88	\$1.51	\$24.63	21.12x	136.93%	17.88%	136.93%	22.52x	3.29%	\$1.12	3.29%	74.17%	\$817	13.13%	0.02%	0.83%	6.55%	0.78%	6.14%	6.14%
MASB MassBank Corp. of Reading MA	\$11.55	\$24.21	\$0.44	\$9.36	23.10x	123.40%	9.99%	123.66%	26.25x	3.46%	\$0.40	3.46%	NM	\$242	8.10%	NA	0.43%	5.47%	0.38%	4.81%	4.81%
MFLR Mayflower Co-Op. Bank of MA	\$8.95	\$285.75	\$0.20	\$9.19	NM	97.39%	27.70%	97.39%	NM	2.23%	\$0.20	2.23%	NM	\$1,032	28.44%	0.11%	0.65%	2.74%	0.68%	2.85%	2.85%
WFD New Westfield Fin. Inc. of MA	\$12.74	\$103.02	\$0.59	\$13.28	28.31x	95.93%	11.50%	145.60%	21.59x	1.88%	\$0.24	1.88%	40.68%	\$898	11.98%	0.33%	0.40%	3.35%	0.53%	4.30%	4.30%
Comparable Group	\$28.66	\$255.18	\$1.87	\$30.12	22.20x	95.82%	11.76%	175.02%	17.38x	2.68%	\$0.60	2.68%	35.93%	\$2,170	12.27%	0.82%	0.53%	4.45%	0.68%	5.72%	5.72%
BFBC Benjamin Fitch Bancorp Inc. of MA	\$11.66	\$694.76	\$0.34	\$9.18	34.29x	127.02%	29.30%	139.81%	34.29x	2.82%	\$0.34	2.82%	NM	\$2,371	23.07%	0.16%	0.85%	3.53%	0.85%	3.53%	3.53%
BHLB Berkshire Hills Bancorp of MA	\$22.10	\$36.24	\$0.41	\$22.99	32.03x	96.13%	6.40%	102.17%	NM	3.26%	\$0.72	3.26%	NM	\$566	6.60%	0.06%	0.20%	2.80%	0.12%	1.71%	1.71%
BRKL Brookline Bancorp, Inc. of MA	\$14.37	\$106.90	\$0.16	\$14.75	NM	97.42%	22.75%	87.42%	NM	0.00%	\$0.00	0.00%	0.00%	\$469	23.39%	0.26%	-0.46%	-2.18%	0.26%	1.24%	1.24%
CEBK Central Bancorp of Somerville MA	\$30.24	\$64.06	\$2.01	\$25.10	15.04x	120.48%	9.03%	120.48%	15.04x	3.90%	\$0.80	3.90%	39.80%	\$710	7.50%	0.06%	0.62%	8.22%	0.62%	8.22%	8.22%
CHBK Chittenden Bancorp, Inc. of MA	\$16.25	\$74.70	\$0.66	\$12.89	NM	128.07%	13.35%	128.07%	24.62x	3.45%	\$0.56	3.45%	50.00%	\$560	10.59%	0.02%	0.12%	1.13%	0.56%	5.32%	5.32%
HFBK Hingham Bancorp, Inc. of MA	\$12.80	\$128.14	\$0.32	\$14.16	NM	90.40%	15.17%	82.42%	40.00x	1.25%	\$0.16	1.25%	50.00%	\$844	16.79%	0.30%	0.23%	1.30%	0.39%	2.19%	2.19%
HIFS Hingham Inst. for Sav. of MA	\$34.00	\$146.88	\$1.51	\$24.63	21.12x	136.93%	17.88%	136.93%	22.52x	3.29%	\$1.12	3.29%	74.17%	\$817	13.13%	0.02%	0.83%	6.55%	0.78%	6.14%	6.14%
LEGC Legacy Bancorp, Inc. of MA	\$11.55	\$24.21	\$0.44	\$9.36	23.10x	123.40%	9.99%	123.66%	26.25x	3.46%	\$0.40	3.46%	NM	\$242	8.10%	NA	0.43%	5.47%	0.38%	4.81%	4.81%
MASB MassBank Corp. of Reading MA	\$14.00	\$70.92	\$0.80	\$9.29	15.05x	150.70%	10.64%	203.19%	17.50x	3.71%	\$0.52	3.71%	65.00%	\$655	7.19%	0.06%	0.71%	9.66%	0.61%	8.51%	8.51%
NHTB NH Thrift Bancshares of NH																					

(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/COE = 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 whose common equity or returned 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.

EXHIBITS

LIST OF EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
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LIST OF EXHIBITS (continued)

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EXHIBIT I-1

**Danvers Bancorp, Inc.
Audited Financial Statements**

[Incorporated by Reference]

EXHIBIT I-2

**Danvers Bancorp, Inc.
Key Operating Ratios**

Exhibit I-2
Danvers Bancorp, Inc.
Key Operating Ratios

	At or For the Six Months Ended June 30,		At or For the Years Ended December 31,				
	2007	2006	2006	2005	2004	2003	2002
	(Unaudited)						
Selected Financial Ratios and Other Data:							
Performance Ratios:							
Return on assets (ratio of income to average total assets) (1)	0.31%	0.30%	0.33%	0.44%	0.45%	0.28%	0.53%
Return on equity (ratio of income to average equity) (1)	5.86%	6.01%	6.60%	8.74%	8.60%	4.67%	8.55%
Net interest rate spread (1) (2)	2.67%	2.81%	2.74%	3.15%	3.19%	3.60%	3.67%
Net interest margin (1) (3)	3.08%	3.15%	3.10%	3.40%	3.37%	3.82%	3.98%
Efficiency ratio (4)	87.06%	87.07%	85.94%	80.56%	79.78%	79.44%	80.61%
Non-interest expenses to average total assets (1)	2.93%	2.90%	2.87%	3.00%	3.00%	3.35%	3.58%
Average interest-earning assets to interest bearing liabilities	1.11x	1.12x	1.11x	1.12x	1.10x	1.11x	1.11x
Asset Quality Ratios:							
Non-performing assets to total assets	0.41%	0.18%	0.46%	0.22%	0.30%	0.40%	0.78%
Non-performing loans to total loans	0.61%	0.26%	0.65%	0.31%	0.26%	0.58%	1.14%
Allowance for loan losses to non-performing loans	197.80%	450.57%	181.02%	391.58%	477.11%	244.99%	121.59%
Allowance for loan losses to total loans	1.20%	1.17%	1.18%	1.22%	1.25%	1.42%	1.39%
Capital Ratios:							
Risk-based capital (to risk-weighted assets)	11.58%	10.33%	11.09%	10.84%	11.47%	12.21%	11.45%
Tier 1 risk-based capital (to risk-weighted assets)	9.94%	8.90%	9.19%	9.24%	9.55%	9.89%	10.23%
Tier 1 leverage capital (to average assets)	7.28%	6.80%	6.87%	6.99%	6.89%	7.62%	7.61%
Equity to total assets	5.22%	4.80%	5.15%	5.00%	5.18%	5.74%	6.17%
Average equity to average assets	5.25%	4.94%	4.95%	5.00%	5.26%	5.90%	6.20%
Other Data:							
Number of full service offices	5	14	14	14	14	14	13
Full time equivalent employees	244	243	237	246	246	240	245

(1) Ratios for the six months ended June 30, 2007 and 2006 are annualized.

(2) The net interest rate spread represents the difference between the weighted-average yield on interest-earning assets and the weighted-average cost of interest-bearing liabilities for the period.

(3) The net interest margin represents net interest income as a percent of average interest-earning assets for the period.

(4) The efficiency ratio represents non-interest expense for the period minus expenses related to the amortization of intangible assets divided by the sum of net interest income plus (before the loan loss provision) non-interest income.

EXHIBIT I-3

**Danvers Bancorp, Inc.
Investment Portfolio Composition**

Exhibit I-3
Danvers Bancorp, Inc.
Investment Portfolio Composition

	June 30, 2007		2006		December 31, 2005		2004	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(In thousands)							
Debt securities:								
U.S. Government	\$ 2,000	\$ 1,992	\$ 2,245	\$ 2,241	\$ 2,992	\$ 2,974	\$ 4,504	\$ 4,481
Government-sponsored enterprises	195,384	192,924	221,359	219,024	238,910	233,606	238,905	235,824
Mortgage-backed securities	96,529	94,716	46,036	45,477	22,884	22,217	26,747	26,606
Municipal bonds	18,174	17,645	5,918	5,879	1,157	1,132	255	254
Other debt	250	249	353	357	364	384	1,398	1,605
Total debt securities	<u>312,337</u>	<u>307,526</u>	<u>275,911</u>	<u>272,978</u>	<u>266,307</u>	<u>260,313</u>	<u>271,809</u>	<u>268,770</u>
Equity securities	78	82	101	105	101	103	103	112
Total securities available-for-sale	<u>\$ 312,415</u>	<u>\$ 307,608</u>	<u>\$ 276,012</u>	<u>\$ 273,083</u>	<u>\$ 266,408</u>	<u>\$ 260,416</u>	<u>\$ 271,912</u>	<u>\$ 268,882</u>

	One Year or Less		More than One Year through Five Years		More than Five Years through Ten Years		More than Ten Years		Total Securities		
	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Weighted Average Yield	Amortized Cost	Fair Value	Weighted Average Yield
	(Dollars in thousands)										
Debt securities:											
U.S. Government	\$ 1,000	4.88%	\$ 1,000	4.50%	\$ -	-%	\$ -	-%	\$ 2,000	\$ 1,992	4.69%
Government-sponsored enterprises	55,714	3.05	56,501	5.25	62,191	5.24	20,979	5.76	195,384	192,924	4.67
Mortgage-backed securities	-	-	13,252	3.53	1,084	5.11	82,193	5.55	96,529	94,716	5.26
Municipal bonds	-	-	252	3.00	1,075	4.59	16,846	4.16	18,174	17,645	4.17
Other debt	75	4.73	150	3.63	25	5.75	-	-	250	249	4.17
Total debt securities	<u>56,789</u>	<u>3.08</u>	<u>71,155</u>	<u>4.91</u>	<u>64,375</u>	<u>5.22</u>	<u>120,018</u>	<u>5.39</u>	<u>312,337</u>	<u>307,526</u>	<u>4.83</u>
Equity securities	-	-	78	9.55	-	-	-	-	78	82	9.55
Total securities available-for-sale	<u>\$ 56,789</u>	<u>3.08</u>	<u>\$ 71,233</u>	<u>4.91</u>	<u>\$ 64,375</u>	<u>5.22</u>	<u>\$ 120,018</u>	<u>5.39</u>	<u>\$ 312,415</u>	<u>\$ 307,608</u>	<u>4.83</u>

EXHIBIT I-4

Danvers Bancorp, Inc.
Yields and Costs

Exhibit I-4 Danvers Bancorp, Inc. Yields and Costs

	For the Six Months Ended						For the Years Ended December 31,					
	At June 30, 2007		June 30, 2007		June 30, 2006		2006		2005		2004	
	Outstanding Balance	Yield/Rate (1)	Average Outstanding Balance	Average Yield/Rate (1)	Interest Earned/Paid	Average Yield/Rate (1)	Average Outstanding Balance	Average Yield/Rate	Interest Earned/Paid	Average Outstanding Balance	Average Yield/Rate	Interest Earned/Paid
Interest-earning assets:												
Interest-earning cash equivalents	\$ 1,393	5.70%	\$ 8,721	5.97%	\$ 258	\$ 14,516	\$ 306	4.25%	\$ 828	\$ 2,496	7.97%	\$ 231
Debt securities: (2)												
U.S. Government	2,000	4.87	2,645	4.66	62	2,848	49	3.47	102	3,853	2.31	89
Gov.-sponsored enterprises	193,384	4.59	204,734	4.22	4,287	239,774	3,648	3.07	7,987	242,122	2.96	5,598
Mortgage-backed	96,529	5.23	66,841	5.39	1,788	22,071	466	4.18	1,236	253,119	3.87	1,119
Municipal bonds	18,174	4.10	10,756	4.03	215	2,073	37	3.60	121	173	3.17	3
Other	328	1.17	390	5.69	11	339	11	6.18	19	893	7.61	121
Equity securities	10,489	9.69	10,492	6.94	361	10,311	209	4.01	697	1,459	4.49	267
Real estate mortgages (3)	558,262	7.09	551,343	7.22	19,747	574,365	19,803	6.95	40,679	539,139	6.45	29,215
C&I loans (5)	249,790	8.10	259,794	8.24	10,617	243,484	8,959	7.42	13,845	206,401	6.69	12,162
IRIS (3)	43,244	4.92	41,120	4.89	997	29,746	690	4.68	1,135	25,251	4.49	867
Consumer loans (3)	9,760	8.09	10,175	7.79	393	8,510	313	7.42	536	7,471	7.19	583
Total interest-earning assets	1,185,333	6.66	1,167,131	6.69	34,491	1,149,157	34,491	6.05	73,726	1,063,011	5.57	50,264
Allowance for loan losses	(103,359)		(103,383)			(103,383)			(9,490)	(9,490)		
Total earning assets less allowance for loan losses	1,174,994		1,156,748		71,483	1,156,748	71,483		73,669	1,053,561		94,877
Non-interest-earning assets	87,933		76,178			76,178			80,483	80,483		
Total assets	\$ 1,262,929		\$ 1,232,926		\$ 1,232,926	\$ 1,232,926			\$ 1,131,170	\$ 1,131,170		\$ 1,024,650
Interest-bearing liabilities:												
Deposits:												
Savings and NOW accounts	\$ 171,769	0.91	\$ 161,281	0.76	605	\$ 183,513	387	0.43	\$ 872	\$ 203,855	0.47	\$ 969
Money market accounts	329,502	4.12	319,515	4.17	6,610	279,342	4,181	3.17	9,795	308,565	2.38	7,365
Term certificates (4)	341,305	4.83	350,183	4.89	8,498	334,812	6,603	4.30	7,174	248,368	2.89	5,086
Total Deposits	\$ 842,576	3.76	\$ 830,979	3.81	\$ 15,713	\$ 798,667	\$ 11,371	2.88	\$ 26,297	\$ 763,088	2.03	\$ 15,508
Borrowed funds												
Short-term borrowings	33,083	2.45	36,242	2.33	419	65,060	992	3.07	1,439	85,675	2.44	324
Long-term debt	150,010	4.49	149,620	4.62	3,429	142,366	3,089	4.38	7,151	79,371	4.34	5,022
Subordinated debt	29,963	9.42	29,963	8.91	1,324	24,810	1,068	8.68	2,297	24,810	8.22	1,855
Total interest-bearing liabilities	1,055,634	3.98	1,046,106	4.02	20,885	1,028,903	16,520	3.24	37,184	953,144	2.42	18,181
Liabilities	141,423		121,435			121,715			121,462	102,830		
Non-interest-bearing liabilities	1,197,057		1,150,618			1,179,385			1,074,606	970,710		
Total liabilities	65,872		64,685			61,444			56,964	53,940		
Equity	\$ 1,262,929		\$ 1,232,926		\$ 1,232,926	\$ 1,232,926			\$ 1,131,170	\$ 1,024,650		\$ 32,083
Net interest income					\$ 17,851		\$ 17,971		\$ 36,134			\$ 32,083
Net interest rate spread (5)		2.68%		2.67%				2.81%			3.15%	
Net interest-earning assets (6)	\$ 129,719		\$ 120,324		\$ 120,324	\$ 120,324			\$ 109,867			\$ 84,682
Net interest margin (7)		3.12%		3.08%				3.15%			3.40%	
Ratio of interest-earning assets to total interest-bearing liabilities		1.12x		1.12x		1.12x		1.11x		1.12x		1.10x

(Dollars in thousands)

(1) Yields and rates for the periods ending June 30, 2007 and 2006 are annualized.
(2) Average balances are presented at average amortized cost.
(3) Average loans include non-accrual loans and are net of average deferred loan (cost)/costs.
(4) Term certificates include brokered and non-brokered CDs.
(5) Net interest rate spread represents the difference between the yield on interest-earning assets and the cost of interest-bearing liabilities at the period indicated.
(6) Net interest-earning assets represents total earning assets less total interest-bearing liabilities.
(7) Net interest margin represents net interest income divided by average total interest-earning assets.

EXHIBIT I-5

**Danvers Bancorp, Inc.
Interest Rate Risk Analysis**

Exhibit I-5
Danvers Bancorp, Inc.
Interest Rate Risk Analysis

Change in Interest Rates (basis points) (1)	Net Portfolio Value (2)			Net Interest Income		
	Estimated NPV	Estimated Increase (Decrease)		Estimated Net Interest Income	Increase (Decrease) in Estimated Net Interest Income	
		Amount	Percent		Amount	Percent
			(Dollars in thousands)			
+300bp	\$ 65,917	\$ (47,570)	-41.9%	\$ 33,857	\$ (2,314)	-6.4%
+200bp	80,693	(32,794)	-28.9%	34,774	(1,397)	-3.9%
+100bp	96,704	(16,783)	-14.8%	35,541	(630)	-1.7%
0bp	113,487	-	0.0%	36,171	0	0.0%
-100bp	125,528	12,041	10.6%	35,656	(515)	-1.4%
-200bp	134,736	21,249	18.7%	34,939	(1,232)	-3.4%
-300bp	143,308	29,821	26.3%	34,211	(1,960)	-5.4%

(1) Assumes an instantaneous uniform change in interest rates at all maturities

(2) NPV is the discounted present value of expected cash flows from interest-earning assets, interest-bearing liabilities and off-balance sheet contracts

EXHIBIT I-6

**Danvers Bancorp, Inc.
Fixed Rate and Adjustable Rate Loans**

Exhibit I-6
 Danvers Bancorp, Inc.
 Fixed Rate and Adjustable Rate Loans

	<u>Fixed</u>	<u>Adjustable</u>	<u>Total</u>
	(In thousands)		
Real estate mortgages:			
Construction	\$5,363	\$ 51,059	\$56,422
Residential	45,193	125,335	170,528
Commercial	16,199	187,432	203,631
Home equity	1,466	37,746	39,212
C&I	47,892	155,333	203,225
Consumer	7,684	413	8,097
Total loans	<u>\$123,797</u>	<u>\$557,318</u>	<u>\$681,115</u>

EXHIBIT I-7

**Danvers Bancorp, Inc.
Loan Portfolio Composition**

Exhibit I-7
 Danvers Bancorp, Inc.
 Loan Portfolio Composition

	June 30,		2006		2005		2004		2003		2002	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Real estate mortgages:												
Construction	\$128,623	14.92%	\$ 137,061	15.53%	\$117,075	14.18%	\$101,567	13.99%	\$ 75,978	11.77%	\$ 20,513	3.53%
Residential	171,774	19.93	172,052	19.49	169,047	20.48	156,854	21.61	135,265	20.96	156,831	26.99
Commercial	218,189	25.31	219,589	24.88	226,752	27.47	213,101	29.35	194,225	30.09	237,325	40.85
Home equity	40,481	4.70	39,464	4.47	46,395	5.62	46,827	6.45	44,396	6.88	45,047	7.75
Other loans:												
C&I	293,163	34.01	304,016	34.44	258,064	31.27	201,028	27.69	186,712	28.93	110,642	19.05
Consumer	9,774	1.13	10,530	1.19	8,060	0.98	6,640	0.91	8,816	1.37	10,637	1.83
Total loans	\$862,004	100.00	\$ 882,712	100.00	\$825,393	100.00	\$ 726,017	100.00	\$645,392	100.00	\$ 580,995	100.00%
Allowance for loan losses	(10,359)		(10,412)		(10,087)		(9,088)		(9,153)		(8,070)	
Deferred loan costs, net	(948)		(1,186)		(1,398)		(1,256)		(1,257)		(1,603)	
Loans, net	\$850,697		\$ 871,114		\$813,908		\$ 715,673		\$634,982		\$ 571,322	

EXHIBIT I-8

**Danvers Bancorp, Inc.
Contractual Maturity By Loan Type**

EXHIBIT I-9

**Danvers Bancorp, Inc.
Loan Origination, Purchases and Sales**

Exhibit I-9
 Danvers Bancorp, Inc.
 Loan Origination, Purchases and Sales

	For the Six Months Ended June 30,		For the Years Ended December 31,		
	2007	2006	2006	2005	2004
	(In thousands)				
Loan originations and purchases:					
Loan originations					
Real estate mortgages:					
Construction	\$ 9,644	\$ 34,823	\$ 55,743	\$ 84,743	\$ 97,596
Residential	10,967	20,735	41,190	64,761	71,908
Commercial	23,803	27,439	35,689	66,267	61,747
Home equity	6,535	7,208	11,620	15,766	19,739
Total real estate mortgages:	<u>50,949</u>	<u>90,205</u>	<u>144,242</u>	<u>231,537</u>	<u>250,990</u>
C&I	38,924	56,970	114,372	129,148	104,630
Consumer	1,646	1,763	2,950	3,813	3,380
Total loan originations	<u>91,519</u>	<u>148,938</u>	<u>261,564</u>	<u>364,498</u>	<u>359,000</u>
Total loan purchases	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loan principal repayments	<u>(112,227)</u>	<u>(94,593)</u>	<u>(204,245)</u>	<u>(265,122)</u>	<u>(278,375)</u>
Net increase (decrease) in loan portfolio	<u>\$ (20,708)</u>	<u>\$ 54,345</u>	<u>\$ 57,319</u>	<u>\$ 99,376</u>	<u>\$ 80,625</u>

EXHIBIT I-10

**Danvers Bancorp, Inc.
Non-Performing Assets**

Exhibit I-10
Danvers Bancorp, Inc.
Non-Performing Assets

	June 30, 2007	December 31,				
		2006	2005	2004	2003	2002
		(Dollars in thousands)				
Nonaccrual loans:						
Real estate mortgages:						
Construction	\$ 3,618	\$ 3,618	\$ 231	\$ 266	\$ 484	\$ 673
Residential	587	791	649	410	702	1,884
Commercial	-	-	-	-	-	1,378
Home equity	61	61	329	308	439	589
Total real estate mortgages	4,266	4,470	1,209	984	1,625	4,524
C&I	948	1,265	1,340	901	2,006	2,031
Consumer	23	17	27	20	105	82
Total	<u>\$ 5,237</u>	<u>\$ 5,752</u>	<u>\$ 2,576</u>	<u>\$ 3,212</u>	<u>\$ 3,736</u>	<u>\$ 6,637</u>
Total non-performing loans	\$ 5,237	\$ 5,752	\$ 2,576	\$ 1,905	\$ 3,736	\$ 6,637
Other real estate owned	-	-	-	1,307	-	-
Total non-performing assets	<u>\$ 5,237</u>	<u>\$ 5,752</u>	<u>\$ 2,576</u>	<u>\$ 3,212</u>	<u>\$ 3,736</u>	<u>\$ 6,637</u>
Total non-performing loans to total loans	<u>0.61%</u>	<u>0.65%</u>	<u>0.31%</u>	<u>0.26%</u>	<u>0.58%</u>	<u>1.14%</u>
Total non-performing loans to total assets	<u>0.41%</u>	<u>0.46%</u>	<u>0.22%</u>	<u>0.18%</u>	<u>0.40%</u>	<u>0.78%</u>
Total non-performing assets to total assets	<u>0.41%</u>	<u>0.46%</u>	<u>0.22%</u>	<u>0.30%</u>	<u>0.40%</u>	<u>0.78%</u>

EXHIBIT I-11

**Danvers Bancorp, Inc.
Loan Loss Allowance Activity**

Exhibit I-11
Danvers Bancorp, Inc.
Loan Loss Allowance Activity

	At or For the Six Months Ended June 30,		At or For the Years Ended December 31,				
	2007	2006	2006	2005	2004	2003	2002
	(Dollars in thousands)						
Allowance balance (beginning of period)	\$ 10,412	\$ 10,087	\$ 10,087	\$ 9,089	\$ 9,153	\$ 8,070	\$ 7,158
Provision for loan losses	225	450	1,000	1,250	750	1,700	1,800
Charge-offs:							
Real estate mortgages:							
Construction	-	-	21	-	249	150	306
Residential	-	-	-	-	5	33	-
Commercial	-	-	-	-	-	-	-
Home equity	1	-	3	-	-	-	-
Total real estate mortgages	1	-	24	-	254	183	306
C&I	299	219	605	331	804	562	675
Consumer	25	61	92	80	153	140	125
Total charge-offs	325	280	721	411	1,211	885	1,106
Recoveries:							
Real estate mortgages:							
Construction	-	-	-	5	181	5	25
Residential	-	-	-	-	-	33	-
Commercial	-	-	-	2	-	113	-
Home equity	1	-	-	-	-	-	-
Total real estate mortgages	1	-	-	7	181	151	25
C&I	18	15	20	118	153	40	154
Consumer	28	15	26	34	63	77	39
Total recoveries	47	30	46	159	397	268	218
Net charge-offs	278	250	675	252	814	617	888
Allowance balance (end of period)	\$ 10,359 (1)	\$ 10,287	\$ 10,412	\$ 10,087	\$ 9,089	\$ 9,153	\$ 8,070
Total loans outstanding	\$ 862,004	\$ 879,738	\$ 882,712	\$ 825,393	\$ 726,017	\$ 645,392	\$ 580,995
Average loans outstanding	862,472	856,605	873,150	778,443	691,604	625,954	596,734
Allowance for loan losses as a percent of total loans outstanding	1.20%	1.17%	1.18%	1.22%	1.25%	1.42%	1.39%
Net loans charged off as a percent of average loans outstanding	0.03%	0.03%	0.08%	0.03%	0.11%	0.10%	0.15%
Allowance for loan losses to non-performing loans	197.80%	454.57%	181.02%	391.58%	477.11%	244.99%	121.59%

(1) Subsequently, a non-performing loan was foreclosed and charged-off against the allowance for loan losses in the amount of \$800,000. This charge off was fully reserved as of June 30, 2007. See discussion in "—Other Real Estate Owned" on page ___.

EXHIBIT I-12

**Danvers Bancorp, Inc.
Deposit Composition**

Exhibit I-12
Danvers Bancorp, Inc.
Deposit Composition

	At June 30,			2006			At December 31,			2005			2004		
	2007														
	Balance	Percent	Weighted Average Rate	Balance	Percent	Weighted Average Rate	Balance	Percent	Weighted Average Rate	Balance	Percent	Weighted Average Rate	Balance	Percent	Weighted Average Rate
	(Dollars in thousands)														
Deposit type:															
Demand deposits	\$ 129,248	13.30%	0.00%	\$ 116,292	12.20%	0.00%	\$ 126,551	14.18%	0.00%	\$ 107,773	13.04%	0.00%			
Interest-bearing transaction accounts:															
Savings and NOW accounts	171,769	17.68	1.05	155,998	16.37	0.60	195,759	21.94	0.44	211,199	25.56	0.42			
Money market deposits	329,502	33.90	4.13	301,922	31.67	3.94	287,226	32.20	2.77	279,936	33.88	1.80			
Total transaction accounts	501,271	51.58	3.07	457,920	48.04	2.80	482,985	54.14	1.83	491,135	59.44	1.21			
Term Certificates	341,305	35.12	4.85	379,008	39.76	4.71	282,584	31.68	3.49	227,426	27.52	2.31			
Total deposits	<u>\$ 971,824</u>	<u>100.00%</u>	<u>3.29%</u>	<u>\$ 953,220</u>	<u>100.00%</u>	<u>3.22%</u>	<u>\$ 892,120</u>	<u>100.00%</u>	<u>2.09%</u>	<u>\$ 826,334</u>	<u>100.00%</u>	<u>1.35%</u>			

EXHIBIT I-13

**Danvers Bancorp, Inc.
CDs by Rate and Maturity**

Exhibit I-13
Danvers Bancorp, Inc.
CDs by Rate and Maturity

	At June 30,		At December 31,	
	2007	2006	2005	2004
Certificates of Deposit	(In thousands)			
Interest Rate:				
Less than 2.01%	\$ 1,947	\$ 3,604	\$ 27,522	\$ 79,051
2.01%-3.00%	10,643	12,675	50,152	126,689
3.01%-4.00%	33,231	42,496	112,776	17,411
4.01%-5.00%	87,028	125,478	91,477	2,867
5.01%-6.00%	208,004	194,306	208	254
Over 6.00%	452	449	449	1,154
Total	\$ 341,305	\$ 379,008	\$ 282,584	\$ 227,426

CD Maturities	Less than One Year	Over One to Two Years	Over Two Years to Three Years	Over Three Years to Four Years	Over Four Years	Total
Interest Rate:						
Less than 2.01%	\$ 1,709	\$ 103	\$ 135	\$ -	\$ -	\$ 1,947
2.01%-3.00%	10,435	202	-	6	-	10,643
3.01%-4.00%	29,028	3,685	512	1	5	33,231
4.01%-5.00%	80,270	4,279	1,319	243	917	87,028
5.01%-6.00%	203,996	2,485	831	-	692	208,004
Over 6.00%	452	-	-	-	-	452
Total	\$ 325,890	\$ 10,754	\$ 2,797	\$ 250	\$ 1,614	\$ 341,305

EXHIBIT I-14

**Danvers Bancorp, Inc.
Borrowings Activity**

Exhibit I-14
Danvers Bancorp, Inc.
Borrowings Activity

	At or For the Six Months Ended June 30,		At or For the Years Ended December 31,		
	2007	2006	2006	2005	2004
Short-term borrowings:					
Balance at end of period	\$ 33,083	\$ 35,992	\$ 30,934	\$ 119,482	\$ 41,372
Average balance during period	36,242	65,060	53,875	85,675	36,629
Maximum outstanding at any month period	55,261	90,967	90,967	119,482	46,268
Weighted average interest rate at end of period	2.33%	1.34%	1.35%	3.25%	0.88%
Average interest rate during period	2.33%	3.07%	2.67%	2.44%	0.88%
Long-term debt:					
Balance at end of period	\$ 150,010	\$ 178,542	\$ 167,899	\$ 71,235	\$ 116,364
Average balance during period	149,620	142,366	158,634	79,571	117,018
Maximum outstanding at any month period	150,494	179,759	179,759	110,747	127,905
Weighted average interest rate at end of period	4.56%	4.51%	4.46%	4.31%	4.40%
Average interest rate during period	4.62%	4.38%	4.51%	4.34%	4.29%
Subordinated debt:					
Balance at end of period	\$ 29,965	\$ 24,810	\$ 29,965	\$ 24,810	\$ 24,810
Average balance during period	29,965	24,810	26,251	24,810	24,810
Maximum outstanding at any month period	29,965	24,810	29,965	24,810	24,810
Weighted average interest rate at end of period	8.99%	9.41%	8.99%	9.02%	8.20%
Average interest rate during period	8.91%	8.68%	8.75%	8.22%	7.48%

EXHIBIT II-1

Description of Office Facilities

Exhibit II-1
Danvers Bancorp, Inc.
Description of Office Facilities

Location	Leased or Owned	Original Year Leased or Acquired	Date of Lease Expiration	Date of Lease Options Expiration	Deposit Base at June 30, 2007 (In thousands)
Main Office/Branch					
One Conant Street Danvers, Massachusetts 01923	Owned	8/18/1922	NA	NA	\$ 421,707
Branch Offices					
Andover Office 18-20 Central Street Andover, Massachusetts 01810	Leased	4/1/2002	3/31/2012	3/31/2022	86,445
Beverly Office 100 Cummings Center Suite 101K Beverly, Massachusetts 01915	Leased	1/1/2007	12/30/2011	NA	29,320
Boston Loan Office (1) One Post Office Square 37 Floor Boston, MA 02109	Leased	8/1/2005	7/31/2010	7/31/2016	1,383
Chelsea Office 357 Beacham Street Chelsea, Massachusetts 02150	Owned	9/26/2001	NA	NA	27,735
Federal Street Office 3 Federal Street Danvers, Massachusetts 01923	Leased/Owned	12/1/2004	11/30/2014	11/30/2024	64,117
Malden Office One Salem Street Malden, Massachusetts 02148	Leased	2/23/2007	2/28/2010	NA	36,674
Malden Office (2) 51 Commercial Street Malden, Massachusetts 02148	Leased	2/15/2007	2/14/2017	2/14/2027	-
Middleton Office Two Central Street Middleton, Massachusetts 01949	Leased	8/15/1998	8/14/2008	8/14/2018	39,118
Peabody Office Two Central Street Peabody, Massachusetts 01960	Leased	10/1/1998	9/30/2008	9/30/2028	34,190
Reading Office 21-37 Hamden Street Reading, Massachusetts 01867	Leased	12/1/1999	11/30/2014	11/30/2024	41,773
Revere Office 310 Broadway Revere, Massachusetts 02151	Owned	9/26/2001	NA	NA	100,139
Salem Office (3) 111-125 Canal Street Salem, Massachusetts 01970	Leased	11/1/2001	10/31/2011	10/31/2021	15,374
Salem Office (3) 3 Traders Way Salem, Massachusetts 01970	Leased	7/9/2007	7/31/2027	7/31/2047	-

Exhibit II-1
Danvers Bancorp, Inc.
Description of Office Facilities

Location	Leased or Owned	Original Year Leased or Acquired	Date of Lease Expiration	Date of Lease Options Expiration	Deposit Base at June 30, 2007 (In thousands)
Saugus Office (4) 584 Broadway Saugus, Massachusetts 01906	Leased	7/1/2006	6/30/2013	6/30/2023	-
Wilmington Office (5) 579 Main Street Wilmington, Massachusetts 01887	Leased	7/1/2001	6/30/2011	NA	26,414
Wilmington Office (5) 275 Main Street Wilmington, Massachusetts 01887	Leased	2/23/2007	2/22/2027	2/22/2047	-
Woburn Office 400 West Cummings Park Suite 1950 Woburn, Massachusetts 01801	Leased	4/1/2002	3/30/2012	3/30/2022	47,435
Other Properties					
Lending Center 16 High Street Danvers, Massachusetts 01923	Owned	1/30/2001	NA	NA	-
Lending Center 51 High Street Danvers, Massachusetts 01923	Owned	12/14/2004	NA	NA	-
Lending/Operations Office 10 Elm Street Danvers, Massachusetts 01923	Leased	9/1/2004	12/31/2007	NA	-
Operations Office (6) 75 Sylvan Street Danvers, Massachusetts 01923	Leased	7/20/2007	12/31/2013	12/31/2027	-
Project Management Office 10 High Street Danvers, Massachusetts 01923	Leased	4/1/2002	12/31/2011	NA	-

(1) The Boston office has a full branch license.

(2) New office expected to open early to mid 2008.

(3) New office expected to open early to mid 2008, replacing the premises at 111-125 Canal Street.

(4) New office opened July 2007.

(5) New office expected to open early to mid 2008, replacing the premises at 579 Main Street.

(6) The Operations office located at 10 Elm Street, Danvers will move to this location during the end of 2007.

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%	3.85%	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%	4.82%	4.91%	5.03%
As of August 10, 2007	8.25%	4.57%	4.69%	4.81%

(1) End of period data.

Sources: Federal Reserve.

EXHIBIT III-1

General Characteristics of Publicly-Traded Institutions

AP 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 15, 2007(1)

Ticker	Financial Institution	Exchg.	Market	Primary Market	Operating Total Assets (\$Bil.)	Offices	Fiscal Year	Conv. Date	Stock Price (\$)	Market Value (\$Mil.)
California Companies										
IND	Indymac Bancorp. Inc. of CA	NYSE	Paradise, CA	Thrift	31,659	14	12-31	11/06	20.29	1,495
INDL	Dominion Financial Corp. of CA	NYSE	Menlo Park, CA	Thrift	14,203	122	12-31	01/71	52.81	1,474
FED	FirstFed Financial Corp. of CA	NYSE	Santa Monica, CA	Thrift	7,668	33	12-31	12/83	45.60	422
PFB	PFB Bancorp. Inc. of Pomona CA	NYSE	Pomona, CA	Thrift	4,470	70	03-31	03/96	18.02	422
PROV	Provident Fin. Holdings of CA	M.B.	M.S.D. Riverside, CA	M.B.	1,770 M	12	06-30	06/96	18.28	316
RFWD	Harrington West Finl Grp of CA	MASDAQ	Solvang, CA	Thrift	1,126 M	15	12-31	11/02	15.01	83
BOFI	BoFi Holding, Inc. Of CA	MASDAQ	San Diego, CA	Thrift	947	1	06-30	03/05	7.45	63
KFD	K-Fed Bancorp MFC of CA (37.3)	MASDAQ	Corvina, CA	Thrift	799 M	5	06-30	03/04	14.08	197
FFTR	First Pacific Bancorp of CA	MASDAQ	Chula Vista, CA	Thrift	769	9	12-31	08/02	22.25	98
BYFC	Bayview Financial Corp. of CA	MASDAQ	Los Angeles, CA	Thrift	316	4	12-31	01/96	10.35	17
Florida Companies										
FLNA	Fla National Fin. Corp. of FL	MASDAQ	Orlando, FL	Thrift	14,483	55	09-30	12/05	16.36	981
FLN	FLN Financial Corp. of FL	NYSE	Fort Lauderdale, FL	Thrift	7,608 D	74	12-31	11/93	2.47	89
FLK	Florida Bankshares, Inc.	NYSE	St. Petersburg, FL	Thrift	2,150	75	12-31	11/96	8.49	493
FLBK	First Community Bank of FL	NYSE	St. Petersburg, FL	Thrift	703 M	4	12-31	11/96	10.40	63
FCPL	First Community BK Corp of FL	MASDAQ	Pineville Park FL	Thrift	602 M	4	12-31	05/03	15.40	63
Mid-Atlantic Companies										
SOV	Sovereign Bancorp. Inc. of PA	NYSE	Philadelphia, PA	M.B.	82,735	677	12-31	08/86	17.22	8,251
ROCK	Rockwell City Bancorp, Inc of NJ	MASDAQ	Paramus, NJ	Thrift	35,690	86	12-31	06/05	13.44	7,148
NYB	New York Community Corp. of NY	NYSE	Westbury, NY	Thrift	29,624	143	12-31	11/93	17.14	5,379
AF	Astoria Financial Corp. of NY	NYSE	Lake Success, NY	Thrift	21,650	86	12-31	11/93	25.05	2,426
FRFC	First Niagara Fin. Group of NY	MASDAQ	Lockport, NY	Thrift	7,945 D	122	12-31	01/03	12.79	1,358
NSB	Northwest Bancorp of NY (39.2)	MASDAQ	Warren, PA	Thrift	6,898	154	06-30	11/94	27.33	1,333
PFB	Provident Fin. Serv. Inc of NJ	NYSE	Jersey City, NJ	Thrift	5,743 D	73	12-31	01/03	15.42	978
INVC	Investors Bancorp MFC of NJ (45.1)	MASDAQ	Short Hills, NJ	Thrift	3,601	46	06-30	10/05	13.28	1,480
BNCL	Bank of New York (44.1)	MASDAQ	Short Hills, NJ	Thrift	3,450	37	12-31	07/07	3.00	190
TRST	TrustCo Bank Corp NY of NY	MASDAQ	Union, NY	Thrift	3,376	75	12-31	07/04	10.74	806
DOOM	Dime Community Bancshares of NY	MASDAQ	Brooklyn, NY	Thrift	3,250	20	12-31	06/96	12.24	432
FFIC	Flushing Fin. Corp. of NY	MASDAQ	Lake Success, NY	Thrift	3,042	11	12-31	11/95	14.27	346
WSTB	Westchester Bancorp. of NY	MASDAQ	Wilkes-Barre, PA	Div.	2,948 M	23	12-31	11/03	13.92	379
EMBT	EMBT Bancorp, Inc. of PA	MASDAQ	Bethlehem, PA	Thrift	2,889	39	09-30	01/04	13.90	579
FRNY	Provident NY Bancorp, Inc. of NY	MASDAQ	Montebello, NY	Thrift	2,783	25	06-30	02/05	13.23	947
KERNY	Kearny Fin Cy MFC of NJ (29.7)	MASDAQ	Fairfield, NJ	Thrift	2,608 M	17	12-31	07/96	15.81	135
OCFC	OceanFirst Fin. Corp of NJ	MASDAQ	Toms River, NJ	Thrift	1,978	26	12-31	06/90	9.56	127
ESBF	ESB Financial Corp. of PA	MASDAQ	Ellwood City, PA	Thrift	1,825 M	47	06-30	07/87	28.25	159
WPSA	West Penn Bancorp Inc. of PA	MASDAQ	Monroeville, PA	Thrift	1,553	14	06-30	04/02	11.93	186
WFCB	Willow Financial Bcp Inc of PA	MASDAQ	Maple Glen, PA	Thrift	1,394	20	06-30	01/07	13.79	539
ORIT	Orital Fin Cy MFC of NJ (32.0)	MASDAQ	Franklin, NJ	Thrift	1,394	12	12-31	06/07	5.03	221
ABC	Abington Bancorp, Inc. of PA	MASDAQ	Jenkintown, PA	Thrift	1,050	18	12-31	01/04	13.41	133
SNY	Snyder Bancorp Inc. of PA	MASDAQ	Cranford, NJ	Thrift	913	12	12-31	01/04	13.41	133
WSTN	Westchester Bancorp. Inc. of NY	MASDAQ	Roseton, NY	Thrift	822	14	12-31	04/07	13.80	139
GLK	Great Lakes Bancorp. Inc. of MI	NYSE	Roseton, NY	Thrift	822	2	12-31	04/07	13.80	139
ROMA	Roma Fin Corp MFC of NJ (31.0)	NYSE	Robbinsville, NJ	Thrift	887	8	12-31	07/05	16.41	537
CBRE	Clifton Bancorp MFC of NJ (43.3)	MASDAQ	Clifton, NJ	Thrift	801	10	03-31	03/04	10.49	239
EARL	Earleville Fin Cy MFC of PA (44.5)	MASDAQ	Earleville, PA	Thrift	761	11	12-31	10/06	11.26	165
FCB	Fox Chase Banc MFC of PA (44.5)	MASDAQ	Malboro, PA	Thrift	740 M	11	03-31	10/94	15.57	33
CARV	Carver Bancorp, Inc. of NY	MASDAQ	New York, NY	Thrift	728	13	03-30	06/88	16.30	49
FBST	Fidelity Bancorp, Inc. of PA	MASDAQ	Pittsburgh, PA	Thrift	662 M	14	12-31	07/94	27.00	78
TRND	Trinity Bancorp. Inc. of PA	MASDAQ	Metown, PA	Thrift	651	17	09-30	07/98	9.40	56
BCSB	Bank of Commerce Bancorp MFC of MD (36.5)	MASDAQ	Baltimore, MD	Thrift	636	5	12-31	11/89	18.53	92
PRCI	Primerica Bancorp, Inc. of NJ	MASDAQ	Bayonne, NJ	Thrift	574 M	4	12-31	12/04	10.90	93
OSBC	Ocean Bancorp MFC of NJ (44.8)	MASDAQ	Ocean City, NJ	Thrift	562	2	09-30	10/05	10.31	136

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Exhibit III-1
 Characteristics of Publicly-Traded Thrifts
 August 15, 2007 (1)

Thrift Financial Institution	ECOBY Market	Primary Market	Operating Total Assets (2) (\$M)	Offices	Fiscal Year	Conv. Date	Stock Price (\$)	Market Value (\$M)
<u>South-West Companies (Continued)</u>								
FNB Franklin Bank Corp of TX	MASDAQ	Houston, TX	Thrft 5,546	32	12-31	12/03	8.50	241
VFC ViewPoint Finl MC of TX (45.0)	MASDAQ	Plano, TX	Thrft 1,605	34	12-31	10/06	15.75	497
CSBK Cough Bancshares, Inc. of OK	MASDAQ	Lawton, OK	Thrft 135 M	2	06-30	01/07	8.82	32
<u>Western Companies (Excl CA)</u>								
UNBK United Western Banc, Inc of CO	MASDAQ	Denver, CO	Thrft 2,043	1	12-31	10/96	20.98	153
HOME Home Fed Banc MC of ID (40.8)	MASDAQ	Boise, ID	Thrft 738	15	09-30	12/04	12.98	198

Other Assets

NOTES: (1) Or most recent data available (6-March, 8-September, 9-December, 10-June, 11-January, and 12-Pro Forma)
 (2) Operating strategies are: Thrift-Traditional Thrift, M.B.-Mortgage Banker, R.R.-Real Estate Developer, Div.-diversified, and Ret.-Retail Banking.
 (3) BIF insured savings bank.

Sources: Corporate offering circulars, SEC Securities Quarterly Thrift Report, and financial reports of publicly traded Thrifts.

Date of Last Update: 08/15/07

EXHIBIT III-2

Public Market Pricing of New England Thrifts

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Exhibit III-2
 Market Pricing Comparatives
 Prices As of August 10, 2007

Financial Institution	Market Capitalization			Per Share Data			Pricing Ratios (3)				Dividends (4)			Financial Characteristics (6)						
	Market Value (\$)	Market Value (\$)	Market Value (\$)	Core Book Value/EPD (\$)	Shares	EPD (\$)	P/E (x)	P/B (x)	P/A (x)	P/Y (x)	F/COE (x)	Amount/Share (\$)	Yield (%)	Payout Ratio (%)	Total Assets (\$MM)	Equity/Assets (%)	NPA/Assets (%)	ROA (%)	ROE (%)	
All Public Companies	16.16	390.03	0.75	13.41	15.77	127.55	16.08	145.60	21.59	0.40	2.41	35.44	2.07	43.43	1,119	12.61	0.41	0.32	5.14	
Special Selection Grouping (8)	15.57	426.84	0.49	13.70	17.62	110.38	17.62	133.49	26.64	0.35	2.07	43.43	2.07	43.43	1,746	15.51	0.34	0.25	2.90	
State of MA	17.03	166.00	0.66	16.56	25.16	107.35	15.95	119.97	25.20	0.44	2.30	40.10	2.30	40.10	331	15.17	0.26	0.32	2.70	
Comparable Group																				
Special Comparatives Group (8)	21.74	101.02	0.59	13.20	28.31	95.93	11.50	145.60	21.59	0.24	1.88	40.68	1.88	40.68	696	11.98	0.33	0.40	3.39	
BRAC Benjamin Franklin Bancorp Inc of MA	28.86	255.18	1.67	30.12	22.20	55.82	11.76	175.02	17.28	0.60	2.08	35.93	2.08	35.93	2,170	12.27	0.82	0.53	4.45	
BAFL Berkshire Hills Bancorp of MA	11.66	694.76	0.34	9.18	34.25	127.02	29.30	139.81	34.29	0.34	2.82	NM	2.82	NM	2,371	23.07	0.16	0.85	3.53	
CBNA Commercial Bancorp of Connecticut MA	22.10	184.24	0.41	23.00	31.03	98.03	6.60	102.13	NM	0.72	3.26	NM	3.26	NM	549	6.87	0.06	0.20	2.90	
CHBK Connecticut Bancorp, Inc. of MA	18.27	184.24	0.16	18.75	22.79	97.42	22.79	97.42	NM	0.00	0.00	0.00	0.00	0.00	469	23.39	0.36	-0.46	2.18	
EMFC Eastern Massachusetts Financial Corp. of MA	30.24	64.08	2.04	25.10	15.00	178.25	18.18	112.25	15.00	0.12	1.25	NM	1.25	NM	511	19.52	0.72	-0.52	-4.13	
EMFB Eastern Massachusetts Financial Bancorp of MA	16.25	74.70	0.66	12.89	NM	128.07	13.18	120.09	24.65	0.80	1.62	39.80	1.62	39.80	710	17.50	0.06	0.62	8.22	
LSBC Legacy Bancorp, Inc. of MA	34.00	146.88	1.51	24.83	21.13	136.23	17.98	138.38	22.52	0.16	1.25	50.00	1.25	50.00	960	16.79	0.02	0.12	1.11	
MABZ Massachusetts Bancorp, Inc. of MA	11.55	24.21	0.44	9.36	23.10	123.40	9.59	123.65	26.25	0.40	3.71	65.00	3.71	65.00	242	8.10	NM	0.43	5.43	
MFLA Mayflower Co-Op. Bank of MA	10.70	25.49	0.15	6.78	15.05	150.70	10.84	203.19	17.50	0.20	1.87	NM	1.87	NM	428	11.67	0.29	0.21	9.89	
NVBL New England Venture Bank of MA	10.43	55.77	0.20	9.15	NM	97.39	27.70	97.39	NM	0.20	2.23	66.67	2.23	66.67	276	20.60	0.39	0.37	1.78	
NYFD New York Federal Bancorp of NY	8.95	285.75	0.30	12.61	NM	114.51	20.52	194.87	34.38	0.26	1.80	61.90	1.80	61.90	7,942	17.92	0.11	0.45	2.74	
NAL New Alliance Bancshares of CT	14.44	1629.96	0.42	12.61	NM	98.07	19.35	184.07	NM	0.00	0.00	NM	0.00	NM	310	19.57	0.09	-0.44	-2.55	
NP29 Newport Bancorp, Inc. of RI	9.50	30.44	0.25	7.59	39.60	130.43	13.94	154.45	39.60	0.34	2.42	NM	2.42	NM	483	10.69	0.34	0.36	3.36	
PRCT Peoples United Financial of CT	16.27	4895.64	0.38	16.97	NM	108.68	35.42	111.29	NM	0.53	3.26	NM	3.26	NM	13,020	32.59	0.17	0.89	5.18	
PRFD Peoples United Financial of CT (44.2)	14.28	121.02	0.16	7.99	NM	187.48	23.53	188.66	NM	0.00	0.00	0.00	0.00	0.00	1,240	12.55	0.16	0.57	4.40	
RYFD Rydell Financial of CT (45.9)	18.25	121.02	0.16	7.99	NM	187.48	23.53	188.66	NM	0.00	0.00	0.00	0.00	0.00	1,240	12.55	0.16	0.57	4.40	
RYFD Rydell Financial of CT (45.9)	18.25	121.02	0.16	7.99	NM	187.48	23.53	188.66	NM	0.00	0.00	0.00	0.00	0.00	1,240	12.55	0.16	0.57	4.40	
UMXC United Bancorp of MA (46.4) (7)	31.50	21.59	0.25	8.12	NM	141.43	19.20	151.38	NM	0.24	2.09	NM	2.09	NM	1,023	13.55	0.13	0.40	2.97	

(1) Average of High/Low or Bid/Ask price per share.
 (2) EPD (estimate core basis) is based on actual trailing twelve month data, adjusted to omit non-operating items on a tax affected basis.
 (3) P/B = Price to book; P/A = Price to assets; P/Y = Price to tangible book value; and P/COE = 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 New England 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 IV-1

Stock Prices:
As of August 10, 2007

EP FINANCIAL, LC
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Exhibit IV-1a
 Weekly Thrift Market Line - Part One
 Prices As Of August 10, 2007

Financial Institution	Market Capitalization		Price Change Data				Current Per Share Financials						
	Price/Share (\$)	Outst. Capital-Share (\$ MIL)	52 Week High (\$)	Low (\$)	Last Week (\$)	Last 52 wks %	Trailing 12 Mo. EPS (\$)	12 Mo. Core EPS (\$)	Book Value/Share (\$)	Tangible Value/Share (\$)			
All Public Companies (125)	17.13	26,838	23.09	15.57	17.15	-0.35	-10.04	-13.49	0.96	0.90	15.09	13.45	159.61
SNP-Insured Thrifts (125)	17.13	26,838	23.09	15.57	17.15	-0.35	-10.04	-13.49	0.96	0.90	15.09	13.45	159.61
NYSE Traded Companies (13)	21.56	111,367	32.74	18.94	21.73	-0.22	-21.08	-25.21	2.06	1.52	23.52	15.45	238.61
AMEX Traded Companies (4)	16.15	12,767	20.87	14.55	15.75	0.38	-18.43	-24.31	1.05	1.02	13.25	12.81	122.71
RANDAM Listed OTC Companies (108)	16.65	19,847	20.87	14.55	15.75	-0.23	-8.42	-11.68	0.83	0.83	14.52	13.00	182.96
California Companies (9)	21.35	16,582	36.88	20.78	23.21	-0.36	-23.22	-25.19	2.85	2.06	23.63	23.28	288.04
Florida Companies (5)	11.36	26,782	19.29	9.95	11.29	0.31	-38.26	-25.73	1.02	0.88	11.40	10.84	173.24
Mid-Atlantic Companies (35)	14.04	58,590	20.10	14.81	16.16	-0.32	-7.45	-11.79	0.74	0.79	12.97	10.79	140.63
Mid-West Companies (41)	17.51	8,896	21.34	15.68	17.47	-0.04	-7.22	-10.38	0.88	0.83	15.77	14.26	170.87
New England Companies (17)	16.54	21,981	20.76	13.35	16.73	-1.16	-8.20	-12.50	0.49	0.56	15.21	13.49	123.34
North-West Companies (5)	17.26	26,130	21.69	13.55	17.48	-0.37	-2.61	-10.79	1.05	1.03	11.92	10.87	103.22
South-West Companies (16)	18.34	8,870	22.96	16.85	18.21	-0.24	-6.81	-11.41	1.17	1.14	14.94	13.68	135.58
South-East Companies (2)	9.16	14,475	17.77	7.75	8.55	7.66	-42.65	-39.43	0.42	0.19	12.44	7.13	126.89
Western Companies (Incl CA) (1)	20.98	7,304	26.32	18.75	21.09	-0.10	-8.98	4.95	1.41	1.68	15.28	15.28	279.77
Unit Strategy (18)	14.78	22,784	21.56	15.28	16.43	-0.47	-10.05	-13.26	0.93	0.87	14.97	13.36	157.04
Multi-Strategy (18)	17.04	141,240	24.11	15.94	18.63	0.21	-27.11	-31.42	1.17	0.88	15.73	12.33	193.60
Reverse Split Strategy (1)	38.22	133,548	42.90	24.71	34.71	9.31	46.23	39.27	0.67	0.65	34.23	31.02	127.05
Diversified Strategy (2)	17.53	31,326	22.49	15.96	17.58	-0.57	-10.21	-15.00	0.94	0.75	23.18	21.02	274.05
Companies Without Dividends (110)	14.14	10,180	19.33	12.66	13.92	1.33	-18.74	-21.17	0.39	0.33	14.15	13.36	130.56
Equity/Assets <65% (6)	16.30	40,347	22.85	15.32	17.17	-1.58	-17.78	-15.16	1.49	1.34	14.73	14.18	132.06
Equity/Assets >12% (80)	18.73	21,293	24.72	16.99	18.71	-0.33	-11.64	-15.47	1.23	1.33	15.98	14.41	132.06
Equity/Assets >12% (39)	13.96	38,414	16.74	12.78	14.03	-0.43	-5.83	-9.32	0.36	0.39	13.35	11.45	78.77
Converted Last 3 Mths (no MNC) (2)	9.97	15,403	11.87	9.32	10.01	-0.41	3.73	-7.79	0.29	0.29	11.62	11.62	42.79
Actively Traded Companies (10)	22.33	66,535	28.90	20.97	22.72	-1.80	-10.59	-16.39	1.05	1.11	17.46	15.64	196.33
Market Value Below \$20 Million (4)	18.36	1,964	12.40	8.78	10.43	-1.28	-4.41	-6.42	0.02	-0.10	9.92	9.68	127.32
Holding Company Structure (118)	17.32	20,283	22.35	15.73	17.33	-0.29	-10.31	-13.35	1.01	0.95	15.25	13.21	180.34
Assets Over \$1 Billion (53)	18.72	63,260	25.68	16.75	18.64	0.11	-14.01	-13.35	1.35	1.16	16.07	13.27	177.55
Assets \$500 Million-\$1 Billion (36)	18.76	5,840	23.11	17.13	18.88	-0.77	-5.96	-9.71	0.96	0.98	15.90	14.65	178.53
Assets \$250-\$500 Million (26)	12.35	4,216	15.45	12.37	13.00	-0.48	-9.33	-10.02	0.56	0.60	12.61	12.13	116.87
Assets Less than \$250 Million (10)	14.23	1,298	17.22	12.60	14.30	-0.87	-6.76	-7.57	0.04	-0.01	13.72	13.59	111.87
Non-Operating Dividends (7)	14.28	28,277	17.43	15.72	16.53	-0.12	-11.24	-15.11	1.17	1.08	16.00	13.63	174.34
Non-Operating Dividends (1)	14.28	28,277	17.43	15.72	16.53	-0.12	-11.24	-15.11	1.17	1.08	16.00	13.63	174.34
Acquirers of Public Cases (4)	24.09	29,333	32.07	21.62	24.13	-0.34	-8.24	-12.39	1.32	0.45	21.05	23.05	129.31

(1) Average of high/low or bid/ask price per share.
 (2) Or since offering price if converted or first listed in 2003 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) 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.
 (9) For MNC institutions, market value reflects share price multiplied by public (non-MNC) shares.
 * All thrifts are SAMP 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.
 Sources: Corporate reports and offering circulars for publicly traded companies, and EP 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-1A (Continued)
Weekly Thrift Market Line - Part One
Prices As Of August 10, 2007

Financial Institution	Market Capitalization		Price Change Data				Current Per Share Financials					
	Price/Share(1)	Outst. Capital-Instn(2)	52 Week (1)	Last Week	Week Ago(2)	2004(2)	Trailing 12 Mo. Core EPS(3)	Book Value/Share(4)	12 Mo. Dividend Yield(5)	Book Value/Share(4)	Dividend Yield(5)	
All Public Companies(40)	12.84	30,686	15.61	11.69	12.95	-0.59	-0.22	-9.22	0.27	7.72	7.27	58.56
BAIF-insured Thrifts(40)	12.84	30,686	15.61	11.69	12.95	-0.59	-0.22	-9.22	0.27	7.72	7.27	58.56
AMEX Traded Companies(1)	11.35	2,760	14.35	10.60	11.35	0.00	-15.93	-9.20	0.47	0.50	0.88	97.45
Midcap listed OPC Companies(39)	12.88	31,727	15.64	11.72	13.00	-0.41	0.34	-9.22	0.36	0.26	0.69	7.23
Mid-Milennic Comp(23)	15.18	44,716	17.39	11.07	12.28	-0.81	-3.64	-9.43	0.29	0.29	0.74	57.15
Mid-England Comp(7)	11.45	4,716	14.14	10.48	11.26	-0.58	-3.18	-2.46	0.22	0.23	0.13	7.67
New England Companies(5)	11.45	11,522	14.14	10.48	11.26	-0.58	-3.18	-2.46	0.22	0.23	0.13	7.67
South-East Companies(2)	12.56	10,889	17.00	11.56	12.95	-0.78	-7.70	-35.77	0.24	0.23	0.27	5.74
South-West Companies(1)	15.79	25,789	19.00	14.25	12.95	-0.57	97.90	-45.77	0.23	0.23	0.15	62.33
Thrift Strategy(40)	12.84	30,686	15.61	11.69	12.95	-0.59	-0.22	-9.22	0.27	7.72	7.27	58.56
Companies Issuing Dividends(26)	13.55	18,332	17.6	14.35	12.35	-1.04	-0.27	-9.81	0.30	0.30	0.31	52.36
Companies Without Dividends(14)	11.64	52,132	14.35	10.75	11.63	0.16	0.38	-0.22	0.21	0.23	0.40	51.78
Equity/Assets >12%(14)	14.02	15,401	17.70	12.84	14.15	-0.45	-8.54	-14.81	0.36	0.36	0.60	7.93
Equity/Assets >13%(25)	12.23	39,916	14.52	11.09	12.33	-0.67	6.12	-6.30	0.22	0.22	0.26	6.93
Holding Company Structure(37)	12.90	31,537	16.14	11.76	13.04	-0.76	-0.10	-9.27	0.27	0.27	0.78	7.30
Assets Over \$1 Billion(11)	16.67	93,941	19.77	15.06	16.86	-0.61	9.35	-4.60	0.30	0.31	0.02	7.35
Assets \$500 Million-\$1 Billion(9)	11.95	19,370	14.36	10.53	11.62	-0.93	-0.50	-13.81	0.22	0.22	0.26	7.24
Assets \$250-\$500 Million(13)	11.35	7,498	14.35	10.28	11.33	-1.30	-0.46	-10.44	0.25	0.24	0.26	7.16
Assets less than \$250 Million(1)	11.35	2,300	14.35	10.60	11.35	0.00	-15.93	-9.20	0.47	0.50	0.88	97.45
Goodwill Companies(13)	12.65	43,493	14.96	11.54	12.73	-0.44	-2.69	-8.48	0.36	0.25	0.69	64.15
Non-Goodwill Companies(23)	12.88	31,451	16.10	11.80	13.12	-0.71	1.63	-9.77	0.28	0.28	0.79	54.36
MFC Institutions(40)	12.84	30,686	15.61	11.69	12.95	-0.59	-0.22	-9.22	0.27	7.72	7.27	58.56
MFC Converted last 3 Months(1)	9.00	82,285	9.89	8.11	9.05	-0.55	-10.00	-10.00	0.13	0.13	7.12	54.62

(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) 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.
(9) For MFC institutions, market value reflects share price multiplied by public (non-MFC) shares.

* All thrifts are BAIF 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.
Sources: Corporate reports and offering circulars for publicly traded companies, and RP Financial, I.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.
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Exhibit IV-1A (continued)
 Weekly Thrift Market List - Part One
 Prices As Of August 10, 2007

Financial Institution	Market Capitalization		Price Change Data				Current Per Share Financials						
	Price/Share (\$)	Shares Outstanding (000)	High (\$)	Low (\$)	Last Week (\$)	Last 52 Weeks (%)	Trailing 12 Mo. EPS (\$)	12 Mo. Core EPS (\$)	Book Value (\$)	Tangible Assets/Share (\$)			
FFMC First Merchants Corp. of IN	11.75	2,327	12.35	10.61	11.75	0.00	3.34	0.47	0.43	11.55	10.88	139.13	
FFBI First Bancshares Inc. of IN	15.41	1,841	20.82	14.63	15.41	-0.52	-19.72	0.41	0.37	16.36	17.74	171.74	
FFBI First Bancshares, Inc. of MO	16.30	2,551	19.25	15.20	16.30	0.00	-1.93	-0.13	-0.24	17.37	16.92	155.74	
FCAP First Capital, Inc. of IN	17.00	2,838	18.23	16.21	17.00	0.00	-3.68	1.24	1.13	15.65	13.62	158.74	
FCTL First Clover Leaf Fin. Corp. of IL	10.78	9,074	97.6	12.46	10.01	0.65	-2.18	0.24	0.25	10.31	9.06	41.66	
FCTL First Community Bk. Corp. of IL	15.40	4,068	62.6	22.00	14.01	-1.91	-19.46	0.74	0.72	8.41	98.77	8.41	
FDNY First Defiance Fin. Corp. of OH	24.35	7,178	174.8	30.70	23.99	-2.29	-10.54	2.09	1.85	22.94	17.31	214.64	
FFNN First Fed. of N. Michigan of MI	7.73	2,883	22.3	9.80	7.55	0.39	-15.95	0.10	0.11	12.10	10.76	94.30	
FFBI First Fed. Bancshares of IA	19.15	4,863	93.1	25.43	19.15	-4.01	-14.93	0.99	0.88	13.33	15.33	168.72	
FFBI First Federal Bancshares of IA	16.87	3,390	64.0	22.51	18.06	2.55	-13.64	0.91	0.63	20.73	15.27	190.51	
FFBI First Franklin Corp. of OH	29.50	11,841	349.3	41.50	26.49	1.69	-8.21	2.26	2.14	13.94	14.02	228.37	
FFBS First Bancshares Inc. of IA	13.10	1,680	32.0	18.19	13.00	0.00	-20.12	0.78	1.24	15.20	15.30	197.10	
FFBS First Bancshares Inc. of IA(8)	13.14	2,428	31.9	20.61	13.55	13.14	0.00	-20.36	0.34	0.42	14.30	14.30	214.96
FFBS First National Bancshares Inc. of IA(8)	25.51	6,495	170.8	27.08	21.01	-1.88	-18.10	1.50	1.13	11.01	11.01	153.70	
FFBS First Niagara Fin. Group of NY	12.79	106,209	1,358.4	13.43	11.49	4.84	-11.98	0.81	0.81	13.06	6.02	74.81	
FFBS First Bancshares Inc. of NY	22.25	4,404	88.0	28.92	20.65	-1.11	-23.06	0.79	0.98	18.95	18.95	174.65	
FFBS First Bancshares Inc. of NY	14.26	17,253	348.0	18.59	13.01	4.72	-23.70	1.43	1.22	18.22	12.64	187.18	
FFBI First Bancshares Inc. of NY	16.76	21,553	348.0	18.59	13.01	4.72	-23.70	1.43	1.22	18.22	12.64	187.18	
FFBI First Bancshares Inc. of NY	14.32	14,680	73.5	14.32	10.16	6.73	12.60	0.26	0.31	18.23	18.23	151.11	
FFBI First Bancshares Inc. of NY(44.5)	9.50	25,346	400.8	21.86	7.50	8.12	17.00	-43.87	0.57	0.11	15.12	4.50	218.80
GSIA GS Financial Corp. of IA	18.08	1,266	22.8	23.01	16.31	0.00	0.00	1.57	1.55	21.12	21.32	134.32	
PDOR Great Fee Bancorp. of SC(8)	22.01	1,790	37.6	21.26	14.38	19.13	9.83	39.14	0.83	0.67	15.27	14.97	122.34
OCBC Green Co. Bancorp. of NY(44.4)	11.84	4,151	21.6	17.00	11.39	11.84	0.00	-21.07	0.59	0.59	8.53	8.53	78.49
FFFC First Financial Corp. of SD	17.19	4,013	69.0	18.50	15.43	17.01	1.06	-1.42	-0.52	14.41	1.87	15.39	
FFFC First Financial Corp. of SD	30.76	4,276	131.5	36.00	28.54	30.07	2.29	-9.53	-10.87	1.98	1.72	32.13	
FFFC First Financial Corp. of SD	10.40	7,850	62.7	13.00	9.00	10.34	0.58	4.00	-0.35	-0.36	12.80	12.80	64.26
FFFC First Financial Corp. of SD	14.60	7,821	97.2	19.93	14.50	14.60	0.00	-13.10	-1.00	0.89	12.55	12.55	194.76
FFFC First Financial Corp. of SD	15.01	5,947	83.3	18.49	14.56	13.13	-0.79	-9.03	-12.99	1.44	1.46	13.48	
FFFC First Financial Corp. of SD	12.46	10,889	41.8	17.00	11.56	12.95	-3.78	-7.70	-25.17	0.34	0.24	5.86	
FFFC First Financial Corp. of SD	30.24	2,115	64.1	37.49	23.03	30.56	-1.05	-19.40	-11.79	2.01	2.01	25.10	
FFFC First Financial Corp. of SD	12.58	15,232	60.3	14.50	11.45	2.18	-2.20	0.68	0.81	7.22	7.22	47.81	
FFFC First Financial Corp. of SD	13.21	3,125	65.3	14.50	11.45	2.18	-2.20	0.68	0.81	7.22	7.22	47.81	
FFFC First Financial Corp. of SD	10.32	7,145	116.0	12.80	8.57	10.32	0.00	-15.58	-2.20	-2.74	7.57	102.58	
FFFC First Financial Corp. of SD	10.32	7,145	116.0	12.80	8.57	10.32	0.00	-15.58	-2.20	-2.74	7.57	102.58	
FFFC First Financial Corp. of SD	13.28	11,469	706.2	16.00	11.46	13.39	-0.67	-2.28	-15.58	0.20	0.22	7.57	
FFFC First Financial Corp. of SD	13.45	1,987	12.7	13.50	11.46	13.39	-0.67	-2.28	-15.58	0.20	0.22	7.57	
FFFC First Financial Corp. of SD	11.61	6,455	74.9	13.57	10.88	11.39	1.93	-11.37	-10.83	0.25	0.25	11.41	
FFFC First Financial Corp. of SD	14.08	13,970	74.1	20.08	12.61	13.66	3.07	-9.45	-25.31	0.34	0.34	6.25	
FFFC First Financial Corp. of SD	13.92	27,157	378.6	17.52	12.66	13.74	1.31	-9.32	-16.80	0.72	0.80	10.62	
FFFC First Financial Corp. of SD	10.00	8,381	37.9	10.70	9.50	9.80	2.04	-0.50	-2.44	0.10	0.10	7.44	
FFFC First Financial Corp. of SD	13.23	71,602	264.9	17.07	11.34	13.56	-2.43	-2.87	-17.62	0.05	0.05	6.61	
FFFC First Financial Corp. of SD	16.25	4,597	74.7	18.06	13.50	16.50	-1.32	-2.87	-1.93	2.07	2.07	23.58	
FFFC First Financial Corp. of SD	24.20	1,596	38.6	27.49	24.19	24.20	0.00	-5.87	-1.22	2.02	1.93	23.58	
FFFC First Financial Corp. of SD	10.50	6,613	31.2	14.50	9.50	10.90	0.00	4.06	-16.40	0.27	0.37	8.19	
FFFC First Financial Corp. of SD	12.80	10,011	128.1	16.41	12.69	13.23	-3.25	-16.18	-19.24	0.19	0.32	14.16	
FFFC First Financial Corp. of SD	10.80	6,761	21.4	13.52	9.99	10.99	-1.73	6.93	0.65	0.38	0.38	10.29	
FFFC First Financial Corp. of SD	10.51	6,346	65.2	10.99	10.36	10.34	-0.27	9.10	0.65	0.38	0.38	10.29	
FFFC First Financial Corp. of SD	18.78	31,010	1,613.6	25.01	15.50	15.08	-0.64	-19.56	9.10	2.26	2.26	32.25	
FFFC First Financial Corp. of SD	10.00	4,421	21.3	13.15	10.00	0.10	-0.16	0.94	0.28	1.69	1.69	382.27	
FFFC First Financial Corp. of SD	10.00	4,421	21.3	13.15	10.00	0.10	-0.16	0.94	0.28	1.69	1.69	382.27	
FFFC First Financial Corp. of SD	13.56	5,924	31.5	15.20	11.10	11.77	-1.78	4.14	-15.93	0.15	0.14	8.28	
FFFC First Financial Corp. of SD	34.00	4,320	146.9	34.79	32.20	33.92	0.24	4.81	3.37	1.61	1.51	24.93	
FFFC First Financial Corp. of SD	13.55	2,096	24.2	14.97	10.00	11.35	0.00	-9.77	-5.17	0.50	0.44	9.36	
FFFC First Financial Corp. of SD	40.00	2,570	102.6	42.00	23.00	39.41	1.50	77.78	34.23	0.19	1.04	17.40	
FFFC First Financial Corp. of SD	16.98	4,329	73.5	22.92	16.01	17.60	-3.92	-18.17	-19.91	0.93	0.93	20.25	
FFFC First Financial Corp. of SD	32.01	7,931	333.9	44.06	29.32	31.11	2.89	-9.56	-22.89	2.42	1.20	13.03	
FFFC First Financial Corp. of SD	10.00	13,325	59.3	12.60	7.37	11.67	-10.31	-18.63	0.12	0.12	7.35	21.92	
FFFC First Financial Corp. of SD	14.00	5,066	70.9	16.99	13.98	14.05	-0.36	-13.85	-12.50	0.80	0.80	9.29	
FFFC First Financial Corp. of SD	10.70	7,386	35.3	13.70	10.36	10.51	-0.76	-15.89	-13.22	0.16	0.16	6.78	
FFFC First Financial Corp. of SD	12.20	4,878	59.8	14.48	11.52	12.30	-0.81	-7.58	-10.69	-0.27	-0.27	12.44	
FFFC First Financial Corp. of SD	35.00	1,352	52.7	41.33	38.20	39.00	0.00	-2.16	-0.60	3.24	3.24	30.84	
FFFC First Financial Corp. of SD	10.15	4,915	92.1	13.73	10.04	11.65	-1.22	-16.10	-2.70	0.94	0.94	9.30	
FFFC First Financial Corp. of SD	10.15	4,915	92.1	13.73	10.04	11.65	-1.22	-16.10	-2.70	0.94	0.94	9.30	
FFFC First Financial Corp. of SD	15.81	12,319	194.8	24.00	14.17	16.88	-6.34	-26.16	-31.05	-0.14	0.74	10.04	

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Exhibit IV-2A (continued)
Weekly Percent Market Gains - Part One
Prices As Of August 10, 2007

Financial Institution	Market Capitalization		Price Change Data					Current Per Share Financials				
	Price/Share (\$)	Outst. Shares (MM)	High (\$)	Low (\$)	Last Week (\$)	% Change From Last Week (%)	Last 52 Wks High (\$)	% Change From Last 52 Wks High (%)	Trailing 12 Mo. EPS (\$)	12 Mo. EPS (\$)	Book Value/Share (\$)	Book Value/Share (\$)
AMEREN	11.95	7,789	13.30	10.94	13.00	-8.08	-0.17	1.19	0.52	7.50	4.94	58.42
AMEREN	13.75	40,552	16.00	12.55	13.49	2.22	37.90	37.90	0.30	0.31	6.72	29.45
AMEREN	8.42	3,504	13.66	6.00	8.97	1.67	35.40	37.30	0.26	0.26	9.76	34.97
AMEREN	3.10	8,800	11.48	3.31	9.90	0.00	-7.46	-11.13	0.25	0.25	6.41	71.03
AMEREN	14.31	7,870	15.30	17.14	14.67	0.27	46.95	39.17	0.67	0.65	9.23	117.61
AMEREN	11.31	4,276	12.50	17.34	11.78	-1.15	-11.75	-11.75	1.12	1.07	11.80	127.89
AMEREN	11.30	1,243	14.00	24.75	11.97	-2.25	-4.04	-11.02	2.39	2.34	12.18	175.34
AMEREN	28.25	5,613	34.50	24.21	28.90	2.25	4.04	-11.02	2.39	2.34	12.18	175.34
AMEREN	11.91	43,451	12.10	9.31	11.91	0.00	14.41	2.32	0.51	0.59	11.28	55.80
AMEREN	10.20	2,483	16.00	9.35	10.20	0.00	-27.14	-21.78	0.38	0.30	8.43	127.76
AMEREN	10.50	3,145	21.00	16.63	18.50	0.00	-6.57	-4.49	0.91	0.88	15.70	18.92
AMEREN	14.90	4,830	19.77	14.61	15.25	-2.30	-15.00	-17.22	-1.11	-1.12	16.06	11.98
AMEREN	16.27	300,900	22.81	14.78	15.97	1.88	-3.78	-23.44	0.34	0.38	14.97	14.62
AMEREN	18.20	6,377	32.60	18.20	18.32	-1.73	-39.31	-60.17	2.06	1.08	20.63	20.63
AMEREN	13.03	41,667	16.00	11.42	13.62	2.06	5.95	-7.21	0.47	0.48	5.66	5.66
AMEREN	13.39	11,814	17.75	13.11	14.70	-4.83	-16.48	-12.18	0.31	0.31	7.20	7.20
AMEREN	15.18	6,568	23.50	14.50	15.27	-0.59	-15.24	-23.45	0.45	0.42	13.69	13.21
AMEREN	18.00	1,628	20.24	17.00	17.50	2.86	1.32	-0.28	1.27	1.26	14.95	14.93
AMEREN	14.40	11,567	17.75	12.75	14.30	0.70	9.76	-5.26	1.02	1.00	6.62	6.35
AMEREN	14.38	19,481	18.20	13.95	14.66	0.81	5.05	-16.08	0.35	0.34	7.99	7.94
AMEREN	16.92	32,152	17.37	11.54	16.03	1.39	11.25	-0.31	0.18	0.18	7.24	27.11
AMEREN	10.26	9,132	13.00	4.20	14.70	-0.08	-4.20	-14.97	0.39	0.39	6.36	27.30
AMEREN	10.26	13,422	13.00	9.95	11.70	-0.08	-4.20	-14.97	0.39	0.39	6.36	27.30
AMEREN	13.80	10,066	22.55	12.64	14.00	-1.43	-21.32	-21.01	1.50	1.49	6.88	6.88
AMEREN	9.56	34,671	11.93	8.10	9.61	-0.52	-13.01	-15.70	0.27	0.16	8.05	4.33
AMEREN	13.41	11,382	16.69	12.21	14.18	-5.43	-17.22	-18.63	0.27	0.32	8.77	81.93
AMEREN	27.00	2,885	33.49	26.75	24.07	-3.41	-6.05	-12.90	1.94	1.91	23.39	21.81
AMEREN	11.01	332,319	12.60	10.45	10.69	2.99	10.10	10.10	0.15	0.24	5.56	28.74
AMEREN	20.37	18,054	34.97	19.62	21.78	-6.47	-38.83	-35.56	1.90	1.86	20.38	17.63
AMEREN	15.75	7,025	19.53	14.95	15.89	-0.88	-13.45	-13.45	1.16	1.12	10.33	9.54
AMEREN	10.74	75,016	11.67	9.14	11.15	-3.68	-0.09	-3.43	0.55	0.55	3.06	44.88
AMEREN	12.16	8,298	13.70	10.43	12.13	0.68	15.15	1.50	0.32	0.32	7.49	46.55
AMEREN	6.93	30,213	13.30	6.13	6.46	7.28	-42.96	-43.38	0.67	0.61	9.11	7.96
AMEREN	13.30	17,072	16.00	11.98	11.69	-1.63	-10.51	-16.67	0.24	0.25	8.12	8.10
AMEREN	20.78	7,304	24.32	18.75	21.08	-0.10	-8.98	-4.95	1.41	1.68	15.28	15.28
AMEREN	25.19	22,282	29.00	23.48	25.48	-0.57	-37.90	-16.19	0.23	0.23	8.15	62.23
AMEREN	6.13	2,282	12.50	5.25	6.13	0.88	-11.10	-11.10	1.58	1.58	11.58	11.58
AMEREN	12.95	2,320	17.95	11.77	14.40	0.03	0.41	-11.10	1.58	1.58	11.58	11.58
AMEREN	15.40	2,320	25.95	21.42	24.45	-3.11	7.49	0.68	1.56	1.56	14.43	13.58
AMEREN	23.89	87,361	26.69	21.42	24.45	-3.11	7.49	0.68	1.56	1.56	14.43	13.58
AMEREN	15.63	32,489	19.00	14.14	16.06	-2.68	-3.45	-12.29	0.12	0.12	6.67	50.69
AMEREN	12.73	3,194	15.20	12.56	12.71	0.16	-15.19	-11.90	0.69	0.71	11.05	10.23
AMEREN	11.93	15,426	15.95	10.68	11.93	0.00	-10.12	-16.05	0.60	0.59	13.20	6.19

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Exhibit IV-13
Weekly Thrift Market Line - Part Two
Prices As Of August 10, 2007

Financial Institution	Key Financial Ratios				Asset Quality Ratios				Pricing Ratios				Dividend Data (\$)		
	Equity/ Assets (%)	Tang. Assets (%)	Reported Earnings ROA(3) (%)	Core Earnings ROA(5) (%)	NPA Assets (%)	Revs/ Assets (%)	Revs/ Loans (%)	Price/ Earning Book (%)	Price/ Assets Book (%)	Price/ Tang. Assets Book (%)	Price/ Earnings Book (%)	Core Earnings (%)	Div. Yield (%)	Ind. Div. Yield (%)	Payout Ratio (%)
Market Averages - All Public Companies (no MNCs)	11.73	10.46	0.53	5.64	4.59	0.54	215.13	0.89	18.46	116.35	13.10	136.38	19.26	0.45	2.45
EAFF-Insured Thrifts(125)	10.56	7.88	0.65	7.69	7.27	0.51	188.13	0.82	16.44	116.35	13.10	136.38	19.26	0.45	2.45
AMEX Traded Companies(4)	14.98	14.85	0.70	6.09	5.28	0.47	216.31	0.86	16.24	104.17	15.04	108.66	17.94	0.37	2.06
MADDAQ Listed OTC Companies(108)	11.74	10.60	0.51	5.38	4.37	0.54	219.71	0.96	18.79	104.17	15.04	108.66	17.94	0.37	2.06
California Companies(9)	7.94	7.02	0.81	10.64	10.65	0.60	172.09	1.07	11.59	100.18	8.04	102.12	13.83	0.40	2.46
Florida Companies(5)	7.44	7.07	0.52	7.43	7.60	0.43	114.38	1.07	18.59	109.71	8.52	103.20	16.43	0.08	3.08
Mid-Atlantic Companies(11)	13.55	9.61	0.46	4.97	3.60	0.48	263.34	0.86	19.66	128.56	13.90	163.00	19.78	0.44	2.79
Mid-West Companies(4)	10.30	9.55	0.50	5.30	4.60	0.46	330.80	0.97	17.85	110.78	11.28	121.98	19.47	0.51	2.96
New England Companies(17)	16.47	15.09	0.34	3.94	2.31	0.44	346.69	0.86	23.89	109.30	17.50	126.35	25.35	0.39	2.21
North-West Companies(5)	11.65	10.26	1.15	9.16	6.00	0.36	295.73	0.96	19.15	146.81	17.37	170.37	19.35	0.49	2.71
South-East Companies(10)	13.94	12.75	0.78	7.29	5.71	0.77	214.89	1.06	16.93	119.80	15.09	142.52	17.39	0.46	2.11
South-West Companies(2)	37.41	14.98	0.52	3.96	4.47	0.41	380.67	1.41	25.29	76.60	14.78	150.74	33.92	0.16	1.81
Western Companies (Excl CA)(1)	5.46	5.46	0.88	9.43	6.72	0.38	81.61	0.79	14.88	131.50	7.50	137.30	13.45	0.34	3.14
Thrift Strategy(118)	11.75	10.18	0.53	5.56	4.43	0.31	216.44	0.87	18.37	115.63	13.06	135.15	13.33	0.45	2.66
Real Estate Mortgage(4)	8.28	7.84	0.59	6.21	6.21	0.81	99.07	0.52	21.06	109.77	8.89	157.49	18.47	0.48	2.66
Real Estate(1)	7.84	7.84	0.59	6.21	6.21	0.81	99.07	0.52	21.06	109.77	8.89	157.49	18.47	0.48	2.66
Diversified Structure(2)	15.47	15.27	0.94	10.34	8.15	0.78	27.35	0.80	21.36	159.37	12.53	159.37	22.43	0.39	2.04
Companies Without Dividends(110)	11.41	10.07	0.63	6.52	5.32	0.56	192.59	1.07	12.19	137.16	24.14	131.48	11.84	0.47	1.36
Companies With Dividends(13)	14.13	13.40	0.15	-0.37	-0.33	-0.16	120.51	0.91	22.81	102.07	13.80	138.51	23.34	0.21	3.00
Equity/Assets <6%(6)	5.41	5.20	0.54	9.85	9.08	0.48	71.61	0.56	12.53	120.14	6.52	129.11	11.41	0.38	2.19
Equity/Assets 6-12%(80)	8.59	7.62	0.59	6.95	5.64	0.51	184.43	0.90	17.13	122.12	10.52	129.11	11.41	0.38	2.19
Equity/Assets >12%(39)	18.04	16.77	0.42	2.47	2.22	0.46	290.81	0.87	24.37	104.32	19.39	131.55	25.31	0.32	2.16
Converted Last 3 Mths (no MNC) (2)	27.17	27.17	0.70	3.40	2.85	0.36	63.96	1.24	35.11	86.37	23.31	86.37	35.11	0.09	1.00
Actively Traded Companies(10)	9.46	8.43	0.37	5.84	3.80	0.63	370.05	0.59	21.06	129.39	12.41	151.36	18.91	0.72	3.12
Market Value Below \$20 Million(4)	7.88	7.51	-0.15	-2.09	-0.61	-0.25	76.55	0.89	18.21	106.86	8.41	112.71	18.43	0.23	1.86
Building Company Structures(118)	11.00	10.45	0.58	6.08	5.02	0.66	263.36	0.88	18.45	116.77	13.24	138.04	19.25	0.46	2.70
Assets Over \$1 Billion(31)	11.29	9.04	0.71	7.57	6.16	0.66	6.81	0.80	17.39	133.52	13.37	161.17	18.45	0.52	3.01
Assets \$300 Million-\$1 Billion(16)	10.24	5.49	0.48	4.39	3.84	0.49	229.50	0.84	18.52	118.85	11.90	139.84	19.92	0.49	2.44
Assets \$250-\$300 Million(16)	14.01	13.53	0.46	4.39	3.84	0.49	229.50	0.84	18.52	118.85	11.90	139.84	19.92	0.49	2.44
Assets \$100-\$250 Million(16)	13.86	13.18	0.01	-1.22	-0.42	-0.25	134.66	0.71	22.33	104.47	13.38	107.22	23.18	0.28	1.90
Assets \$50-\$100 Million(10)	13.28	13.28	0.30	3.12	2.62	0.46	207.03	0.90	18.00	120.66	12.61	149.75	18.41	0.51	2.82
Non-Goodwill Companies(17)	13.28	13.28	0.30	3.12	2.62	0.46	207.03	0.90	18.00	120.66	12.61	149.75	18.41	0.51	2.82
Acquirers of Public Cases(4)	9.43	9.10	0.01	-2.13	-2.09	-0.07	133.38	0.60	11.58	120.46	11.75	127.49	19.46	0.35	2.32

(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 S&T 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 EP 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-1B (continued)
Weekly Thrift Market Line - Part Two
Prices As Of August 10, 2007

Financial Institution	Key Financial Ratios				Asset Quality Ratios				Pricing Ratios				Dividend Data (6)		
	Equity/ Assets (%)	Equity/ Assets (%)	Reported Earnings ROA(5) (%)	ROE(5) (%)	Core Earnings ROA(3) (%)	ROE(3) (%)	NPAs Assets (%)	Reserve/ KPAAs (%)	Reserve/ Loans (%)	Price/ Earning Book (%)	Price/ Earning Book (%)	Price/ Earning Book (%)	Price/ Earning Book (%)	Div./ Share (%)	Yield Rate(7) (%)
BAIT-Insured Thrifts(40)	15.60	14.07	0.46	3.42	2.07	0.49	3.44	0.43	185.45	0.70	30.69	165.64	26.20	176.83	30.95
AMEX Traded OPCs(1)	15.40	15.40	0.82	5.40	4.14	0.88	5.75	0.44	138.25	0.83	24.15	137.82	19.69	127.83	22.70
BAHQA Listed OPC Companies(19)	15.60	14.86	0.47	3.37	2.01	0.48	3.37	0.49	186.46	0.70	31.35	166.75	26.39	176.38	31.77
MIG-Atlantic Companies(21)	14.36	15.60	0.52	3.71	2.30	0.53	3.72	0.41	205.44	0.60	28.89	157.08	26.51	170.64	30.88
MIG-West Companies(7)	14.10	15.15	0.33	2.59	1.45	0.41	2.69	0.44	405.39	0.60	38.00	186.76	29.30	159.75	NM
New England Companies(4)	14.46	10.75	0.32	3.23	2.08	0.36	2.18	0.35	231.83	0.75	39.40	156.39	18.14	163.91	39.60
Northwest Companies(2)	14.46	14.46	0.36	3.08	1.42	0.46	3.24	0.38	287.66	1.53	NM	212.63	30.74	215.94	NM
Southwest Companies(1)	13.10	13.20	0.36	3.08	1.42	0.46	3.24	0.38	287.66	1.53	NM	212.63	30.74	215.94	NM
Thrifts, State-Specific(149)	15.80	14.87	0.48	3.42	2.07	0.49	3.44	0.43	185.45	0.70	30.69	165.64	26.20	176.83	30.95
Companies Issuing Dividends(26)	15.23	14.26	0.31	3.23	2.25	0.31	3.65	0.35	150.23	0.75	30.18	169.21	25.50	188.33	30.25
Companies Without Dividends(14)	16.23	15.90	0.43	3.21	3.75	0.46	3.66	0.74	230.82	0.67	32.13	159.49	25.92	165.85	31.36
Equity/Assets 6-12%(14)	10.01	9.45	0.41	4.08	2.63	0.40	4.02	0.59	191.63	0.75	29.64	136.38	15.79	121.07	30.70
Equity/Assets 12%(25)	18.51	17.70	0.52	3.08	1.77	0.53	3.14	0.42	180.82	0.68	31.35	170.47	31.63	179.84	31.24
Holding Company Structure(37)	15.31	14.54	0.48	3.46	2.09	0.48	3.48	0.52	174.83	0.73	30.69	165.20	25.66	177.97	30.95
Assets Over \$1 Billion(11)	15.53	14.46	0.68	3.35	1.66	0.51	3.53	0.69	128.79	0.52	28.86	202.62	30.92	221.10	29.17
Assets \$500 Million-\$1 Billion(9)	15.13	14.35	0.47	3.43	2.21	0.45	3.34	0.47	154.72	0.52	32.06	164.44	30.49	164.84	34.19
Assets less than \$500 Million(19)	15.48	15.40	0.82	5.40	4.14	0.88	5.75	0.44	138.25	0.83	31.57	148.48	22.93	159.27	31.45
Goodwill Companies(19)	14.75	13.05	0.40	3.13	1.87	0.42	3.15	0.43	174.92	0.78	29.57	165.99	25.32	157.11	31.33
Non-Goodwill Companies(21)	16.24	16.24	0.34	3.53	2.22	0.54	3.66	0.52	193.36	0.64	31.33	165.64	26.86	165.38	30.73
MNC Institutions(40)	15.60	14.87	0.48	3.42	2.07	0.49	3.44	0.43	185.45	0.70	30.69	165.64	26.20	176.83	30.95
MNC Converted Last 3 Months(1)	15.96	12.17	0.34	2.11	1.67	0.31	1.97	0.50	134.61	1.06	NM	136.40	20.17	163.75	NM

(1) Average of high/low or bid/ask price per share.
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(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 equity and average common equity and assets balances; ROE (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) Included from averages due to actual or rumored acquisition activities or unusual operating characteristics.

* All thrifts are BAIT 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 RF 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-1B (continued)
Weekly Thrift Market List - Part Two
Prices As Of August 10, 2007

Financial Institution	Key Financial Ratios				Asset Quality Ratios				Pricing Ratios				Dividend Data(\$)			
	Equity/Assets (%)	Loan/Assets (%)	ROA(3) (%)	ROE(3) (%)	MPAs Assets (%)	Resvs/MPAs (%)	Price/Earning (x)	Price/Book (x)	Price/Price/Book (x)	Price/Price/Book (x)	Div./Share (\$)	Yield (%)	Payout Ratio(7) (%)	Div./Share (\$)	Yield (%)	Payout Ratio(7) (%)
WADSWOOD LISTED OTC COMPANIES (continued)																
FAST First Bancorp of Indiana of IN	9.35	7.45	0.22	2.32	0.19	1.39	35.64	83.34	7.73	104.55	MM	0.60	3.89	MM	0.00	0.00
FBI First Bancorp, Inc. of MO	11.02	10.90	-0.13	-1.11	-0.16	-1.40	1.47	73.26	1.67	1.67	MM	0.00	0.00	MM	0.00	0.00
FCAP First Capital, Inc. of IN	9.86	8.59	0.78	8.11	1.17	7.29	13.71	108.63	10.71	124.82	15.04	0.68	4.00	34.84	MM	0.00
FCLP First Clover Leaf Fin. Co. of IL	34.75	21.75	0.79	3.06	2.23	3.19	20.81	104.56	25.88	118.98	MM	0.24	2.23	MM	0.00	0.00
FCS First Community Banc Corp. of NJ	8.63	8.51	0.75	4.49	4.81	8.45	20.81	180.75	13.55	149.32	21.39	0.00	0.00	0.00	0.00	0.00
FCC First Citizens Banc Corp. of OH	10.49	11.41	0.38	1.34	0.36	0.87	11.65	106.15	11.54	140.57	13.16	3.00	4.11	47.85	MM	0.00
FCH First Fed. of Mich. Banc. of MI	14.41	14.41	0.57	6.30	5.11	8.89	1.22	70.84	1.06	71.84	MM	0.20	2.55	MM	0.00	0.00
FCHB First Fed. Bancshares of IA	10.98	8.02	0.30	4.44	4.82	6.34	20.74	184.92	18.32	124.24	21.76	0.45	2.34	64.65	MM	0.00
FCHC First Federal Bancshares of IA	10.98	8.02	0.30	4.44	4.82	6.34	20.74	184.92	18.32	124.24	21.76	0.45	2.34	64.65	MM	0.00
FCHD First Federal Bancshares of IA	10.98	8.02	0.30	4.44	4.82	6.34	20.74	184.92	18.32	124.24	21.76	0.45	2.34	64.65	MM	0.00
FCHS First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHT First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHU First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHV First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHW First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHX First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHY First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHZ First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAA First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAB First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAC First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAD First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAE First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAF First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAG First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAH First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAI First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAJ First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAK First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAL First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAM First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAN First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAO First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAP First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAQ First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAR First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAS First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAT First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAU First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAV First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAW First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAX First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAY First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHAZ First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBA First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBB First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBC First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBD First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBE First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBF First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBG First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBH First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBI First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBJ First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBK First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBL First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBM First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBN First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBO First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBP First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBQ First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBR First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBS First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBT First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBU First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBV First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBW First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBX First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBY First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHBZ First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	185.07	13.08	113.41	13.75	1.00	3.13	44.25	MM	0.00
FCHCA First Franklin Corp. of OH	7.87	7.76	0.41	5.17	5.95	13.67	13.05	18								

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Exhibit IV-18 (continued)
Weekly Thrift Market Index - Part Two
Prices As Of August 10, 2007

Financial Institution	Key Financial Ratios				Asset Quality Ratios				Pricing Ratios				Dividend Data (\$)			
	Tang. Assets (\$)	Equity/Assets (%)	Reported Earnings ROA(%)	Core Earnings ROA(%)	Assets (\$)	MPAS (%)	Resvs/Assets (%)	Resvs/Loans (%)	Price/Earning (\$)	Price/Book (\$)	Price/Temp. Book (%)	Price/Temp. Book (%)	Core Earnings (\$)	Div. Yield (%)	Payout Ratio(%)	
WASDAQ Listed OTC Companies (continued)																
Bank One Bancshares, Inc. of OH	27.51	0.77	3.66	2.95	0.77	3.86	0.44	732.73	0.45	33.92	90.37	25.22	90.37	0.32	3.63	NM
Bank of America Corp. of NC (45.2)	19.82	0.36	3.16	2.53	0.36	3.36	0.34	111.32	0.61	39.60	130.43	13.94	156.45	0.24	2.42	NM
Bank of Montreal Corp. of OH	9.25	0.27	7.10	4.25	0.25	7.01	0.74	27.25	NA	21.96	159.37	14.53	159.37	0.30	2.04	44.78
Bank of New York Corp. of NY	9.23	0.27	6.00	3.00	0.25	6.00	0.80	121.66	0.47	16.34	157.03	14.49	157.03	0.32	4.96	NM
Bank of the West Corp. of CA	14.23	0.40	10.43	6.00	-0.82	10.43	0.80	121.66	0.47	16.34	157.03	14.49	157.03	0.32	4.96	NM
Bank of the South Corp. of FL	7.06	0.54	10.44	8.33	0.70	10.43	0.37	220.63	1.14	11.92	133.03	18.23	126.89	0.28	2.28	37.13
Bank of Utah Corp. of UT	13.43	0.60	0.59	4.28	0.59	5.23	0.33	845.52	1.47	23.33	105.59	14.19	121.98	0.28	2.32	54.13
Bank of Virginia Corp. of VA	6.60	0.35	0.31	4.31	0.25	3.56	0.54	66.36	0.78	26.84	121.00	7.98	149.34	0.41	4.03	NM
Bank of West Corp. of CA	12.58	0.58	4.36	4.92	0.56	4.41	0.54	69.76	NA	20.33	93.91	11.61	174.37	0.76	4.11	NM
Bank of Wyoming Corp. of WY	9.62	0.51	-6.00	-7.45	-0.52	-6.06	1.93	73.01	1.36	NM	82.50	7.11	124.37	0.40	4.03	NM
Bank of the South Corp. of FL	32.59	0.83	5.18	2.09	0.59	5.78	0.17	383.51	0.80	NM	109.68	35.42	111.29	0.53	3.26	NM
Bank of the South Corp. of FL	7.43	0.78	9.70	13.32	0.41	5.09	0.83	107.20	1.04	8.83	88.22	6.56	88.22	0.72	3.96	34.95
Bank of the South Corp. of FL	14.46	0.26	0.70	4.84	0.71	4.94	0.30	242.96	1.28	29.57	143.89	20.81	251.81	0.20	1.44	42.55
Bank of the South Corp. of FL	18.19	0.79	4.37	2.38	0.79	4.17	0.12	123.97	0.30	NM	180.97	32.91	180.97	0.20	1.53	64.52
Bank of the South Corp. of FL	7.46	1.03	1.00	12.81	0.81	10.54	0.98	81.33	0.99	14.28	175.97	13.12	186.53	0.36	2.57	36.73
Bank of the South Corp. of FL	9.94	0.33	3.29	2.96	0.30	3.07	0.03	NA	NA	33.73	110.68	11.02	114.91	0.26	1.71	37.78
Bank of the South Corp. of FL	7.18	0.62	8.72	7.06	0.62	8.65	NA	NA	NA	14.17	120.40	9.65	120.56	0.80	4.64	62.99
Bank of the South Corp. of FL	11.98	0.83	12.11	7.08	1.40	11.88	0.03	NA	1.30	14.12	187.05	20.02	226.77	0.44	3.06	43.14
Bank of the South Corp. of FL	12.58	0.37	4.40	2.14	0.56	4.28	0.16	512.46	0.96	NM	187.68	23.53	188.66	0.00	0.00	0.00
Bank of the South Corp. of FL	14.51	0.68	2.71	1.10	0.68	2.71	NA	NA	0.31	NM	246.03	60.53	228.66	0.24	2.46	NM
Bank of the South Corp. of FL	24.02	0.66	2.71	1.10	0.68	2.71	NA	NA	0.31	30.51	124.81	31.90	132.81	0.32	2.66	NM
Bank of the South Corp. of FL	10.85	0.33	3.05	1.86	0.45	3.05	0.75	80.45	0.71	8.08	158.41	15.37	123.11	0.14	1.57	NM
Bank of the South Corp. of FL	9.75	1.70	18.43	11.03	1.56	18.00	0.76	135.98	NA	4.08	158.41	15.37	123.11	0.14	1.57	NM
Bank of the South Corp. of FL	9.40	0.34	3.25	2.20	0.26	2.48	0.41	186.75	1.10	NM	118.76	13.42	220.74	0.00	0.00	0.00
Bank of the South Corp. of FL	11.20	0.68	3.14	2.01	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
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Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3.73	0.04	NA	NA	NM	152.91	15.37	153.78	0.38	2.09	NM
Bank of the South Corp. of FL	10.70	0.64	0.21	3.14	0.37	3										

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 August 10, 2007	13239.5	1453.6	2,544.9	1481.8	586.0

(1) End of period data.

Sources: SNL Securities and 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
Massachusetts Thrift Acquisitions Announced Since 2004

Announce Date	Complete Date	Buyer/Short Name	Target Name	Financials at Announcement						Pricing at Announcement								
				Total Assets (\$200)	Equity Assets (%)	ROAA (%)	ROAE (%)	NPA/Assets (%)	Reserv/NPLs (%)	Deal Value (\$M)	Price/Share (\$)	Consideration	P/B (%)	P/TB (%)	P/E (x)	P/A (%)	Premium/ContDepts (%)	
05/07/2007		MA Martha's Vnyrd Co-Op BK/Tisbury	MA Dukas County Savings Bank	294,678	11.61	0.62	4.82	0.10	466.67	NA	NA	Mutual	NA	NA	NA	NA	NA	NA
01/30/2007	06/29/2007	Inst for Svcs In Newburyport	MA Ipswich Co-operative Bank	236,716	6.76	0.71	10.13	0.00	NA	NA	NA	Mutual	NA	NA	NA	NA	NA	NA
01/25/2007	05/12/2007	Eastern Bank Corporation	MA Sharon Co-operative Bank	68,328	10.46	0.26	2.70	0.00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
11/13/2006		NA Assabet Valley Bancorp	MA Westborough Financial Services, Inc. (MHI)	298,672	9.34	-0.01	-0.10	0.28	83.06	20.6	35.0	Cash	199,600	193.64	NM	19.27	NA	NA
11/03/2006	03/30/2007	Needham Co-operative Bank	MA Dedham Co-operative Bank	86,930	14.91	0.24	1.67	0.00	NA	NA	NA	Mutual	NA	NA	NA	NA	NA	NA
10/27/2006	02/23/2007	Denvers Bancorp Inc.	MA Bank/Malden Co-operative Bank	49,941	8.17	0.06	0.71	0.34	76.00	NA	NA	Mutual	NA	NA	NA	NA	NA	NA
07/13/2006	11/11/2006	Mutual FSB Plymouth County	MA Security Federal Savings Bank	118,656	10.88	-0.13	-1.21	0.00	NA	NA	NA	Mutual	NA	NA	NA	NA	NA	NA
08/11/2005	02/10/2006	Salem Five Cents Savings Bank	MA Heritage Co-operative Bank	256,823	10.42	0.82	7.84	0.39	174.30	147.2	36.8	Mixed	167,770	174.79	23.12	16.40	25.19	20.01
12/16/2004	06/01/2006	Berkshire Hills Bancorp Inc.	MA Worcester Bancorp, Inc.	896,479	9.06	0.96	6.96	0.05	786.71	NA	NA	Mixed	265,370	265.37	29.42	20.77	13.17	13.62
09/01/2004	04/04/2005	Benjamin Franklin Bancorp MHC	MA Chart Bank, A Co-op Bank	223,900	7.83	0.66	6.78	0.05	NM	46.6	30.8	Mixed	216,940	216.94	32.26	14.86	15.62	NA
07/07/2004	01/07/2005	Brookline Bancorp Inc.	MA Mystic Financial, Inc.	441,192	6.06	0.44	7.13	0.41	139.24	184.5	40.6	Mixed	192,020	233.86	33.02	20.54	14.48	17.29
06/21/2004	01/21/2006	Banknorth Group Inc.	ME Boston/Fed Bancorp, Inc.	1,647,866	6.73	0.19	3.30	NA	NA	1099.8	37.6	Mixed	218,070	396.04	33.02	20.54	14.48	17.29
01/26/2004	07/23/2004	Sovereign Bancorp Inc.	PA Seacoast Financial Services Corporation	4,476,694	6.55	0.85	7.66	0.38	264.10	26.9	37.6	Mixed	193,310	193.31	29.69	22.23	14.48	17.29
01/08/2004	07/16/2004	Independent Bank Corp.	MA Falmouth Bancorp, Inc.	1,165,113	10.88	0.37	3.49	0.00	NM	230.2	37.6	Mixed	207.67	239.98	34.96	17.86	14.48	17.29
			Average:	663,192	9.32	0.38	4.40	0.15	284.73	230.2	37.6		199.60	216.94	32.64	19.27	14.48	17.29
			Median:	247,770	9.20	0.41	4.05	0.05	174.30	66.6	36.8							

EXHIBIT IV-5

**Danvers Bancorp, Inc.
Director and Senior Management Summary Resumes**

Exhibit IV-5
Danvers Bancorp, Inc.
Director and Senior Management Summary Resumes

Directors

Diane C. Brinkley. Ms. Brinkley served as the President and owner of Murphy's Fruit Mart, Inc. in Danvers, Massachusetts from 1980 until her retirement in 2005. She serves on Danversbank's Compliance and Ethics and Asset/Liability Committees.

Robert J. Broudo. Mr. Broudo has served as Headmaster of the Landmark School in Beverly, Massachusetts, a private school for students with learning disabilities, since 1990. He serves as the Chair of Danversbank's CRA Committee and as a member of its Governance Committee.

Craig S. Cerretani. Mr. Cerretani is a founding principal of Longfellow Financial, LLC, in Boston, Massachusetts where he has served as an Employee Benefits Broker and Advisor since 1998. He earned his B.A. from The College of the Holy Cross in 1979. He is the Chair of Danversbank's Governance Committee and is a member of its Board of Investment.

Brian C. Cranney. Mr. Cranney is President of the Cranney Companies in Danvers, Massachusetts, a diversified line of companies providing electrical, communications, HVAC and fabrication services for retail and commercial customers which he founded in 1985. He serves on Danversbank's Governance and Security/Loss Prevention/Facilities Committees and as a member of its Board of Investment.

John P. Drislane. Mr. Drislane has been an independent commercial real estate developer since 2000 and is the former owner of Essex Bituminous Corp. He earned his B.A. in Finance from Babson College in 1970. He serves as the Chair of Danversbank's Audit Committee and as a member of its Compliance and Ethics Committee.

John R. Ferris. Mr. Ferris has served as the President and principal of Copley Capital, LLC, a commercial real estate investment and finance company in Newburyport, Massachusetts since 2004. From 1995 to 2004, he served as President of Mobility Services International, an employee relocation and mortgage company in which he held a 25% ownership interest. He earned his B.A. in Economics from Boston College in 1979. He serves as Chair of Danversbank's Compensation Committee and as a member of its Compliance Committee and Board of Investment.

Thomas Ford. Since 1987, Mr. Ford has served as President of T Ford Company, Inc., a civil and environmental contracting company. In addition, he is principal in a number of real estate developments that include residential and commercial land development, new home construction and commercial rental property. Mr. Ford earned his B.S. in Civil Engineering at Northeastern University in 1978 and his M.S. in Civil Engineering at the Georgia Institute of Technology in 1982. He also earned his M.S. in Real Estate Development at the Massachusetts Institute of Technology in 1985. He serves on Danversbank's Audit and Security/Loss Prevention/Facilities Committees.

Neal H. Goldman. Mr. Goldman has served as Vice President for Industry Relations at Iron Mountain Group in Boston, Massachusetts since 1999. He earned his B.S. in Business from Boston University in 1973 and his M.B.A. from Babson College in 1979. He serves as Chair of Danversbank's Security/Loss Prevention/Facilities Committees and as a member of its Compensation Committee.

Eleanor M. Hersey. Ms. Hersey is a retired treasurer of The Wakefield Corporation a position held from 1975 - 1989. Presently she is a partner and treasurer of Sunset Acres LLC a real estate investment and management company. She serves on Danversbank's Audit and CRA Committees.

Exhibit IV-5 (continued)
Danvers Bancorp, Inc.
Director and Senior Management Summary Resumes

Mary Coffey Moran. Ms. Moran has been a financial consultant since 2001. She earned her B.A. in Economics from The College of the Holy Cross in 1977 and her M.B.A. and M.S. in Accounting from Northeastern University in 1979. She serves on Danversbank's Audit and CRA Committees.

J. Michael O'Brien. Mr. O'Brien is Chief Executive Officer and President of Eagle Air Freight, Inc. and Trustee of O'Brien Realty Trust of Chelsea, MA. He has held both positions since 1981. He serves as Chair of Danversbank's Asset/Liability Committee and as a member of its Compensation Committee.

John M. Pereira. Mr. Pereira has served as President of Combined Properties, Inc. since 1991, where he is currently Chief Executive Officer. He earned his B.S. from the University of Massachusetts at Dartmouth and his J.D. from Boston College Law School in 1981. He serves on Danversbank's Asset/Liability and Security/Loss Prevention/Facilities Committees.

Diane T. Stringer. Ms. Stringer has served as the President and Chief Executive Officer of Hospice of the North Shore since 1989. She earned her B.S. in Nursing from Case Western Reserve University in 1976 and her M.S. in Health Policy from Harvard University in 1982. She serves as Chair of Danversbank's Compliance and Ethics Committee and as a member of its Asset/Liability Committee and its Board of Investment.

James C. Zampell. Mr. Zampell has served as President and Owner of numerous corporations in the real estate and contracting industries. He earned his B.S. from Merrimack College in 1975. He serves on Danversbank's Governance and Compensation Committees.

Senior Management

Kevin T. Bottomley, President and Chief Executive Officer. Kevin Bottomley became Chief Executive Officer and President of Danversbank in 1996. He became Chairman of the board of directors in 2003. Upon conversion to mutual holding company form in 1998, Mr. Bottomley assumed the same positions of the MHC. He is also Chair of Danversbank's Board of Investment. Prior to arriving at Danversbank, he was the Chief Lending Officer and Executive Vice President at Boston Private Bank & Trust Company. Mr. Bottomley began his career at Bankers Trust in 1976 in the Asia Pacific division and also worked for many years at The First National Bank of Boston as a Vice President in its Asia Pacific Division in the Reverse Multinational Group and in its London Branch. Mr. Bottomley earned his undergraduate degree from Harvard College and earned his M.B.A. from the University of Virginia in 1976.

James J. McCarthy, Executive Vice President/Chief Operating Officer. Mr. McCarthy was the President and Chief Executive Officer of Revere Federal Savings Bank and joined Danversbank as Executive Vice President when the merger of the two institutions took place in September 2001. Mr. McCarthy worked at Revere Federal Savings Bank for 16 years prior to the transaction and became the Chief Operating Officer of Danversbank in 2003. Prior to Revere Federal, Mr. McCarthy worked at Ernst & Young for five years. He received his degree in Accounting from Northeastern University and became a CPA in 1983. Mr. McCarthy currently oversees the Finance Area, Retail, Audit, Risk Management, Facilities and Investment Departments of Danversbank.

John J. O'Neil, Executive Vice President/Chief Lending Officer. Mr. O'Neil joined Danversbank as Executive Vice President, Senior Lending Officer in November of 2001. As a member of senior management, Mr. O'Neil is directly responsible for managing Danversbank's commercial and residential loan portfolios and developing new loan products. Mr. O'Neil joined Danversbank from MetroWest Bank, where he was Executive Vice President, Senior Lender. He was previously employed by Boston Private Bank & Trust Company, where he was Senior Vice President, Commercial Lending, and USTrust and Patriot Bank, where he was Senior Vice President, Commercial Lending. Mr. O'Neil also serves as President of One Conant Capital, a subsidiary of Danversbank.

Exhibit IV-5 (continued)
Danvers Bancorp, Inc.
Director and Senior Management Summary Resumes

L. Mark Panella, Senior Vice President/Chief Financial Officer. Mr. Panella joined Danversbank in July of 1995 as Senior Vice President and Chief Financial Officer. He previously worked at Boston Private Bank & Trust Company as the Chief Financial Officer, Senior Operations Officer and Treasurer. He has also worked for two companies that provided software solutions to the banking industry. Mr. Panella is primarily responsible for Danversbank's financial reporting, budgeting, insurance, contract negotiations and overall accounting and regulatory compliance. He earned his B.A. in Economics from Dartmouth College in 1978.

Michael W. McCurdy, Senior Vice President/General Counsel/Corporate Secretary. Mr. McCurdy was the President and Chief Executive Officer of BankMalden and joined Danvers Bancorp and Danversbank as a Senior Vice President for Legal and Corporate Operations when the merger of the two institutions took place in February, 2007. He currently oversees Danversbank's Retail and Legal Departments. Prior to his tenure at BankMalden, Mr. McCurdy worked as an associate with a Boston law firm. Mr. McCurdy earned his B.A. in Political Science from University of California at Santa Barbara in 1990 and his J.D. from Suffolk Law School in 1996.

Jack M. Murray Jr., Senior Vice President/Chief Auditor. Mr. Murray joined Danversbank in 2002 as Vice President, Risk Management. He previously held positions with MetroWest Bank as Senior Vice President - Director of Internal Audit from 1998 to 2001, and as Senior Manager at KPMG LLP from 1994 to 1998. Mr. Murray oversees the Internal Audit Services practice and serves as chairman of the Risk Management Committee. He reports directly to the Audit Committee of the Board of Trustees and administratively to James J. McCarthy, Executive Vice President & Chief Operating Officer.

EXHIBIT IV-6

**Danvers Bancorp, Inc.
Pro Forma Regulatory Capital Ratios**

Exhibit IV-6
Danvers Bancorp, Inc.
Pro Forma Regulatory Capital Ratios

	Pro Forma at June 30, 2007, Based upon the Sale of									
	Actual as of June 30, 2007		11,050,000 Shares at Minimum of Offering Range		13,000,000 Shares at Midpoint of Offering Range		14,950,000 Shares at Maximum of Offering Range		17,192,500 Shares at Adjusted Maximum of Offering Range (1)	
	Amount	Percent of Assets	Amount	Percent of Assets	Amount	Percent of Assets	Amount	Percent of Assets	Amount	Percent of Assets
GAAP capital	\$ 94,236	7.47%	\$ 138,950	10.56%	\$ 146,991	11.09%	\$ 155,109	11.62%	\$ 164,445	12.22%
Tier I leverage capital:										
Actual	\$ 96,512	7.74%	\$ 141,226	10.86%	\$ 149,267	11.39%	\$ 157,385	11.93%	\$ 166,721	12.53%
Requirement	49,857	4.00	52,017	4.00	52,404	4.00	52,791	4.00	53,236	4.00
Excess	\$ 46,655	3.74	\$ 89,209	6.86	\$ 96,863	7.39%	\$ 104,594	7.93%	\$ 113,485	8.53%
Tier I risk-based capital:										
Actual	\$ 96,512	10.55%	\$ 141,226	15.26%	\$ 149,267	16.09%	\$ 157,385	16.93%	\$ 166,721	17.90%
Requirement	36,590	4.00	37,022	4.00%	37,100	4.00	37,177	4.00	37,266	4.00
Excess	\$ 59,922	6.55%	\$ 104,204	11.26%	\$ 112,167	12.09%	\$ 120,208	12.93%	\$ 129,455	13.90%
Total risk-based capital:										
Actual (2)	\$ 105,830	11.57%	\$ 150,544	16.27%	\$ 158,585	17.10%	\$ 166,703	17.94%	\$ 176,039	18.90%
Requirement	73,181	8.00%	74,045	8.00%	74,199	8.00	74,354	8.00	74,532	8.00
Excess	\$ 32,649	3.57%	\$ 76,499	8.27%	\$ 84,386	9.10%	\$ 92,349	9.94%	\$ 101,507	10.90%

- (1) As adjusted to give effect to a 15% increase in the number of shares of common stock outstanding after the offering which could occur due to an increase in the maximum of the independent valuation as a result of regulatory considerations, demand for the shares, or changes in market conditions or general economic conditions following the commencement of the offering.
- (2) Assumes net proceeds are invested in assets that carry a 20% risk-weighting.
- (3) Reconciliation of offering amount to net increase in Bank capital:

	Minimum	Midpoint	Maximum	Adjusted Maximum
	(In thousands)			
50% of net proceeds infused into the Bank	\$ 53,996	\$ 63,675	\$ 73,353	\$ 84,484
Less: contra-equity account related to employee stock ownership plan	(9,238)	(10,868)	(12,498)	(14,373)
Pro forma increase in capital	<u>\$ 44,758</u>	<u>\$ 52,807</u>	<u>\$ 60,855</u>	<u>\$ 70,111</u>

EXHIBIT IV-7

**Danvers Bancorp, Inc.
Pro Forma Analysis Sheet**

Exhibit IV-7
PRO FORMA ANALYSIS SHEET
Danvers Bancorp, Inc.
Prices as of August 10, 2007

Price Multiple	Symbol	Subject (1)	Peer Group		Massachusetts Companies		All Publicly-Traded	
			Mean	Median	Mean	Median	Mean	Median
Price-earnings ratio (x)	P/E	24.34 x	24.01x	22.20x	25.16x	23.10x	19.77x	17.51x
Price-core earnings ratio (x)	P/Core	24.74 x	24.11x	22.06x	25.20x	23.57x	20.52x	18.25x
Price-book ratio (%)	= P/B	77.29%	113.69%	108.95%	107.35%	97.41%	127.55%	121.00%
Price-tangible book ratio (%)	= P/TB	77.53%	134.05%	132.23%	119.96%	122.07%	145.58%	134.97%
Price-assets ratio (%)	= P/A	9.94%	14.81%	12.56%	15.95%	14.26%	18.08%	13.35%

Valuation Parameters

Pre-Conversion Earnings (Y)	\$4,152,000	ESOP Stock Purchases (E)	8.00% (5)
Pre-Conversion Earnings (CY)	\$4,080,000	Cost of ESOP Borrowings (S)	0.00% (4)
Pre-Conversion Book Value (B)	\$63,589,233 (7)	ESOP Amortization (T)	20.00 years
Pre-Conv. Tang. Book Val. (TB)	\$63,054,233 (7)	SIP Amount (M)	4.00%
Pre-Conversion Assets (A)	\$1,260,846,233 (7)	SIP Vesting (N)	5.00 years (5)
Reinvestment Rate (2)(R)	4.91%	Foundation (F)	5.02%
Est. Conversion Expenses (3)(X)	1.94%	Tax Benefit (Z)	2,397,500
Tax Rate (TAX)	35.00%	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

1. $V = \frac{P/E * (Y)}{1 - P/E * PCT * ((1-X-E-M-F)*R*(1-TAX) - (1-TAX)*E/T - (1-TAX)*M/N) - (1-(TAX*O4))*(O1*O2)/O3}$	V= \$138,500,000
2. $V = \frac{P/Core * (Y)}{1 - P/core * PCT * ((1-X-E-M-F)*R*(1-TAX) - (1-TAX)*E/T - (1-TAX)*M/N) - (1-(TAX*O4))*(O1*O2)/O3}$	V= \$138,500,000
3. $V = \frac{P/B * (B+Z)}{1 - P/B * PCT * (1-X-E-M-F)}$	V= \$138,500,000
4. $V = \frac{P/TB * (TB+Z)}{1 - P/TB * PCT * (1-X-E-M-F)}$	V= \$138,500,000
5. $V = \frac{P/A * (A+Z)}{1 - P/A * PCT * (1-X-E-M-F)}$	V= \$138,500,000

Conclusion	Shares Issued To the Public	Price Per Share	Gross Offering Proceeds	Shares	Total Shares Issued	Aggregate
				Issued To Foundation		Market Value of Shares Issued
Supermaximum	17,192,500	10.00	\$ 171,925,000	650,000	17,842,500	\$ 178,425,000
Maximum	14,950,000	10.00	149,500,000	650,000	15,600,000	156,000,000
Midpoint	13,000,000	10.00	130,000,000	650,000	13,650,000	136,500,000
Minimum	11,050,000	10.00	110,500,000	552,500	11,602,500	116,025,000

(1) Pricing ratios shown reflect the midpoint value.

(2) Net return reflects a reinvestment rate of 4.91 percent, and a tax rate of 35.00 percent.

(3) Offering expenses shown at estimated midpoint value.

(4) No cost is applicable since holding company will fund the ESOP loan.

(5) ESOP and EIP amortize over 20 years and 5 years, respectively; amortization expenses tax effected at 34.00 percent.

(6) 10 percent option plan with an estimated Black-Scholes valuation of 35.00 percent of the exercise price, including a 5 year vesting with 25 percent of the options (granted to directors) tax effected at 34.00 percent.

(7) Historical equity is adjusted to reflect the impact of a \$3.5 million pre-tax expense (\$2.2 million after tax) of termination of the Danversbank phantom stock plan.

EXHIBIT IV-8

**Danvers Bancorp, Inc.
Pro Forma Effect of Conversion Proceeds**

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

1. Pro Forma Market Capitalization		\$116,025,000
Less: Foundation Shares		5,525,000
2. Offering Proceeds		\$110,500,000
Less: Estimated Offering Expenses		2,507,744
Net Conversion Proceeds		\$107,992,256

3. Estimated Additional Income from Conversion Proceeds

Net Conversion Proceeds	\$107,992,256
Less: Cash Contribution to Foundation	350,000
Less: Non-Cash Stock Purchases (1)	13,923,000
Net Proceeds Reinvested	\$93,719,256
Estimated net incremental rate of return	3.19%
Reinvestment Income	\$2,991,050
Less: Estimated cost of ESOP borrowings (2)	0
Less: Amortization of ESOP borrowings (3)	301,665
Less: Amortization of Options (4)	857,570
Less: Equity Incentive Plan Vesting (5)	603,330
Net Earnings Impact	\$1,228,485

	<u>Before Conversion</u>	<u>Net Earnings Increase</u>	<u>After Conversion</u>
4. Pro Forma Earnings			
12 Months ended June 30, 2007 (reported)	\$4,152,000	\$1,228,485	\$5,380,485
12 Months ended June 30, 2007 (core)	\$4,060,000	\$1,228,485	\$5,288,485

	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit Of Contribution</u>	<u>After Conversion</u>
5. Pro Forma Net Worth				
June 30, 2007	\$63,589,233	\$93,719,256	\$2,056,250	\$159,364,739
June 30, 2007 (Tangible)	\$63,054,233	\$93,719,256	\$2,056,250	\$158,829,739

	<u>Before Conversion</u>	<u>Net Cash Proceeds</u>	<u>Tax Benefit Of Contribution</u>	<u>After Conversion</u>
6. Pro Forma Assets				
June 30, 2007	\$1,260,646,233	\$93,719,256	\$2,056,250	\$1,356,421,739

- (1) Includes ESOP and SIP stock purchases equal to 8.0 and 4.0 percent of the pro forma shares outstanding.
 (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 35.00 percent rate.
 (4) Option valuation based on Black-Scholes model, 5 year vesting, and assumes 25 percent is taxable.
 (5) SIP is amortized over 5 years, and amortization expense is tax effected at 35.00 percent.

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

1. Pro Forma Market Capitalization	\$136,500,000
Less: Foundation Shares	6,500,000
2. Offering Proceeds	\$130,000,000
Less: Estimated Offering Expenses	2,651,056
Net Conversion Proceeds	\$127,348,944

3. Estimated Additional Income from Conversion Proceeds

Net Conversion Proceeds	\$127,348,944
Less: Cash Contribution to Foundation	350,000
Less: Non-Cash Stock Purchases (1)	16,380,000
Net Proceeds Reinvested	\$110,618,944
Estimated net incremental rate of return	3.19%
Reinvestment Income	\$3,530,404
Less: Estimated cost of ESOP borrowings (2)	0
Less: Amortization of ESOP borrowings (3)	354,900
Less: Amortization of Options (4)	1,008,906
Less: Equity Incentive Plan Vesting (5)	709,800
Net Earnings Impact	\$1,456,798

	Before Conversion	Net Earnings Increase	After Conversion
4. Pro Forma Earnings			
12 Months ended June 30, 2007 (reported)	\$4,152,000	\$1,456,798	\$5,608,798
12 Months ended June 30, 2007 (core)	\$4,060,000	\$1,456,798	\$5,516,798

	Before Conversion	Net Cash Proceeds	Tax Benefit Of Contribution	After Conversion
5. Pro Forma Net Worth				
June 30, 2007	\$63,589,233	\$110,618,944	\$2,397,500	\$176,605,677
June 30, 2007 (Tangible)	\$63,054,233	\$110,618,944	\$2,397,500	\$176,070,677

	Before Conversion	Net Cash Proceeds	Tax Benefit Of Contribution	After Conversion
6. Pro Forma Assets				
June 30, 2007	\$1,260,646,233	\$110,618,944	\$2,397,500	\$1,373,662,677

- (1) Includes ESOP and SIP stock purchases equal to 8.0 and 4.0 percent of the pro forma shares outstanding.
 (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 35.00 percent rate.
 (4) Option valuation based on Black-Scholes model, 5 year vesting, and assumes 25 percent is taxable.
 (5) SIP is amortized over 5 years, and amortization expense is tax effected at 35.00 percent.

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

1. Pro Forma Market Capitalization	\$156,000,000
Less: Foundation Shares	6,500,000
2. Offering Proceeds	\$149,500,000
Less: Estimated Offering Expenses	2,794,160
Net Conversion Proceeds	\$146,705,840

3. Estimated Additional Income from Conversion Proceeds

Net Conversion Proceeds	\$146,705,840
Less: Cash Contribution to Foundation	350,000
Less: Non-Cash Stock Purchases (1)	18,720,000
Net Proceeds Reinvested	\$127,635,840
Estimated net incremental rate of return	3.19%
Reinvestment Income	\$4,073,498
Less: Estimated cost of ESOP borrowings (2)	0
Less: Amortization of ESOP borrowings (3)	405,600
Less: Amortization of Options (4)	1,153,035
Less: Equity Incentive Plan Vesting (5)	811,200
Net Earnings Impact	\$1,703,663

	Before Conversion	Net Earnings Increase	After Conversion
4. Pro Forma Earnings			
12 Months ended June 30, 2007 (reported)	\$4,152,000	\$1,703,663	\$5,855,663
12 Months ended June 30, 2007 (core)	\$4,060,000	\$1,703,663	\$5,763,663

	Before Conversion	Net Cash Proceeds	Tax Benefit Of Contribution	After Conversion
5. Pro Forma Net Worth				
June 30, 2007	\$63,589,233	\$127,635,840	\$2,397,500	\$193,622,573
June 30, 2007 (Tangible)	\$63,054,233	\$127,635,840	\$2,397,500	\$193,087,573

	Before Conversion	Net Cash Proceeds	Tax Benefit Of Contribution	After Conversion
6. Pro Forma Assets				
June 30, 2007	\$1,260,646,233	\$127,635,840	\$2,397,500	\$1,390,679,573

- (1) Includes ESOP and SIP stock purchases equal to 8.0 and 4.0 percent of the pro forma shares outstanding.
 (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 35.00 percent rate.
 (4) Option valuation based on Black-Scholes model, 5 year vesting, and assumes 25 percent is taxable.
 (5) SIP is amortized over 5 years, and amortization expense is tax effected at 35.00 percent.

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

1. Pro Forma Market Capitalization	\$178,425,000
Less: Foundation Shares	6,500,000
2. Offering Proceeds	\$171,925,000
Less: Estimated Offering Expenses	2,959,208
Net Conversion Proceeds	\$168,965,792

3. Estimated Additional Income from Conversion Proceeds

Net Conversion Proceeds	\$168,965,792
Less: Cash Contribution to Foundation	350,000
Less: Non-Cash Stock Purchases (1)	21,411,000
Net Proceeds Reinvested	\$147,204,792
Estimated net incremental rate of return	3.19%
Reinvestment Income	\$4,698,041
Less: Estimated cost of ESOP borrowings (2)	0
Less: Amortization of ESOP borrowings (3)	463,905
Less: Amortization of Options (4)	1,318,784
Less: Equity Incentive Plan Vesting (5)	927,810
Net Earnings Impact	\$1,987,542

	Before Conversion	Net Earnings Increase	After Conversion
4. Pro Forma Earnings			
12 Months ended June 30, 2007 (reported)	\$4,152,000	\$1,987,542	\$6,139,542
12 Months ended June 30, 2007 (core)	\$4,060,000	\$1,987,542	\$6,047,542

	Before Conversion	Net Cash Proceeds	Tax Benefit Of Contribution	After Conversion
5. Pro Forma Net Worth				
June 30, 2007	\$63,589,233	\$147,204,792	\$2,397,500	\$213,191,525
June 30, 2007 (Tangible)	\$63,054,233	\$147,204,792	\$2,397,500	\$212,656,525

	Before Conversion	Net Cash Proceeds	Tax Benefit Of Contribution	After Conversion
6. Pro Forma Assets				
June 30, 2007	\$1,260,646,233	\$147,204,792	\$2,397,500	\$1,410,248,525

- (1) Includes ESOP and SIP stock purchases equal to 8.0 and 4.0 percent of the pro forma shares outstanding.
(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 35.00 percent rate.
(4) Option valuation based on Black-Scholes model, 5 year vesting, and assumes 25 percent is taxable.
(5) SIP is amortized over 5 years, and amortization expense is tax effected at 35.00 percent.

EXHIBIT V-1

RP® Financial, L.C.
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

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