Howard Bancorp Inc
Form S-4
May 06, 2015

As filed with the U.S. Securities and Exchange Commission on May 5, 2015

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Howard Bancorp, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**6022**	**20-3735949**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

6011 University Boulevard

Suite 370

Ellicott City, Maryland 21043

(410) 750-0020

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Mary Ann Scully

President and Chief Executive Officer

6011 University Boulevard

Suite 370

Ellicott City, Maryland 21043

(410) 750-0020

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

Frank C. Bonaventure, Esq. **Ober, Kaler, Grimes & Shriver, a Professional Corporation** **100 Light Street** **Baltimore, Maryland 21202** **(410) 685-1120**	**Philip P. Phillips** **President and Chief Executive Officer** **Patapsco Bancorp, Inc.** **1301 Merritt Boulevard** **Dundalk, Maryland 21222** **(410) 285-1010**	**Joel E. Rappoport, Esq.** **Kilpatrick Townsend & Stockton LLP** **607 14th Street, NW, Suite 900** **Washington, DC 20005-2018** **(202) 508-5800**

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the merger described in the enclosed proxy statement/prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	¨	Accelerated filer	¨
Non–accelerated filer (Do not check if a smaller reporting company)	¨	Smaller reporting company	x

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) ¨
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) ¨

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such dates as the Commission, acting pursuant to said Section 8(a), may determine.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered		Proposed maximum offering price per share	Proposed maximum aggregate offering price		Amount of registration fee
Common Stock, par value $0.01 per share	893,577	(1)	N/A	$7,399,526.90	(2)	$ 859.83

(1) Based on the maximum number of shares of Howard Bancorp, Inc. common stock to be issuable upon the completion of the merger described herein. In accordance with Rule 416 under the Securities Act of 1933, this Registration Statement shall also register any additional shares of the Registrant's common stock that may become issuable pursuant to dilution resulting from stock splits, stock dividends, and similar transactions.

(2) Computed in accordance with Rules 457(f)(1) and 457(c) under the Securities Act of 1933, as amended, based on (A) the average of the high and low prices of Patapsco Bancorp, Inc. common stock on April 30, 2015 ($4.765) as reported on the Over-the-Counter Bulletin Board and (B) 1,974,843, the estimated maximum number of shares of Patapsco Bancorp, Inc. common stock to be received by Howard Bancorp, Inc. in the merger, less $2,010,600 (the amount of cash expected to be paid by Howard Bancorp, Inc. in the merger).

The information in this joint proxy statement/prospectus is not complete and may be changed. We may not sell the securities offered by this joint proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction where an offer or solicitation is not permitted.

PRELIMINARY—SUBJECT TO COMPLETION—DATED MAY 5, 2015

HOWARD BANCORP, INC. PATAPSCO BANCORP, INC.

Joint Proxy Statement/Prospectus

Merger Proposal – Your Vote is Very Important

The boards of directors of Howard Bancorp, Inc. and Patapsco Bancorp, Inc. have agreed to a strategic combination of the two companies under the terms of an Agreement and Plan of Merger, dated as of March 2, 2015. Under the terms of the merger agreement, Patapsco will be merged with and into Howard, with Howard surviving the merger.

If the merger is completed, Patapsco stockholders will have the right to receive for each share of Patapsco common stock they own, at their election, (i) $5.09 in cash or (ii) a fraction of a share (the “exchange ratio”) of Howard common stock determined by dividing (y) $5.09 by (z) the 20 trading day average closing price of the Howard common stock on the date that is five business days prior to the closing of the merger (the “Average Price”), provided that if the Average Price is $9.00 or less the exchange ratio will be fixed at 0.5656 and if the Average Price is $16.80 or more the exchange ratio will be fixed at 0.3030. Patapsco stockholders may also elect to receive a combination of cash and Howard common stock. All such elections are subject to adjustment pursuant to the allocation and proration provisions described in this joint proxy statement/prospectus whereby 80% of the shares of Patapsco common stock outstanding as of the effective time of the merger (approximately 1,579,874 shares) will be exchanged for shares of Howard common stock and 20% of the outstanding shares (approximately 394,969 shares) of Patapsco common stock will be exchanged for cash (subject to the right of Howard to adjust these percentages as long as at least 50% of the outstanding shares of Patapsco are exchanged for shares of Howard common stock), as further described in the attached joint proxy statement/prospectus. Cash will be paid in lieu of any fractional shares. If the merger is completed Howard will issue between 478,702 and 893,577 shares of common stock and pay approximately $2,010,600 in cash in exchange for the outstanding shares of common stock of Patapsco upon consummation of the merger, or an aggregate of approximately $10,051,000 - $10,053,000 in cash and stock.

In addition, Howard will retire the outstanding shares of Series A Fixed Rate Cumulative Perpetual Preferred Stock and Series B Fixed Rate Cumulative Perpetual Preferred Stock issued by Patapsco to the United States Department of the Treasury ("Treasury") by either purchasing such shares from Treasury prior to the closing of the merger or by converting each such share into the right to receive one share of preferred stock of Howard with rights, powers and preferences that are not materially less favorable than the rights, powers and preferences of the Series A Perpetual Preferred Stock and the Series B Perpetual Preferred Stock. Subsequent to the closing of the merger and with regulatory approval, Howard intends to repurchase any such shares of Howard preferred stock. Finally, unless Patapsco obtains a waiver of any event of default under the applicable trust preferred security agreements caused by Patapsco Statutory Trust I's failure to make payment of amounts due and payable on the trust preferred securities and allowing continued deferral of dividends on the trust preferred securities until the effective time of the merger, Howard is obligated under the merger agreement to purchase from Patapsco a sufficient number of shares of preferred stock at $1,000 per share to allow Patapsco to bring current the payment of deferred interest through June 15, 2015 on Patapsco's subordinated debentures issued to Patapsco Statutory Trust I and Patapsco will use the proceeds from the sale of the preferred stock, which we refer to as the additional Patapsco preferred stock issuance, to bring current interest on such subordinated debentures. After the merger, Howard will assume responsibility for payment of principal and interest on the debentures.

After the merger, Howard stockholders will continue to own their existing shares of Howard common stock. Howard common stock is traded on the NASDAQ Capital Market under the symbol "HBMD."

Stockholders of Howard will be asked to vote on the approval of Howard's issuance of the shares of Howard common stock to be issued in the merger at the Howard special meeting. Stockholders of Patapsco will be asked to vote on the approval of the merger agreement and the merger at the annual meeting of stockholders of Patapsco. We cannot complete the merger unless we obtain the required approval of the stockholders of each of Howard and Patapsco. Howard's issuance of its shares of common stock to be issued in the merger must be approved by the affirmative vote of holders of a majority of the shares of common stock cast at the Howard special meeting and the merger agreement and the merger must be approved by the holders of two-thirds of the outstanding shares of common stock of Patapsco.

The Board of Directors of Howard Bancorp, Inc. recommends that you vote "FOR" approval of the issuance of the shares of Howard common stock in the merger and the Board of Directors of Patapsco Bancorp, Inc. recommends that you vote "FOR" approval of the merger agreement and the merger.

You should read this joint proxy statement/prospectus and all annexes carefully. Before making a decision on how to vote, you should consider the "Risk Factors" discussion beginning on page 17 of this joint proxy statement/prospectus.

Neither the Securities and Exchange Commission, nor any bank regulatory agency, nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense. The securities offered through this joint proxy statement/prospectus are not savings accounts, deposits or other obligations of a bank or savings association and are not insured by the Federal Deposit Insurance Corporation or any other government agency.

This joint proxy statement/prospectus is dated ________ __, 2015 and is first being mailed to Howard Bancorp, Inc. stockholders and Patapsco Bancorp, Inc. stockholders on or about ________ __, 2015.

6011 UNIVERSITY BOULEVARD, SUITE 370

ELLICOTT CITY, MARYLAND 21043

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD __________, ___ __, 2015, AT ______

At the

Corporate Offices of Howard Bancorp, Inc.

6011 University Boulevard, Suite 370

Ellicott City, MD 21043

A Special Meeting of Stockholders of Howard Bancorp, Inc., a Maryland corporation, will be held on ____________, at ______ (local time), at the corporate offices of Howard Bancorp, Inc. located at 6011 University Boulevard, Suite 370, Maryland 21043 for the purpose of considering and voting upon the following:

1. A proposal to approve the issuance by Howard Bancorp, Inc. of the shares of Howard Bancorp, Inc. common stock to be issued to the stockholders of Patapsco Bancorp, Inc. in the merger of Patapsco Bancorp, Inc. into Howard Bancorp, Inc., with Howard Bancorp, Inc. as the surviving entity, pursuant to that Agreement and Plan of Merger dated as of March 2, 2015, by and between Howard Bancorp, Inc. and Patapsco Bancorp, Inc., as the agreement may be amended from time to time, as more fully described in the accompanying joint proxy statement/prospectus.

2. A proposal to adjourn the meeting to a later date or dates, if necessary, to permit further solicitation of additional proxies in the event there are not sufficient votes at the time of the meeting to approve the matters to be considered by the stockholders at the meeting, as more fully described in the accompanying joint proxy statement/prospectus.

3. To act upon any other matter that may properly come before the special meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on ___________ will be entitled to notice of and to vote at the meeting or any adjournment or postponement thereof.

Whether or not you plan to attend the special meeting, we urge you to return the enclosed proxy form in order to indicate your vote as soon as possible. To complete the merger, the issuance of the shares of Howard Bancorp, Inc. common stock in the merger must be approved by the holders of a majority of shares of common stock of Howard Bancorp, Inc. voted on the matter at the special meeting. Abstentions will count as a vote against this proposal, however, the failure to vote and shares that you have not authorized your broker to vote (or "broker non-votes") will not count as votes cast and therefore, assuming a quorum is present at the meeting, will have no effect on the outcome of the vote to approve the issuance of the shares to be issued in the merger. Whether or not you intend to attend the special meeting, please vote as promptly as possible **by signing, dating and mailing the proxy card, by telephone by calling 1-800-951-2405 and following the voice mail prompts or over the Internet by following the instructions at www.investorvote.com/HBMD. You will need information from your proxy card or electronic delivery notice to submit your proxy.**

If your shares are held in the name of a broker, bank or other fiduciary, please follow the instructions on the voting instruction card provided by such person. You may revoke your proxy at any time prior to or at the meeting by written notice to Howard Bancorp, Inc., by executing a proxy bearing a later date, or by attending the meeting and voting in person. If you wish to attend the special meeting and vote in person and your shares are held in the name of a broker, trust, bank or other nominee, you must bring with you a proxy or letter from the broker, trustee, bank or nominee to confirm your beneficial ownership of the shares.

The joint proxy statement/prospectus that accompanies this notice provides you with detailed information about the proposed merger and the other matters to be voted on at the special meeting. It also contains information about Howard Bancorp, Inc. and Patapsco Bancorp, Inc. and related matters. We urge you to read the joint proxy statement/prospectus carefully. **In particular, you should read the "Risk Factors" section beginning on page 17 for a discussion of the risks you should consider in evaluating the proposed merger.**

You are cordially invited to attend the meeting in person.

By Order of the Board
of Directors,
/s/ Charles E. Schwabe
Charles E. Schwabe,
Secretary

Ellicott City, Maryland

__________ __, 2015

PATAPSCO BANCORP, INC.

1301 Merritt Boulevard

Dundalk, Maryland 21222

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON ___________ AT ________

The Annual Meeting of Stockholders of Patapsco Bancorp, Inc., a Maryland corporation, will be held on __________, at _____ (local time), at The Country Club of Maryland located at 1101 Stevenson Lane, Towson, Maryland 21286 for the purpose of considering and voting upon the following:

1. A proposal to approve the Agreement and Plan of Merger dated as of March 2, 2015, by and between Howard Bancorp, Inc. and Patapsco Bancorp, Inc., as the agreement may be amended from time to time, pursuant to which Patapsco Bancorp, Inc. will merge with and into Howard Bancorp, Inc., with Howard Bancorp, Inc. as the surviving entity, and the merger contemplated by the merger agreement, as more fully described in the accompanying joint proxy statement/prospectus.

2. The election of two directors to serve for a term expiring at the 2017 annual meeting of stockholders.

3. The ratification of the appointment of TGM Group, LLC as Patapsco Bancorp's independent registered public accounting firm for the fiscal year ending June 30, 2015.

4. A proposal to adjourn the meeting to a later date or dates, if necessary, to permit further solicitation of additional proxies in the event there are not sufficient votes at the time of the meeting to approve the matters to be considered by the stockholders at the meeting, as more fully described in the accompanying joint proxy statement/prospectus.

5. To act upon any other matter that may properly come before the annual meeting or any adjournment or postponement thereof.

Only stockholders of record at the close of business on _________ will be entitled to notice of and to vote at the annual meeting or any adjournment or postponement thereof.

You are cordially invited to attend the annual meeting in person. Whether or not you plan to attend the annual meeting, however, we urge you to return the enclosed proxy card in order to indicate your vote as soon as possible. To complete the merger, the merger agreement and the merger must be approved by the holders of two-thirds of the issued and outstanding shares of common stock of Patapsco Bancorp, Inc. An abstention, a failure to vote and a broker non-vote will have the same effect as a vote against the approval of the merger agreement and the merger. In the election of directors, votes that are withheld and broker non-votes will have no effect on the outcome of the election. In counting votes on the proposal to ratify the appointment of the independent registered public accounting firm, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the outcome of the voting on the proposal. Whether or not you intend to attend the annual meeting, please vote as promptly as possible **by signing, dating and mailing the proxy card, by telephone by calling 1-800-652-VOTE(8683) and following the voice mail prompts or over the Internet by following the instructions at www.investorvote.com/__. You will need information from your proxy card to submit your proxy**. If you attend the annual meeting, you may vote in person or by your executed proxy. If your shares are held in the name of a broker, bank or other fiduciary, please follow the instructions on the voting instruction card provided by such person.

You may revoke your proxy at any time prior to or at the meeting by written notice to Patapsco Bancorp, Inc., by executing a proxy bearing a later date, or by attending the meeting and voting in person. If you wish to attend the annual meeting and vote in person and your shares are held in the name of a broker, trust, bank or other nominee, you must bring with you a proxy or letter from the broker, trustee, bank or nominee to confirm your beneficial ownership of the shares.

The joint proxy statement/prospectus that accompanies this notice provides you with detailed information about the proposed merger and the other matters to be voted on at the annual meeting. It also contains information about Howard Bancorp, Inc. and Patapsco Bancorp, Inc. and related matters. We urge you to read the entire joint proxy statement/prospectus carefully. **In particular, you should read the "Risk Factors" section beginning on page 17 for a discussion of the risks you should consider in evaluating the proposed merger and how it will affect you.**

By Order of the
Board of Directors,

/s/ Philip P. Phillips
Philip P. Phillips,
President and Chief
Executive Officer
Dundalk, Maryland

_________ __, 2015

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QUESTIONS AND ANSWERS ABOUT THE STOCKHOLDER MEETINGS

The following are some questions that you, as a stockholder of Howard or Patapsco, may have regarding the merger agreement, the merger and the other matters being considered at the stockholder meetings and the answers to those questions. Howard and Patapsco urge you to read carefully the remainder of this joint proxy statement/prospectus because the information in this section does not provide all the information that might be important to you with respect to the merger agreement, the merger and the other matters being considered at the stockholder meetings. Additional important information is also contained in the annexes to this joint proxy statement/prospectus.

Q: Why am I receiving this joint proxy statement/prospectus?

A: Howard and Patapsco have agreed to the merger of Patapsco with and into Howard, which we refer to as the "merger," pursuant to the terms of a merger agreement that is described in this joint proxy statement/prospectus. A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A. Each company will hold a meeting of its stockholders for the purpose of voting with respect to the merger and/or the merger agreement and certain related proposals and, in the case of Patapsco, other proposals typically voted on at an annual meeting of stockholders, including the election of directors. This joint proxy statement/prospectus constitutes each company's proxy statement, and it also constitutes a prospectus covering the shares of Howard common stock that will be issued to stockholders of Patapsco in the merger.

In order to complete the merger, Maryland law requires that the Patapsco stockholders vote to approve the merger. While Maryland law does not require that the stockholders of Howard approve the merger, in accordance with Rule 5635(a) of The NASDAQ Stock Market LLC ("Nasdaq"), Howard is seeking separate approval by its stockholders of the issuance of its shares of common stock to be issued in the merger in accordance with the terms of the merger agreement.

In addition, both Howard and Patapsco stockholders will be asked to vote on a proposal to adjourn their stockholder meetings to a later date or dates, if necessary, to permit further solicitation of proxies in the event there are not sufficient votes at the time of the meetings to approve the matters to be considered by the stockholders.

Howard and Patapsco will hold separate meetings of their stockholders to obtain these approvals. This joint proxy statement/prospectus contains important information about the merger agreement, the merger and the meetings of the stockholders of Howard and Patapsco, and you should read it carefully. The enclosed voting materials allow you to vote your shares without actually attending your respective stockholder meeting.

Your vote is important. We encourage you to vote as soon as possible.

Q: When and where will the stockholder meetings be held?

A: The Howard special meeting will be held at its office located at 6011 University Boulevard, Suite 370, Ellicott City, Maryland 21043, on __________, 2015 at ______. The Patapsco annual meeting will be held at The Country Club of Maryland located at 1101 Stevenson Lane, Towson, Maryland 21286, on __________ at _____.

Q: How do I vote?

A: *Howard*. If you are a stockholder of record of Howard as of the record date, you may vote in person by attending the Howard special meeting or by signing and returning the enclosed proxy card in the postage-paid envelope provided. You may also vote by telephone by calling 1-800-951-2405 and following the voice mail prompts or over the Internet by following the instructions at www.investorvote.com/HBMD.

Patapsco. If you are a stockholder of record of Patapsco as of the record date, you may vote in person by attending the Patapsco annual meeting or by signing and returning the enclosed proxy card in the postage-paid envelope provided. You may also vote by telephone by calling 1-800-652-VOTE(8683) and following the voice mail prompts or over the Internet by following the instructions at www.investorvote.com/__.

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If you hold shares of common stock of Howard or Patapsco in the name of a bank, broker or other nominee, please follow the voting instructions provided by your bank, broker or other nominee to ensure that your shares are represented and voted at your stockholder meeting.

Q: What vote is required to approve each proposal?

A: *Howard*. The proposal at the Howard special meeting to approve Howard's issuance of the shares of Howard common stock to be issued in the merger requires the affirmative vote of holders of a majority of the votes cast at the meeting assuming a quorum is present at the meeting.

As of the record date for the Howard special meeting, there were __________ shares of Howard common stock issued and outstanding and entitled to vote, and directors and executive officers of Howard and their affiliates are entitled to vote __.__% of those shares.

Patapsco. The proposal at the Patapsco annual meeting to approve the merger agreement and the merger requires the affirmative vote of holders of two-thirds of the outstanding shares of Patapsco common stock entitled to vote on the proposal. Therefore, an abstention, a failure to vote and a broker non-vote will each have the effect of a vote against this proposal.

In voting on the election of directors for Patapsco, you may vote in favor of an individual nominee or withhold your votes as to any of the nominees. There is no cumulative voting for the election of directors. Directors must be elected by a plurality of the votes cast at the annual meeting. This means that the nominee receiving the greatest number of votes will be elected. In the election of directors, votes that are withheld and broker non-votes will have no effect on the outcome of the election.

In voting on the ratification of the appointment of TGM Group, LLC as Patapsco's independent registered public accounting firm for the year ending June 30, 2015, you may vote in favor of the proposal, vote against the proposal or abstain from voting. To ratify the appointment of TGM Group, LLC, the affirmative vote of a majority of the votes cast at the annual meeting is required. In counting votes on the proposal to ratify the appointment of the independent registered public accounting firm, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the outcome of the voting on the proposal.

As of the record date for the Patapsco annual meeting, there were ___________ shares of Patapsco common stock issued and outstanding and entitled to vote, and directors, executive officers and their affiliates were entitled to vote ____% of such shares. The directors of Patapsco are entitled to vote ___% of the shares of Patapsco common stock that are issued and outstanding and entitled to vote as of the record date, and all have agreed, in writing, to vote their shares of Patapsco common stock in support of the merger agreement and the merger.

Each of the stockholder meetings may be adjourned, if necessary, to solicit additional proxies in the event there are not sufficient votes at the time of the meeting to approve the proposal. The affirmative vote of the holders of a majority of the shares of common stock cast on the matter at each stockholder meeting is required to adjourn such meeting.

Q: How do the boards of directors of each of Howard and Patapsco recommend that I vote on the proposals?

A: The board of directors of Howard recommends that you vote "**FOR**" approval of the issuance of the shares of Howard common stock to be issued in the merger and "**FOR**" approval of the proposal to adjourn the special meeting to solicit more proxies, if necessary.

The board of directors of Patapsco recommends that you vote "**FOR**" the approval of the merger agreement and the merger, "**FOR**" each of the nominees for director, "**FOR**" the ratification of the appointment of TGM Group, LLC as Patapsco's independent registered public accounting firm and "**FOR**" approval of the proposal to adjourn the annual meeting to solicit more proxies, if necessary.

Q: How many votes do I have?

A: *Howard*. You are entitled to one vote for each share of Howard common stock that you owned as of the record date.

Patapsco. You are entitled to one vote for each share of Patapsco common stock that you owned as of the record date.

Q: What will happen if I fail to vote or I abstain from voting?

A: If you fail to vote or fail to instruct your bank, broker or other nominee to vote it will have no effect on the outcome of the proposal to approve the issuance of the shares of common stock to be issued in the merger in the case of Howard, assuming a quorum is present at the Howard special meeting, and will have the same effect as a vote against the proposal to approve the merger agreement and the merger in the case of Patapsco. An abstention will have the same effect as a vote against these proposals.

In the election of directors at the Patapsco annual meeting, votes that are withheld and broker non-votes will have no effect on the outcome of the election. In counting votes on the proposal to ratify the appointment of the independent registered public accounting firm at the Patapsco annual meeting, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the outcome of the voting on the proposal.

Assuming a quorum is present, an abstention, broker non-vote or the failure to vote will have no effect on the proposals to approve the adjournment of the Howard special meeting or the Patapsco annual meeting, if necessary, to solicit additional proxies. For this purpose, a quorum will be present if holders of at least a majority of the outstanding shares of common stock as of the record date are present, in person or by proxy, at the applicable stockholder meeting.

Q: If my shares are held of record by my broker, bank or other nominee (that is, in street name), will my broker, bank or other nominee automatically vote my shares for me?

A: Generally not. If you hold your shares in a stock brokerage account, your broker will not vote your shares of Howard or Patapsco common stock unless you provide voting instructions to your broker. If your shares are held by a bank or other nominee, whether your nominee may vote your shares in the absence of instructions from you will depend on your specific arrangement with your nominee record holder, but in the absence of an arrangement granting such record holder discretionary authority to vote, your record holder nominee will not have authority to vote your shares on any matter at the applicable stockholder meeting absent specific voting instructions from you. However, your bank or broker does have discretion to vote any uninstructed shares of Patapsco on the ratification of the appointment of Patapsco’s independent registered public accounting firm. You should instruct your broker, bank or other nominee to vote your shares by following the instructions provided by the broker, bank or nominee with this joint proxy statement/prospectus. Please note that you may not vote shares held in street name by returning a proxy card directly to Howard or Patapsco or by voting in person at your stockholder meeting unless you provide a "legal proxy," which you must obtain from your bank, broker or nominee.

Q: What will happen if I return my proxy card without indicating how to vote?

A: If you sign and return your proxy card without indicating how to vote on any particular proposal, the Howard common stock or Patapsco common stock represented by your proxy will be voted in favor of that proposal.

Q: What if I fail to submit my proxy card or to instruct my broker, bank or other nominee to vote?

A: If you fail to properly submit your proxy card or otherwise vote as instructed on the proxy card, or fail to properly instruct your broker, bank or other nominee to vote your shares of Howard common stock or Patapsco common stock and you do not attend the applicable stockholder meeting and vote your shares in person, your shares will not be voted unless your shares are held of record by a non-broker and you have granted such record holder discretionary authority to vote your shares. If your shares are not voted, this will have the same effect as a vote against the approval of the merger agreement and the merger in the case of Patapsco, but will have no effect on the outcome of the election of directors of Patapsco, the ratification of the appointment of TGM Group, LLC as Patapsco's independent registered public accounting firm or the proposal to adjourn the meeting if necessary to solicit additional proxies. If your Howard shares are not voted it will have no effect on the approval of the issuance of the Howard common stock in the merger or the proposal to adjourn the meeting if necessary to solicit additional proxies.

Q: If I am a stockholder of record, can I change my vote after I have returned a proxy or voting instruction card?

A: Yes. You can change your vote at any time before your proxy is voted at your stockholder meeting. You can do this in one of three ways:

- you can send a signed notice of revocation;
- you can grant a new, valid proxy bearing a later date; or
- if you are a holder of record, you can attend your meeting and vote in person, which will automatically cancel any proxy previously given, or you may revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously given.

If you choose either of the first two methods, you must submit your notice of revocation or your new proxy to the Secretary of Howard or Secretary of Patapsco, as appropriate, no later than the beginning of the applicable meeting. If your shares are held in street name by your bank, broker or other nominee, you should follow the directions you receive from your bank, broker or other nominee to change your voting instructions, or contact your broker, bank or other nominee if no such instructions are provided.

Q: Am I entitled to dissenters' rights or similar rights?

A: Yes, if you are a Patapsco stockholder. Under Maryland law, Patapsco stockholders may exercise their rights as objecting stockholders to demand the payment of the fair value of their shares of Patapsco common stock in connection with the merger. These rights are occasionally referred to as "dissenters' rights" in this joint proxy statement/prospectus. The provisions of Maryland law governing dissenters' rights are complex, and you should study them carefully if you wish to exercise these rights. Multiple steps must be taken to properly exercise and perfect such rights. A copy of Sections 3-201 through 3-213 of the Maryland General Corporation Law ("MGCL") is included with this joint proxy statement/prospectus as Annex D.

If you are a Howard stockholder, you are not entitled to dissenters' rights in connection with the merger.

Q: What are the material United States federal income tax consequences of the merger to stockholders?

A: In general, for United States federal income tax purposes, Patapsco stockholders are not expected to recognize a gain or loss on the exchange of their shares of Patapsco common stock for shares of Howard common stock.

Patapsco stockholders that receive only cash in exchange for their shares of Patapsco common stock will recognize gain or loss on the transaction, and Patapsco stockholders that receive a combination of cash and Howard common stock in exchange for their shares of Patapsco common stock will typically recognize gain (but not loss) on the transaction. Patapsco stockholders will have to recognize a gain in connection with cash received in lieu of fractional shares of Howard common stock. Howard stockholders will have no tax consequences as a result of the merger.

Patapsco stockholders are urged to consult their tax advisors for a full understanding of the tax consequences of the merger to them because tax matters are very complicated and, in many cases, tax consequences of the merger will depend on your particular facts and circumstances. See "The Merger Agreement and the Merger – Certain Federal Income Tax Consequences."

Q: When do you expect the merger to be completed?

A: Howard and Patapsco are working to complete the merger as soon as is reasonably practicable, with a target date of October 31, 2015. It is possible that the merger may be completed prior to October 31, 2015 if all of the conditions to closing have been satisfied or waived by the companies. However, the merger is subject to various federal and state regulatory approvals and other conditions, in addition to approval by the stockholders of both companies, and it is possible that factors outside the control of both companies could result in the merger being completed at a later time, or not at all. There may be a substantial amount of time between the Howard special meeting and the Patapsco annual meeting and the completion of the merger.

Q: What do I need to do now?

Carefully read and consider the information contained in this joint proxy statement/prospectus, including its annexes. After you have carefully read these materials, as soon as possible either (i) indicate on the attached proxy card how you want your shares to be voted, then sign, date and mail the proxy card in the enclosed postage-paid envelope (you may also vote by phone or via the Internet as otherwise instructed in this joint proxy statement/prospectus), or (ii) if you hold your shares in street name, follow the voting instructions provided by your bank, broker or other nominee to direct it how to vote your shares, so that your shares may be represented and voted at the Howard special meeting or the Patapsco annual meeting.

Q: What will I receive in the merger?

A: *Howard*. You will continue to hold your shares of common stock in Howard after the merger.

Patapsco. In exchange for each of your shares of Patapsco common stock, you will receive, at your election and subject to the limitations and allocation provisions described herein, either (i) $5.09 in cash or (ii) Howard common stock as more fully described in this joint proxy statement/prospectus.

Q: Do I need to do anything with my shares of Patapsco common stock or Howard common stock now?

A: No. Please do not send in your Patapsco stock certificates with your proxy card. If the merger is approved, then you will be sent an election form and a letter of transmittal including instructions for sending in your Patapsco stock certificates.

Each outstanding share of common stock of Howard will continue to remain outstanding as a share of Howard common stock after the merger. As a result, if you are a Howard stockholder, you are not required to take any action with respect to your Howard common stock certificates.

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Q: Whom should I call if I have any questions?

A: Stockholders of Howard or Patapsco who have questions about the merger or the other matters to be voted on at the stockholder meetings or who desire additional copies of this joint proxy statement/prospectus or additional proxy cards should contact:

If you are a Howard stockholder:	If you are a Patapsco stockholder:
George C. Coffman	Philip P. Phillips
Executive Vice President & Chief Financial Officer	President and Chief Executive Officer
Howard Bancorp, Inc.	Patapsco Bancorp, Inc.
6011 University Boulevard	1301 Merritt Boulevard
Suite 370	Dundalk, Maryland 21222
Ellicott City, Maryland 21043	Phone: (410) 285-1010
Phone: (410) 750-0020	Fax: (410) 285-8524
Fax: (410) 750-8588	

SUMMARY

This summary highlights selected information from this joint proxy statement/prospectus. It does not contain all of the information that may be important to you. We urge you to carefully read the entire document so that you fully understand the merger and the related transactions. Each item in this summary refers to the page of this joint proxy statement/prospectus on which that subject is discussed in more detail. Unless otherwise indicated in this joint proxy statement/prospectus or the context otherwise requires, all references in this joint proxy statement/prospectus to "Howard" refer to Howard Bancorp, Inc., all references to "Patapsco" refer to Patapsco Bancorp, Inc. and all references to "Patapsco Bank" refer to The Patapsco Bank.

The Companies

Howard Bancorp, Inc. (see page 127)

Howard Bancorp, Inc.

6011 University Boulevard

Suite 370

Ellicott City, Maryland 21043

Telephone: (410) 750-0020

Howard Bancorp, Inc. was incorporated in April 2005 under the laws of the State of Maryland and is a bank holding company registered under the Bank Holding Company Act of 1956. On May 18, 2005, the stockholders of Howard Bank approved the reorganization of Howard Bank into a holding company structure. The reorganization became effective on December 15, 2005. Howard completed its initial public offering in July 2012, issuing 1,150,891 shares of its common stock. Simultaneously with its initial public offering Howard completed a private placement pursuant to which it sold 568,603 shares of its common stock. Howard's primary business is owning all of the capital stock of Howard Bank.

Howard Bank is a trust company chartered under Subtitle 2 of Title 3 of the Financial Institutions Article of the Annotated Code of Maryland. Howard Bank was formed in March 2004 and commenced banking operations on August 9, 2004. Howard Bank has chosen, for the time being, not to seek and exercise trust powers, and its business, powers and regulatory structure are the same as a Maryland-chartered commercial bank. The Federal Deposit

Insurance Corporation ("FDIC") insures its deposits.

Howard Bank is headquartered in Ellicott City, which is located in Howard County, Maryland. Howard Bank has branches in Howard County as well as in Anne Arundel County, Baltimore County, Cecil County, and Harford County in Maryland as well as one branch in Lancaster County, Pennsylvania. It engages in a general commercial banking business, making various types of loans and accepting deposits. Howard Bank has traditionally marketed its financial services to small and medium sized businesses and their owners, professionals and executives, and high-net-worth individuals (the "mass affluent"), and has recently expanded to meet the financial needs of consumers generally.

On March 2, 2015, Howard entered into agreements with several institutional investors pursuant to which such investors will purchase an aggregate of 2,173,913 shares of Howard common stock for $11.50 per share, or an aggregate of $25 million, which we refer to as the "private placement."

As of March 31, 2015, Howard had consolidated assets, deposits and stockholders' equity of approximately $710.5 million, $580.7 million and $60.4 million, respectively.

Howard's common stock is listed and traded on the NASDAQ Capital Market under the symbol "HBMD."

Patapsco Bancorp, Inc. *(see page 183)*

Patapsco Bancorp, Inc.

1301 Merritt Boulevard

Dundalk, Maryland 21222

Telephone: (410) 285-1010

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Patapsco Bancorp, Inc. was incorporated under the laws of the State of Maryland in November 1995. On April 1, 1996, Patapsco Federal Savings and Loan Association, the predecessor of Patapsco Bank, converted from mutual to stock form and reorganized into the holding company form of ownership as a wholly owned subsidiary of Patapsco.

Patapsco has no significant assets other than its investment in Patapsco Bank. Patapsco is primarily engaged in the business of directing, planning and coordinating the business activities of Patapsco Bank. Accordingly, the information set forth in this joint proxy statement/prospectus with respect to Patapsco, including consolidated financial statements and related data, focuses primarily on Patapsco Bank. In the future, if the merger is not consummated Patapsco may become an operating company or acquire or organize other operating subsidiaries, including other financial institutions. Currently, Patapsco does not maintain offices separate from those of Patapsco Bank or employ any persons other than its officers who are not separately compensated for such service.

Patapsco Bank is a Maryland commercial bank operating through four full-service offices located in Dundalk, Carney, Glen Arm and Baltimore City, Maryland. The primary business of Patapsco Bank is to attract deposits from individual and corporate customers and to originate residential and commercial mortgage loans, commercial loans and consumer loans, primarily in the Greater Baltimore Metropolitan area. Patapsco Bank is subject to competition from other financial and mortgage institutions in attracting and retaining deposits and in making loans. Patapsco Bank is subject to the regulations of certain agencies of the federal and state governments and undergoes periodic examination by those agencies.

At March 31, 2015, Patapsco Bank had total assets of $220.7 million, total deposits of $182.8 million, and stockholders’ equity of $16.4 million.

The Stockholder Meetings

Date, Time and Place of Meetings (see pages 43 and 49)

Howard will hold a special meeting of stockholders on ________ at _____, local time, at its office located at 6011 University Boulevard, Suite 370, Ellicott City, Maryland. The Howard board of directors has set the close of business on ________ as the record date for determining stockholders entitled to notice of, and to vote at, the special meeting. On the record date, there were ________ shares of Howard common stock outstanding.

Patapsco will hold its annual meeting of stockholders on __________ at ______, local time, at The Country Club of Maryland located at 1101 Stevenson Lane, Towson, Maryland. The Patapsco board of directors has set the close of business on ______________ as the record date for determining stockholders entitled to notice of, and to vote at, the annual meeting. On the record date, there were _________ shares of Patapsco common stock outstanding.

Matters to be Considered at the Meetings (see pages 43 and 49)

If you are a stockholder of Howard, you will be asked at the Howard special meeting to vote on (i) a proposal to approve the issuance by Howard of its shares of common stock to be issued in the merger, (ii) a proposal to adjourn the special meeting to solicit additional proxies, if necessary, in the event there are not sufficient votes at the time of the meeting to approve the issuance of the shares of common stock in the merger, and (iii) any other business that properly arises during the special meeting or any adjournment or postponement thereof. If you are a stockholder of Patapsco, you will be asked at the Patapsco annual meeting to vote on (i) a proposal to approve the merger agreement and the merger, (ii) the election of two directors to serve for a term expiring at the 2017 annual meeting of stockholders, (iii) the ratification of the appointment of TGM Group, LLC as Patapsco's independent registered public accounting firm for the fiscal year ending June 30, 2015, (iv) a proposal to adjourn the annual meeting to solicit additional proxies, if necessary, in the event there are not sufficient votes at the time of the meeting to approve the merger agreement and the merger, and (v) any other business that properly arises during the annual meeting or any adjournment or postponement thereof.

Under the terms of the merger agreement, Howard will acquire Patapsco by merging Patapsco with and into Howard. Pursuant to a separate agreement, we anticipate that immediately after the merger, Patapsco Bank, the bank operating subsidiary of Patapsco, will merge with and into Howard Bank, with Howard Bank being the surviving bank.

A copy of the merger agreement is attached to this joint proxy statement/prospectus as Annex A.

Consideration to be Received in the Merger (page 83)

The merger agreement provides that Patapsco stockholders will have the right, with respect to each of their shares of Patapsco common stock, to elect to receive, subject to adjustment pursuant to the allocation and proration provisions described below, either (i) $5.09 in cash (which we sometimes refer to as the "per-share cash consideration"), or (ii) a fraction of a share (the "exchange ratio") of Howard common stock determined by dividing $5.09 by the 20 trading day average closing price of the Howard common stock on the date that is five business days prior to the closing of the merger (which we refer to as the "Average Price"), provided that if the Average Price is $9.00 or less the exchange ratio will be fixed at 0.5656 and if the Average Price is $16.80 or more the exchange ratio will be fixed at 0.3030 (we sometimes refer to this as the "per-share stock consideration"). Patapsco stockholders may also elect to receive a combination of cash and Howard common stock for their shares of Patapsco common stock. Therefore, Howard will issue between approximately 478,702 and 893,577 shares of common stock and pay cash consideration of approximately $2,010,600 in the merger, for a total value of approximately $10,050,000 at an Average Price of $9.00 to $16.80 per share, less at below an Average Price of $9.00 per share, and more at above an Average Price of $16.80 per share.

Accordingly, any change in the price of Howard common stock outside of the $9.00 and $16.80 parameters during the pricing period will affect the market value of the stock consideration that stockholders of Patapsco will receive as a result of the merger. For more information, see "The Merger Agreement and the Merger – Terms of the Merger – What Patapsco Stockholders Will Receive in the Merger."

You will have the opportunity to elect the form of consideration to be received for your shares of Patapsco common stock, subject to allocation procedures as set forth in the merger agreement that may result in your receiving a portion of the merger consideration in a form other than that which you elected.

Based on a Howard closing sales price of $13.12 on April 28, 2015, the most recent practical date prior to the date hereof, an assumed Average Price for the 20 trading days ending on April 20, 2015, five business days prior to the most recent practical date prior to the date hereof, of $13.97 and a corresponding exchange ratio of 0.3643 shares of Howard common stock per share of Patapsco common stock, the tables below indicate the consideration that a Patapsco stockholder would receive, based on the values on that date, for 100 shares of Patapsco common stock assuming that a stockholder elects to receive, as consideration and no proration or change to consideration mix occurs, (a) all shares of Howard common stock, (b) 50% cash and 50% shares of Howard common stock, and (c) all cash.

	Consideration to be Received as of April 28, 2015 by a Patapsco Stockholder Who Makes a 100% Stock Election and No Proration or Change to Consideration Mix Occurs			
	Number of Howard Shares to be Received	Value of Howard Shares to be Received(1)	Cash Consideration to be Received(2)	Total Value to be Received
For 100 Shares of Patapsco common stock	36	$ 472.32	$ 6.00	$ 478.32

(1) Based on the closing sales price of $13.12 on April 28, 2015.
(2) Consists of $6.00 of cash in lieu of a fractional share of Howard common stock.

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	Consideration to be Received as of April 28, 2015 by a Patapsco Stockholder Who Makes a 50% Cash and 50% Stock Election and No Proration or Change to Consideration Mix Occurs			
	Number of Howard Shares to be Received	Value of Howard Shares to be Received[1]	Cash Consideration to be Received[2]	Total Value to be Received
For 100 Shares of Patapsco common stock	18	$ 236.16	$ 257.50	$ 493.66

(1) Based on the closing sales price of $13.12 on April 28, 2015.
(2) Including $3.00 of cash in lieu of a fractional share of Howard common stock.

	Consideration to be Received as of April 28, 2015 by a Patapsco Stockholder Who Makes a 100% Cash and No Proration or Change to Consideration Mix Occurs			
	Number of Howard Shares to be Received	Value of Howard Shares to be Received	Cash Consideration to be Received	Total Value to be Received
For 100 Shares of Patapsco common stock	-	-	$ 509.00	$ 509.00

Allocation and Proration of the Merger Consideration (page 88)

The merger agreement contains allocation provisions that are designed to ensure that 80% (or approximately 1,579,874 shares) of the outstanding shares of Patapsco common stock will be exchanged for shares of Howard common stock and that 20% (or approximately 394,969 shares) of the outstanding shares of Patapsco common stock will be exchanged for cash. This provision is subject, however, to the right of Howard to adjust these percentages as long as at least 50% of the outstanding shares of Patapsco common stock are exchanged for shares of Howard common stock and Howard issues at least 478,702, but no more than 893,577, of its shares of common stock in the merger.

Treatment of Shares if Too Much Cash is Elected. The merger agreement provides that if the holders of more than 20%, as such percentage may be adjusted at Howard's discretion under the terms of the merger agreement, of the outstanding shares of Patapsco common stock at the effective time of the merger (which we refer to as the "target cash conversion number") elect to receive cash for such shares in the merger or perfect their dissenters' rights, then the no-election shares will be converted into the right to receive Howard common stock and the shares that stockholders have requested be exchanged for cash will be reallocated by the exchange agent on a *pro rata* basis such that the total number of shares that will be exchanged for cash (including pursuant to dissenters' rights) equals the target cash conversion number. As a result, stockholders that elected to receive cash for some or all of their shares of Patapsco common stock will receive shares of Howard common stock instead with respect to some of such shares.

Treatment of Shares if Too Much Stock is Elected. The merger agreement provides that if the holders of less than the target cash conversion number elect to receive cash for such shares in the merger or perfect their dissenters' rights, then the shares for which no election as to cash or stock has been made will be reallocated by the exchange agent on a *pro rata* basis such that the total number of shares that will be exchanged for cash (including pursuant to dissenters' rights) equals the target cash conversion number. If after such reallocation the number of shares of Patapsco common stock that would be exchanged for cash in the merger (including pursuant to dissenters' rights) is still less than the target cash conversion number, then the shares that stockholders have requested be exchanged for Howard common stock will be reallocated by the exchange agent on a *pro rata* basis such that the total number of shares that will be exchanged for cash (including pursuant to dissenters' rights) equals the target cash conversion number. In that case, stockholders that elected to receive Howard common stock for some or all of their shares of Patapsco common stock will receive the per-share cash consideration instead with respect to some of such shares.

Election Procedures for Stockholders; Surrender of Stock Certificates (page 86)

No more than 40 business days and no less than 20 business days before the expected date of completion of the merger, an election form will be sent to Patapsco stockholders along with a letter of transmittal containing instructions for use in surrendering their Patapsco stock certificates in exchange for the merger consideration. You may use the election form to indicate whether your preference is to receive cash, shares of Howard common stock or a combination thereof, or that you have no preference as to the receipt of cash or Howard common stock (i.e. a non-election), in exchange for your shares of Patapsco common stock. The election deadline will be set forth in the election form, but will be no later than 5:00 p.m., Eastern Time, five days prior to the anticipated closing date of the merger. To make an election, a holder of Patapsco common stock must submit a properly completed election form and return it, together with a properly completed letter of transmittal and all stock certificates, so that the form, letter of transmittal and certificates are actually received by the exchange agent at or before the election deadline in accordance with the instructions on the election form.

You should not send in your stock certificates until you receive the election form, letter of transmittal and instructions from the exchange agent.

No Election Shares (page 86)

Patapsco stockholders who do not submit a properly completed election form or revoke their election form prior to the election deadline, or who submit a properly completed election form indicating they have no preference as to the receipt of cash or Howard common stock in the merger, will have their shares of Patapsco common stock designated as “no election shares.” No election shares will be converted into the right to receive either cash or shares of Howard common stock, or a combination of cash and shares of Howard common stock, depending on the elections made by other Patapsco stockholders and in accordance with the allocation and proration procedures outlined in this joint proxy statement/prospectus.

Each of the Howard and Patapsco Boards of Directors Recommends Stockholder Approval (see pages 44 and 49)

Each of the Howard and Patapsco boards of directors believes that the merger is in the best interests of Howard and Patapsco, respectively, and their respective stockholders. Accordingly, the board of directors of Howard recommends that stockholders of Howard vote “**FOR**” approval of the issuance by Howard of its shares of common stock to be issued in the merger, and the board of directors of Patapsco recommends that stockholders of Patapsco vote “**FOR**” approval of the merger agreement and the merger.

Opinion of Howard's Financial Advisor ***(see page 62)***

Griffin Financial Group, LLC ("Griffin") delivered a written opinion to the Howard board of directors that, as of March 2, 2015, and subject to the terms, conditions and qualifications set forth therein, the merger consideration payable by Howard to stockholders of Patapsco pursuant to the terms of the merger agreement, was fair, from a financial point of view, to the common equity stockholders of Howard. The full text of Griffin's written opinion is attached as Annex B to this joint proxy statement/prospectus and is incorporated herein by reference. Howard's stockholders are urged to read the opinion in its entirety for a description of the assumptions made, matters considered, procedures followed and qualifications and limitations on the review undertaken by Griffin. Griffin's opinion is subject to the assumptions and conditions contained in its opinion and is necessarily based on economic, market and other conditions as in effect on, and the information made available to Griffin as of, the date of its opinion. **Griffin's opinion speaks only as of the date of the opinion. The opinion is addressed to the Howard board of directors and is limited to the fairness of the merger consideration to be paid by Howard in the merger, from a financial point of view, to the common equity stockholders of Howard. Griffin does not express an opinion as to the underlying decision by Howard to engage in the merger or the relative merits of the merger compared to other strategic alternatives which may be available to Howard.**

Opinion of Patapsco's Financial Advisor (see page 70)

In connection with the merger, Patapsco's financial advisor, Keefe, Bruyette & Woods, Inc. ("KBW"), delivered a written opinion, dated March 2, 2015, to the Patapsco board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to the holders of Patapsco common stock of the merger consideration in the proposed merger. The full text of the opinion, which describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion, is attached as Annex C to this joint proxy statement/prospectus. **The opinion was for the information of, and was directed to, the Patapsco board (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion did not address the underlying business decision of Patapsco to engage in the merger or enter into the merger agreement or constitute a recommendation to the Patapsco board in connection with the merger, and it does not constitute a recommendation to any holder of Patapsco common stock or any stockholder of any other entity as to how to vote in connection with the merger or any other matter (including, with respect to holders of Patapsco common stock, what election any such stockholder should make with respect to the per-share stock consideration or the per-share cash consideration).**

Approval of the Merger Requires the Affirmative Vote of Stockholders Holding Two-Thirds of the Shares of Patapsco Common Stock Outstanding on the Record Date of _____________, 2015 (see page 50)

The approval of the merger agreement and the merger by stockholders of Patapsco requires the approval of the holders of at least two-thirds of the shares of Patapsco common stock that are issued and outstanding as of the record date of ___________, 2015. Each holder of shares of Patapsco common stock outstanding on the record date will be entitled to one vote for each share held. The vote required for approval of the merger agreement and the merger is a percentage of all outstanding shares of Patapsco common stock. Therefore, an abstention, a failure to vote and a broker non-vote will each have the same effect as a vote against the approval of the merger agreement and the merger.

In the election of directors, directors must be elected by a plurality of the votes cast at the annual meeting. This means that the nominee receiving the greatest number of votes will be elected. In the election of directors, votes that are withheld and broker non-votes will have no effect on the outcome of the election.

To ratify the appointment of TGM Group, LLC, the affirmative vote of a majority of the votes cast at the annual meeting is required. In counting votes on the proposal to ratify the appointment of the independent registered public accounting firm, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the outcome of the voting on the proposal.

The affirmative vote of a majority of the shares of Patapsco common stock present in person or represented by proxy at the annual meeting and entitled to vote is required to approve the adjournment of the meeting to solicit additional proxies, if necessary. An abstention does not count as a vote cast under Maryland Law. Therefore, an abstention, a failure to vote and a broker non-vote will each have no effect on the outcome of this proposal.

Approval of Howard's Issuance of the Shares of Howard Common Stock to be Issued in the Merger Requires the Affirmative Vote of Stockholders Holding a Majority of the Shares of Howard Common Stock Cast on the Matter at the Special Meeting ***(see page 44)***

The approval by holders of a majority of the votes cast on the matter at the special meeting of stockholders of Howard is necessary to approve the issuance by Howard of the shares of its common stock to be issued in the merger. For this purpose, abstentions count as votes cast and therefore will be equal to a vote against this proposal. A failure to vote and broker non-votes do not count as votes cast and will have no impact on the outcome of this vote, assuming a quorum is present at the special meeting. Each holder of shares of Howard common stock outstanding on the record date will be entitled to one vote for each share held.

The affirmative vote of a majority of the shares voted on the matter at the special meeting is required to approve the adjournment of the meeting to solicit additional proxies. Therefore, abstentions, the failure to vote and broker non-votes will have no effect on the outcome of the proposal to adjourn the special meeting, if necessary.

Patapsco's Directors have Agreed to Vote in Favor of the Merger Agreement (see pages 50 and 105)

As of the record date for the Patapsco annual meeting, there were ___________ shares of Patapsco common stock issued and outstanding and entitled to vote. The directors of Patapsco have agreed, in writing, to vote all shares of Patapsco common stock for which they are the record or beneficial owner "**FOR**" the approval of the merger agreement and the merger. As of the record date, such directors and their affiliates are entitled to vote _____% of the issued and outstanding shares of the Patapsco common stock.

Howard's Directors have Approved the Merger and are Expected to Vote in Favor of the Issuance of the Shares of Howard Common Stock to be Issued in the Merger (see page 44)

The directors of Howard have approved the merger agreement and the merger and are expected to vote for approval of the issuance by Howard of the shares of its common stock to be issued in the merger. Directors of Howard have sole or shared voting power over ______ shares of Howard common stock, or approximately _____% of the shares of Howard common stock outstanding as of the record date.

Patapsco's Directors and Management may have Interests in the Merger that Differ from Your Interests (see page 102)

The directors and executive officers of Patapsco have interests in the merger as directors and employees that are different from your interests as a Patapsco stockholder. These interests include, among others, provisions in the merger agreement regarding Howard and Howard Bank board positions, Howard Bank advisory board positions and the payment of accrued fees to directors of Patapsco and Patapsco Bank, the offer of employment to Patapsco's President and Chief Executive Officer and payments to be made to certain executive officers of Patapsco pursuant to existing change in control arrangements, as well as indemnification and insurance provisions included in the merger agreement.

Patapsco's board of directors was aware of these interests and considered them in approving and recommending the merger agreement, the merger and the related transactions.

Regulatory Approval Must be Obtained and Other Conditions Must be Satisfied Before the Merger can be Completed (see page 100)

Howard's and Patapsco's obligations to complete the merger are subject to various conditions that are usual and customary for this kind of transaction, including obtaining approval from the Board of Governors of the Federal Reserve System (the "FRB") and the Maryland Office of the Commissioner of Financial Regulation (the "Maryland Commissioner") for the merger and obtaining approval of the FDIC and the Maryland Commissioner for the bank merger (which is included in any references to regulatory "approvals" in this joint proxy statement/prospectus). On April 2, 2015, Howard and/or Howard Bank filed the appropriate applications for approval with the FRB, the FDIC and the Maryland Commissioner. In addition to the required regulatory approvals, the merger will be completed only if certain conditions, including the following, are satisfied or waived by the companies:

· Howard's stockholders must approve (i) the issuance of the shares of Howard common stock to be issued in the merger and (ii) the issuance of the shares of Howard common stock to be issued in the private placement, and Patapsco's stockholders must approve the merger agreement and the merger;

· each party must receive an opinion from its counsel or independent certified public accountants that:

Ø the merger constitutes a tax-free reorganization under Section 368(a) of the Internal Revenue Code; and

Ø with respect to the opinion received by Patapsco, any gain realized in the merger will be recognized only to the extent of cash or other property (other than Howard common stock) received in the merger, including cash received in lieu of fractional share interests; and

- each party's representations and warranties contained in the merger agreement must be correct except to the extent that if not true and correct it would not have a material adverse effect on the party or the party's ability to consummate the merger (with certain exceptions), and each party must have performed all of its obligations set forth in the merger agreement.

The merger agreement attached to this joint proxy statement/prospectus as Annex A describes all of the conditions that must be met before the merger may be completed.

Howard and Patapsco can Amend or Terminate the Merger Agreement (see page 97)

Patapsco and Howard may agree to terminate the merger agreement and not complete the merger at any time before the merger is completed. Each company also may unilaterally terminate the merger agreement in certain circumstances, including if:

- The merger is not completed on or prior to October 31, 2015 or, because of the failure to obtain any required regulatory approval or consent by such date, the merger is not completed by December 31, 2015, if the failure to complete the merger by that date is not due to a material breach of the merger agreement by the party seeking to terminate it.

- A definitive written denial of a required regulatory approval or the permanent withdrawal of an application for approval or consent at the request of a regulatory authority.

- The other party has materially breached any representation, warranty, covenant or other agreement in the merger agreement, and such breach either by its nature cannot be cured prior to the closing of the merger or remains uncured 30 days after receipt by such party of written notice of such breach (provided that if such breach cannot reasonably be cured within such 30-day period but may reasonably be cured within 60 days and cure is being diligently pursued, then termination can occur only after expiration of such 60-day period), if the party terminating the merger agreement is not in material breach.

- Howard's stockholders do not approve the issuance of the shares of Howard common stock to be issued in the merger and the private placement or Patapsco's stockholders do not approve the merger agreement and the merger.

- The other party's board of directors withdraws, changes or modifies its recommendation to stockholders to approve the issuance of the shares in the merger or in the private placement, with respect to Howard, or the merger agreement and the merger with respect to Patapsco.

- Patapsco or any Patapsco subsidiary receives (with respect to Patapsco's right to terminate) or enters into, approves or resolves to approve (with respect to Howard's right to terminate) an agreement, agreement in principle, letter of intent or similar instrument with a view to being acquired, or more than 25% of its assets or liabilities being acquired, by any person other than Howard, or to sell 25% or more of its outstanding shares of common stock, in a transaction the Patapsco board of directors determines is more favorable to the stockholders of Patapsco (a "superior Patapsco transaction").

In addition, Patapsco may terminate the merger agreement if:

- Howard or any Howard subsidiary enters into a definitive term sheet, letter of intent, agreement or similar agreement to merge, as a result of which Howard is not the surviving entity or Howard's directors as of March 2, 2015 do not comprise the majority of the surviving entity's board of directors, with any person other than Patapsco, and the Patapsco board of directors determines, after considering the advice of counsel, that such transaction is not in the best interests of Patapsco's stockholders.

- At any time during the two business day period beginning on the fifth business day immediately prior to the closing of the merger:

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- the Average Price is less than $7.20; and
- (a) the quotient obtained by dividing the Average Price by $9.00 is less than (b) the Index Ratio minus 0.20, where the Index Ratio is equal to the quotient obtained by dividing (y) the closing price of the NASDAQ Bank Index (or if not available a similar index) on the date that is five business days before the closing of the merger, by (z) the closing price of the NASDAQ Bank Index (or similar index) on February 27, 2015.

Howard and Patapsco can agree to amend the merger agreement in any way. Either company can waive any of the requirements of the other company in the merger agreement, except that neither company can waive the requirement that the companies receive all required regulatory approvals, the requirement for stockholder approval or the requirement that no order, decree or injunction preventing the transactions contemplated by the merger agreement has been issued.

Patapsco Must Pay a Termination Fee to Howard if the Merger Agreement is Terminated Under Certain Circumstances (see page 98)

Patapsco must pay Howard a termination fee in the amount of $500,000 if the merger agreement is terminated because:

- Patapsco or any Patapsco subsidiary has (i) received a proposal for a superior Patapsco transaction (with respect to termination by Patapsco) or (ii) entered into, approved or resolved to approve an agreement, agreement in principle, letter of intent or similar instrument with respect to a superior Patapsco transaction (with respect to termination by Howard);
- Patapsco or any Patapsco subsidiary has entered into an agreement, agreement in principle, letter of intent or similar instrument for any other merger, acquisition or similar transaction or a transaction with respect to the sale of a material portion of its assets in violation of the merger agreement; or
- The board of directors of Patapsco has withdrawn, changed or modified its recommendation to the stockholders of Patapsco to approve the merger agreement and the merger in a manner adverse to Howard.

Rights of Howard Stockholders Differ from those of Patapsco Stockholders (see page 122)

When the merger is completed, Patapsco stockholders who receive Howard common stock as consideration in the merger will become Howard stockholders. The rights of Howard stockholders differ from the rights of Patapsco stockholders in certain important ways. These differences have to do with provisions in Howard's articles of incorporation and bylaws that differ from the provisions in Patapsco's articles of incorporation and bylaws.

Patapsco Stockholders have Dissenters' Rights in Connection with the Merger (see page 110)

Patapsco stockholders are entitled to exercise dissenters' rights with respect to the merger and, if the merger is completed and they perfect their dissenters' rights, to receive payment in cash for the fair value of their shares of Patapsco common stock instead of their share of the aggregate merger consideration. In general, to preserve their dissenters' rights, Patapsco stockholders who wish to exercise these rights must:

- Deliver a written objection to the merger to Patapsco at or before Patapsco's annual meeting of stockholders;
- Not vote their shares for approval of the merger agreement and the merger;
- Within 20 days after the merger is consummated, deliver a written demand to Howard stating the number of shares of Patapsco common stock for which they demand payment; and
- Comply with the other procedures set forth in Sections 3-201 through 3-213 of the MGCL.

The text of Sections 3-201 through 3-213 of the MGCL governing dissenters' rights is included with this joint proxy statement/prospectus as Annex D. Failure to comply with the procedures described in Annex D will result in the loss of dissenters' rights under the MGCL. We urge you to carefully read the text of Sections 3-201 through 3-213 of the MGCL governing dissenters' rights.

RISK FACTORS

In addition to the other information contained in this joint proxy statement/prospectus, including the matters addressed under the caption "Caution Regarding Forward-Looking Statements," you should carefully consider the following risk factors in deciding whether to vote for approval of the issuance of the shares of Howard common stock in the merger, with respect to Howard, or for the approval of the merger agreement and the merger with respect to Patapsco.

Risk Factors Related to the Merger in General

Howard may fail to realize all of the anticipated benefits of the merger. The success of the merger will depend, in part, on Howard's ability to realize the anticipated benefits and cost savings from combining the businesses of Howard and Patapsco. To realize these anticipated benefits and cost savings, however, Howard must successfully combine the businesses of Howard and Patapsco. If Howard is unable to achieve these objectives, the anticipated benefits and cost savings of the merger may not be realized fully or at all or may take longer to realize than expected.

Howard and Patapsco have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process could result in the loss of key employees, the loss of key depositors or other bank customers, the disruption of each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies that adversely affect Howard's and Patapsco's ability to maintain their relationships with their respective clients, customers, depositors and employees or to achieve the anticipated benefits of the merger. Integration efforts between the two companies may, to some extent, also divert management's attention and resources. These integration matters could have an adverse effect on each of Howard and Patapsco during such transition period.

The opinions of Howard's and Patapsco's financial advisors to the parties' respective boards of directors do not reflect changes in circumstances since the date of such opinions. The boards of directors of Howard and Patapsco received opinions from the parties' respective financial advisors regarding the fairness of the merger consideration from a financial point of view, but these opinions are dated as of, and speak only as of, the date of the merger agreement. Changes in the operations and prospects of Howard and Patapsco, general market and economic conditions and other factors that may be beyond the control of Howard or Patapsco may significantly alter the value of Patapsco or the prices of the shares of Howard common stock or Patapsco common stock by the time the merger is completed. The opinions do not speak as of the time the merger will be completed or as of any date other than the date of such opinions. Because Howard and Patapsco do not currently anticipate asking their respective financial advisors to update their opinions, the opinions will not address the fairness of the merger consideration from a financial point of view at the time the merger is completed. The recommendation of Patapsco's board of directors that Patapsco stockholders vote "**FOR**" the approval of the merger agreement and the merger and the recommendation of Howard's board of directors that Howard stockholders vote "**FOR**" approval of the issuance of the shares of Howard common stock to be issued in the merger, however, are made as of the date of this joint proxy statement/prospectus. For a description of the opinions of the parties' respective financial advisors, refer to the section of this joint proxy statement/prospectus entitled “The Merger Agreement and the Merger” under the headings “Opinion of Howard’s Financial Advisor” and “Opinion of Patapsco’s Financial Advisor.”

Because the market price of Howard common stock will fluctuate Patapsco stockholders cannot be sure of the value of the merger consideration they may receive. Upon completion of the merger, each share of Patapsco common stock will be converted into the right to receive a number of shares of Howard common stock approximating $5.09 in value; provided, however, that in the event that the Average Price is $9.00 or less or $16.80 or more, each share of Patapsco common stock will be converted into the right to receive 0.5656 or 0.3030 shares of Howard common stock, respectively. For more information, see “The Merger Agreement and the Merger – Terms of the Merger – What Patapsco Stockholders Will Receive in the Merger.” The sale prices for shares of Howard common stock may vary from the sale prices of Howard common stock on the date we announced the merger, on the date this joint proxy statement/prospectus was mailed to Patapsco stockholders and on the date of the annual meeting of the Patapsco stockholders. Any change in the market price of shares of Howard common stock between the last trading day included in the Average Price and the closing of the merger may affect the value of the merger consideration that Patapsco stockholders will receive upon completion of the merger. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in our respective businesses, operations and prospects and regulatory considerations. Many of these factors are beyond our control. You should obtain current market quotations for shares of Howard common stock.

The market price of Howard common stock after the merger may be affected by factors different from those affecting the shares of Howard or Patapsco currently. The businesses of Howard and Patapsco differ and, accordingly, the results of operations of the combined company and the market price of the combined company's shares of common stock may be affected by factors different from those currently affecting the independent results of operations and market prices of common stock of each of Howard and Patapsco. For a discussion of the businesses of Howard and Patapsco and of certain factors to consider in connection with those businesses, see "Business of Howard Bancorp, Inc.," "Business of Howard Bank," "Business of Patapsco Bancorp, Inc." and "Business of Patapsco Bank"

If the merger is not completed, Howard and Patapsco will have incurred substantial expenses without realizing the expected benefits. Howard and Patapsco have incurred substantial expenses in connection with the execution of the merger agreement and the merger. The completion of the merger depends on the satisfaction of specified conditions, including the requisite approval of the stockholders of Howard and Patapsco and the receipt of regulatory approvals. There is no guarantee that these conditions will be met. If the merger is not completed, these expenses could have a material adverse impact on the financial condition of Howard and/or Patapsco because they would not have realized the expected benefits.

The merger must be approved by multiple governmental agencies. Before the merger may be completed, various approvals must be obtained from the FRB, the FDIC and the Maryland Commissioner. These governmental entities may impose conditions on the completion of the merger or require changes to the terms of the merger. Although Howard and Patapsco do not currently expect that any such conditions or changes would be imposed, there can be no assurance that they will not be, and such conditions or changes could have the effect of delaying completion of the merger or imposing additional costs on or limiting the revenues of Howard following the merger, any of which might have a material adverse effect on Howard following the merger. Howard is not obligated to complete the merger if the regulatory approvals received in connection with the completion of the merger include any conditions or requirements that, in the reasonable opinion of its board of directors, would (i) so materially and adversely impact the economic or business benefits to Howard following the merger as to render consummation of the merger inadvisable, or (ii) impose conditions, limitations or obligations that would materially impair the value of Patapsco and its subsidiaries to Howard and its subsidiaries, but Howard could choose to waive this condition.

Failure to complete the merger could negatively impact the stock prices and future businesses and financial results of Howard and Patapsco. If the merger is not completed, the ongoing businesses of Howard and Patapsco may be adversely affected and Howard and Patapsco will be subject to several risks, including the following:

- Patapsco may be required, under certain circumstances, to pay Howard a termination fee of $500,000 under the merger agreement;

- Howard and Patapsco will be required to pay certain costs relating to the merger, whether or not the merger is completed, such as legal, accounting, financial advisor and printing fees;

- under the merger agreement, Patapsco is subject to certain restrictions on the conduct of its business prior to completing the merger, which may adversely affect its ability to execute certain of its business strategies; and

- matters relating to the merger may require substantial commitments of time and resources by Howard and Patapsco management that could otherwise have been devoted to other opportunities that may have been beneficial to Howard and Patapsco as independent companies, as the case may be; and Patapsco and Patapsco Bank will still be subject to the provisions of their written agreement with the Federal Reserve Bank of Richmond (the "Federal Reserve Bank") and the Maryland Commissioner described in the section headed "– Additional Risk Factors Relating to Patapsco – Patapsco and Patapsco Bank have entered into a written agreement with their regulators that may result in adverse results to Patapsco's operations."

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In addition, if the merger is not completed, Howard and/or Patapsco may experience negative reactions from the financial markets and from their respective customers and employees. Howard and/or Patapsco also could be subject to litigation related to any failure to complete the merger or to enforcement proceedings commenced against Howard or Patapsco to perform their respective obligations under the merger agreement. If the merger is not completed, Howard and Patapsco cannot assure their stockholders that the risks described above will not materialize and will not materially affect the business, financial results and stock prices of Howard and/or Patapsco.

Howard and Patapsco may choose not to proceed with the merger if it is not completed by October 31, 2015 or, if due to the lack of a required regulatory approval, December 31, 2015. Either Howard or Patapsco may terminate the merger agreement if the merger has not been completed by October 31, 2015 or, if due to the lack of a required regulatory approval, December 31, 2015. See "The Merger Agreement and the Merger – Terms of the Merger – Termination." There can be no assurance that all conditions to the merger will have been satisfied by the required date(s). See "The Merger Agreement and the Merger – Terms of the Merger – Conditions to the Merger."

Risk Factors Relating to Howard's Business

This section discusses risks relating to Howard's business and includes risks it will continue to face after the merger. References to "Howard" include its subsidiary Howard Bank as the context requires.

Because Howard's loan portfolio consists largely of commercial business and commercial real estate loans, its portfolio carries a higher degree of risk than would a portfolio composed primarily of residential mortgage loans. Howard's loan portfolio is made up largely of commercial business loans and commercial real estate loans, most of which are collateralized by real estate. These types of loans generally expose a lender to a higher degree of credit risk of non-payment and loss than do residential mortgage loans because of several factors, including dependence on the successful operation of a business or a project for repayment, the collateral securing these loans may not be sold as easily as residential real estate, and loan terms with a balloon payment rather than full amortization over the loan term. In addition, commercial real estate and commercial loans typically involve larger loan balances to single borrowers or groups of related borrowers compared to one- to four-family residential mortgage loans. Consequently, an adverse development with respect to one loan or one credit relationship can expose Howard to a significantly greater risk of loss compared to an adverse development with respect to a one- to four-family residential mortgage loan. Underwriting and portfolio management activities cannot completely eliminate all risks related to these loans. Any significant failure to pay on time by Howard's customers or a significant default by its customers would materially and adversely affect Howard.

Howard Bank makes both secured and some unsecured commercial and industrial loans. Unsecured loans generally involve a higher degree of risk of loss than do secured loans because, without collateral, repayment is wholly dependent upon the success of the borrowers' businesses. Secured commercial and industrial loans are generally collateralized by accounts receivable, inventory, equipment or other assets owned by the borrower and include a personal guaranty of the business owner. Compared to real estate, that type of collateral is more difficult to monitor, its value is harder to ascertain, it may depreciate more rapidly and it may not be as readily saleable if repossessed. Further, commercial and industrial loans generally will be serviced primarily from the operation of the business, which may not be successful, and commercial real estate loans generally will be serviced from income on the properties securing the loans.

While the declines in the value of Howard’s real estate collateral securing loans following the recession that began in 2007 have been reflected in existing reserves, the discounts and reserves Howard has taken against its loan portfolio based on its review of the recent recession’s impact on real estate values in its market areas may be insufficient. Further deterioration in the real estate market or a prolonged economic recovery could adversely affect the value of the properties securing the loans or revenues from borrowers’ businesses, thereby increasing the risk of non-performing loans and increased portfolio losses that could materially and adversely affect Howard.

In addition, Howard’s commercial borrowers have been impacted by the current economic slowdown as consumers and other businesses have pulled back on spending. Small businesses that make up the majority of Howard’s commercial borrowers generally do not have the cash reserves to help cushion them from an economic slowdown to the same extent that large borrowers do and thus may be more heavily impacted by an economic downturn. A continued sluggish economy or another economic slowdown may have a negative effect on the ability of Howard’s commercial borrowers to make timely repayments of their loans, which could have an adverse impact on Howard’s earnings.

Current market conditions include an over-supply of land, lots and finished homes in many markets, including those where Howard does business. Construction loans are subject to risks during the construction phase that are not present in standard residential real estate and commercial real estate loans. These risks include:

- the viability of the contractor;
- the value of the project being subject to successful completion;
- the contractor’s ability to complete the project, to meet deadlines and time schedules and to stay within cost estimates; and
- concentrations of such loans with a single contractor and its affiliates.

Real estate construction and land loans also present risks of default in the event of declines in property values or volatility in the real estate market during the construction phase. If Howard is forced to foreclose on a project prior to completion, it may not be able to recover the entire unpaid portion of the loan, may be required to fund additional amounts to complete a project and may have to hold the property for an indeterminate amount of time. If any of these risks were to occur, it could adversely affect Howard’s financial condition, results of operations and cash flows.

The federal banking agencies have issued guidance regarding high concentrations of commercial real estate loans within bank loan portfolios. The guidance requires financial institutions that exceed certain levels of commercial real estate lending compared with their total capital to maintain heightened risk management practices that address the following key elements: including board and management oversight and strategic planning, portfolio management, development of underwriting standards, risk assessment and monitoring through market analysis and stress testing, and maintenance of increased capital levels as needed to support the level of commercial real estate lending. If there is any deterioration in Howard’s commercial real estate or real estate construction and land portfolios or if its regulators conclude that it has not implemented appropriate risk management practices, that could adversely affect Howard’s business and result in a requirement of increased capital levels, and such capital may not be available at that time.

If Howard’s allowance for credit losses is not sufficient to cover actual loan losses, its earnings would decrease. Howard maintains an allowance for credit losses that it believes is adequate for absorbing any potential losses in its loan portfolio. Howard’s management, through a periodic review and consideration of Howard’s loan portfolio, determines the amount of the allowance for credit losses. Howard cannot, however, predict with certainty the amount of probable losses in its portfolio or be sure that its allowance will be adequate in the future. If Howard’s management’s assumptions and judgments prove to be incorrect and the allowance for credit losses is inadequate to absorb future losses, its losses will increase and its earnings will suffer.

In particular, it is more difficult to estimate loan losses for those types of loans - commercial and commercial real estate - that constitute the majority of Howard's portfolio as compared to, for example, residential mortgage loans. Also, because these types of loans tend to have large loan balances, a loss on a single loan could have a significant adverse effect on Howard's operations.

In determining the amount of the allowance for credit losses, Howard reviews its loans and its loss and delinquency experience and evaluates economic conditions. If its assumptions are incorrect, Howard's allowance for credit losses may not be sufficient to cover future incurred losses in its loan portfolio, resulting in additions to the allowance and a corresponding decrease to earnings. Material additions to the allowance could materially decrease Howard's net income. If delinquencies and defaults continue to increase, Howard may be required to further increase its provision for loan losses.

In addition, bank regulators periodically review Howard's allowance for credit losses and may require an increase in the provision for loan losses or further loan charge-offs to the allowance for credit losses. Any increase in the allowance for credit losses or loan charge-offs might have a material adverse effect on Howard's financial condition and results of operations.

Because Howard's loan portfolio includes residential real estate loans, its earnings are sensitive to the credit risks associated with these types of loans. Howard originates and retains in its portfolio residential mortgage loans and intends to increase its origination of these types of loans. While residential real estate loans are more diversified than loans to commercial borrowers, and Howard's local real estate market and economy have performed better than many other markets, a downturn could cause higher unemployment, more delinquencies, and could adversely affect the value of properties securing loans in Howard's portfolio. In addition, should values begin to decline again, the real estate market may take longer to recover or not recover to previous levels. These risks increase the probability of an adverse impact on Howard's financial results as fewer borrowers would be eligible to borrow and property values could be below necessary levels required for adequate coverage on the requested loan.

Howard's growth strategy may not be successful, may be dilutive and may have other adverse consequences. As previously mentioned, a key component of Howard's growth strategy is to pursue acquisitions of other financial institutions or branches of other financial institutions, in addition the pending merger. As consolidation of the banking industry continues, the competition for suitable acquisition candidates may increase. Howard competes with other banking companies for acquisition opportunities, and there are a limited number of candidates that meet its acquisition criteria. Consequently, Howard may not be able to identify suitable candidates for acquisitions. If Howard is unable to locate suitable acquisition candidates willing to sell on terms acceptable to it, Howard's net income could decline and it would be required to find other methods to grow its business. Howard may also open additional branches organically and expand into new markets or offer new products and services. These activities would involve a number of risks, including:

- the time and expense associated with identifying and evaluating potential acquisitions and merger partners;
- using inaccurate estimates and judgments to evaluate credit, operations, management and market risks with respect to the target institution or its branches or assets;
- diluting Howard's existing stockholders in an acquisition;
- the time and expense associated with evaluating new markets for expansion, hiring experienced local management and opening new offices or branches as there may be a substantial time lag between these activities before Howard generates sufficient assets and deposits to support the costs of the expansion;
- operating in markets in which Howard has had no or only limited experience;
- taking a significant amount of time negotiating a transaction or working on expansion plans, resulting in management's time and attention being diverted from the operation of Howard's existing business;
- Howard may not be able to correctly identify profitable or growing markets for new branches;

- the time and expense associated with integrating the operations and personnel of the combined businesses;
- the ability to realize the anticipated benefits of the acquisition;
- creating an adverse short-term effect on Howard's results of operations;
- losing key employees and customers as a result of an acquisition that is poorly received;
- time and costs associated with regulatory approvals;
- lack of information on a target institution or its branches or assets;
- inability to obtain additional financing (including by issuing additional common equity), if necessary, on favorable terms or at all; and
- unforeseen adjustments, write-downs, write-offs or restructuring or other impairment charges.

In addition, Howard may not be able to integrate successfully or operate profitably any financial institutions it may acquire. Howard may experience disruption and incur unexpected expenses in integrating acquisitions. Any acquisitions Howard does make may not enhance its cash flows, business, financial condition, results of operations or prospects and may have an adverse effect on its results of operations, particularly during periods in which the acquisitions are being integrated into its operations.

Also, the costs to lease and start up new branch facilities or to acquire existing financial institutions or branches, and the additional costs to operate these facilities, may increase Howard's noninterest expense. It also may be difficult to adequately and profitably manage the anticipated growth from the new branches. Howard can provide no assurance that any new branch sites will successfully attract a sufficient level of deposits and other banking business to offset their operating expenses.

Further, Howard plans to make significant investment in its infrastructure in the immediate future. Howard also currently plans to open additional branches in the areas where it now operates and in other markets over the next few years. Howard anticipates that this will have the short-term effect of, at least temporarily, increasing its expenses at a faster rate than revenue growth, which will have an adverse effect on net income.

If Howard grows too quickly and is not able to control costs and maintain asset quality, growth could materially and adversely affect its financial condition and results of operations. Further, Howard may not be successful in its growth strategy, which would negatively impact its financial condition and results of operations.

Howard is subject to security and operational risks relating to its use of technology that could damage its reputation and its business. Security breaches in Howard's Internet banking activities or other communication and information systems could damage its reputation, result in a loss of customer business, subject it to additional regulatory scrutiny or expose it to civil litigation and possible financial liability, any of which could have a material adverse effect on Howard's financial condition and results of operations. Howard relies on standard Internet and other security systems to provide the security and authentication necessary to effect secure transmission of data. These precautions may not protect its systems from compromises or breaches of its security measures. Howard continues to monitor developments in this area and consider whether additional protective measures are necessary or appropriate, and has obtained insurance protection intended to cover losses due to network security breaches; there is no guarantee, however, that such insurance would cover all costs associated with any breach, damage or failure of Howard's computer systems and network infrastructure.

Howard relies on certain external vendors. Howard's business is dependent on the use of outside service providers that support its day-to-day operations including data processing and electronic communications. Howard's operations are exposed to risk that a service provider may not perform in accordance with established performance standards required in its agreements for any number of reasons including equipment or network failure, a change in their senior management, their financial condition, their product line or mix and how they support existing customers, or a simple change in their strategic focus. While Howard has comprehensive policies and procedures in place to mitigate risk at all phases of service provider management from selection, to performance monitoring and renewals, the failure of a service provider to perform in accordance with contractual agreements could be disruptive to Howard's business, which could have a material adverse effect on its financial conditions and results of operations.

Additionally, financial products and services have become increasingly technology-driven. Howard's ability to meet the needs of its customers competitively, and in a cost-efficient manner, is dependent on its ability to keep pace with technological advances and to invest in new technology as it becomes available. Many of Howard Bank's competitors have greater resources to invest in technology than it does and may be better equipped to market new technology-driven products and services. The ability to keep pace with technological change is important, and the failure to do so could have a material adverse impact on Howard's business and therefore on its financial condition and results of operations.

New regulations restrict Howard's ability to originate residential real estate loans. A CFPB rule effective January 10, 2014, is designed to clarify for lenders how they can avoid legal liability under the Dodd-Frank Act, which would otherwise hold lenders accountable for ensuring a borrower's ability to repay a mortgage. Loans that meet the "qualified mortgage" definition set forth in the rule will be presumed to have complied with the new ability to repay standard. Under the rule, a "qualified mortgage" loan must not contain certain specified features.

The rule also establishes general underwriting criteria for qualified mortgages, including that the consumer must have a total (or "back end") debt to income ratio that is less than or equal to 43%. Lenders must also verify and document the income and financial resources relied upon to qualify the borrower on the loan and underwrite the loan based on a fully amortizing payment schedule and maximum interest rate during the first five years, taking into account all applicable taxes, insurance and assessments. The CFPB's rule on qualified mortgages limits Howard's ability to make residential mortgage loans that include a balloon payment, and may cause it to decide to limit certain types of other loans or loans to certain borrowers, and would make it more costly and/or or time consuming to make these loans, which could limit Howard's growth or profitability.

In addition, the Dodd-Frank Act requires the regulatory agencies to issue regulations that require securitizers of loans to retain “not less than 5% of the credit risk for any asset that is not a qualified residential mortgage.” The regulatory agencies issued a final rule to implement this requirement on October 21, 2014. The final rule aligns the definition of “qualified residential mortgage” with the definition of “qualified mortgage” issued by the CFPB for purposes of its regulations. The final rule was effective February 23, 2015. Compliance with the final rule is required beginning December 24, 2015 with respect to asset-backed securities collateralized by residential mortgages and beginning December 24, 2016 with respect to all other classes of asset-backed securities. The final rule could have a significant effect on the secondary market for loans and the types of loans Howard originates, and restrict Howard’s ability to make loans.

Howard must comply with extensive and complex governmental regulation, which could have an adverse effect on its business and its growth strategy, and it may be adversely affected by changes in laws and regulations. The banking industry is subject to extensive regulation by state and federal banking authorities. Many of these regulations are intended to protect depositors, the public or the FDIC insurance funds, not stockholders. Regulatory requirements affect Howard’s lending practices, capital structure, investment practices, dividend policy and many other aspects of its business. These requirements may constrain Howard’s operations, and changes in regulations could adversely affect it. The burden imposed by these federal and state regulations may place banks in general, and Howard Bank specifically, at a competitive disadvantage compared to less regulated competitors. In addition, the cost of compliance with regulatory requirements could adversely affect Howard’s ability to operate profitably or increase profitability. See “Information About Howard Bancorp, Inc. and Howard Bank – Supervision and Regulation” for more information about applicable banking laws and regulations. Further, if Howard is not in compliance with such requirements, it could be subject to fines or other regulatory action that could restrict its ability to operate or otherwise have a material adverse effect on its business and financial condition. Although Howard believes it is in material compliance with all applicable regulations, it is possible there are violations of which it are unaware that could be discovered by its regulators in the course of an examination or otherwise, which could trigger such fines or other adverse consequences.

Further, regulatory authorities have extensive discretion in their supervisory and enforcement activities, including the imposition of restrictions on Howard’s operations, classification of its assets and determination of the level of its allowance for credit losses. If regulators require Howard Bank to charge-off loans or increase its allowance for credit losses, Howard’s earnings would suffer. Any change in such regulation and oversight, whether in the form of regulatory policy, regulation, legislation or supervisory action, may have a material impact on Howard’s operations. For a further discussion, see “Information About Howard Bancorp, Inc. and Howard Bank – Supervision and Regulation.”

In addition, because federal regulation of financial institutions changes regularly and is the subject of constant legislative debate, Howard cannot forecast how federal regulation of financial institutions may change in the future and impact its operations. Changes in regulation and oversight, including in the form of changes to statutes, regulations or regulatory policies or changes in interpretation or implementation of statutes, regulations or policies, could affect the service and products Howard offers, increase its operating expenses, increase compliance challenges and otherwise adversely impact its financial performance and condition. In addition, the burden imposed by these federal and state regulations may place banks in general, and Howard Bank specifically, at a competitive disadvantage compared to less regulated competitors.

Howard has implemented an enhanced organizational structure to ensure that its risk management activities are scaled to the entire enterprise. The office of strategic risk management, reporting to an executive vice president with direct reporting to the CEO and a dotted line reporting to the full board, is responsible for credit, compliance and operational, physical and IT security, legal, reputational and other on and off balance sheet risks.

Further, as a public company, Howard incurs significant legal, accounting, insurance and other expenses in connection with compliance with rules of the Securities and Exchange Commission (the “SEC”) and Nasdaq.

A worsening of economic conditions could adversely affect Howard's results of operations and financial condition. Although the U.S. economy has emerged from the severe recession that occurred in 2008 and 2009, economic growth has been slow and inconsistent. Recovery by many businesses has been impaired by lower consumer spending, and the ongoing lack of certainty in the economy continues to affect the willingness of companies to borrow to fund their future growth and otherwise decreases loan demand, which negatively impacts Howard's business. A return to prolonged deteriorating economic conditions could significantly affect the markets in which Howard does business, the value of its loans and investments, and its ongoing operations, costs and profitability. Future declines in sales volumes and continued elevated unemployment levels may result in higher than expected loan delinquencies, increases in Howard's nonperforming and criticized classified assets and a decline in demand for its products and services. These events may cause Howard to incur losses and may adversely affect its financial condition and results of operations.

Howard's profitability depends on interest rates, and changes in interest rates could have an adverse impact on its results of operations and financial condition. Howard's results of operations depends to a large extent on its "net interest income," which is the difference between the interest expense incurred in connection with its interest-bearing liabilities, such as interest on deposit accounts, and the interest income received from its interest-earning assets, such as loans and investment securities. Changes in interest rates can increase or decrease Howard's net interest income, because different types of assets and liabilities may react differently, and at different times, to market interest rate changes. When interest bearing liabilities mature or reprice more quickly than interest earning assets in a period, an increase in interest rates could reduce net interest income. Similarly, when interest earning assets mature or reprice more quickly than interest bearing liabilities, falling interest rates could reduce net interest income. Additionally, an increase in interest rates may, among other things, reduce the demand for loans and Howard's ability to originate loans and decrease loan repayment rates. A decrease in the general level of interest rates may affect Howard through, among other things, increased prepayments on its loan and mortgage-backed securities portfolios and increased competition for deposits. Accordingly, changes in the level of market interest rates affect Howard's net yield on interest earning assets, loan origination volume, loan and mortgage-backed securities portfolios, and its overall results. Fluctuations in interest rates are highly sensitive to many factors that are not predictable or controllable. Therefore, while Howard attempts to manage its risk from changes in market interest rates by adjusting the rates, maturity, repricing, and balances of the different types of interest-earning assets and interest bearing liabilities, it might not be able to maintain a consistent positive spread between the interest that it receives and the interest that it pays. As a result, a rapid increase or decrease in interest rates could have an adverse effect on Howard's net interest margin and results of operations.

The capital rules that were issued require insured depository institutions and their holding companies to hold more capital. The impact of the new rules on Howard's financial condition and operations is uncertain but could be materially adverse. In July 2013, the Federal Reserve adopted a final rule for the Basel III capital framework. These rules substantially amend the regulatory risk-based capital rules applicable to Howard. The rules phase in over time beginning in 2015 and will become fully effective in 2019. The rules apply to Howard as well as to Howard Bank. Beginning in 2015, Howard's minimum capital requirements are (i) a common Tier 1 equity ratio of 4.5%, (ii) a Tier 1 capital (common Tier 1 capital plus Additional Tier 1 capital) of 6% (up from 4%) and (iii) a total capital ratio of 8% (the current requirement). Howard's leverage ratio requirement will remain at the 4% level now required. Beginning in 2016, a capital conservation buffer will phase in over three years, ultimately resulting in a requirement of 2.5% on top of the common Tier 1, Tier 1 and total capital requirements, resulting in a required common Tier 1 equity ratio of 7%, a Tier 1 ratio of 8.5%, and a total capital ratio of 10.5%. Failure to satisfy any of these three capital requirements will result in limits on paying dividends, engaging in share repurchases and paying discretionary bonuses. These limitations will establish a maximum percentage of eligible retained income that could be utilized for such actions.

Monetary policy and general economic conditions will influence Howard's results of operations. Governmental economic and monetary policy will influence Howard's results of operations. The rates of interest payable on deposits and chargeable on loans are affected by fiscal policy as determined by various governmental and regulatory authorities, in particular the FRB as well as by national, state and local economic conditions. In addition, adverse general economic conditions may impair the ability of Howard's borrowers to repay loans.

Regulations pursuant to the Dodd-Frank Act may adversely impact Howard's results of operations, liquidity or financial condition. The Dodd-Frank Act represents a comprehensive overhaul of the U.S. financial services industry. The Dodd-Frank Act requires the CFPB and other federal agencies to implement many new and significant rules and regulations to implement its various provisions. There are a number of regulations under the Dodd-Frank Act that have not yet been proposed or adopted. Howard will not know the full impact of the Dodd-Frank Act on its business until regulations implementing the statute are adopted and implemented, which could be years. As a result, Howard cannot predict the full extent to which the Dodd-Frank Act will impact its business, operations or financial condition. However, compliance with these new laws and regulations may require Howard to make changes to its business and operations and will likely result in additional costs and a diversion of management's time from other business activities, any of which may adversely impact Howard's results of operations, liquidity or financial condition. For a more detailed description of the Dodd-Frank Act, see "Information About Howard Bancorp, Inc. and Howard Bank – Supervision and Regulation – The Dodd-Frank Act."

Because Howard Bank serves a limited market area, Howard could be more adversely affected by an economic downturn in its market area than its larger competitors that are more geographically diverse. Howard's current primary market area consists of the Greater Baltimore Metropolitan Area. Broad geographic diversification is not currently part of Howard Bank's community bank focus. As a result, if Howard's market areas suffer an economic downturn, its business and financial condition may be more severely affected by such circumstances. Factors that adversely affect the economy in Howard Bank's target markets could reduce its deposit base and demand for its services and products and increase Howard's credit losses. Consequently, Howard may be adversely affected, potentially materially, by adverse changes in economic conditions in and around Howard Bank's market areas. Its larger bank competitors, for example, serve more geographically diverse market areas, parts of which may not be affected by the same economic conditions that may exist in Howard Bank's market areas.

Further, unexpected changes in the national and local economy may adversely affect Howard Bank's ability to attract deposits and to make loans. In particular, due to the proximity of its primary and secondary market areas to Washington, D.C., decreases in spending by the Federal government could impact Howard Bank more than banks that serve a larger or a different geographical area. Such risks are beyond Howard's control and may have a material adverse effect on Howard's financial condition and results of operations and, in turn, the value of its common stock.

The small to medium-sized businesses that Howard Bank lends to may have fewer resources to weather a downturn in the economy, which may impair a borrower's ability to repay a loan to Howard Bank that could materially harm its operating results. Howard Bank targets its business development and marketing strategy primarily to serve the banking and financial services needs of small to medium-sized businesses. These small to medium-sized businesses frequently have smaller market share than their competition, may be more vulnerable to economic downturns, often need substantial additional capital to expand or compete and may experience significant volatility in operating results. Any one or more of these factors may impair the borrower's ability to repay a loan. In addition, the success of a small to medium-sized business often depends on the management talents and efforts of one or two persons or a small group of persons, and the death, disability or resignation of one or more of these persons could have a material adverse impact on the business and its ability to repay a loan. Economic downturns and other events that negatively impact Howard Bank's market areas could cause it to incur substantial credit losses that could negatively affect Howard's results of operations and financial condition.

Howard depends heavily on five key employees, Mary Ann Scully, Robert A. Altieri, Paul G. Brown, George C. Coffman and Charles E. Schwabe, to continue the implementation of its long-term business strategy and the loss of their services could disrupt its operations and result in reduced earnings. Ms. Scully is Howard's President and Chief Executive Officer, Mr. Altieri is an Executive Vice President, President of Howard Bank's Mortgage Banking Division and its Chief Specialty Lending Officer, Mr. Brown is an Executive Vice President and Howard Bank's Chief Lending Officer, Chief Client Services Officer and Chief Credit Risk Officer, Mr. Coffman is an Executive Vice President and Howard's Chief Financial Officer and Mr. Schwabe is an Executive Vice President and Secretary as well as Howard Bank's Chief Administrative Officer, Chief Information Officer and Chief Operational Risk Officer. Howard believes that its continued growth and future success will depend in large part on the skills of its senior management team. Howard believes its senior management team possesses valuable knowledge about and experience in the banking industry and that their knowledge and relationships would be difficult to replicate. Howard Bank has entered into an employment agreement with each of Ms. Scully, Mr. Altieri, Mr. Brown, Mr. Schwabe and Mr. Coffman and acquired key-person life insurance on each such executive officer, but the existence of such agreements and insurance does not assure that Howard will be able to retain their services or recover losses associated with the loss of their services. The unexpected loss of the services of Ms. Scully, Mr. Altieri, Mr. Brown, Mr. Schwabe or Mr. Coffman could have a material adverse effect on Howard's business, operations, financial condition and operating results, as well as the value of its common stock.

Federal and state banking agencies periodically conduct examinations of Howard's business, including compliance with laws and regulations, and its failure to comply with any supervisory actions to which it is or becomes subject as a result of such examinations may adversely affect it. State and federal banking agencies, including the FDIC and the Maryland Commissioner, periodically conduct examinations of Howard's business, including compliance with laws and regulations. If, as a result of an examination, a state or federal banking agency were to determine that the financial condition, capital resources, asset quality, earnings prospects, management, liquidity or other aspects of any of Howard's operations had become unsatisfactory, or that it or its management was in violation of any law or regulation, it may take a number of different remedial actions as it deems appropriate. These actions include the power to enjoin "unsafe or unsound" practices, to require affirmative actions to correct any conditions resulting from any violation or practice, to issue an administrative order that can be judicially enforced, to direct an increase in Howard's capital, to restrict its growth, to assess civil monetary penalties against its officers or directors, to remove officers and directors and, if it is concluded that such conditions cannot be corrected or there is an imminent risk of loss to depositors, to terminate Howard Bank's deposit insurance. If Howard and/or Howard Bank become subject to such regulatory actions, Howard's business, results of operations and reputation may be negatively impacted.

Many of Howard's new activities and expansion plans require regulatory approvals, and failure to obtain them may restrict its growth. Howard intends to complement and expand its business by continuing to pursue strategic acquisitions of banks and other financial institutions. Howard must generally receive regulatory approval before it can acquire an institution or business. Such regulatory approvals may not be granted on terms that are acceptable to Howard, or at all. Howard may also be required to sell branches as a condition to receiving regulatory approval, which condition may not be acceptable to it or, if acceptable to it, may reduce the benefit of any acquisition.

In addition to the acquisition of existing financial institutions, as opportunities arise, Howard plans to continue de novo branching as a part of its internal growth strategy and possibly enter into new markets through de novo branching. De novo branching and any acquisition carries with it numerous risks, including the inability to obtain all required regulatory approvals. The failure to obtain these regulatory approvals for potential future strategic acquisitions and de novo branches may impact Howard's business plans and restrict its growth.

Howard's failure to pay dividends on its preferred stock may have negative consequences, including external involvement in its board of directors. If dividends on Howard's Series AA Preferred Stock are not paid in full for six quarterly dividend periods, whether or not consecutive, and if the aggregate liquidation preference amount of the then-outstanding shares of Series AA Preferred Stock is at least $25.0 million, the total number of positions on Howard's board of directors will automatically increase by two and the holders of the Series AA Preferred Stock, acting as a single class, will have the right to elect two individuals to serve in the new director positions. This right and the terms of such directors will end when Howard has paid full dividends for at least four consecutive quarterly dividend periods. If full dividends have not been paid on the Series AA Preferred Stock for five or more quarterly dividend periods, whether or not consecutive, Howard must invite a representative selected by the holders of a majority of the outstanding shares of Series AA Preferred Stock, voting as a single class, to attend all meetings of its board of directors in a nonvoting observer capacity. Any such representative would not be obligated to attend any board meeting to which he or she is invited, and this right will end when Howard has paid full dividends for at least four consecutive dividend periods. Further, if Howard issues shares of its preferred stock to the holders of Patapsco's preferred stock, such Howard preferred stock must include similar terms to the Patapsco preferred stock. In this regard, the Howard preferred stock will provide that if dividends on the preferred stock are not paid in full for six quarterly dividend periods, whether or not consecutive, the total number of positions on Howard's board of directors will automatically increase by two and the holders of the preferred stock, acting as a single class, will have the right to elect two individuals to serve in the new director positions, and such right continues until all such dividends are paid.

Howard's preferred shares impact net income available to its common stockholders and its earnings per share. The dividends declared on Howard's Series AA Preferred Stock reduce, and any dividends declared on Howard's preferred stock issued to former holder of Patapsco's preferred stock that is not redeemed will reduce, net income available to common stockholders and its earnings per common share. The Preferred Stock will also receive preferential treatment in the event of liquidation, dissolution or winding up of Howard.

Howard may be required to raise additional capital in the future, but that capital may not be available when it is needed on attractive terms, or at all. Howard is required by regulatory authorities to maintain adequate levels of capital to support its operations. Howard's capital requirements for the foreseeable future are currently satisfied. Howard may at some point, however, need to raise additional capital to support its continued growth, or if its liquidity is adversely affected by external factors such as worsening economic conditions or continued economic uncertainty. Howard's ability to raise additional capital, if needed, will depend in part on conditions in the capital markets at that time, which are outside its control. Accordingly, Howard cannot assure you of its ability to raise additional capital, if needed, on terms acceptable to it. If Howard cannot raise additional capital when needed, its ability to further expand its operations could be materially impaired, or the failure to raise additional capital could have a material adverse effect on Howard's liquidity, financial condition or results of operations. In addition, if Howard decides to raise additional equity capital, your interest in Howard could be diluted. Furthermore, if Howard raises additional capital through the issuance of debt securities, there can be no assurance that sufficient revenues or cash flow will exist to service such debt.

The market value of Howard's investments could negatively impact stockholders' equity. All of Howard's securities investment portfolio as of December 31, 2014 has been designated as available for sale pursuant to Statement of Financial Accounting Standards, Accounting Standards Codification ("ASC") Topic 320 – "Investments. ASC Topic 320 requires that unrealized gains and losses in the estimated value of the available for sale portfolio be "marked to market" and reflected as a separate item in stockholders' equity, net of tax. If the market value of the investment portfolio declines, this could cause a corresponding decline in Howard's stockholders' equity.

Howard Bank's lending limit may limit Howard's growth. Howard Bank is limited in the amount it can loan to a single borrower by the amount of its capital. Generally, under current law, Howard Bank may lend up to 15% of its unimpaired capital and surplus to any one borrower. Based upon its current capital levels, the amount Howard Bank may lend is significantly less than that of many of its competitors and may discourage potential borrowers who have credit needs in excess of its lending limit from doing business with Howard Bank. Howard Bank accommodates larger loans by selling participations in those loans to other financial institutions, but this strategy may not always be available.

Howard Bank is a community bank and its ability to maintain its reputation is critical to the success of its business and the failure to do so may materially adversely affect Howard's performance. Howard Bank is a community bank, and its reputation is one of the most valuable components of Howard's business. As such, Howard strives to conduct its business in a manner that enhances Howard Bank's reputation. This is done, in part, by recruiting, hiring and retaining employees who share Howard's core values of being an integral part of the communities it serves, delivering superior service to its customers and caring about its customers and associates. If Howard's or Howard Bank's reputation is negatively affected, by the actions of their employees or otherwise, Howard's business and, therefore, its operating results may be materially adversely affected.

Consumers may decide not to use banks to complete their financial transactions. Technology and other changes are allowing consumers to complete financial transactions through alternative methods that historically have involved banks. For example, consumers can now maintain funds that would have historically been held as bank deposits in brokerage accounts, mutual funds or general-purpose reloadable prepaid cards. Consumers can also complete transactions such as paying bills and transferring funds directly without the assistance of banks. The process of eliminating banks as intermediaries could result in the loss of fee income, as well as the loss of customer deposits and the related income generated from those deposits. The loss of these revenue streams and the lower cost of deposits as a source of funds could have a material adverse effect on Howard's financial condition and results of operations.

Strong competition within Howard's market area may limit Howard's growth and profitability. Competition in the banking and financial services industry is intense. In its market area, Howard Bank competes with, among others, commercial banks, savings institutions, mortgage brokerage firms, credit unions, mutual funds, and insurance companies operating locally and elsewhere. There are also a number of smaller community-based banks that pursue similar operating strategies as Howard Bank. In addition, some of Howard Bank's competitors have recently offered loans with lower fixed rates and loans on more attractive terms than Howard Bank has been willing to offer. Howard's continued profitability depends upon Howard Bank's continued ability to successfully compete in its market area. The greater resources and deposit and loan products offered by Howard Bank's competition may limit its ability to increase its interest earning assets. See "Information About Howard Bancorp, Inc. and Howard Bank – Business of Howard Bank – Competition" for more information about competition in Howard's market area.

The financial services industry could become even more competitive as a result of legislative, regulatory and technological changes and continued consolidation. Banks, securities firms and insurance companies can merge under the umbrella of a financial holding company, which can offer virtually any type of financial service, including banking, securities underwriting, insurance (both agency and underwriting) and merchant banking. Increased competition among financial services companies due to the recent consolidation of certain competing financial institutions may adversely affect Howard's ability to market its products and services. Also, technology has lowered barriers to entry and made it possible for banks to compete in Howard's market without a retail footprint by offering competitive rates, as well as non-banks to offer products and services traditionally provided by banks. Additionally, due to their size, many competitors may offer a broader range of products and services as well as better pricing for certain products and services than Howard Bank can, which could affect Howard's ability to grow and remain profitable on a long-term basis. Howard's profitability depends upon Howard Bank's ability to successfully compete in its market area. If Howard Bank must raise interest rates paid on deposits or lower interest rates charged on its loans, Howard's net interest margin and profitability could be adversely affected.

Anti-takeover provisions in Howard's corporate documents and in Maryland corporate law may make it difficult and expensive to remove current management. Anti-takeover provisions in Howard's corporate documents and in Maryland law may render the removal of Howard's existing board of directors and management more difficult. Consequently, it may be difficult and expensive for Howard's stockholders to remove current management, even if current management is not performing adequately.

Howard's articles of incorporation limit the liability of its directors and officers. Howard's articles of incorporation provide that, to the full extent permitted by Maryland law, no director or officer of Howard will be liable to Howard or its stockholders for money damages. This limitation could impair the ability of Howard and its stockholders to recover for damages resulting from acts or omissions of Howard's directors and officers.

The market price for Howard's common stock may be volatile. The market price of Howard's common stock could be subject to significant fluctuations due to changes in sentiment in the market regarding its operations or business prospects. Factors that may affect market sentiment include:

- operating results that vary from the expectations of Howard's management or of securities analysts and investors;
- developments in Howard's business or in the financial service sector generally;
- regulatory or legislative changes affecting Howard's industry generally or its business and operations in particular;
- operating and securities price performance of companies that investors consider to be comparable to Howard;

- changes in estimates or recommendations by securities analysts;
- announcements of strategic developments, acquisitions, dispositions, financings and other material events by Howard or its competitors; and
- changes in financial markets and national and local economies and general market conditions, such as interest rates and stock, commodity, credit or asset valuations or volatility.

While the U.S. and other governments continue efforts to restore confidence in financial markets and promote economic growth, market and economic turmoil could still occur in the near- or long-term, negatively affecting Howard's business, financial condition and results of operations, as well as the price, trading volume and volatility of its common stock.

Howard can sell additional shares of common stock without consulting stockholders and without offering shares to existing stockholders, which would result in dilution of stockholders' interests in Howard and could depress its stock price. Howard's articles of incorporation currently authorize an aggregate of 10 million shares of common stock, 4,156,037 of which are outstanding as of the date of this joint proxy statement/prospectus, 2,173,913 of which are reserved for issuance in the private placement, 246,119 of which are reserved for issuance pursuant to outstanding options granted under Howard's stock incentive plans and employment agreements and 664,218 of which are reserved for issuance pursuant to future grants under Howard's stock incentive plans, and a minimum of 478,702 and a maximum of 893,577 of which are offered hereby. Howard's board of directors has the authority to amend its articles of incorporation, without stockholder approval, to increase or decrease the aggregate number of shares of stock or the number of shares of any class of stock that Howard has the authority to issue. The board of directors is further authorized to issue additional shares of common stock and preferred stock, at such times and for such consideration as it may determine, without stockholder action. The ability of Howard's board of directors to increase Howard's authorized shares of capital stock, and the existence of authorized but unissued shares of common stock and preferred stock, could have the effect of rendering more difficult or discouraging hostile takeover attempts, or of facilitating a negotiated acquisition and could affect the market for and price of Howard's common stock. Except for contractual preemptive rights granted to two stockholders that purchased Howard common stock in a private placement that Howard consummated in conjunction with its initial public offering in July 2012, which rights expire in July 2015, Howard's common stockholders do not have preemptive rights to purchase shares of its capital stock (that is, the right to purchase a stockholder's *pro rata* share of any securities issued by Howard), and, accordingly, any future offering of capital stock could have a dilutive effect on holders of Howard's common stock generally. For more information regarding the contractual preemptive rights granted to such stockholders, see "Description of Howard Capital Stock – Common Stock."

Additional Risk Factors Associated with Patapsco Related to the Merger

Patapsco and Patapsco Bank have entered into a written agreement with their regulators that may result in adverse results to Patapsco's operations. On October 18, 2012, Patapsco and Patapsco Bank entered into a written agreement with the Federal Reserve Bank and the Maryland Commissioner. The written agreement, which is a formal enforcement action initiated by the regulators, requires Patapsco and Patapsco Bank to take certain measures to improve their safety and soundness and maintain ongoing compliance with applicable laws. The written agreement sets forth the actions that Patapsco, Patapsco Bank and their boards of directors must undertake to address the issues outlined in the written agreement. The written agreement includes timeframes to implement the compliance provisions contained therein and a requirement to regularly report to the regulators. The written agreement will remain in effect until terminated, modified or suspended by the Federal Reserve Bank and the Maryland Commissioner.

The impact of the written agreement on Patapsco's operations may have an adverse impact on the financial condition and operations, including maintaining acceptable liquidity levels, and may negatively impact the financial condition, results of operations, and business operations of the combined company after the merger. While Howard and Howard Bank do not believe they will be subject to these agreements after the merger is completed, they cannot assure you that the written agreement will be terminated after the merger and the bank merger.

Patapsco's asset quality may deteriorate prior to completion of the merger. Patapsco's non-performing assets, including other real estate owned ("OREO"), were $3.1 million at March 31, 2015, compared to $5.7 million at March 31, 2014. Non-performing assets, including OREO, as a percentage of total assets were 1.39% at March 31, 2015, compared to 2.44% at March 31, 2014. Net charge-offs for the nine months ended March 31, 2015 were $371,000, compared to $132,000 for the nine months ended March 31, 2014. This improvement in asset quality may not continue, however, and should Patapsco's asset quality deteriorate, this may have an adverse effect on Patapsco's financial and capital positions and, upon consummation of the merger, Howard's financial and capital positions.

Risk Factors as they Relate to Patapsco Stockholders in Connection with the Merger

Patapsco's directors and executive officers have financial interests in the merger that are different from, or in addition to, the interests of Patapsco stockholders. In considering the information contained in this joint proxy statement/prospectus, you should be aware that Patapsco's directors and executive officers have financial interests in the merger that are different from, or in addition to, the interests of Patapsco stockholders. The Patapsco and Patapsco Bank directors who collectively hold approximately 17.74% of the outstanding shares of Patapsco common stock have agreed to vote in favor of the merger proposal. This voting agreement may have the effect of discouraging persons from making a proposal to acquire Patapsco. Further, certain executive officers of Patapsco may be entitled to payments in connection with the merger under existing arrangements. Howard and Howard Bank have also agreed to appoint or elect two persons selected by Patapsco, which the merger agreement contemplates will be Thomas P. O'Neill and Gary R. Bozel, who will be compensated for their service on the board of directors of Howard Bank. In addition, Howard Bank will constitute a Towson Area Regional Advisory Board and the remaining Patapsco Bank directors will have the opportunity to join the advisory board. Finally, Howard has agreed to offer employment to Patapsco's President and Chief Executive Officer pursuant to the terms of an employment agreement negotiated by the parties. These and certain other additional interests of Patapsco's directors and executive officers are described in detail in "The Merger Agreement and the Merger – Interests of Directors and Officers in the Merger." These circumstances may cause some of Patapsco directors and executive officers to view the proposed transaction differently than you view it.

Patapsco stockholders may not receive the form of merger consideration that they elect. Depending on the elections made by all Patapsco stockholders, certain Patapsco stockholders who elect to receive the cash consideration may instead receive shares of Howard common stock for all or a portion of their shares of Patapsco common stock, or some Patapsco stockholders who elect to receive the stock consideration may instead receive cash for all or a portion of their shares of Patapsco common stock.

If Patapsco stockholders oversubscribe for the cash portion of the merger consideration, those Patapsco stockholders electing to receive cash will have the amount of cash they selected reduced and will receive all or a portion of their consideration in the form of shares of Howard common stock. Similarly, if Patapsco stockholders oversubscribe for the Howard common stock portion of the merger consideration, those Patapsco stockholders electing to receive shares of Howard common stock will have the amount of common stock they selected reduced and will receive all or a portion of their consideration in the form of cash. The allocation process will be administered by Howard's exchange agent as set forth in the merger agreement, and any such allocations will be made on a *pro rata* basis. Accordingly, at the time Patapsco stockholders vote on the proposal to approve the merger agreement and the merger, they will not know the form of merger consideration that they will receive, regardless of their intended election. In addition, to the extent that Patapsco stockholders receive all or a portion of the merger consideration in a form that they did not elect, they also will not know the tax consequences that will result upon the exchange of their shares of Patapsco common stock. See "The Merger Agreement and the Merger – Certain Federal Income Tax Consequences."

The value of the per-share stock consideration will decrease if the Average Price falls below $9.00. As discussed above, the exchange ratio will be based on the Average Price, but if the Average Price falls below $9.00, the exchange ratio will not be further adjusted and will be fixed at 0.5656. Therefore, if the Average Price decreases to below $9.00, the value of shares of Howard common stock that a Patapsco stockholder receives in the merger will decline correspondingly with declines in the Average Price to and as of the date that the merger consideration is received.

Accordingly, at the time of the annual meeting of Patapsco stockholders and prior to the election deadline, Patapsco stockholders will not know or be able to calculate precisely the amount of the consideration they will receive, the exchange ratio that will be used to determine the number of shares of Howard common stock that they would receive upon completion of the merger, or the value of any shares of Howard common stock they would receive upon completion of the merger. Stock price changes may result from a variety of factors, including general market and economic conditions, changes in the businesses, operations and prospects of Howard and regulatory considerations. Many of these factors are beyond Howard's control. You should obtain current market quotations for shares of Howard common stock.

Patapsco has the option, but is not required, to terminate the merger agreement if the Average Price of the Howard common stock at any time during the two business day period beginning on the fifth business day immediately prior to the closing of the merger falls below $7.20 and certain other criteria are satisfied regarding decreases in the NASDAQ Bank Index. Patapsco cannot predict at this time whether or not its board of directors would exercise its right to terminate the merger agreement if these conditions were met. The merger agreement does not provide for a resolicitation of Patapsco stockholders in the event that the conditions are met and the Patapsco board nevertheless chooses to complete the transaction.

The merger agreement limits Patapsco's ability to pursue alternative transactions to the merger and requires Patapsco to pay a termination fee if it does. The merger agreement prohibits Patapsco and its directors, officers, representatives and agents, subject to narrow exceptions, from initiating, encouraging, soliciting or entering into discussions with any third party regarding alternative acquisition proposals. The prohibition limits Patapsco's ability to pursue offers from other possible acquirers that may be superior from a financial point of view. If Patapsco receives an unsolicited proposal from a third party that is superior from a financial point of view to that made by Howard and the merger agreement is terminated, Patapsco would be required to pay a termination fee of $500,000. This fee makes it less likely that a third party will make an alternative acquisition proposal.

The federal income tax consequences of the merger for Patapsco's stockholders will be dependent upon the merger consideration received. The federal income tax consequences of the merger to you will depend upon the merger consideration you receive. In general, if you exchange your shares of Patapsco common stock solely for cash, you will recognize gain or loss for federal income tax purposes in an amount equal to the difference between the cash you receive and your adjusted tax basis in your Patapsco common stock. If you receive solely Howard common stock in exchange for your Patapsco common stock, you generally will not recognize any gain or loss for federal income tax purposes. However, you generally will have to recognize gain or loss in connection with cash received in lieu of fractional shares of Howard common stock. If you receive a combination of cash and Howard common stock in the transaction, you generally will not recognize loss but will recognize gain, if any, to the extent of any cash received. For a more detailed discussion of the federal income tax consequences of the transaction to you, see "The Merger Agreement and the Merger – Certain Federal Income Tax Consequences."

After the merger is completed, Patapsco stockholders who receive Howard common stock for some or all of their shares of Patapsco common stock will become Howard stockholders and will have different rights that may be less advantageous than their current rights. Upon completion of the merger, Patapsco stockholders who receive Howard common stock for some or all of their shares of Patapsco common stock will become Howard stockholders. Differences in Patapsco's articles of incorporation and bylaws and Howard's articles of incorporation and bylaws will result in changes to the rights of Patapsco stockholders who become Howard stockholders. For more information, see "Comparison of Stockholder Rights." A stockholder of Patapsco may conclude that his, her or its current rights under Patapsco's articles of incorporation and bylaws are more advantageous than the rights they may have as a Howard stockholder under Howard's articles of incorporation and bylaws.

Patapsco's stockholders will have less influence as stockholders of Howard than as stockholders of Patapsco. Patapsco stockholders currently have the right to vote in the election of the board of directors of Patapsco and on other matters affecting Patapsco. The stockholders of Patapsco as a group will own between approximately ___% and ____% of the combined organization (Howard and Patapsco). When the merger occurs, each stockholder that receives shares of Howard common stock will become a stockholder of Howard with a percentage ownership of the combined organization smaller than such stockholder's percentage ownership of Patapsco. Because of this, stockholders of Patapsco will have less influence on the management and policies of Howard than they now have on the management and policies of Patapsco.

Risk Factors Relating to Patapsco's Business

This section discusses risks relating to Patapsco's business and includes risks it will continue to face until consummation of the merger or if the merger is not consummated. References to "Patapsco" include its subsidiary Patapsco Bank as the context requires.

Patapsco depends on the services of key personnel and it cannot be certain that it will be able to hire or retain such personnel or hire replacements. Patapsco's financial performance is dependent in large measure upon our management team successfully executing our business strategies. Patapsco relies heavily on its President and Chief Executive Officer, Philip Phillips. The loss of Mr. Phillips could have a material adverse impact on Patapsco's operations because, as a small company, it has fewer management-level personnel that have the experience and expertise to readily replace these individuals. Changes in key personnel and their responsibilities may be disruptive to Patapsco's business and could have a material adverse effect on its business, financial condition, and results of operations.

Changes in local economic conditions could reduce Patapsco's income and growth, and could lead to higher levels of problem loans and charge-offs. Patapsco makes loans, and most of its assets are located, in the Baltimore, Maryland metropolitan area market. Adverse changes in economic conditions in these markets could hurt Patapsco's ability to collect loans, could reduce the demand for loans, and otherwise could negatively affect its performance and financial condition.

Strong competition within Patapsco's market area could reduce its profits and slow growth. Patapsco Bank faces intense competition both in making loans and attracting deposits. This competition has made it more difficult for Patapsco Bank to make new loans and at times has forced it to offer higher deposit rates. Price competition for loans and deposits might result in Patapsco earning less on its loans and paying more on its deposits, which would reduce net interest income. Competition also makes it more difficult to grow loans and deposits. As of June 30, 2014, Patapsco Bank held 0.72% of the deposits in the Baltimore County, Maryland, which was the 19th largest market share of deposits out of the 38 financial institutions in the metropolitan statistical area. Several of the institutions with which Patapsco Bank competes have substantially greater resources and lending limits than we have and may offer services that it does not provide. Patapsco expects competition to increase in the future as a result of legislative, regulatory and technological changes and the continuing trend of consolidation in the financial services industry. Patapsco's profitability depends upon its continued ability to compete successfully in its market area.

Changes in interest rates could reduce Patapsco's net interest income and earnings. Patapsco's net interest income is the interest it earns on loans and investments less the interest it pays on our deposits and borrowings. Patapsco's net interest spread is the difference between the yield we earn on its assets and the interest rate it pays for deposits and its other sources of funding. Changes in interest rates – up or down – could adversely affect Patapsco's net interest spread and, as a result, its net interest income and net interest margin. Although the yield Patapsco earns on its assets and its funding costs tend to move in the same direction in response to changes in interest rates, one can rise or fall faster than the other, causing its net interest margin to expand or contract. Patapsco's liabilities tend to be shorter in duration than its assets, so they may adjust faster in response to changes in interest rates. As a result, when interest rates rise, Patapsco's funding costs may rise faster than the yield it earns on our assets, causing its net interest margin to contract. This contraction could be more severe following a prolonged period of lower interest rates, as a larger proportion of Patapsco's fixed rate residential loan portfolio will have been originated at those lower rates and borrowers may be more reluctant or unable to sell their homes in a higher interest rate environment. Changes in the slope of the "yield curve" – or the spread between short-term and long-term interest rates – could also reduce Patapsco's net interest margin. Normally, the yield curve is upward sloping, meaning short-term rates are lower than long-term rates. Because Patapsco's liabilities tend to be shorter in duration than its assets, when the yield curve flattens or even inverts, it could experience pressure on its net interest margin as its cost of funds increases relative to the yield it can earn on its assets.

Patapsco's growth and expansion may be limited by many factors. Patapsco has pursued and intends to continue to pursue an internal growth strategy, the success of which will depend primarily on generating an increasing level of loans and deposits at acceptable risk and interest rate levels without corresponding increases in noninterest expenses. Patapsco cannot assure you that it will be successful in continuing its growth strategies, due, in part, to delays and other impediments inherent in its highly regulated industry, limited availability of qualified personnel or unavailability of suitable branch sites. In addition, the success of Patapsco's growth strategy will depend, in part, on continued favorable economic conditions in its market area.

New capital rules that were recently issued generally require insured depository institutions and their holding companies to hold more capital. The impact of the new rules on Patapsco's financial condition and operations is uncertain but could be materially adverse. In July 2013, the FRB and the OCC adopted a final rule for the Basel III capital framework. These rules substantially amend the regulatory risk-based capital rules applicable to Patapsco. The rules phase in over time beginning in 2015 and will become fully effective in 2019. Beginning in 2015, Patapsco's minimum capital requirements will be (i) a common Tier 1 equity ratio of 4.5%, (ii) a Tier 1 capital (common Tier 1 capital plus Additional Tier 1 capital) of 6% (up from 4%) and (iii) a total capital ratio of 8% (the current requirement). Patapsco's leverage ratio requirement will remain at the 4% level now required. Beginning in 2016, a capital conservation buffer will phase in over three years, ultimately resulting in a requirement of 2.5% on top of the common Tier 1, Tier 1 and total capital requirements, resulting in a required common Tier 1 equity ratio of 7%, a Tier 1 ratio of 8.5%, and a total capital ratio of 10.5%. Failure to satisfy any of these three capital requirements will result in limits on paying dividends, engaging in share repurchases and paying discretionary bonuses. These limitations will establish a maximum percentage of eligible retained income that could be utilized for such actions. It is management's belief that, as of March 31, 2015, Patapsco Bank would have exceeded all capital adequacy requirements under Basel III to be considered well capitalized on a fully phased-in basis if such requirements were currently effective.

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Patapsco is dependent on its information technology and telecommunications systems and third-party servicers, and systems failures, interruptions or breaches of security could have a material adverse effect on it. Patapsco's business is dependent on the successful and uninterrupted functioning of its information technology and telecommunications systems and third-party servicers. The failure of these systems, or the termination of a third-party software license or service agreement on which any of these systems is based, could interrupt Patapsco's operations. Because Patapsco's information technology and telecommunications systems interface with and depend on third-party systems, it could experience service denials if demand for such services exceeds capacity or such third-party systems fail or experience interruptions. If significant, sustained or repeated, a system failure or service denial could compromise Patapsco's ability to operate effectively, damage its reputation, result in a loss of customer business, and/or subject it to additional regulatory scrutiny and possible financial liability, any of which could have a material adverse effect on Patapsco.

In addition, Patapsco provides its customers with the ability to bank remotely, including over the Internet. The secure transmission of confidential information over the Internet and other remote channels is a critical element of remote banking. Patapsco's network could be vulnerable to unauthorized access, computer viruses, phishing schemes and other security breaches. Patapsco may be required to spend significant capital and other resources to protect against the threat of security breaches and computer viruses, or to alleviate problems caused by security breaches or viruses. To the extent that Patapsco's activities or the activities of its customers involve the storage and transmission of confidential information, security breaches and viruses could expose Patapsco to claims, regulatory scrutiny, litigation and other possible liabilities. Any inability to prevent security breaches or computer viruses could also cause existing customers to lose confidence in Patapsco's systems and could materially and adversely affect it.

Additionally, financial products and services have become increasingly technology-driven. Patapsco's ability to meet the needs of its customers competitively, and in a cost-efficient manner, is dependent on the ability to keep pace with technological advances and to invest in new technology as it becomes available. Many of our competitors have greater resources to invest in technology than Patapsco does and may be better equipped to market new technology-driven products and services. The ability to keep pace with technological change is important, and the failure to do so could have a material adverse impact on Patapsco's business and therefore on its financial condition and results of operations.

In the event the merger is not completed Patapsco will no longer be able to defer the payment of interest on its outstanding trust preferred securities. Though Patapsco has deferred the payment of interest on its subordinated debentures related to the trust preferred securities, it continues to accrue interest expense related to the trust preferred securities. Patapsco recognized interest expense of $82,000, $87,000, $113,000, $80,000 and $303,000 on the trust preferred securities during the nine months ended March 31, 2015 and 2014 and years ended June 30, 2014, 2013 and 2012, respectively.

Under the terms of the subordinated debentures, Patapsco's deferral of interest payments for up to 20 consecutive quarters does not constitute an event of default. During the deferral period, the deferred interest payments continue to accrue. To the extent applicable law permits interest on interest, the deferred interest payments also accrue interest at the rates specified in the corresponding indentures, compounded quarterly. This deferral period expires with the payment due on June 15, 2015. All of the deferred interest and the compounded interest are due in full at the end of the applicable deferral period. If Patapsco fails to pay the deferred and compounded interest at the end of the deferral period, the trustee of the trust, or the holders of 25% of the outstanding principal amount of its trust preferred securities, would have the right to exercise various remedies, including demanding immediate payment in full of the entire outstanding principal amount of the subordinated debentures.

Patapsco’s ability to resume the payment of interest on the subordinated debentures will depend on Patapsco Bank's ability to generate earnings and pay dividends to Patapsco. However, Patapsco Bank’s ability to pay dividends is prohibited by the written agreement with its regulators without prior regulatory approval. As a result, if by June 15, 2015 the written agreement is not terminated, or if Patapsco does not achieve sufficient profitability for Patapsco Bank so that its regulators would grant approval for Patapsco Bank to pay dividends, Patapsco will be unable to resume the payment of interest on the subordinated debentures. Even if Patapsco Bank is able to resume paying dividends, there can be no assurance that the amount of dividends would be sufficient to pay the entire amount of interest due under the subordinated debentures at the end of the deferral period.

Unless Patapsco obtains a waiver of any event of default under the applicable trust preferred security agreements caused by Patapsco Statutory Trust I's failure to make payment of amounts due and payable on the trust preferred securities and allowing continued deferral of dividends on the trust preferred securities until the effective time of the merger, and subject to regulatory approval, Howard has agreed to purchase from Patapsco a sufficient number of shares of preferred stock at $1,000 per share to allow Patapsco to bring current the payment of deferred interest through June 15, 2015 on Patapsco's subordinated debentures issued to Patapsco Statutory Trust I, and Patapsco will use the proceeds from the sale of the preferred stock to bring current interest on such subordinated debentures.

MARKET PRICE AND DIVIDEND INFORMATION, RELATED STOCKHOLDER MATTERS

Howard common stock is listed and trades on the NASDAQ Capital Market under the symbol "HBMD." As of _____________, 2015, there were ________ shares of Howard common stock outstanding, which were held by ____ holders of record, and outstanding options that were exercisable on that date (or within 60 days of that date) for _____ additional shares of Howard common stock.

Patapsco common stock is quoted on the Over-the-Counter Bulletin Board (the "OTCBB") under the symbol "PATD." As of _____________, 2015, there were ________ shares of Patapsco common stock outstanding, which were held by ____ holders of record.

The number of stockholders for each of Howard and Patapsco noted above does not reflect the number of individuals or institutional investors holding stock in nominee name through banks, brokerage firms and others.

The following table shows, for the indicated periods, the high and low sales prices per share for Howard and Patapsco common stock, as reported on Nasdaq and the OTCBB, respectively, and dividends declared and paid per share of Howard and Patapsco common stock.

	Howard			Patapsco		
	High	Low	Dividend Declared	High	Low	Dividend Declared
2015						
First Quarter	$14.90	$10.75	$ —	$4.75	$2.90	$ —
2014						
First Quarter	$19.99	$9.25	$ —	$2.75	$2.25	$ —
Second Quarter	11.30	9.50	—	2.86	2.25	—
Third Quarter	11.20	9.25	—	3.59	2.50	—
Fourth Quarter	12.00	9.84	—	3.29	2.55	—

2013						
First Quarter	7.09	6.10	—	2.25	0.91	—
Second Quarter	8.02	6.85	—	3.52	2.05	—
Third Quarter	9.10	7.26	—	3.40	2.60	—
Fourth Quarter	10.10	8.24	—	2.50	2.10	—

On (i) February 26, 2015, the last full trading day before public announcement of the execution of the merger agreement on which shares of Patapsco common stock were traded on the OTCBB, and February 27, 2015, the last full trading day before public announcement of the execution of the merger agreement on which shares of Howard common stock were traded on the NASDAQ Capital Market, and (ii) April 28, 2015, the last practicable trading date before the date of this joint proxy statement/prospectus on which shares of Howard common stock and Patapsco common stock were traded on the NASDAQ Capital Market and the OTCBB, respectively, were traded, the high, low and closing sales prices for Howard and Patapsco common stock were as follows:

	February 26/27, 2015			April 28, 2015		
	High	Low	Closing	High	Low	Closing
Howard	$13.75	$13.75	$13.75	$13.92	$13.12	$13.12
Patapsco	$3.028	$3.02	$3.02	$4.77	$4.77	$4.77

Dividends

Howard has not paid any dividends on its common stock since its inception and presently does not intend to pay any dividends in the foreseeable future. Howard expects that it will retain all earnings, if any, for operating capital. Howard’s ability to pay dividends is dependent upon, among other things, restrictions imposed by the reserve and capital requirements of Maryland and federal law and regulations, its income and financial condition, tax considerations, and general business conditions. In addition, there are restrictions on Howard’s ability to pay dividends on its common stock if it is in arrears in the required dividend payment on its Series AA Preferred Stock.

On October 18, 2012, Patapsco and Patapsco Bank entered into a written agreement with the Federal Reserve Bank and the Maryland Commissioner. Under the terms of the written agreement Patapsco and Patapsco Bank may not declare or pay dividends without the prior written approval of the Federal Reserve Bank and the Director of the Division of Banking Supervision and Regulation of the FRB and, as to Patapsco Bank, the Maryland Commissioner.

In addition, under the terms of the Troubled Asset Release Program (“TARP”) Capital Purchase Program, until the earlier of the third anniversary of the date of issuance of Patapsco’s Series A Cumulative Perpetual Preferred Stock and the date on which the Series A Cumulative Perpetual Preferred Stock has been redeemed in whole or Treasury has transferred all of the Series A Cumulative Perpetual Preferred Stock to third parties, Patapsco is prohibited from increasing dividends on its common stock from the last quarterly cash dividend per share ($0.07) declared on the common stock prior to December 5, 2008, as adjusted for subsequent stock dividends and other similar actions, and from making certain repurchases of equity securities, including its common stock, without Treasury’s consent. Furthermore, as long as the Series A Cumulative Perpetual Preferred Stock is outstanding, dividend payments and repurchases or redemptions relating to certain equity securities, including Patapsco’s common stock, are prohibited until all accrued and unpaid dividends are paid on such preferred stock, subject to certain limited exceptions. Finally, under the terms of its trust preferred securities, Patapsco may not declare or pay dividends on its common or preferred stock while it has deferred interest payments on its debentures. As a result, Patapsco currently is not permitted to pay dividends on its common stock.

MARKET VALUE OF SECURITIES

The following table sets forth the market value per share of Howard common stock, the market value per share of Patapsco common stock and the equivalent market value per share of Patapsco common stock on February 26, 2015 (the last business day preceding public announcement of the merger on which shares of each of Howard common stock and Patapsco common stock were traded on the NASDAQ Capital Market and the OTCBB, respectively) and April 28, 2015 (the latest practicable trading day before the date of this joint proxy statement/prospectus on which shares of each of Howard common stock and Patapsco common stock were traded on the NASDAQ Capital Market and the OTCBB, respectively). The equivalent market value per share of Patapsco common stock indicated in the table is derived from assumed exchange ratios based on the Average Price on the applicable date ($11.98 on

February 18, 2015 and $13.97 on April 20, 2015) multiplied by the closing sales price of Howard common stock on such date. The exchange ratios are subject to adjustment based on the Average Price on the determination date. For more information, see the section entitled “The Merger Agreement and The Merger – Terms of the Merger – What Patapsco Stockholders Will Receive in the Merger.”

The historical market values per share of Howard common stock and Patapsco common stock and the historical market value of Howard common stock used to determine the equivalent market value per share of Patapsco common stock are the per share closing sales prices on February 26, 2015 and April 28, 2015, respectively, as reported on the OTCBB with respect to Patapsco common stock and on Nasdaq with respect to Howard common stock.

			Equivalent Market Value Per Share of Patapsco	
	Howard Historical	Patapsco Historical	In Howard Common Stock	In Cash
February 26, 2015	$ 14.00	$ 3.02	$ 5.95	$ 5.09
April 28, 2015	$ 13.12	$ 4.77	$ 4.78	$ 5.09

COMPARATIVE PER SHARE DATA (UNAUDITED)

The following table sets forth certain historical Howard and Patapsco per share data and the unaudited pro forma combined Howard and Patapsco equivalent per share financial data for the twelve months ended December 31, 2014. This data should be read together with Howard's and Patapsco's historical financial statements and notes thereto, included elsewhere in this joint proxy statement/prospectus. **The per share data is not necessarily indicative of the operating results that Howard would have achieved had it completed the merger as of the beginning of the periods presented and should not be considered as representative of future operations.**

Unaudited Pro Forma Comparative Per Share Data

For The Twelve Months Ended December 31, 2014

(Amounts in Thousands, except per share data)

	Howard Bancorp	Patapsco Bancorp	Proforma Combined	Proforma Equivalent Patapsco Share (1)
For the twelve months ended December 31, 2014				
Basic earnings (loss) per common share	$ 2.53	$ 0.87	$ 2.69	$ 0.98
Diluted earnings (loss) per common share	2.48	0.87	2.65	0.96
Dividends Declared:				
For the twelve months ended December 31, 2014	$ -	$ -	$ -	$ -
Book Value:				
As of December 31, 2014	$ 11.36	$ 5.03	$ 11.16	$ 4.06

(1) Pro forma equivalent per share amount is calculated by multiplying the pro forma combined per share amount by an assumed exchange ratio of 0.3643 as outlined in Footnote 1 to the unaudited pro forma combined balance sheet and statement of operations.

The pro forma combined basic earnings and diluted earnings of Howard's common stock is based on the pro forma combined net income per common share for Howard and Patapsco divided by the pro forma common shares or diluted common shares of the combined entity, assuming 80% of the outstanding shares of Patapsco common stock are exchanged for Howard common stock at an exchange ratio of 0.3643 shares of Howard common stock for each share of Patapsco common stock. The pro forma information includes adjustments related to the estimated fair value of assets and liabilities and is subject to adjustment as additional information becomes available and as additional analysis is performed. The pro forma information does not include anticipated cost savings or revenue enhancements.

The pro forma combined book value of Howard's common stock is based on pro forma combined common shareholders' equity of Howard and Patapsco divided by total pro forma common shares of the combined entities, assuming 80% of the outstanding shares of Patapsco common stock are exchanged for Howard common stock at an exchange ratio of 0.3643 shares of Howard common stock for each share of Patapsco common stock. The unaudited pro forma combined consolidated information does not include anticipated cost savings or revenue enhancements.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such forward-looking statements include statements regarding the financial condition, results of operations, earnings outlook, businesses and prospects of Howard and Patapsco, and the potential combined company, as well as statements applicable to the period following the completion of the merger and those items listed below:

(1) The effects and benefits of the merger, including: (a) future financial operating results and performance; (b) the expected consummation of the merger including the timing thereof; (c) the expected pro forma effects of the merger, including that Howard's expectation that the merger to be accretive to its earnings in the first year after closing and expected increases in Howard's non-interest expenses resulting from the merger; and (d) the expectation that Howard and Howard Bank will not be subject to Patapsco and Patapsco Bank's written agreement with their regulators after the merger.

(2) With respect to Howard: (a) statements of Howard's goals, intentions and expectations, particularly with respect to its business plan and strategies, including the expected opening of its new Columbia, Maryland branch, branch expansion and closures, market share and asset growth, expected increase in residential real estate lending, revenue and profit growth and expanding client relationships; (ii) acquisition intensions outside of the pending merger with Patapsco; (iii) statements regarding Howard's asset quality of its investment portfolios and anticipated recovery and collection of unrealized losses on securities available for sale; (iv) statements with respect to Howard's allowance for credit losses, and the adequacy thereof; (v) statement with respect to having adequate liquidity levels; (vi) Howard's belief that it will retain a large portion of maturing certificates of deposit; (vii) the impact on Howard of recent changes to accounting standards; (viii) future cash requirements relating to commitments to extend credit; and (ix) the impact of interest rate changes on Howard's net interest income.

(3) With respect to Patapsco, statements regarding the adequacy of the allowance for loan losses and having sufficient funds to meet obligations.

You can identify forward-looking statements because they are not historical facts and often include the use of forward-looking terminology such as "believes," "expects," "intends," "may," "will," "should," "anticipates," "plans" or simila terminology. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Actual results could differ materially from those currently anticipated due to a number of factors, including, but not limited to:

- the businesses of Patapsco may not be integrated into Howard successfully or such integration may be more difficult, time-consuming or costly than expected;
- expected revenue synergies and cost savings from the merger may not be fully realized, or realized within the expected timeframe;
- Howard may not have taken adequate discounts for Patapsco’s loans and other assets;
- disruption in the parties’ businesses as a result of the announcement and pendency of the merger;
- the possibility of merger arbitrage activity as a result of the stock price premium being paid;
- revenues following the merger may be lower than expected;
- customer and employee relationships and business operations may be disrupted by the merger;

- the ability to obtain required regulatory and stockholder approvals;
- the ability to complete the merger in the expected timeframe may be more difficult, time-consuming or costly than expected, or the merger may not be completed at all;
- changes in loan default and charge-off rates;
- changes in demand for loan products or other financial services;
- reductions in deposit levels necessitating increased borrowings to fund loans and investments;
- general economic conditions, either nationally or in our market area, that are worse than expected;
- sustained elevated in the unemployment rate in Howard Bank’s and Patapsco Bank’s target markets;
- inflation and changes in interest rates and monetary policy that could adversely affect Howard and/or Patapsco;
- changes in laws or government regulations or policies affecting financial institutions, including changes in regulatory fees and capital requirements;
- the ability of Howard Bank and Patapsco Bank to retain key personnel;
- the ability of Howard and Howard Bank to enter new markets successfully and capitalize on growth opportunities, and to otherwise implement its growth strategy;
- the risk of loan losses and that the allowance for loan losses may be insufficient;
- changes in competitive, governmental, regulatory, technological and other factors that may affect Howard or Patapsco specifically or the banking industry generally;
- that the market value of investments could negatively impact stockholders’ equity;
- changes in consumer spending, borrowing and savings habits;

- changes in accounting policies and practices, as may be adopted by the bank regulatory agencies, the Financial Accounting Standards Board, the SEC and the Public Company Accounting Oversight Board;

- the other risks discussed in this joint proxy statement/prospectus, in particular in the “Risk Factors” section of this joint proxy statement/prospectus; and

- other risk factors detailed from time to time in filings made by Howard and Patapsco with the SEC.

And, with respect to Patapsco:

- changes Patapsco makes as a result of its ongoing review of its business and operations;

- economic conditions nationally and in its market area; and

- implementation of changes in lending practices and lending operations.

Forward-looking statements speak only as of the date they are made. You should not place undue reliance on any forward-looking statements. Howard and Patapsco undertake no obligation to update or clarify these forward-looking statements to reflect factual assumptions, circumstances or events that have changed after such a forward-looking statement was made.

RECENT DEVELOPMENTS

Howard's Results for the Three Months Ended March 31, 2015

On April 23, 2015, Howard reported its financial results for the three months ended March 31, 2015 as follows.

Howard Bancorp, Inc.

	Three months ended March 31,			
(in thousands, except per share data.)	2015		2014	
Operations Statement Data:				
Interest income	$ 7,426		$ 4,943	
Interest expense	659		515	
Net interest income	6,767		4,428	
Provision for credit losses	250		176	
Noninterest income	2,349		623	
Noninterest expense	7,835		4,493	
Federal and state income tax expense	382		116	
Net income	649		266	
Preferred Stock Dividends	31		31	
Net income available to common shareholders	618		235	
Per share data and shares outstanding:				
Earnings per common share, basic	$ 0.15		$ 0.06	
Book value per common share at period end	$ 11.53		$ 8.88	
Tangible Book value per common share at period end	$ 11.21		$ 8.80	
Average common shares outstanding	4,145,709		4,090,844	
Shares outstanding at period end	4,147,633		4,090,402	
Financial Condition data:				
Total assets	$ 710,480		$ 508,011	
Loans held for sale	49,159		17,034	
Loans receivable (gross)	570,437		416,632	
Allowance for credit losses	3,839		2,700	
Other interest-earning assets	58,947		59,194	
Total deposits	580,655		401,298	
Borrowings	60,532		57,127	
Total stockholders’ equity	60,383		48,888	
Common equity	47,821		36,326	
Average assets	690,836		496,234	
Average stockholders' equity	58,678		48,810	
Average common stockholders' equity	46,116		36,248	
Selected performance ratios:				
Return on average assets	0.38	%	0.22	%
Return on average common equity	5.71	%	2.98	%
Net interest margin(1)	4.19	%	3.86	%
Efficiency ratio(2)	85.95	%	88.95	%
Asset quality ratios:				

Nonperforming loans to gross loans	0.66	%	0.71	%
Allowance for credit losses to loans	0.67	%	0.65	%
Allowance for credit losses to nonperforming loans	102.40	%	91.43	%
Nonperforming assets to loans and other real estate	1.09	%	1.27	%
Nonperforming assets to total assets	0.88	%	1.05	%
Capital ratios:				
Leverage ratio	8.56	%	9.77	%
Tier I risk-based capital ratio	9.99	%	11.01	%
Total risk-based capital ratio	10.64	%	11.62	%
Average equity to average assets	8.49	%	9.84	%

(1) Net interest margin is net interest income divided by average earning assets.

(2) Efficiency ratio is noninterest expense divided by the sum of net interest income and noninterest income.

Howard reported net income available to common shareholders of $618 thousand, or $0.15 per share, for the quarter ended March 31, 2015, compared to $235 thousand, or $0.06 per share, for the quarter ended March 31, 2014. The increase in net income was driven by sizable increases in both of Howard's core sources of revenues, net interest income and noninterest income, partially offset by increases in the level of noninterest expense during the quarter. As discussed below, expense levels were impacted by not only higher levels of recurring operating costs due to Howard's recent growth, but also higher levels of expenses relating to operating two core data processing systems for the first quarter, along with the costs to support these parallel operations. Also included in noninterest expense for the first quarter of 2015, as discussed in more detail below, were non-recurring expenses of nearly $423 thousand related to due diligence, legal and other costs relating to the signing of the merger agreement, and costs related to the data conversion of its acquisition of NBRS Financial Bank ("NBRS"). These non-recurring expenses, net of tax, negatively impacted reported earnings per share by $0.06 for the first quarter.

Howard's total assets increased by $202.5 million, or 40%, when comparing March 31, 2015 assets of $710.5 million to $508.0 million at the same point in 2014. Total loans outstanding of $570.4 million at the end of March 2015 showed an increase of nearly 37% compared to total loans of $416.6 million at March 31, 2014. With the continuing development of Howard's mortgage banking operations, its loans held for sale increased dramatically from $17.0 million at March 31, 2014 to $49.2 million at March 31, 2015. Total deposits grew by $179.4 million, or 45%, from March 31, 2014 to March 31, 2015. Funding for the increases in loans held for sale and the portfolio loan growth came principally from Howard's deposit growth with only a small increase in its borrowing levels.

Howard's net interest income for the quarter ended March 31, 2015 was $6.8 million versus $4.4 million for the first three months of 2014, an increase of approximately $2.4 million, or 53%. The growth in loans and an increase in yields generated an increase in total interest income for the first quarter of 2015 of $2.5 million, or 50%, over the same period in 2014. Total interest expense increased only $144 thousand, or 28%, for the first quarter of 2015 versus the same period in 2014 despite overall growth in deposits of 45% and an increase in borrowing levels of 6%. Howard's ability to contain interest expense was principally driven by the continuing favorable shift in the composition of its deposits and its ability to attract and maintain lower cost funding sources.

Howard's provision for credit losses for the first quarter of 2015 was $250 thousand compared to $176 thousand for the same period in 2014. The ratio of the allowance for credit losses as a percentage of total loans outstanding increased from 0.65% at March 31, 2014 to 0.67% at March 31, 2015. As a percentage of non-acquired loans this ratio was 0.78% at March 31, 2015, which provides a more meaningful comparison to 2014 levels since the acquired loans are recorded at the fair market value at time of acquisition. One of Howard Bank's primary measures of asset quality is the ratio of non-accrual loans and OREO as a percentage of total assets. This asset quality measure showed improvement for the 2015 period with a ratio of 0.88% at March 31, 2015 versus 1.05% at the end of the first quarter of 2014. This improvement in asset quality after the assumption of a failed bank's assets includes Howard Bank's completion of a sale of certain NBRS nonperforming assets shortly after they were acquired.

In addition to the growth in net interest income, Howard recorded a sizable increase in noninterest income for the first quarter of 2015. Noninterest income was $2.3 million for the first three months of 2015 compared to $623 thousand in the first quarter of 2014, representing an increase of $1.7 million, or 277%. With the larger deposit base noted above, service charges on deposits increased by $62 thousand, or 40%, with first quarter 2015 service charges of $216 thousand versus $154 thousand for the same period in 2014. Transaction-related revenues similarly increased with first quarter fees of $293 thousand for 2015, compared to $176 thousand in 2014, an increase of $116 thousand, or 66%. The primary driver of the increase in noninterest income for the first quarter 2015 compared to 2014, however, was the contribution of mortgage banking revenues. As Howard has previously disclosed in its SEC filings, in the first quarter of 2014 it was still in the building stages of its mortgage operating platform and sales staff, and thus revenues generated for the first quarter in 2014 only totaled $293 thousand. For the first quarter of 2015, Howard now has a fully functioning mortgage team, which contributed over $1.8 million in noninterest revenues compared to $293 thousand for the first quarter of 2014, an increase of $1.5 million.

Total noninterest expense grew to $7.8 million for the first quarter of 2015 compared to $4.5 million for the first quarter of 2014, an increase of $3.3 million, or 74%. This $3.3 million increase in expenses included (a) approximately $900 thousand in higher costs relating to the mortgage banking operations, (b) an incremental $1.6 million in expenses associated with operating the branches and operations of NBRS acquired during the fourth quarter of 2014, of which $255 thousand were costs incurred in the first quarter for our data systems conversion, which will be completed in the second quarter of 2015, (c) nearly $168 thousand in legal costs associated with the merger agreement, and (d) an additional $600 thousand in additional costs from continued organic operations. Compensation-related expenses represented nearly one-third of the increase in expenses as they increased by $1.1 million for the first quarter of 2015 versus the same period in 2014. Of this $1.1 million increase, $277 thousand resulted from the mortgage division, which was still in formation in the first quarter of 2014, $643 thousand related to the additional staffing costs associated with the NBRS acquisition, and the remaining $170 thousand related to increases in the core infrastructure staff for Howard Bank’s legacy operations. Occupancy-related expense increased by $502 thousand, or 107%, for the first quarter of 2015 compared to the first quarter of 2014, totaling $971 thousand in the first three months of 2015 versus $469 thousand in the same period of 2014. Similar to compensation costs, the majority of the increase was due to Howard’s expansion as $79 thousand of the total increase in occupancy related to additional mortgage office sites and $357 thousand related to the 2014 acquired locations, with the remainder for continued operations of all of Howard’s other offices. Other than compensation and occupancy expenses, the remainder of Howard’s operating costs increased by $1.7 million for the first quarter of 2015 versus the first quarter of 2014. Similar to the two expense categories, a full quarter of mortgage activities for 2015 accounted for $555 thousand of the additional costs, while the costs of the acquired operations totaled $642 thousand during the first quarter of 2015.

Even with the sizable growth in assets, all of Howard’s regulatory capital ratios continue to substantially exceed “well-capitalized” levels. As of March 31, 2015, the ratio of equity to total assets was 8.50%.

When comparing Howard’s first quarter 2015 to the fourth quarter of 2014, total assets increased $19.1 million, or 2.8%, loans held for investment increased $17.5 million, or 3.2%, and total deposits increased by $26.6 million, or 4.8%. As a result of this quarterly growth, net interest income was up $231 thousand, or 4%, for the first quarter of 2015 compared to the fourth quarter of 2014. Noninterest income and noninterest expense levels for the two quarters are not comparable given the large impact that the acquisition gain and the related one-time expense had on the results for the fourth quarter of 2014.

THE HOWARD BANCORP SPECIAL MEETING

Date, Time and Place

Howard will hold a special meeting of its stockholders at its office located at 6011 University Boulevard, Suite 370, Ellicott City, Maryland, at _____ on __________.

Purpose of the Special Meeting

At the special meeting, Howard's stockholders will be asked to consider and vote upon proposals to:

- Approve Howard's issuance of its shares of common stock to be issued in the merger of Patapsco into Howard pursuant to the Agreement and Plan of Merger by and between Howard and Patapsco dated as of March 2, 2015, as the agreement may be amended from time to time;
- Adjourn the special meeting if more time is needed to solicit proxies; and
- Transact any other business that may properly be brought before the special meeting.

Proposals to be Voted on at the Special Meeting

Item 1. Howard Merger Proposal

As discussed throughout this joint proxy statement/prospectus, Howard is asking its stockholders to approve its issuance of its shares of common stock to be issued in the merger (we sometimes refer to this below as the merger proposal). Holders of Howard common stock should read carefully this joint proxy statement/prospectus in its entirety, including the annexes, for more detailed information concerning the merger agreement and the merger. In particular, holders of Howard common stock are directed to the merger agreement, a copy of which is attached as Annex A to this joint proxy statement/prospectus and incorporated in this joint proxy statement/prospectus by reference.

Item 2. Howard Adjournment Proposal

The Howard special meeting may be adjourned to another time or place, if necessary or appropriate, to permit, among other things, the solicitation of additional proxies if there are insufficient votes at the time of the Howard special meeting to approve Howard's issuance of its common stock in the merger.

If, at the Howard special meeting, the number of shares of Howard common stock present or represented and voting in favor of the Howard merger proposal is insufficient to approve the Howard merger proposal, Howard intends to move to adjourn the Howard special meeting in order to enable the Howard board of directors to solicit additional proxies for approval of the Howard merger proposal. In that event, Howard will ask the Howard stockholders to vote only upon the Howard adjournment proposal, and not the Howard merger proposal.

In the Howard adjournment proposal, Howard is asking the Howard stockholders to authorize the holder of any proxy solicited by the Howard board of directors to vote in favor of granting discretionary authority to the proxy holders to adjourn the Howard special meeting for the purpose of soliciting additional proxies. If the Howard stockholders approve the Howard adjournment proposal, Howard could adjourn the Howard special meeting and any adjourned session of the Howard special meeting and use the additional time to solicit additional proxies, including the solicitation of proxies from Howard stockholders who have previously voted.

Other Matters to Come Before the Howard Special Meeting

No other matters are intended to be brought before the Howard special meeting by Howard, and Howard does not know of any matters to be brought before the Howard special meeting by others. If, however, any other matters properly come before the Howard special meeting, the persons named in the proxy will vote the shares represented thereby in accordance with their best judgment on any such matter.

Recommendation of the Board of Directors of Howard

The Howard board of directors has determined that the merger is advisable and in the best interests of Howard and its stockholders and recommends that Howard's stockholders vote "**FOR**" approval of Howard's issuance of the shares of its common stock to be issued in the merger.

Record Date; Stockholders Entitled to Vote

Stockholders of record at the close of business on ___________, which the Howard board of directors has set as the record date, are entitled to notice of and to vote at the special meeting. As of the close of business on that date, there were outstanding and entitled to vote ________ shares of common stock, $0.01 par value per share, each of which is entitled to one vote.

Quorum

The presence, in person or by proxy, of stockholders entitled to cast a majority of all the votes entitled to be cast at the special meeting (or ___________ shares of Howard common stock) will be necessary to constitute a quorum for the transaction of business at the special meeting. Abstentions are counted for purposes of determining the presence or absence of a quorum for the transaction of business at the special meeting.

Under Maryland law, broker non-votes are also counted for purposes of determining the presence or absence of a quorum for the transaction of business at stockholder meetings. In general, with respect to shares held in street name, the holders of record have the authority to vote shares for which their customers do not provide voting instructions only on certain routine, uncontested items. In the case of non-routine or contested items, the institution holding street name shares cannot vote the shares if it has not received voting instructions. These are considered to be "broker non-votes." Since there are no routine items to be voted on at the special meeting, nominee record holders of Howard common stock that do not receive voting instructions from the beneficial owners of such shares (unless, with respect to non-broker record holders, such record holder had been granted discretionary authority to vote such shares) will not be able to return a proxy card with respect to such shares; as a result, these shares will not be considered present at the special meeting and will not count towards the satisfaction of a quorum.

Vote Required

Nasdaq rules provide that the issuance of the shares to be issued in the merger must be approved by a majority of the shares cast on the matter at the special meeting. The affirmative vote of the holders of a majority of the shares of common stock cast on the matter is required to adjourn the special meeting to solicit additional proxies, if necessary.

Directors and executive officers of Howard and their affiliates, who beneficially own approximately ____% of Howard common stock outstanding as of the record date, are expected to vote for approval of Howard's issuance of its shares of common stock to be issued in the merger.

Abstentions and Failure to Vote

Under Nasdaq rules, an abstention counts as a vote cast. Therefore abstentions will have the same effect as a vote against the approval of Howard's issuance of its shares of common stock in the merger, but the failure to vote and broker non-votes are not included in calculating votes cast with respect to this proposal and therefore will have no effect on the outcome of this proposal (assuming a quorum is present).

As noted above, approval of the proposal to adjourn the special meeting to solicit additional proxies, if necessary, requires the affirmative vote of at least a majority of all votes cast on the matter at the special meeting. Abstentions, the failure to vote and broker non-votes are not included in calculating votes cast with respect to this proposal and therefore will have no effect on the outcome of this proposal.

Voting of Proxies

The enclosed proxy with respect to the Howard special meeting is solicited by the board of directors of Howard. The board of directors has selected Nasser Basir, Paul I. Latta, Jr., and Donna Hill Staton, or any of them, to act as proxies with full power of substitution.

Whether or not you plan to attend the special meeting, you may submit a proxy to vote your shares via Internet, telephone or mail as outlined below. You will need information from your proxy card or electronic delivery notice to submit your proxy to vote your shares by Internet or telephone.

- By Internet: Go to www.investorvote.com/HBMD and follow the instructions.
- By Telephone: Call 1-800-951-2405 and follow the voice mail prompts.
- By Mail: Mark your vote, sign your name exactly as it appears on your proxy card, date your proxy card and return it in the envelope provided.

All proxies will be voted as directed by the stockholder on the proxy form. A proxy, if executed and not revoked, will be voted in the following manner (unless it contains instructions to the contrary, in which event it will be voted in accordance with such instructions):

- **"FOR"** approval of Howard's issuance of the shares of its common stock to be issued in the merger; and
- **"FOR"** approval of the proposal to adjourn the special meeting to solicit additional proxies, if necessary.

At the date hereof, management has no knowledge of any business that will be presented for consideration at the special meeting and that would be required to be set forth in this joint proxy statement/prospectus or in the related Howard proxy card, other than the matters set forth in the Notice of Special Meeting of Stockholders of Howard. In accordance with Maryland law, business transacted at the Howard special meeting will be limited to those matters set forth in the notice. Nonetheless, if any other matter is properly presented at the Howard special meeting for consideration, proxies will be voted in the discretion of the proxy holder on such matter.

Your vote is important. Accordingly, please sign and return the enclosed proxy card, or indicate your vote by phone or Internet as described above, as soon as possible whether or not you intend to attend the Howard special meeting.

Shares Held in Street Name

If you hold your shares in a stock brokerage account or if your shares are held by a bank or other nominee (that is, in street name), you must provide the record holder of your shares with instructions on how to vote your shares if you wish them to be counted, unless your shares are held of record by a bank or other nominee and you have an arrangement with the nominee granting such nominee discretionary authority to vote your shares. Please follow the voting instructions provided by your bank, broker or other nominee. Please note that you may not vote shares held in street name by returning a proxy card directly to Howard or by voting in person at the meeting unless you provide a "legal proxy," which you must obtain from your bank, broker or other nominee. Further, brokers who hold shares of Howard common stock on behalf of their customers may not give a proxy to Howard to vote those shares without specific instructions from their customers.

If you are a Howard stockholder and you do not instruct your broker on how to vote your shares, your broker may not vote your shares at the special meeting.

Your vote is important. Accordingly, please sign and return your broker's or other nominee's instructions whether or not you plan to attend the Howard special meeting in person.

Revocability of Proxies

A proxy is revocable at any time prior to or at the special meeting by written notice to Howard, by executing a proxy bearing a later date, or by attending the special meeting and voting in person. A written notice of revocation of a proxy should be sent to the Secretary, Howard Bancorp, Inc., 6011 University Boulevard, Suite 370, Ellicott City, Maryland 21043, and will be effective if received by the Secretary prior to the special meeting. The presence of a stockholder at the special meeting alone will not automatically revoke such stockholder's proxy.

Solicitation of Proxies

Howard will pay the costs of soliciting proxies from Howard stockholders. These costs may include reasonable out of pocket expenses in forwarding proxy materials to beneficial owners. Howard will reimburse brokers and other persons for their reasonable expenses in forwarding proxy materials to customers who are beneficial owners of the common stock of Howard registered in the name of nominees.

In addition to solicitation by mail, officers and directors of Howard may solicit proxies personally or by telephone. Howard will not specifically compensate these persons for soliciting such proxies, but may reimburse them for reasonable out-of-pocket expenses, if any. Howard may also engage an outside firm to assist in the solicitation of the proxies, and will pay the fees and expenses of any such firm that it so engages in connection with the special meeting.

OWNERSHIP OF HOWARD BANCORP COMMON STOCK

The following table sets forth, as of April 2, 2015, information with respect to the beneficial ownership of Howard's common stock by each director, by its executive officers and by all of its directors and executive officers as a group, as well as information regarding each other person that Howard believes owns in excess of 5% of the outstanding common stock. Unless otherwise noted below, Howard believes that each person named in the table has or will have the sole voting and sole investment power with respect to each of the securities reported as owned by such person.

	Position	**Number of Shares Beneficially Owned (1)**	**Stock Options and Warrants Exercisable Within 60 Days**	Total	**Percent of Common Shares**	
Board of Directors:						
Richard G. Arnold	Director	106,856	8,035	114,891	2.77	%
Nasser Basir (2)	Director	36,446	304	36,750	*	
Andrew E. Clark (3)	Director	43,551	6,877	50,428	1.22	%
Robert J. Hartson (4)	Director	198,085	5,026	203,111	4.90	%
Donna Hill Staton	Director	7,786	—	7,786	*	
John J. Keenan	Director	1,509	—	1,509	*	
Paul I. Latta, Jr.	Director	85,699	13,187	98,886	2.38	%
Barbara K. Lawson (5)	Director	10,093	3,454	13,547	*	
Kenneth C. Lundeen (6)	Director	154,256	5,939	160,195	3.86	%
Karen D. McGraw	Director	—	—	—	*	
Richard J. Morgan	Director	2,068	—	2,068	*	
Richard H. Pettingill	Director	18,113	5,440	23,553	*	
Mary Ann Scully (7)	Director, Chairman of Board, Chief Executive Officer and President	106,566	39,173	145,739	3.51	%
Robert W. Smith, Jr.	Director	27,713	—	27,713	*	
Executive Officers:						
Robert A. Altieri (8)	Executive Vice President	5,000	—	5,000	*	
Paul G. Brown (9)	Executive Vice President	31,873	30,752	62,625	1.51	%
George C. Coffman (10)	Executive Vice President Chief Financial Officer and Treasurer	43,036	30,752	73,788	1.78	%

Dennis E. Finnegan	Executive Vice President	—	—	—	*	
Charles E. Schwabe (11)	Executive Vice President and Secretary	35,206	30,752	65,958	1.59	%
All directors & executive officers as a group (19 persons)		913,856	179,691	1,093,547	26.37	%

* Less than 1%

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(1) For purposes of this table, beneficial ownership has been determined in accordance with the provisions of Rule 13d-3 of the Securities Exchange Act of 1934, as amended, under which, in general, a person is deemed to be the beneficial owner of a security if he has or shares the power to vote or direct the voting of the security or the power to dispose of or direct the disposition of the security, or if he has the right to acquire beneficial ownership of the security within 60 days.

(2) Includes 6,850 shares held in an Individual Retirement Account in the name of Mr. Basir. Also includes 8,000 shares held in UTMA accounts for Mr. Basir's children, of which he disclaims beneficial ownership

(3) Does not include 1,500 shares held in UTMA accounts for Mr. Clark's children, of which he disclaims beneficial ownership.

(4) Includes 27,5000 shares owned by Hartson Family Trust, for which Mr. Hartson serves as co-trustee and over which he has shared voting and investment power; 20,600 shares held by ATEC Profit Sharing Plan, for which Mr. Hartson is the trustee. Does not include 16,200 shares held in the name of Mr. Hartson's spouse, for which Mr. Hartson disclaims beneficial ownership.

(5) Includes 8,550 shares held in an Individual Retirement Account in the name of Ms. Lawson.

(6) Includes 25,600 shares held in an Individual Retirement Account in the name of Mr. Lundeen, of which he is the beneficial owner. Also includes 6,668 shares held by Mr. Lundeen's spouse and 14,674 shares held in trust by Mr. Lundeen's spouse as trustee for benefit of members of her family, for which Mr. Lundeen disclaims beneficial ownership.

(7) Includes 25,547 shares held in an Individual Retirement Account in the name of Ms. Scully. Also includes 6,666 shares of restricted stock over which Ms. Scully has voting control. Does not include 10,000 restricted stock units awarded to Ms. Scully over which Ms. Scully will not have voting control until vesting occurs, which will not be within 60 days of April 2, 2015.

(8) Includes 3,333 shares of restricted stock over which Mr. Altieri has voting control. Does not include 8,000 restricted stock units awarded to Mr. Altieri over which Mr. Altieri will not have voting control until vesting occurs, which will not be within 60 days of April 2, 2015.

(9) Includes 23,540 shares owned by Mr. Brown which are pledged as security. Includes 6,666 shares of restricted stock over which Mr. Brown has voting control. Does not include 8,000 restricted stock units awarded to Mr. Brown over which Mr. Brown will not have voting control until vesting occurs, which will not be within 60 days of April 2, 2015.

(10)

Includes 8,200 shares held in an Individual Retirement Account in the name of Mr. Coffman. Also includes 6,666 shares of restricted stock over which Mr. Coffman has voting control. Does not include 8,000 restricted stock units awarded to Mr. Coffman over which Mr. Coffman will not have voting control until vesting occurs, which will not be within 60 days of April 2, 2015.

(11) Includes 6,666 shares of restricted stock over which Mr. Schwabe has voting control. Does not include 8,000 restricted stock units awarded to Mr. Schwabe over which Mr. Schwabe will not have voting control until vesting occurs, which will not be within 60 days of April 2, 2015.

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THE PATAPSCO BANCORP ANNUAL MEETING

Date, Time and Place

Patapsco will hold its annual meeting of stockholders at The Country Club of Maryland located at 1101 Stevenson Lane, Towson, Maryland 21286 at _____________ on _________________.

Purpose of the Annual Meeting

At the annual meeting, Patapsco's stockholders will be asked to consider and vote upon proposals to:

- Approve the Agreement and Plan of Merger by and between Howard and Patapsco dated as of March 2, 2015, as the agreement may be amended from time to time, and the merger of Patapsco with and into Howard pursuant to the merger agreement;
- Elect two directors to serve for a term expiring at the 2017 annual meeting of stockholders;
- Ratify the appointment of TGM Group, LLC as Patapsco's independent registered public accounting firm for the fiscal year ending June 30, 2015;
- Adjourn the annual meeting if more time is needed to solicit additional proxies; and
- Transact any other business that may properly be brought before the annual meeting.

Recommendation of the Board of Directors of Patapsco

The Patapsco board of directors has unanimously approved the merger agreement and the merger, has unanimously declared them to be advisable and in the best interests of Patapsco's stockholders, and unanimously recommends that Patapsco's stockholders vote "**FOR**" the approval of the merger agreement and the merger.

The Patapsco board of directors also recommends that Patapsco's stockholders vote "**FOR**" each of the nominees for director, "**FOR**" the ratification of the appointment of TGM Group, LLC as Patapsco's independent registered public accounting firm and "**FOR**" the approval of the adjournment of the annual meeting if necessary to solicit additional proxies.

Record Date; Stockholders Entitled to Vote

Stockholders of record at the close of business on ___________, which the Patapsco board of directors has set as the record date, are entitled to notice of and to vote at the annual meeting. As of the close of business on that date, there were ______ shares of common stock, $0.01 par value per share, outstanding and entitled to vote, each of which is entitled to one vote.

Quorum

The presence, in person or by proxy, of stockholders entitled to cast a majority of all the votes entitled to be cast at the annual meeting (or __________ shares of Patapsco common stock) will be necessary to constitute a quorum for the transaction of business at the annual meeting. Abstentions are counted for purposes of determining the presence or absence of a quorum for the transaction of business at the annual meeting.

Under Maryland law, broker non-votes are also counted for purposes of determining the presence or absence of a quorum for the transaction of business at stockholder meetings. If your shares are held in the name of a bank, brokerage firm or other similar holder of record (referred to as "in street name"), you will receive instructions from the holder of record that you must follow for you to specify how your shares will be voted. In general, under the rules of the various national and regional securities exchanges, holders of record have the authority to vote shares for which their customers do not provide voting instructions on certain routine, uncontested items, but not on non-routine proposals. In the case of non-routine items for which specific voting instructions have not been provided, the institution holding street name shares cannot vote those shares. These are considered to be "broker non-votes."

Vote Required

The proposal at the Patapsco annual meeting to approve the merger agreement and the merger requires the affirmative vote of holders of two-thirds of the outstanding shares of Patapsco common stock entitled to vote on the proposal.

In voting on the election of directors for Patapsco, you may vote in favor of an individual nominee or withhold your votes as to any of the nominees. There is no cumulative voting for the election of directors. Directors must be elected by a plurality of the votes cast at the annual meeting. This means that the nominees receiving the greatest number of votes will be elected.

In voting on the ratification of the appointment of TGM Group, LLC as Patapsco's independent registered public accounting firm for the year ending June 30, 2015, you may vote in favor of the proposal, vote against the proposal or abstain from voting. To ratify the appointment of TGM Group, LLC, the affirmative vote of a majority of the votes cast at the annual meeting is required.

The approval of the proposal to adjourn the annual meeting to solicit additional proxies, if necessary, requires the affirmative vote of the majority of shares present in person or represented by proxy at the annual meeting and entitled to vote on the matter.

Directors of Patapsco and Patapsco Bank and their affiliates, who beneficially own approximately ______% of Patapsco common stock as of the record date, have agreed in writing to vote for approval of the merger agreement and the merger.

Abstentions and Failure to Vote

Because approval of the merger agreement and the merger requires the affirmative vote of the holders of at least two-thirds of the outstanding shares of Patapsco common stock entitled to vote at the annual meeting, abstentions, the failure to vote and broker non-votes will have the same effect as votes against this matter. In other words, if you are a Patapsco stockholder and fail to vote, fail to instruct your broker or nominee to vote, or vote to abstain, it will have the effect of a vote *against* the proposal to approve the merger agreement and the merger. Accordingly, the Patapsco board of directors urges you to submit your proxy to vote as instructed below.

In the election of directors, votes that are withheld and broker non-votes will have no effect on the outcome of the election. In counting votes on the proposal to ratify the appointment of the independent registered public accounting firm, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the outcome of the voting on the proposal.

As noted above, approval of the proposal to adjourn the annual meeting to solicit additional proxies, if necessary, requires the affirmative vote of at least a majority of all votes cast on the matter at the annual meeting. Abstentions, the failure to vote and broker non-votes are not included in calculating votes cast with respect to this proposal and therefore will have no effect on the outcome of this proposal.

Voting of Proxies

The enclosed proxy with respect to the Patapsco annual meeting is solicited by the board of directors of Patapsco. The board of directors has selected __________ and ____________, or either of them, to act as proxies with full power of substitution.

Whether or not you plan to attend the annual meeting, you may submit a proxy to vote your shares via Internet, telephone or mail as outlined below. You will need information from your proxy card to submit your proxy to vote your shares by Internet or telephone.

- By Internet: Go to www.investorvote.com/ and follow the instructions.
- By Telephone: Call 1-800-652-VOTE (8683) and follow the voice mail prompts.
- By Mail: Mark your vote, sign your name exactly as it appears on your proxy card, date your proxy card and return it in the envelope provided.

All proxies will be voted as directed by the stockholder on the proxy form. A proxy, if executed and not revoked, will be voted in the following manner (unless it contains instructions to the contrary, in which event it will be voted in accordance with such instructions):

- **"FOR"** the approval of the merger agreement and the merger;
- **"FOR"** each of the director nominees;
- **"FOR"** the ratification of the appointment of TGM Group, LLC as Patapsco's independent registered public accounting firm; and
- **"FOR"** approval of the proposal to adjourn the annual meeting to solicit additional proxies, if necessary.

If any matters not described in this joint proxy statement/prospectus are properly presented at the annual meeting, the persons named in the proxy card will vote your shares as directed by a majority of the board of directors. If the annual meeting is postponed or adjourned, your Patapsco common stock may be voted by the persons named in the proxy card on the new annual meeting date, provided that the new meeting occurs within 90 days of the record date for the annual meeting, unless you have not revoked your proxy. We do not know of any other matters to be presented at the annual meeting.

You may revoke your proxy at any time before the vote is taken at the meeting. Unless so revoked, the shares represented by properly executed proxies will be voted at the annual meeting and all adjournments thereof. To revoke your proxy, you must send written notice to Nicole N. Glaeser, Secretary of Patapsco Bancorp, at 1301 Merritt Boulevard, Dundalk, Maryland 21222-2194, by filing a later-dated proxy before your common stock has been voted at the annual meeting or by attending the annual meeting and voting in person. Attendance at the annual meeting will not in itself constitute revocation of your proxy.

Your vote is important. Accordingly, please sign and return the enclosed proxy card, or indicate your vote by phone or Internet as described above, as soon as possible whether or not you intend to attend the Patapsco annual meeting.

Shares Held in Street Name

If you hold your shares in a stock brokerage account or if your shares are held by a bank or other nominee (that is, in street name), you must provide the record holder of your shares with instructions on how to vote your shares if you wish them to be counted, unless your shares are held of record by a bank or other nominee and you have an arrangement with the nominee granting such nominee discretionary authority to vote your shares. Please follow the voting instructions provided by your bank, broker or other nominee. Please note that you may not vote shares held in street name by returning a proxy card directly to Patapsco or by voting in person at the meeting unless you provide a "legal proxy," which you must obtain from your bank, broker or other nominee. Further, brokers who hold shares of Patapsco common stock on behalf of their customers may not give a proxy to Patapsco to vote those shares without specific instructions from their customers.

If you are a Patapsco stockholder and you do not instruct your broker on how to vote your shares, your broker may not vote your shares at the annual meeting.

Your vote is important. Accordingly, please sign and return your broker's instructions whether or not you plan to attend the Patapsco annual meeting in person.

Revocability of Proxies

A proxy is revocable at any time prior to or at the annual meeting by written notice to Patapsco, by executing a proxy bearing a later date, or by attending the annual meeting and voting in person. A written notice of revocation of a proxy should be sent to the Secretary, Patapsco Bancorp, Inc., 1301 Merritt Boulevard, Dundalk, Maryland 21222 and will be effective if received by the Secretary prior to the annual meeting. The presence of a stockholder at the annual meeting alone will not automatically revoke such stockholder's proxy.

Solicitation of Proxies

Patapsco will pay the costs of soliciting proxies from Patapsco stockholders. These costs may include reasonable out of pocket expenses in forwarding proxy materials to beneficial owners. Patapsco will reimburse banks, brokers and other custodians, nominees and fiduciaries for their reasonable expenses in sending proxy materials to beneficial owners of the common stock of Patapsco and obtaining their proxies.

In addition to soliciting proxies by mail, Laurel Hill Advisory Group, LLC, a proxy solicitation firm, will assist Patapsco in soliciting proxies for the annual meeting. Patapsco will pay $6,000 (and expenses) for these services and will reimburse Laurel Hill Advisory Group, LLC for its reasonable out-of-pocket expenses. Additionally, directors, officers and employees of Patapsco may solicit proxies personally, by telephone, facsimile or electronic mail. Patapsco will not specifically compensate these persons for soliciting such proxies, but may reimburse them for reasonable out-of-pocket expenses, if any.

OWNERSHIP OF PATAPSCO BANCORP COMMON STOCK

The following table sets forth, as of March 31, 2015, unless otherwise noted, the number and percentage of shares of Patapsco common stock that are beneficially owned by each executive officer and director of Patapsco and all directors and executive officers of Patapsco as a group, and each other person that Patapsco is aware of that owns in excess of 5% of its outstanding common stock. A person owns his shares directly as an individual unless otherwise indicated.

Name	Amount and Nature of Beneficial Ownership of Common Stock		Percent of Shares of Common Stock Outstanding (1)	
Directors:				
Gary R. Bozel	130,391	(2)	6.60	%
Nicole N. Glaeser	19,386	(3)	*	
J. Thomas Hoffman	96,008	(4)	4.85	
Thomas P. O’Neill	62,435		3.16	
William R. Waters	46,884	(5)	2.37	
Executive Officers Who Are Not Directors:				
John M. Wright	—		*	
Philip P. Phillips	6,000	(6)	*	
All executive officers and directors as a group (7 persons)	361,104		18.29	

*Less than 1.0%.

(1) Based on 1,974,843 shares of Patapsco common stock outstanding and entitled to vote as of March 31, 2015.

(2) Includes 34,609 shares owned by partnerships in which Mr. Bozel is involved and 575 shares held by Mr. Bozel’s spouse’s IRA.

(3) Includes 489 shares held by Ms. Glaeser as custodian for her child.

(4) Includes 2,163 shares owned by Mr. Hoffman’s spouse.

(5) Includes 2,994 shares owned by Mr. Waters’ spouse.

(6) Includes 3,000 shares of unvested restricted stock over which Mr. Phillips has voting power but no dispositive power.

THE MERGER AGREEMENT AND THE MERGER

The following information describes the material terms and provisions of the merger agreement and the merger. This discussion is subject, and qualified in its entirety by reference, to the merger agreement, which is incorporated herein by reference.

Except for its status as the contractual document between the parties with respect to the merger described therein, the merger agreement attached as Annex A hereto is not intended to provide factual information about the parties. The representations and warranties contained in the merger agreement were made solely for the purposes of such agreement as of specified dates, and are not intended to provide factual, business or financial information about Howard or Patapsco. Moreover, some of those representations and warranties may not be accurate or complete as of any specified date, may be subject to a contractual standard of materiality different from those generally applicable to stockholders or may have been used for purposes of allocating risk between Howard and Patapsco rather than establishing matters as facts. For the foregoing reasons, you should not rely on the representations and warranties as accurate or complete or as characterizations of the actual state of facts as of any specified date. We urge you to read the full text of the merger agreement carefully.

General

The merger agreement provides that:

- Patapsco will merge with and into Howard with Howard as the surviving corporation;

- if you are a stockholder of Patapsco, you will receive, at your election (subject to adjustment pursuant to the allocation and proration provisions as described herein), for each share of Patapsco common stock that you own (i) $5.09 in cash or (ii) a fraction of a share (the "exchange ratio") of Howard common stock determined by dividing $5.09 by the 20 trading day average closing price of the Howard common stock on the date that is five business days prior to the closing of the merger (which we refer to as the "Average Price"), provided that if the Average Price is $9.00 or less the exchange ratio will be fixed at 0.5656 and if the Average Price is $16.80 or more the exchange ratio will be fixed at 0.3030, provided that 80% of the shares of Patapsco common stock outstanding as of the effective time of the merger (approximately 1,579,874 shares) will be exchanged for shares of Howard common stock and 20% of the outstanding shares (approximately 394,969 shares) of Patapsco common stock will be exchanged for cash (subject to the right of Howard to adjust these percentages as long as at least 50% of the outstanding shares of Patapsco are exchanged for shares of Howard common stock), as further described herein, and that cash will be paid in lieu of fractional shares of Howard common stock;

- pursuant to an Agreement and Plan of Merger by and between Howard Bank and Patapsco Bank, dated as of March 2, 2015, immediately after the merger Patapsco Bank will be merged with and into Howard Bank, with Howard Bank as the surviving bank, which we refer to as the bank merger; and

- Thomas P. O'Neill and Gary R. Bozel will be appointed as members of the Howard and Howard Bank boards of directors.

Assuming the requisite approval of each company's stockholders and the satisfaction of other conditions to closing, including regulatory approval, we expect the merger to close in the third or fourth quarter of 2015. The merger will result in an institution with pro forma assets of approximately $1.0 billion. Howard expects the merger to be accretive to earnings in the first year after closing.

Background of the Merger

In October 2005, Patapsco, seeing growth opportunities in its market area, set up a trust subsidiary, Patapsco Statutory Trust I (the "Trust"), that issued $5.0 million of preferred securities, commonly known as "trust preferred securities." The Trust's payment of dividends on the trust preferred securities were funded through payments of interest on subordinated debentures issued by Patapsco to the Trust. The interest rate on the subordinated debentures was equal to the dividend rate on the trust preferred securities, which, after a seven-year fixed-rate period, became an adjustable rate equal to three-month LIBOR plus 1.48%. The documents governing the trust preferred securities permitted Patapsco to defer the payment of interest on the subordinated debentures for up to 20 quarters before Patapsco would be deemed to have caused an event of default under the relevant documents. Patapsco guaranteed the payment of all amounts owed to holders of the trust preferred securities.

Subsequently and primarily as a result of the onset of loan losses following significantly deteriorating economic conditions nationally and in its market area, Patapsco Bank experienced its first operating losses beginning during the quarter ended June 30, 2008 (Patapsco's fourth fiscal quarter). Following these initial losses, and as a means of supplementing Patapsco Bank's regulatory capital ratios in case of potential future losses, Patapsco elected to participate in the Capital Purchase Program offered by Treasury as part of TARP. Pursuant to this program, in December 2008, Patapsco issued \$6.0 million of Series A preferred stock and \$0.3 million of Series B preferred stock to Treasury. Dividends on the Series A preferred stock were to be paid quarterly at the rate of 5%, increasing to 9% after five years, and dividends on the Series B preferred stock were to be paid quarterly at a rate of 9%. Dividends on both series were cumulative, which means that dividends continue to accrue even if such dividends are not declared and paid by Patapsco.

Economic conditions continued to worsen, however, and Patapsco's financial condition continued to deteriorate. In 2010, in order to preserve capital, Patapsco ceased paying dividends on its preferred stock issued to Treasury and, beginning with the interest payment due on June 15, 2010, began deferring interest and dividend payments on its subordinated debentures and trust preferred securities. On October 18, 2012, Patapsco and Patapsco Bank entered into a written agreement with the Federal Reserve Bank and the Maryland Commissioner. Pursuant to the written agreement, among other requirements, Patapsco and Patapsco Bank were required to submit to the Federal Reserve Bank and the Maryland Commissioner a capital plan, which capital plan would set forth certain minimum regulatory capital ratios that Patapsco Bank would be required to meet. In addition, under the written agreement, Patapsco and the Trust were prohibited from making any distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities without the prior written approval of the Federal Reserve Bank, and Patapsco and Patapsco Bank were not permitted to declare or pay any dividends without the prior written approval of the Reserve Bank and, as to Patapsco Bank, the Maryland Commissioner. The written agreement also required that Patapsco serve as a source of strength to Patapsco Bank.

To increase capital and enable Patapsco to serve as a source of strength to Patapsco Bank, the board of directors anticipated that it would need to raise capital. However, the board of directors also concluded, taking into consideration feedback from prospective financial advisors, that it would be more successful in completing a capital raise, and could complete such a raise on more favorable terms, if first it were able to improve Patapsco Bank's financial condition. Accordingly, the board of directors focused its efforts on improving Patapsco Bank's financial condition, with particular emphasis placed on reducing nonperforming assets.

While Patapsco management and the board of directors focused on improving Patapsco's financial condition and returning to profitability, Patapsco continued to not make any dividend payments on its outstanding preferred stock and to defer dividend and interest payments on its trust preferred securities and the related subordinated debentures. The dividend rate on the Series A preferred stock increased to 9% in November 2013, resulting in annual dividends on the preferred stock increasing from \$327,000 to \$567,000. Moreover, Patapsco was getting closer to the end of the 20-quarter deferral period on its subordinated debentures and trust preferred securities, which period ends with the interest payment due on June 15, 2015. If by that time Patapsco fails to bring current all deferred interest owed on the subordinated debentures, it will trigger an event of default under the indenture. Upon the occurrence of an event of default, the indenture trustee, on behalf of the holders of the trust preferred securities, may declare all amounts of principal and deferred interest owing on the subordinated debentures immediately due and payable and may pursue remedies to collect such amounts, including enforcing the guarantee of Patapsco.

Throughout 2013, as Patapsco Bank improved its financial condition and returned to profitability, its board of directors explored the possibility of raising capital for the purpose of redeeming its preferred stock, possibly at a discount to liquidation preference, which would reduce the dividend burden at the holding company level, paying the deferred interest on its subordinated debentures and contributing additional capital to Patapsco Bank. Improved capital levels, combined with the elimination of the dividend requirement on the preferred stock, would allow Patapsco to achieve compliance with the last remaining provisions of the written agreement with which it continued to be in non-compliance, specifically, those relating to the requirement that it serve as a source of strength to Patapsco Bank. Management engaged in occasional discussions with representatives of Treasury, which held Patapsco's preferred stock, as well as with prospective financial advisors and a potential purchaser of the preferred stock, to assess the likelihood that Patapsco could successfully complete a capital raise and whether Treasury would be receptive to selling the preferred stock at a discount to its liquidation preference in order to facilitate a capital raise. Patapsco also kept in close contact with its regulators to best ensure that any transaction it elected to pursue would be one that was likely to be acceptable to them.

At a meeting of the Patapsco board of directors on April 17, 2014, representatives of KBW were invited to discuss with the board potential strategic alternatives that Patapsco might wish to consider, including a private placement capital raise of approximately $15 million of common equity plus an additional smaller amount to be offered to Patapsco stockholders in a rights offering. The proceeds of these offerings would be used to repurchase Patapsco's preferred stock at a discount, pay all deferred interest on Patapsco's subordinated debentures and to enhance Patapsco Bank's capital position. The board and KBW also discussed a potential business combination transaction between Patapsco and another financial institution. After considering these alternative transactions to achieve full compliance with the written agreement, the board of directors concluded that the best alternative was to pursue the capital raise transaction.

During the summer and fall of 2014, in accordance with the board's directives, management and KBW acting as Patapsco's financial advisor engaged in discussions with prospective lead investors for a private placement common equity offering. Concurrently, management and KBW engaged in discussions with representatives of Treasury regarding the potential for a discount that Treasury would accept on the sale of its preferred stock in conjunction with the capital raise.

In September 2014, KBW received one preliminary non-binding pricing indication, from a private equity firm that is a frequent investor in bank holding company offerings, to serve as lead investor in a $10 million private placement offering. The purchase price proposed by the prospective investor was $0.90 per share of Patapsco common stock, and the offer assumed Treasury's acceptance of a 40% discount on the liquidation preference on the sale of its preferred stock investment. Following further discussions, the prospective investor agreed to raise its potential investment price to $1.15 per share of Patapsco common stock, subject to its due diligence review of Patapsco. On October 22, 2014, the prospective investor submitted a non-binding term sheet reflecting the potential investment price of $1.15 per share, contingent on Treasury's acceptance of a 25% discount on liquidation preference on the sale of its preferred stock investment in conjunction with the capital raise.

The Patapsco board of directors had multiple concerns with this proposal, including that the offering price represented a substantial discount to Patapsco's book value and would be highly dilutive to Patapsco's stockholders. In addition, in their continuing discussions, Treasury indicated that it would not be receptive to the high discount on which this proposal was predicated.

At its October 15, 2014 meeting, the Patapsco board of directors received an update from KBW regarding the status of the capital raise. The board was informed that all other parties that had been contacted regarding serving as lead investor in a capital raising transaction had declined to be the lead investor in a transaction. KBW also discussed with the board of directors the present bank merger and acquisition environment and the possibility of a business combination transaction and reviewed publicly available business, financial and stock market information of certain financial institutions that might have potential interest in acquiring Patapsco. The board of directors also discussed the possibility of pursuing a smaller offering to a select group of local investors, but the board of directors was uncertain whether it would be able to complete such an offering.

Following discussion and deliberation, it was the consensus of the Patapsco board of directors that it would be in the best interests of Patapsco's stockholders to solicit indications of interest for a potential business combination with Patapsco and authorized KBW to contact parties that were identified, in conjunction with management's input, as having potential interest in pursuing a potential business combination transaction with Patapsco. The board of directors further directed KBW to continue discussions with the private equity firm which had submitted the non-binding term sheet to serve as lead investor for the proposed private placement offering as a fall back should no indications of interest be received regarding a potential business combination transaction.

KBW contacted Howard and 15 other parties during the month of November 2014. Howard, as well as ten other financial institutions, executed confidentiality agreements, with Howard executing its confidentiality agreement on November 7, 2014. Parties who executed confidentiality agreements were provided access to a confidential information memorandum prepared by Patapsco, with the assistance of KBW, as well as an online data room that contained additional confidential due diligence information regarding Patapsco. Interested parties, including Howard, were instructed to submit their preliminary indications of interest by December 1, 2014.

On December 1, 2014, Howard sent KBW a preliminary written indication of interest for the acquisition of Patapsco. In its letter, Howard proposed an 80% stock/20% cash transaction at a price within the range of $3.92 to $4.31 per Patapsco common share, or approximately $7.7 million to $8.5 million in the aggregate, with the exchange ratio to be set based on Howard's average closing stock price for the 20 trading days immediately preceding the closing and with caps and collars to be negotiated. Howard also proposed initially to retain Patapsco's preferred stock and to retire it over time and to assume Patapsco's obligations under its trust preferred securities. Howard further proposed to provide Patapsco with the capital and liquidity to permit Patapsco to pay the deferred interest on its subordinated debentures prior to June 15, 2015 so as to avert an event of default. Howard also proposed to invite one mutually agreed upon member of Patapsco's board of directors to join Howard's board of directors and two members of Patapsco's board of directors to join Howard Bank's board of directors and to appoint the remaining Patapsco directors to an advisory board.

On December 1 and December 2, 2014, Patapsco also received written indications of interest from three additional depository institutions. "Company A" proposed an all cash transaction at a price of $3.50 per Patapsco common share. In subsequent conversations with Company A, Company A indicated it might be willing to increase its price to $4.00 per Patapsco common share. Company A indicated that it intended to redeem Patapsco's outstanding TARP preferred stock and to assume Patapsco's obligations under its trust preferred securities. "Company B" proposed an all-stock transaction valued at 100% of Patapsco's tangible common equity book value at September 30, 2014 less unaccrued and unpaid dividends on Patapsco's TARP preferred stock. This valuation was estimated by Company B to represent $4.09 per share of Patapsco common stock. Shares of Company B common stock issued to Patapsco common stockholders in the merger would be valued at 100% of Company B's book value at closing, which represented approximately a 32% premium to Company B's December 1, 2014 market value based on Company B's book value at September 30, 2014. Company B's proposal was predicated on Patapsco's being able to redeem its TARP preferred stock on terms acceptable to Company B. Company B proposed to invite up to two members of Patapsco's board of directors to join the board of directors of Company B. "Company C" proposed an all cash transaction valued within the range of $2.75 to $3.25 per Patapsco common share, but indicated a willingness to provide a portion of the consideration in the form of Company C stock. Company C further indicated that it would need additional capital to complete the transaction and therefore would include in the definitive agreement a financing contingency, the amount of which would be reduced by the amount of the transaction consideration that was in the form of Company C stock. Company C indicated that the redemption of Patapsco's outstanding TARP preferred stock would be a condition to closing a transaction and that it intended to assume Patapsco's obligations under its trust preferred securities. Company C also proposed to invite one independent member of Patapsco's board of directors to join Company C's board of directors.

On December 3, 2014, the Patapsco board of directors held a special meeting that was also attended by representatives from KBW and Kilpatrick Townsend & Stockton LLP, Patapsco's legal counsel. KBW reviewed with the board the four preliminary indications of interest that had been received. After discussion, the board of directors instructed KBW to discuss with each of the four interested parties any arrangements that they would be willing to consider to enable Patapsco to pay deferred interest on its subordinated debentures prior to the occurrence of an event of default on June 15, 2015. In addition to matters relating to the potential business combination transaction, KBW informed the board of directors that the private equity firm that had proposed to lead a private capital raising transaction indicated that it would withdraw its proposal on December 11, 2014 if by then Patapsco had not agreed to enter into exclusive due diligence and negotiations with the private equity firm.

The Patapsco board of directors met again on December 5, 2014. The board of directors reviewed and discussed in greater detail the four preliminary indications of interest that had been received. KBW reported that in their subsequent conversations after the December 3, 2014 meeting of the board of directors, all four interested parties indicated a willingness to work with Patapsco to find a mechanism to allow Patapsco to pay deferred interest on its subordinated debentures on or prior to June 15, 2015 and thereby avert an event of default. The board of directors authorized Howard, Company A and Company B to perform due diligence on Patapsco so that they might submit revised indications of interest. In addition, the board of directors instructed Patapsco's legal counsel to perform limited due diligence on the three interested parties for the purpose of assessing the ability of each party to consummate the proposed transaction. The board of directors also instructed KBW to advise Company C that they were not being invited to perform additional due diligence at this time. Also at that meeting, legal counsel explained the board's fiduciary duties and responsibilities in the context of a change in control or other business combination transaction.

In light of the three pending indications for a business combination transaction and the concerns of the board of directors regarding the terms of the proposed capital raising transaction, the board of directors directed KBW to inform the private equity firm that Patapsco would not enter into exclusive negotiations and due diligence with them.

On December 8, 2014, Company C submitted a revised indication of interest for an all cash transaction valued within the range of $3.75 to $4.15 per Patapsco common share with the rest of the terms of the indication unchanged. Subsequent to submitting this revised indication of interest, and prior to performing onsite due diligence review of Patapsco, Company C informed KBW that it was no longer interested in pursuing a business combination transaction with Patapsco and ultimately did not conduct onsite due diligence on Patapsco.

The three remaining parties conducted on-site due diligence reviews of Patapsco during the remainder of December 2014 and early January 2015, with Howard conducting its onsite due diligence review on December 10 and December 11, 2014. Additional due diligence review was conducted through the online data room by Howard. Howard, Company A and Company B all submitted revised indications of interest, as requested by KBW at Patapsco's direction, on January 7, 2015. In addition, Patapsco's legal counsel was able to schedule visits to perform limited due diligence on Howard and Company A, which due diligence was completed in early January 2015.

In its revised indication of interest, Howard proposed an 80% stock/20% cash transaction at a price of $4.70 per Patapsco common share, with the exchange ratio to be derived by dividing the per share Patapsco transaction value by Howard's average closing stock price for the 20 trading days immediately preceding the fifth business day prior to the closing, with collars, if any, and single or double trigger walkaway provisions to be negotiated.

In its revised indication of interest, Company A proposed an all cash transaction at a price of $4.40 per Patapsco common share, or approximately $9.3 million in the aggregate. Company A also indicated that it would consider expanding its board to offer one board seat to a Patapsco board member, with such member to be selected by Company A. Company A's valuation, however, was subject to adjustment if the sum of executive change in control expenses and investment advisory expenses related to the transaction exceeded $1.2 million in the aggregate. Company A further provided that it would be willing to provide a loan to Patapsco for the purpose of paying deferred interest on Patapsco's debentures.

In its revised indication of interest, Company B continued to propose an all-stock transaction, but reduced its proposed consideration value from 100% to 80% of Patapsco's tangible common equity book value at September 30, 2014 less unaccrued and unpaid dividends on Patapsco's TARP preferred stock. This reduced valuation was estimated by Company B to represent $3.23 per share of Patapsco common stock. Shares of Company B common stock issued to Patapsco common stockholders in the merger would continue to be valued at 100% of Company B's book value at closing, which represented approximately a 37% premium to Company B's January 6, 2015 market value based on Company B's book value at September 30, 2014. Company B's proposal continued to be predicated on Patapsco being able to redeem its TARP preferred stock on terms acceptable to Company B. Company B indicated that it would be willing to lend Patapsco up to $1.25 million that could be used to pay the deferred interest on its subordinated debentures.

On January 9, 2015, Patapsco’s board of directors held a special meeting that was also attended by representatives from KBW and legal counsel. Shortly prior to the commencement of the board of directors meeting, KBW received a phone call from Howard’s financial advisor indicating that Howard was increasing its proposed transaction value from $4.70 per Patapsco common share, or approximately $9.3 million in the aggregate, to $5.09 per Patapsco common share, or approximately $10.05 million in the aggregate. The board of directors reviewed and discussed the revised indications of interest that had been received from Howard (including the recently revised pricing proposal), Company A and Company B. Patapsco’s legal counsel also reviewed with the board of directors the results of its limited due diligence review of Howard and Company A. With respect to Howard, Patapsco’s legal counsel and financial advisor advised the board of directors that it believed that Howard would be more likely to be successful in obtaining regulatory approval for the proposed transaction if it were to raise additional capital. KBW informed the board of directors that prior to the board of directors meeting KBW had raised with Howard’s financial advisor the possibility that Howard raise additional capital and that Howard’s financial advisor responded that Howard would be willing to do so. Following discussion and deliberation, the board of directors determined that, subject to Howard’s agreement to raise at least $10 million of additional capital, with commitments from investors to be obtained no later than the date of the execution of a definitive merger agreement, it would negotiate exclusively with Howard a definitive merger agreement based on the terms outlined in the revised indication of interest. The board of directors also authorized management to conduct a more detailed due diligence review of Howard.

Effective as of January 14, 2015, Howard and Patapsco entered into a confidentiality agreement to protect any information that Howard would provide to Patapsco in response to due diligence requests. Patapsco conducted an on-site due diligence review of Howard on February 6, 2015, during which Patapsco representatives met with Howard management to discuss Howard's financial condition and results of operations.

In January and February 2015, Howard met with prospective investors to secure investment commitments for a capital raising transaction of between $10 million and $30 million, and from February 4 through March 2, 2015, Patapsco and Howard negotiated the terms of the merger agreement and the ancillary documents appearing as exhibits to the merger agreement. During this time, Patapsco and Howard also continued their due diligence investigations of each other.

During the afternoon of March 2, 2015, Patapsco's board of directors held a special meeting to consider the definitive merger agreement and ancillary documents, which meeting was also attended by representatives of KBW and legal counsel. At this meeting, KBW reviewed the financial aspects of the proposed merger and rendered an opinion to the board of directors to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the merger consideration in the proposed merger was fair, from a financial point of view, to the holders of Patapsco common stock. In addition, representatives of Kilpatrick Stockton reviewed in detail with the board of directors the definitive merger agreement and all related documents, copies of which were delivered to each director before the meeting. Following extensive review and discussion, the board of directors unanimously approved the merger agreement and authorized and directed management to execute and deliver the merger agreement and ancillary documents, subject to confirmation that Howard's Board also had approved the merger agreement and authorized the execution and delivery of the merger agreement and ancillary documents.

During the evening of March 2, 2015, Howard's board of directors held a special meeting to consider the definitive merger agreement and ancillary documents, at which representatives of its financial advisor, Griffin, and of Ober|Kaler, Howard's outside legal counsel were also present. Howard management, Griffin and representatives of Ober|Kaler updated the Howard board of directors on the status of negotiations with Patapsco. At the request of the Howard board of directors, Griffin reviewed with the Howard board of directors Griffin's financial analysis of the proposed merger and the methodologies and assumptions underlying its analysis. Frank C. Bonaventure of Ober|Kaler presented the board with an overview of the material terms of the merger agreement and related documents, copies of which were provided to each director before the meeting, and the regulatory process relating thereto, and the board asked questions of Mr. Bonaventure about those terms and process. Mr. Bonaventure also answered questions about the fiduciary duties of the Howard board of directors in connection with evaluating the proposed acquisition of Patapsco. Also at this meeting, Griffin reviewed the financial aspects of the proposed merger and provided its opinion to Howard's board of directors that, as of such date, and subject to factors, qualifications, limitations and assumptions set forth in the opinion, the merger consideration to be paid by Howard in connection with the proposed merger was fair, from a financial point of view, to the common equity stockholders of Howard. At the conclusion of these presentations and discussion and deliberation, and after considering all of the factors that it deemed relevant, the Howard board of directors unanimously approved the merger agreement and the transactions contemplated by the merger agreement, up to and including the merger, approved the related support agreements, declared the merger advisable, and authorized execution of the merger agreements and the support agreements

Prior to the open of trading markets on March 3, 2015, Patapsco and Howard issued a joint press release announcing the approval, adoption and execution of the merger agreement.

Howard's Reasons for the Merger

In evaluating acquisition opportunities, Howard looks for financial institutions with business philosophies that are similar to those of Howard and that operate in markets that geographically complement its operations. In evaluating acquisition opportunities, Howard also considers its long-range strategies, including financial, customer and employee strategies. Howard, from time to time, reviews its strategic plan to analyze its geographic scope, financial performance and growth opportunities. Howard generally believes that greater size and scale can help a community-oriented commercial bank address the costs of anticipated additional regulation as well as provide additional revenue opportunities. Prior to entering into the merger agreement, Howard considered a number of opportunities to expand its presence in its primary market areas; however the Strategic Growth Initiatives Committee concluded that the acquisition of Patapsco was the best currently available opportunity to further this business objective. In connection with its approval of the merger with Patapsco, Howard's board of directors reviewed the terms of the proposed acquisition and definitive merger agreement and the merger's potential impact on Howard's constituencies. In reaching its decision to approve the merger agreement and the merger, Howard's board of directors considered a number of factors, including the following:

- the understanding of the business operations, management, financial condition, asset quality, product offerings and prospects of Patapsco based on, among other things, input from management and Howard's financial advisor;
- the view that Patapsco provides Howard with opportunities to accelerate loan growth as well as opportunities to expand Howard's mortgage banking activities;
- the results of due diligence of Patapsco and its business operations, including asset quality;
- the view that the combined company will have the potential for a stronger competitive position in a marketplace where relatively greater size and scale may become increasingly more important factors for financial performance and success;
- the acquisition of Patapsco and Patapsco Bank represents an attractive opportunity for Howard Bank to broaden its reach within its market areas and provides entry into Baltimore City while remaining a community bank;
- the advantageous geographic location of Patapsco Bank's branches as they relate to Howard's long-term strategic plan to expand its presence in its target market;
- the expectation that the merger would be accretive to earnings in light of potential cost savings and revenue enhancements;

- the acquisition of Patapsco and Patapsco Bank will increase Howard Bank’s branch locations by four and increase Howard’s total assets by more than $220 million;
- the increase in shares outstanding will somewhat increase the visibility of and liquidity in Howard’s common stock and likely improve access to equity and debt markets;
- the acquisition of Patapsco will better position Howard to acquire other community banks in the future;
- Patapsco’s customer service-oriented emphasis with local decision-making ability and a clear focus on the community and local customers, which are consistent with Howard’s business approach;
- Patapsco’s priority in serving the small and mid-size business sectors as well as individuals;
- the potential operating efficiencies of combining the two entities, potential revenue enhancements, Patapsco’s asset quality, and fee income sources;
- the historical and pro forma financial information and analysis presented, including, among other things, pro forma book value and earnings per share information, dilution analysis, and capital ratio impact information;

- a review of comparable transactions, including a comparison of the price being paid in the merger with the prices paid in other comparable financial institution mergers from an earnings, deposit premium and tangible book value perspective;
- belief that Patapsco has a compatible business culture and shared approach to customer service and increasing stockholder value;
- perceived opportunities to increase the combined company's commercial and residential lending and to reduce the combined company's operating expenses, following the merger;
- the magnitude of the variance in terms of absolute purchase price between Howard's initial and final bid for Patapsco;
- the fixed value/floating exchange pricing structure of the merger that limits book value dilution because of the Howard board of directors' view that Howard's earnings and tangible book value will increase between announcement and closing; and
- the opinion of Griffin to the effect that as of the date of such opinion, based on and subject to the factors and assumptions set forth in the opinion, the consideration to be paid in the merger is fair to Howard and its stockholders from a financial point of view.

All business combinations, including the merger, also include certain risks and disadvantages. The material potential risks and disadvantages to Howard and its stockholders that Howard's board of directors and management identified and the board of directors considered include the following material matters, the order of which does not necessarily reflect their relative significance:

- potential run-off of deposits and loans following announcement and/or the closing;
- execution risk;
- the risk that Patapsco's loans and other items were not appropriately valued;
- the potential for diversion of management attention during the period prior to the completion of the merger and after the merger while merging Patapsco Bank's business with Howard Bank;
- the risk that projected earnings, tangible book value increases and/or cost savings will not materialize or will be less than expected;

- that Howard might have to pass on other acquisitions in the near-term if proceeding with the merger with Patapsco;
- the possibility that the merger will strain Howard’s management;
- the likelihood that Howard common stock may trade down post-announcement and/or post-merger;
- the risk that Howard’s stock price declines to $9.00 per share or below, resulting in the maximum number of shares being issued; and
- the risk that Patapsco terminates the merger by reason of a superior proposal.

The discussion and factors considered by Howard’s board of directors is not intended to be exhaustive, but includes all material factors considered. Howard’s board of directors considered these factors as a whole, and considered them to be favorable to, and supportive of, its determination. Howard’s board of directors did not consider it practical, nor did it attempt, to quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. In considering the factors described above, individual members of Howard’s board of directors may have given different weights or priority to different factors. Howard’s board of directors realized there can be no assurance about future results, including results expected or considered in the factors listed above. However, the board concluded that the potential positive factors outweighed the potential risks of completing the merger.

After deliberating with respect to the proposed merger with Patapsco, considering, among other things, the factors discussed above and the opinion of Griffin discussed below, the Howard board of directors approved the merger agreement and the merger with Patapsco and declared the merger advisable.

There can be no certainty that the above benefits of the merger anticipated by the Howard board of directors will occur. Actual results may vary materially from those anticipated. For more information on the factors that could affect actual results, see "Caution Regarding Forward-Looking Statements" and "Risk Factors."

Opinion of Howard's Financial Advisor

Pursuant to an engagement letter dated May 23, 2012, as amended July 14, 2013, Howard engaged Griffin to serve as its exclusive financial advisor in connection with potential business combinations as well as certain capital market and other strategic advice on an ongoing basis. Griffin is a nationally recognized, Financial Industry Regulatory Authority-licensed investment banking firm which is regularly engaged in the valuation of financial institutions and their securities in connection with mergers and acquisitions and other corporate transactions. Howard hired Griffin on the basis of Griffin's qualifications, experience in transactions similar to the merger and its reputation in the investment community. Pursuant to this engagement, the board of directors of Howard requested Griffin to provide its opinion as to the fairness, from a financial point of view, of the merger consideration (as defined in the merger agreement) to be paid by Howard in the proposed merger of Patapsco with Howard.

At a meeting of the Howard board of directors held on March 2, 2015, to evaluate the proposed merger with Patapsco, Griffin reviewed the financial aspects of the proposed merger and provided its opinion to Howard's board that, as of such date, and subject to factors, qualifications, limitations and assumptions set forth in the opinion, the merger consideration to be paid by Howard in connection with the proposed merger was fair, from a financial point of view, to the common equity stockholders of Howard.

The full text of Griffin's written opinion is attached as Annex B to this joint proxy statement/prospectus and is incorporated herein by reference. Howard's stockholders are urged to read the opinion in its entirety for a description of the assumptions made, matters considered, procedures followed and qualifications and limitations on the review undertaken by Griffin. Griffin's opinion is subject to the assumptions and conditions contained in its opinion and is necessarily based on economic, market and other conditions as in effect on, and the information made available to Griffin as of, the date of its opinion. The description of the opinion set forth herein is qualified in its entirety by reference to the full text of such opinion.

Griffin's opinion speaks only as of the date of the opinion. The opinion is addressed to the Howard board of directors and is limited to the fairness, from a financial point of view, of the merger consideration to be paid by Howard in the merger to the common equity stockholders of Howard. Griffin does not express an opinion as to the underlying decision by Howard to engage in the merger or the relative merits of the merger compared to other strategic alternatives which may be available to Howard.

In providing its opinion, Griffin, among other things:

- reviewed a draft of the merger agreement;
- reviewed and discussed with Howard its financial information as of and for the three months ended December 31, 2014 and as of and for the fiscal year ended December 31, 2014, as well as budgets for 2015 and projections for 2016 and 2017;
- reviewed and discussed with Patapsco its financial information as of and for the six months ended December 31, 2014 and as of and for the fiscal year ended June 30, 2014, as well as budgets for 2015 and projections for 2016 and 2017;

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- discussed with Howard and Patapsco matters relating to their respective financial condition, growth, liquidity, earnings, profitability, asset quality, capital adequacy, and related matters as of such dates and for the periods then ended, as well as their future prospects on a standalone basis and together;
- analyzed and discussed with Howard and Patapsco the potential strategic implications and operational benefits anticipated by the managements of Howard and Patapsco;
- evaluated the potential pro forma financial effects of the proposed merger on Howard as of December 31, 2014 and on a forward-looking basis;
- reviewed and discussed with Howard and Patapsco certain publicly available business and financial information concerning Howard and Patapsco and the economic and regulatory environments in which they operate;
- compared the proposed financial terms of the merger with the publicly available financial terms of certain transactions involving whole bank acquisitions as deemed relevant by Griffin;
- compared the financial condition and implied valuation of Patapsco to the financial condition and valuation of certain institutions deemed relevant by Griffin;
- considered Howard’s then-pending private placement, $10 million of which Griffin noted had been notionally allocated to provide the capital to support the merger;
- considered Howard’s historical and recent stock market performance through the date of the opinion and on a pro forma basis based on its management’s projections and expectations and on Griffin’s knowledge of Howard’s present and reasonably expected market structure as a result of Howard’s then-pending private placement; and
- performed a discounted cash flow analysis, and such other financial studies and analyses and considered such other information as deemed appropriate for the purpose of its opinion.

Griffin’s opinion has been approved by its fairness opinion committee in conformity with its policies and procedures established under the requirement of Rule 5150 of the Financial Industry Regulatory Authority. In conducting its review and providing its opinion, Griffin relied upon the accuracy and completeness of all of the financial and other information provided to, or discussed with, it or otherwise publicly available. Griffin did not independently verify the accuracy or completeness of any such information or assume any responsibility for such verification or accuracy. Griffin did not review individual loan files or deposit information of Howard or Patapsco, nor did Griffin conduct or was Griffin provided with any valuation or appraisal of any assets, deposits or other liabilities of Howard or Patapsco. Griffin is not an expert in the evaluation of loan and lease portfolios for purposes of assessing the adequacy of the allowance for losses with respect thereto, and accordingly, Griffin assumed that such allowances for losses are adequate In relying on financial analyses provided to or discussed with Griffin by Howard or Patapsco or derived therefrom, Griffin assumed that such analyses have been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by management. Griffin expresses no view as to the reasonableness of such analyses, forecasts, estimates, or the assumptions on which they were based. Griffin is not a legal, regulatory, or tax expert and has relied on the assessments made by advisors to Howard with respect to such issues.

For purposes of providing its opinion, Griffin assumed that, in all respects material to its analysis:

- the merger will be completed substantially in accordance with the terms set forth in the draft merger agreement provided to Griffin;

- the representations and warranties of each party in the merger agreement are true and correct in all respects material to Griffin's analysis;

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- each party to the merger agreement will perform all of the covenants and agreements required to be performed by such party under such agreement in all respects material to Griffin's analysis in a manner that will not give Patapsco the ability to terminate the merger agreement or decline to close under the merger agreement;
- all conditions to the completion of the merger, including required approvals by federal and state banking regulators and by Patapsco's and Howard's stockholders, will be satisfied without any waivers or modifications to the merger agreement in all respects material to Griffin's analysis in a manner that will not give Patapsco the ability to terminate the merger agreement or decline to close under the merger agreement;
- all material governmental, regulatory, stockholder and any other consents and approvals necessary for the completion of the merger will be obtained without any adverse effect to Howard or Patapsco or to the contemplated benefits of the merger;
- with Howard's consent, Howard will use its ability to change the cash/stock mix of the merger consideration on a financially prudent basis.

Griffin's opinion is necessarily based on economic, market and other conditions as in effect on, and the information made available to it, as of the date of its opinion. Subsequent developments may affect Griffin's opinion, and Griffin does not have any obligation to update, revise, confirm or reaffirm its opinion. Griffin's opinion is limited to the fairness, from a financial point of view, to the common equity stockholders of Howard with regards to the merger consideration to be paid by Howard in the transaction as of the date of the opinion. Griffin expressed no opinion as to the fairness of the merger to creditors or other stakeholders of Howard or as to the underlying decision by Howard to engage in the merger or any other transaction, the relative merits of the merger compared to other transactions available to Howard, or the relative merits of the merger compared to other strategic alternatives that may be available to Howard. Furthermore, Griffin did not take into account, and expresses no opinion with respect to, the amount or nature of any bonuses and any other compensation or consideration to any officers, directors, or employees of Howard or Patapsco paid or payable by reason or as a result of the merger.

The forecasts, projections and estimates of Howard and Patapsco prepared and provided to Griffin by the management of Howard and Patapsco, respectively, were not prepared with the expectation of public disclosure. All such information was based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions and that, accordingly, actual results could vary significantly from those set forth in such forecasts, projections and estimates. Griffin assumed, based on discussions with the management of Howard and Patapsco, respectively, and at the direction of such management and with the consent of the Howard board of directors, that all such forecasts, projections and estimates referred to above provided a reasonable basis upon which Griffin could form its opinion and Griffin expressed no view as to any such information or the assumptions or bases therefor. Griffin relied on all such information without independent verification or analysis and did not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

The preparation of the fairness opinion is a comprehensive and complex analytical process, involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In accordance with customary investment banking practice, Griffin employed generally accepted valuation methods in reaching its opinion. Estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. The following is a summary of the material financial analyses undertaken by Griffin and presented by Griffin to the Howard board of directors in connection with rendering Griffin's opinion. The following summary, however, does not purport to be a complete description of the financial analyses performed by Griffin or the presentation made by Griffin to the Howard board of directors. In arriving at its opinion, Griffin did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. The financial analyses summarized within include information presented in tabular format. Accordingly, Griffin believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion. The tables alone do not constitute a complete description of the financial analyses.

Summary of Proposal for Purposes of the Fairness Opinion

Pursuant to the merger agreement by and between Howard and Patapsco, Patapsco will merge with and into Howard. The 1,974,843 issued and outstanding shares of Patapsco's common stock, other than shares of Patapsco common stock owned by Howard and its subsidiaries, will be converted into the right to receive, subject to allocation and proration procedures described in the merger agreement, a fixed price of $10,053,000 ($5.09 per share) with 20% payable in cash and with 80% payable in shares of Howard's common stock. Shares of Patapsco's common stock owned by Howard and its subsidiaries will be cancelled. The number of shares of Howard's common stock constituting the stock portion of the merger consideration will be determined by dividing $8,042,400 by the average closing price of Howard's common stock for the 20 trading days prior to the five business days prior to the effective time (as defined in the merger agreement), except that in no event will (i) such number of shares be more than 893,577 or less than 478,202 or (ii) will the per share exchange ratio (as defined in the merger agreement) be more than 0.5656 or less than 0.3030. Therefore, under certain circumstances, the value of the merger consideration to be received by Patapsco's stockholders may be somewhat more or less than $10,053,000. Howard has the right to change the mix of cash and stock payable as part of the merger consideration at its election, but in no event will the cash portion exceed 50% of the total merger consideration.

Target Market Price and Structure

Using publicly available information, Griffin reviewed the market price and structure of Patapsco. Shares of Patapsco' common stock, which are quoted over the counter on the OTCBB, has very little trading volume. Griffin identified the following information as of February 27, 2015.

Last reported sale	$3.02
52-week high (7/7/14)	$3.59
52-week low (4/2/14)	$2.25
Market Cap (in millions)	$6.0
3-month average daily volume ("ADTV")	604
Price/Tangible Book Value ("TBV") (%)	60.1
Price/Last Trailing Twelve Months ("LTM") Earnings (x)	4.6

Selected Companies Analysis

Using publicly available information, Griffin compared the financial performance and condition of Patapsco to publicly traded banks and bank holding companies with between $150 million and $250 million in total assets, non-performing assets ("NPAs") as a percentage of total assets less than 2.5%, positive return on average assets ("ROAA") and average daily trading volume of at least 250 shares during the last three months. Griffin looked at banks and bank holding companies nationwide and those headquartered in the Delaware, Maryland, New Jersey, New York and Pennsylvania (collectively, the "Mid-Atlantic"). Companies included in this group were (with an asterisk next to those headquartered in the Mid-Atlantic):

ASB Financial Corp.	Choice Bancorp, Inc.	Pinnacle Bank
Community 1st Bank	American Riviera Bank	Community Bank of the Bay
Pacific Commerce Bank	Bank of McKenney	Community Business Bank
Community Bank of Santa Maria	Birmingham Bloomfield Bancshares, Inc.	Orange County Business Bank
High Country Bancorp, Inc.	AMB Financial Corp.	Suncrest Bank
Bank of Napa, N.A.	Summit Bank	Home Loan Financial Corp.
Brunswick Bancorp*	Lighthouse Bank	First Bancshares, Inc.
T Bancshares, Inc.	ProAmérica Bank	Americas United Bank
Enterprise National Bank N.J.*	Quaint Oak Bancorp, Inc.*	Eureka Financial Corp.*
OCB Bancorp	Home City Financial Corp.	

To perform this analysis, Griffin used financial information as of the most recently available quarter, and market price information as of February 27, 2015 as reported by SNL Financial. Griffin's analysis showed the following concerning Patapsco's and its peers' financial condition, risk profile, valuation and liquidity:

Financial Condition & Performance

	Patapsco Bancorp	Nationwide Peers			Mid-Atlantic Peers		
		Low	Median	High	Low	Median	High
Total Assets ($000)	226,396	151,552	180,907	246,837	154,451	156,744	174,677
Core ROAA (%)	0.57	0.22	0.87	3.62	0.22	0.90	1.03
Core ROAE (%)	8.65	1.07	7.43	18.70	1.07	6.81	7.31
NIM (%)	3.42	3.19	4.07	5.49	4.09	4.18	4.36
NPAs/Assets (%)	2.01	0	0.90	2.76	0.49	0.70	0.90
TCE/TA (%)	3.50	7.18	11.16	22.64	11.29	14.21	20.46

Liquidity and Pricing

	Patapsco Bancorp	Nationwide Peers			Mid-Atlantic Peers		
		Low	Median	High	Low	Median	High
ADTV	560	269	827	3,112	269	315	602
Price/LTM Earnings (x)	4.8	4.1	13.6	36.5	12.3	14.7	36.5
Price/TBV (%)	79.8	38.9	97.1	180.2	38.9	91.7	103.1

No company used as a comparison in the above analysis is identical to Patapsco. In addition, Griffin presumed that the trading valuations for peers exclude any change in control premium. Accordingly, an analysis of these results is not purely mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and of the banking environment at the time of the opinion.

Selected Transactions Analysis

Griffin reviewed publicly available information as reported by SNL Financial related to acquisitions announced between January 1, 2014 and February 27, 2015 of (a) banks and bank holding companies headquartered in the

Mid-Atlantic and (b) banks and bank holding companies with between $150 million and $250 million in total assets, NPAs as a percentage of total assets less than 2.5%, and positive ROAA with under $300 million in total assets (i) nationwide and (ii) those headquartered in Maryland and Pennsylvania.

Mid-Atlantic Selected Transactions

Acquirer	**Acquiree**
Cathay General Bancorp	Asia Bancshares, Inc.
Bridge Bancorp, Inc.	Community National Bank
BB&T Corp.	Susquehanna Bancshares, Inc.
Sterling Bancorp	Hudson Valley Holding Corp.
S&T Bancorp, Inc.	Integrity Bancshares, Inc.
Riverview Financial Corp.	Citizens National Bank of Meyersdale
WesBanco, Inc.	ESB Financial Corp.
Putnam County Savings Bank	CMS Bancorp, Inc.
Cape Bancorp, Inc.	Colonial Financial Services, Inc.
Mid Penn Bancorp, Inc.	Phoenix Bancorp, Inc.
Bank of the Ozarks, Inc.	Intervest Bancshares Corp.
Codorus Valley Bancorp, Inc.	Madison Bancorp, Inc.
Univest Corp. of Pennsylvania	Valley Green Bank
National Penn Bancshares, Inc.	TF Financial Corp.
Bryn Mawr Bank Corp.	Continental Bank Holdings, Inc.
CB Financial Services, Inc.	FedFirst Financial Corp.
F.N.B. Corp.	OBA Financial Services, Inc.
Salisbury Bancorp, Inc.	Riverside Bank
Center Bancorp, Inc.	ConnectOne Bancorp, Inc.
Southern National Bancorp of Virginia, Inc.	Prince George’s Federal Savings Bank

Nationwide Selected Transactions

Acquirer	Acquiree
Sunshine Bancorp, Inc.	Community Southern Holdings, Inc.
First NBC Bank Holding Company	State Investors Bancorp, Inc.
ESB Bancorp MHC	Citizens National Bancorp, Inc.
Pacific Continental Corp.	Central Pacific Bancorp
Durant Bancorp, Inc.	Consolidated Equity Corp.
ServisFirst Bancshares, Inc.	Metro Bancshares, Inc.
Wintrust Financial Corp.	Delavan Bancshares, Inc.
NewBridge Bancorp	Premier Commercial Bank
First Busey Corp.	Herget Financial Corp.
Puntam County Savings Bank	CMS Bancorp, Inc.
American National Bankshares Inc.	MainStreet BankShares, Inc.
Banner Corp.	Siuslaw Financial Group, Inc.
Home BancShares, Inc.	Broward Financial Holdings, Inc.
Magnolia Banking Corp.	First National Bancshares of Hempstead County
Univest Corp. of Pennsylvania	Valley Green Bank
BNC Bancorp	Harbor Bank Group, Inc.
Old National Bancorp	LSB Financial Corp.
Independent Bank Group, Inc.	Houston City Bancshares, Inc.
Little London Bancorp Inc.	5Star Bank
First Business Financial Services, Inc.	Aslin Group, Inc.
Sturm Financial Group, Inc.	First Capital West Bancshares, Inc.
Green Bancorp, Inc.	SP Bancorp, Inc.
Home BancShares, Inc.	Florida Traditions Bank
Institution for Savings in Newburyport and Its Vicinity	Rockport National Bancorp, Inc.
CB Financial Services, Inc.	FedFirst Financial Corp.
F.N.B. Corp.	OBA Financial Services, Inc.
Peoples Bancorp Inc.	Ohio Heritage Bancorp, Inc.
Platte Valley Financial Service Companies, Inc.	Mountain Valley Bancshares, Inc.
First Citizens Bancshares, Inc.	Southern Heritage Bancshares, Inc.
Salisbury Bancorp, Inc.	Riverside Bank
CBFH, Inc.	MC Bancshares, Inc.

Maryland and Pennsylvania Selected Transactions

Acquirer	Acquiree
Univest Corp. of Pennsylvania	Valley Green Bank
CB Financial Services, Inc.	FedFirst Financial Corp.
F.N.B. Corp.	OBA Financial Services, Inc.

For each transaction referred to above, Griffin derived and compared, among other things, the following implied ratios:

1. Price per common share paid for the acquired company to last twelve months earnings per share of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition;

2. Price per common share paid for the acquired company to tangible book value per share of the acquired company based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition; and

3. Tangible book value premium for the acquired company to deposits, less time deposit accounts with balances over $100,000, foreign deposits and unclassified deposits of the acquired company ("Core Deposits") based on the latest publicly available financial statements of the company available prior to the announcement of the acquisition.

The results of the analysis are set forth in the following table:

		Mid-Atlantic Selected Transactions			Nationwide Selected Transactions			Maryland and Pennsylvania Selected Transactions		
	Patapsco Bancorp	Low	Median	High	Low	Median	High	Low	Median	High
Target Financials										
Total Assets ($000)	226,396	81,413	492,002	18,583,327	157,119	268,880	385,555	319,027	370,261	385,555
ROAA (%)	0.57	(0.36)	0.51	1.51	0.25	0.67	1.51	0.32	0.73	1.57
ROAE (%)	8.65	(2.51)	4.28	17.19	1.49	6.02	17.30	1.74	4.28	17.49
NPAs/Assets (%)	2.01	0.36	1.20	7.13	0	1.20	2.40	0.36	1.30	1.54
TCE/TA (%)	3.50	7.90	10.18	18.76	7.86	10.79	21.93	8.97	15.96	18.76
Deal Value/Deal Ratios										
Deal Value ($ in millions)	10.1	7.8	98.8	2,500.9	12.5	38.0	98.8	55.0	77.7	98.8
Price/LTM Earnings (x)	19.5	13.7	22.8	68.9	9.3	23.3	51.8	14.7	20.0	25.2
Price/TBV (%)	127.0	87.8	133.2	262.7	89.4	145.3	234.0	106.8	133.2	234.0
TB Prem./Core Deposits (%)	5.55	(1.87)	8.31	25.29	(1.23)	7.89	25.29	2.37	10.80	25.29

No company or transaction used as a comparison in the above analyses is identical to Patapsco, Howard or the merger. Accordingly, an analysis of these results is not purely mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies and of the banking environment at the time of the opinion.

Discounted Cash Flow Analysis

Griffin performed a discounted cash flow analysis to estimate a range of the present value of estimated free cash flows that Patapsco could generate on a stand-alone basis. In performing this analysis, Griffin utilized the following assumptions, among others:

- a required tangible common equity to tangible assets capitalization level of 8% with any earnings in excess of required capital retention treated as distributable earnings;
- earnings assumptions for 2015 based on budget information for Patapsco and discussions with Howard's management, with subsequent earnings for Patapsco developed based upon historical trends and assumptions and inputs that Griffin considered reasonable;
- a range of discount rates of 14% to 18% based on a normalized risk free interest rate as recommended by Duff & Phelps, the latest published Duff & Phelps U.S. Equity Risk Premium recommendation, a size premium, also published by Duff & Phelps, and a computed weighted average cost of capital of 14.99%; and
- a projected terminal value multiple range of 120% to 170% of Patapsco's forecasted 2020 tangible common equity based on observed transaction multiples, industry practice, and Griffin's professional judgment.

These calculations resulted in a range of implied per share values of between $3.47 to $8.54 without any cost-savings and $5.37 to $10.70 with $1.9 million of cost-savings estimated by Howard's management. The discounted cash flow present value analysis is a widely used valuation methodology that relies on numerous assumptions, including asset and earnings growth rates, terminal values and discount rates and is not necessarily indicative of the actual value or expected value of Patapsco.

The summary set forth above is not a complete description of the analyses and procedures performed by Griffin in the course of arriving at its opinion.

Howard retained Griffin as its exclusive financial adviser to its board of directors with respect to mergers, acquisitions and similar transactions, acquisitions of branches and other financial institutions, and capital raising transactions. As part of its investment banking business, Griffin is, from time to time, engaged in the valuation of bank and bank holding company securities in connection with mergers and acquisitions, public and private placement of listed and unlisted securities, rights offerings and other forms of valuations for various purposes. As specialists in the securities of banking companies, Griffin has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of its business as a broker-dealer, Griffin may, from time to time, purchase securities from, and sell securities to, Howard and Patapsco. As a market maker in securities, Griffin may from time to time have a long or short position in, and buy or sell, debt or equity securities of institutions like and possibly including Howard and Patapsco for Griffin's own account and for the accounts of its customers. To the extent Griffin held any such positions, it was disclosed to Howard and Patapsco.

Pursuant to Griffin's engagement letter, Howard agreed to pay Griffin a fee of $250,000 contingent on the completion of the merger. In addition, Griffin served as placement agent in the private placement, as previously described. Upon completion of the private placement, Howard will pay Griffin a fee of $1.7 million. Pursuant to Griffin's engagement letter, Howard pays Griffin quarterly retainer fees of $20,000 for merger and acquisition evaluation, capital markets and strategic advice on an ongoing basis. In addition, Howard has paid Griffin success fees totaling $385,000 for its advisory service in connection with branch acquisitions in August 2013 and August 2014 and Howard's federally-assisted acquisition of a failed institution from the FDIC in October 2014.

Howard has agreed to reimburse Griffin for reasonable out of pocket expenses incurred in connection with Griffin's engagement and to indemnify and hold harmless partners, officers, agents, employees and affiliates from and against all losses, claims, judgments, liabilities, costs, damages and expenses based upon or arising from Griffin's engagement. Except as set forth above, during the two years preceding the date of its opinion to Howard, Griffin did not receive compensation for investment banking services from Howard.

Other than as disclosed above, there have been no material relationships between Griffin or its affiliates and representatives and (i) Howard or its affiliates or (ii) Patapsco or its affiliates, during the past two years. Griffin may in the future provide investment banking and financial advisory services to Howard or Patapsco and receive compensation for such services.

Patapsco's Reasons for the Merger

In approving the merger agreement, Patapsco's board of directors consulted with KBW regarding the financial aspects of the transaction and with Patapsco's legal counsel as to the board of directors' fiduciary duties and the terms of the merger agreement. In arriving at its decision to approve the merger agreement, the board of directors also considered a number of factors, including:

- the form and amount of the merger consideration, including the tax effects of stock consideration compared to cash consideration;

- Patapsco common stockholders will receive Howard common stock in exchange for their shares of Patapsco common stock, enabling them to participate in any growth opportunities of the combined company;

- the perceived risks to shareholder value presented by the present inability of Patapsco to pay the deferred interest on its subordinated debentures avoid and thereby avert an event of default;

- information concerning the business, earnings, operations, financial condition, valuation and prospects of Patapsco and Howard, both individually and as a combined company;

- Patapsco's community banking orientation and its compatibility with Howard and its subsidiaries;

- Howard's access to capital and managerial resources;

- the premium represented by the value of the merger consideration over the trading prices of Patapsco's common stock before the announcement of the merger;

- the likelihood of the transaction receiving the requisite regulatory approvals in a timely manner and without imposition of burdensome conditions;

- the terms of the merger agreement and the structure of the merger, including that the merger is intended to qualify as a transaction of a type that is generally tax-free for U.S. federal income tax purposes;

- The opinion, dated March 2, 2015, of KBW to Patapsco's board of directors as to the fairness, from a financial point of view and as of the date of the opinion, to the holders of Patapsco common stock of the merger consideration in the proposed merger, as more fully described under "Opinion of Patapsco's Financial Advisor;"

- Patapsco Bank's potential to better serve its customers and enhance its competitive position in the communities in which it operates due the ability to offer more diverse financial products and services through a larger and more highly capitalized institution;

- the interests of certain executive officers and directors of Patapsco, which are different from, or in addition to, the interests of Patapsco's stockholders generally; and

- the effect of the merger on Patapsco's employees, customers and community.

Patapsco's board of directors also considered potential risks associated with the merger in connection with its decision to approve the merger agreement, including that other parties that might be interested in proposing a transaction with Patapsco could be discouraged from doing so given the terms of the merger agreement generally prohibiting Patapsco from soliciting, engaging in discussions or providing information regarding an alternative transaction, requiring Patapsco to pay a termination fee to Howard under certain circumstances, and requiring Patapsco's directors to execute agreements requiring them to vote in favor of the merger with Howard, all of which Howard required in order that it agree to enter into the merger agreement.

The foregoing discussion of the information and factors considered by Patapsco's board of directors is not exhaustive, but includes the material factors that the board of directors considered and discussed in approving and recommending the merger. In view of the wide variety of factors considered and discussed by Patapsco's board of directors in connection with its evaluation of the merger and the complexity of these factors, the board of directors did not quantify, rank or assign any relative or specific weight to the foregoing factors. Rather, it considered all of the factors as a whole. The board of directors discussed the foregoing factors, including asking questions of Patapsco's management and legal and financial advisors, and reached general consensus that the merger was in the best interests of Patapsco and its stockholders. In considering the foregoing factors, individual directors may have assigned different weights to different factors. The board of directors did not undertake to make any specific determination as to whether any factor, or particular aspect of any factor, supported or did not support its ultimate decision to approve the merger agreement and the merger. The foregoing explanation of the reasoning of Patapsco's board of directors and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the cautionary statements set forth in "Forward-Looking Statements."

Opinion of Patapsco's Financial Advisor

Patapsco engaged Keefe, Bruyette & Woods, Inc. to render financial advisory and investment banking services to Patapsco, including an opinion to the Patapsco board of directors as to the fairness, from a financial point of view, to the holders of Patapsco common stock of the merger consideration to be received by such stockholders in the proposed merger of Patapsco with and into Howard. Patapsco selected KBW because KBW is a nationally recognized investment banking firm with substantial experience in transactions similar to the merger. As part of its investment banking business, KBW is continually engaged in the valuation of financial services businesses and their securities in connection with mergers and acquisitions.

As part of its engagement, representatives of KBW attended the meeting of the Patapsco board held on March 2, 2015, at which the Patapsco board evaluated the proposed merger. At this meeting, KBW reviewed the financial aspects of the proposed merger and rendered an opinion to the effect that, as of such date and subject to the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW as set forth in such opinion, the merger consideration in the proposed merger was fair, from a financial point of view, to the holders of Patapsco common stock. The Patapsco board approved the merger agreement at this meeting.

The description of the opinion set forth herein is qualified in its entirety by reference to the full text of the opinion, which is attached as Annex C to this joint proxy statement/prospectus and is incorporated herein by reference, and describes the procedures followed, assumptions made, matters considered, and qualifications and limitations on the review undertaken by KBW in preparing the opinion.

KBW's opinion speaks only as of the date of the opinion. The opinion was for the information of, and was directed to, the Patapsco board (in its capacity as such) in connection with its consideration of the financial terms of the merger. The opinion addressed only the fairness, from a financial point of view, of the merger consideration in the merger to the holders of Patapsco common stock. It did not address the underlying business decision of Patapsco to engage in the merger or enter into the merger agreement or constitute a recommendation to the Patapsco board in connection with the merger, and it does not constitute a recommendation to any holder of Patapsco common stock or any stockholder of any other entity as to how to vote in connection with the merger or any other matter (including, with respect to holders of Patapsco common stock, what election any such stockholder should make with respect to the stock consideration or the cash consideration), nor does it constitute a recommendation regarding whether or not any such stockholder should enter into a voting, stockholders' or support agreement with respect to the merger or exercise any dissenters' or appraisal rights that may be available to such stockholder.

KBW's opinion was reviewed and approved by KBW's Fairness Opinion Committee in conformity with its policies and procedures established under the requirements of Rule 5150 of the Financial Industry Regulatory Authority.

In connection with the opinion, KBW reviewed, analyzed and relied upon material bearing upon the financial and operating condition of Patapsco and Howard and the merger, including, among other things:

- a draft of the merger agreement as of February 27, 2015 (the most recent draft then made available to KBW);
- certain regulatory filings of Patapsco and Howard, including the quarterly call reports filed with respect to each quarter during the three years ended December 31, 2014 for Patapsco and Howard;
- the audited financial statements for the three fiscal years ended June 30, 2014 of Patapsco;
- the audited financial statements and Annual Reports on Form 10-K for the three fiscal years ended December 31, 2013 of Howard;

- the unaudited quarterly financial statements for the fiscal quarters ended September 30, 2014 and December 31, 2014 of Patapsco (provided to KBW by representatives of Patapsco);
- the unaudited quarterly financial statements and Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2014, June 30, 2014 and September 30, 2014 of Howard;
- the unaudited quarterly and fiscal year-end financial results for the period ended December 31, 2014 of Howard (contained in the Current Report on Form 8-K filed by Howard with the SEC on January 20, 2015);
- certain other interim reports and other communications of Patapsco and Howard to their respective stockholders; and
- other financial information concerning the businesses and operations of Patapsco and Howard furnished to KBW by Patapsco and Howard or which KBW was otherwise directed to use for purposes of KBW's analyses.

KBW's consideration of financial information and other factors that it deemed appropriate under the circumstances or relevant to its analyses included, among other things, the following:

- the historical and current financial position and results of operations of Patapsco and Howard;
- the assets and liabilities of Patapsco and Howard;
- the nature and terms of certain other merger transactions and business combinations in the banking industry;
- a comparison of certain financial and stock market information for Patapsco and Howard with similar information for certain other companies the securities of which are publicly traded;
- financial and operating forecasts and projections of Patapsco that were prepared by, and provided to KBW and discussed with KBW by, Patapsco management and that were used and relied upon by KBW at the direction of such management with the consent of the Patapsco board;
- financial and operating forecasts and projections of Howard and estimates regarding certain pro forma financial effects of the merger on Howard (including, without limitation, the cost savings, related expenses and operating synergies expected to result from the merger), that were prepared by, and provided to KBW and discussed with KBW by, Howard management and that were used and relied upon by KBW based on such discussions with the consent of the Patapsco board.

KBW also performed such other studies and analyses as it considered appropriate and took into account its assessment of general economic, market and financial conditions and its experience in other transactions, as well as its experience in securities valuation and knowledge of the banking industry generally. KBW also held discussions with senior management of Patapsco and Howard regarding the past and current business operations, regulatory relations, financial condition and future prospects of their respective companies and such other matters as KBW deemed relevant to its inquiry. In addition, KBW considered the results of the efforts undertaken by Patapsco, with KBW's assistance, to solicit indications of interest from third parties regarding a potential transaction with Patapsco**.**

In conducting its review and arriving at its opinion, KBW relied upon and assumed the accuracy and completeness of all of the financial and other information provided to it or that was publicly available and KBW did not independently verify the accuracy or completeness of any such information or assume any responsibility or liability for such verification, accuracy or completeness. KBW relied upon the respective managements of Patapsco and Howard as to the reasonableness and achievability of the financial and operating forecasts and projections of Patapsco and Howard (and the assumptions and bases therefor) that were prepared by, and provided to KBW and discussed with KBW by such managements. KBW assumed, with the consent of Patapsco, that such forecasts and projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of such managements and that such forecasts and projections would be realized in the amounts and in the time periods estimated by such managements. KBW further relied upon Howard management as to the reasonableness and achievability of the estimates regarding certain pro forma financial effects of the merger on Howard (and the assumptions and bases therefor, including without limitation, cost savings, related expenses and operating synergies expected to result from the merger) that were prepared and provided to KBW by, and discussed with KBW by, such management. KBW assumed, with the consent of Patapsco, that all such estimates were reasonably prepared on a basis reflecting the best currently available estimates and judgments of such management and that such estimates would be realized in the amounts and in the time periods estimated by such management.

The forecasts, projections and estimates of Patapsco and Howard provided to KBW were not prepared with the expectation of public disclosure, that all such forecasts, projections and estimates were based on numerous variables and assumptions that are inherently uncertain, including, without limitation, factors related to general economic and competitive conditions and that, accordingly, actual results could vary significantly from those set forth in such information. KBW assumed, based on discussions with the respective managements of Patapsco and Howard, that such information of Patapsco and Howard referred to above provided a reasonable basis upon which KBW could form its opinion and KBW expressed no view as to any such information or the assumptions or bases therefor. KBW relied on all such information without independent verification or analysis and did not in any respect assume any responsibility or liability for the accuracy or completeness thereof.

KBW also assumed that there were no material changes in the assets, liabilities, financial condition, results of operations, business or prospects of either Patapsco or Howard since the date of the last financial statements of each such entity that were made available to KBW. KBW is not an expert in the independent verification of the adequacy of allowances for loan and lease losses and KBW assumed, without independent verification and with Patapsco’s consent, that the aggregate allowances for loan and lease losses for Patapsco and Howard were adequate to cover such losses. In rendering its opinion, KBW did not make or obtain any evaluations or appraisals or physical inspection of the property, assets or liabilities (contingent or otherwise) of Patapsco or Howard, the collateral securing any of such assets or liabilities, or the collectability of any such assets, nor did KBW examine any individual loan or credit files, nor did it evaluate the solvency, financial capability or fair value of Patapsco or Howard under any state or federal laws, including those relating to bankruptcy, insolvency or other matters. Estimates of values of companies and assets do not purport to be appraisals or necessarily reflect the prices at which companies or assets may actually be sold. Because such estimates are inherently subject to uncertainty, KBW assumed no responsibility or liability for their accuracy.

KBW assumed that, in all respects material to its analyses:

- the merger and any related transaction (including the subsidiary bank merger, the private placement, the Howard Preferred Stock Retirement, as defined below, and, if necessary, the additional Patapsco preferred stock issuance) would be completed substantially in accordance with the terms set forth in the merger agreement (the final terms of which KBW assumed would not differ in any respect material to KBW's analyses from the draft reviewed by KBW) and any related documents and instruments referred to in the merger agreement, and as further described to KBW by representatives of Patapsco and/or Howard in the case of the related transactions, with no additional payments or adjustments to the merger consideration;
- the representations and warranties of each party in the merger agreement and in all related documents and instruments referred to in the merger agreement were true and correct;
- each party to the merger agreement and all related documents would perform all of the covenants and agreements required to be performed by such party under such documents;
- there are no factors that would delay or subject to any adverse conditions, any necessary regulatory or governmental approval for the merger or any related transaction and that all conditions to the completion of the merger and any related transaction would be satisfied without any waivers or modifications to the merger agreement; and
- in the course of obtaining the necessary regulatory, contractual, or other consents or approvals for the merger and any related transaction, no restrictions, including any divestiture requirements, termination or other payments or amendments or modifications, would be imposed that would have a material adverse effect on the future results of operations or financial condition of Patapsco, Howard, the combined entity, or the contemplated benefits of the merger, including the cost savings, related expenses and operating synergies expected to result from the merger.

KBW assumed, in all respects material to KBW's analysis, that the merger would be consummated in a manner that complied with the applicable provisions of the Securities Act, the Securities Exchange Act, and all other applicable federal and state statutes, rules and regulations. KBW further assumed that Patapsco relied upon the advice from its advisors (other than KBW) or other appropriate sources as to all legal, financial reporting, tax, accounting and regulatory matters with respect to Patapsco, Howard, the merger, any related transaction (including the subsidiary bank merger, the private placement, the Howard Preferred Stock Retirement and the additional Patapsco preferred stock issuance) and the merger agreement. KBW did not provide advice with respect to any such matters.

KBW's opinion addressed only the fairness, from a financial point of view, as of the date of such opinion, of the merger consideration to be received by the holders of Patapsco common stock in the merger to such stockholders. KBW expressed no view or opinion as to any other terms or aspects of the merger or any related transaction (including the subsidiary bank merger, the private placement, Howard Preferred Stock Retirement and the additional Patapsco preferred stock issuance), including without limitation, the form or structure of the merger (including the form of merger consideration or the allocation of the merger consideration between stock and cash) or any related transaction, any consequences of the merger or any related transaction to Patapsco, its stockholders, creditors or otherwise, or any terms, aspects, merits or implications of any employment, consulting, voting, support, stockholder or other agreements, arrangements or understandings contemplated or entered into in connection with the merger or otherwise. KBW's opinion was necessarily based upon conditions as they existed and could be evaluated on the date of such opinion and the information made available to KBW through such date. Developments subsequent to the date of

KBW's opinion may have affected, and may affect, the conclusion reached in KBW's opinion and KBW did not and does not have an obligation to update, revise or reaffirm its opinion. KBW's opinion did not address, and KBW expressed no view or opinion with respect to:

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- the underlying business decision of Patapsco to engage in the merger or enter into the merger agreement;
- the relative merits of the merger as compared to any strategic alternatives that are, have been or may be available to or contemplated by Patapsco or the Patapsco board;
- the fairness of the amount or nature of any compensation to any of Patapsco's officers, directors or employees, or any class of such persons, relative to any compensation to the holders of Patapsco common stock;
- the effect of the merger or any related transaction on, or the fairness of the consideration to be received by, holders of any class of securities of Patapsco (other than the holders of Patapsco common stock (solely with respect to the merger consideration, as described in KBW's opinion, and not relative to the consideration to be received by holders of any other class of securities)) or holders of any class of securities of Howard or any other party to any transaction contemplated by the merger agreement;
- whether Howard has sufficient cash, available lines of credit or other sources of funds to enable it to pay the aggregate cash consideration to the holders of Patapsco common stock at the closing of the merger, or to fund the Howard Preferred Stock Retirement;
- any adjustment (as provided in the merger agreement) in the amount of merger consideration (including the allocation thereof among cash and stock) assumed to be paid in the merger for purposes of KBW's opinion;
- the election by holders of Patapsco common stock to receive the stock consideration or the cash consideration, or any combination thereof, the actual allocation between the stock consideration and the cash consideration among such holders (including, without limitation, any reallocation thereof as a result of proration pursuant to the merger agreement), or the relative fairness of the stock consideration and the cash consideration;
- the actual value of Howard common stock to be issued in the merger;
- the prices, trading range or volume at which Patapsco common stock or Howard common stock would trade following the public announcement of the merger or the prices, trading range or volume at which Howard common stock would trade following consummation of the merger;
- any advice or opinions provided by any other advisor to any of the parties to the merger or any other transaction contemplated by the merger agreement; or
- any legal, regulatory, accounting, tax or similar matters relating to Patapsco, Howard, their respective stockholders, or relating to or arising out of or as a consequence of the merger or any related transaction (including the subsidiary bank merger, the private placement, the Howard Preferred Stock Retirement or the additional Patapsco preferred stock issuance), including whether or not the merger would qualify as a tax-free reorganization for United States federal income tax purposes.

In performing its analyses, KBW made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, which are beyond the control of KBW, Patapsco and Howard. Any estimates contained in the analyses performed by KBW are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, these analyses and estimates are inherently subject to substantial uncertainty. In addition, the KBW opinion was among several factors taken into consideration by the Patapsco board in making its determination to approve the merger agreement and the merger. Consequently, the analyses described below should not be viewed as determinative of the decision of the Patapsco board with respect to the fairness of the merger consideration. The type and amount of consideration payable in the merger were determined through negotiation between Patapsco and Howard and the decision to enter into the merger agreement was solely that of the Patapsco board.

The following is a summary of the material financial analyses presented by KBW to the Patapsco board in connection with its opinion. The summary is not a complete description of the financial analyses underlying the opinion or the presentation made by KBW to the Patapsco board, but summarizes the material analyses performed and presented in connection with such opinion. The financial analyses summarized below include information presented in tabular format. The tables alone do not constitute a complete description of the financial analyses. The preparation of a fairness opinion is a complex analytic process involving various determinations as to appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, KBW did not attribute any particular weight to any analysis or factor that it considered, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, KBW believes that its analyses and the summary of its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on the information presented below in tabular format, without considering all analyses and factors or the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of the process underlying its analyses and opinion.

Patapsco Selected Companies Analysis. Using publicly available information, KBW compared the financial performance, financial condition and market performance of Patapsco to eight selected U.S. banks and thrifts that were traded on Nasdaq, the New York Stock Exchange or NYSE MKT with total assets less than $750 million, a tangible common equity to tangible assets ratio less than 7.0% and a non-performing assets to total assets ratio greater than 1.0%. Merger targets and Howard were excluded from the selected companies.

The selected companies included:

Royal Bancshares of Pennsylvania, Inc.	Plumas Bancorp
Carolina Bank Holdings, Inc.	Village Bank and Trust Financial Corp.
Carver Bancorp, Inc.	Citizens First Corporation
Emclaire Financial Corp.	OptimumBank Holdings, Inc.

To perform this analysis, KBW used profitability and other financial information for or, in the case of information for the latest 12 month period ("LTM"), through the most recent completed quarter available ("MRQ") (which in the case of Patapsco was the fiscal quarter ended December 31, 2014 as provided by Patapsco management to the extent not publicly available) or as of the end of such quarter and market price information as of February 27, 2015. Where consolidated holding company level financial data for the selected companies as of or for periods ended December 31, 2014 was unreported, either such data reported as of or for periods ended September 30, 2014 or subsidiary bank level data as of or for periods ended December 31, 2014 was utilized to calculate ratios. Certain financial data prepared by KBW, and as referenced in the tables presented below, may not correspond to the data presented in Patapsco's historical financial statements, or the data presented under the section "– Opinion of Howard's Financial Advisor," as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW's analysis showed the following concerning the financial performance and financial condition of Patapsco and the selected companies:

			Selected Companies			
	Patapsco	Patapsco Adjusted[(1)]	Bottom Quartile	Median	Average	Top Quartile
LTM Core Return on Average Assets[(2)]	0.64 %	0.42 %	0.15%	0.59 %	0.45 %	0.77 %
LTM Core Return on Average Equity[(2)]	9.75 %	6.34 %	4.53%	8.82 %	7.74 %	10.66 %
LTM Net Interest Margin	3.30 %		3.33%	3.63 %	3.58 %	3.82 %
LTM Efficiency Ratio	77.9 %		90.2%	83.1 %	84.2 %	71.7 %
Tangible Common Equity/Tangible Assets	4.39 %	3.50 %	2.25%	6.03 %	4.62 %	6.51 %
Leverage Ratio	9.30 %		7.66%	8.76 %	8.61 %	9.69 %
Tier 1 Capital Ratio	15.4 %		10.8%	11.5 %	12.2 %	13.9 %
Total Capital Ratio	16.7 %		12.3%	14.1 %	14.3 %	15.5 %

Loans/Deposits	93.1 %	77.9%	79.5 %	81.7 %	84.6 %
Loan Loss Reserves/Loans	1.50 %	1.36%	1.50 %	1.82 %	2.15 %
Nonperforming Assets(3)/Loans + OREO	2.64 %	8.25%	4.35 %	6.21 %	2.96 %
Nonperforming Assets(3)/Assets	2.01 %	5.62%	3.15 %	4.86 %	2.04 %
LTM Net Charge-Offs/Average Loans	0.01 %	0.53%	0.31 %	0.34 %	0.08 %

(1) Adjusted to assume income is tax effected at 35% in the case of LTM core return on average assets and LTM core return on average equity and to reduce Patapsco's common equity by the amount of undeclared and unpaid TARP dividends in the case of tangible common equity to tangible assets ratio.

(2) Excludes the impact of Patapsco's deferred tax asset ("DTA") valuation allowance reversal and a one-time legal expense and excludes one-time items in the case of the selected companies.

(3) Nonperforming assets include nonaccrual loans, restructured loans, loans 90+ days past due and accruing and OREO.

KBW's analysis also showed the following concerning the market performance of Patapsco and the selected companies (excluding the impact of certain selected company LTM and MRQ annualized earnings per share ("EPS") multiples considered to be not meaningful because they were either below 0.0x or greater than 30.0x):

			Selected Companies			
	Patapsco[1]	Patapsco Adjusted[2]	Bottom Quartile	Median	Average	Top Quartile
Stock Price/Book Value per Share	0.60 x	0.75 x	0.92 x	1.14 x	1.07 x	1.18 x
Stock Price/Tangible Book Value Per Share	0.60 x	0.75 x	0.95 x	1.17 x	1.11 x	1.22 x
Stock Price/LTM EPS[3]	15.1 x		9.7 x	12.1 x	11.4 x	12.2 x
Stock Price/MRQ Annualized EPS[4]	11.3 x		8.3 x	8.7 x	8.6 x	9.0 x
1-Year Price Change	31.3 %		-29.0 %	-13.8 %	-10.0 %	10.4 %
1-Year Total Return	31.3 %		-29.0 %	-13.8 %	-9.6 %	13.1 %
YTD Price Change	4.1 %		-5.7 %	1.2 %	-0.8 %	6.4 %
Dividend Yield	0.0 %		0.0 %	0.0 %	0.4 %	0.0 %
LTM Dividend Payout	0.0 %		0.0 %	0.0 %	5.0 %	0.0 %

(1) Patapsco earnings data reflected the impact of a 35% normalized tax rate and undeclared and unpaid TARP dividends and excluded the impact of its DTA valuation allowance reversal and a one-time legal expense.

(2) Adjusted to reduce Patapsco's common equity by the amount of undeclared and unpaid TARP dividends.

(3) Excluding as not meaningful the impact of the LTM EPS multiples for Carver Bancorp, Inc., Village Bank and Trust Financial Corp. and Optimum Bank Holdings, Inc.

(4) Excluding as not meaningful the impact of the MRQ Annualized EPS multiples for Royal Bancshares of Pennsylvania, Inc., Carver Bancorp, Inc., Village Bank and Trust Financial Corp. and Optimum Bank Holdings, Inc.

No company used as a comparison in the following selected companies analyses is identical to Patapsco. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

Howard Selected Companies Analysis. Using publicly available information, KBW compared the financial performance, financial condition and market performance of Howard to 21 selected banks headquartered in the Mid-Atlantic region that were traded on Nasdaq, the New York Stock Exchange or NYSE MKT and had total assets between $500 million and $1.5 billion and a nonperforming assets to total assets ratio less than 3.0%. Merger targets were excluded from the selected companies.

The selected companies included:

Codorus Valley Bancorp, Inc.	Mid Penn Bancorp, Inc.
Penns Woods Bancorp, Inc.	Evans Bancorp, Inc.
Citizens & Northern Corporation	CB Financial Services, Inc.
Old Line Bancshares, Inc.	Bancorp of New Jersey, Inc.
Republic First Bancorp, Inc.	DNB Financial Corporation
Orrstown Financial Services, Inc.	Norwood Financial Corp.
ACNB Corporation	First Bank
AmeriServ Financial, Inc.	Sussex Bancorp
The Community Financial Corporation	Emclaire Financial Corp.
Unity Bancorp, Inc.	Elmira Savings Bank
1st Constitution Bancorp	

To perform this analysis, KBW used LTM profitability and other financial information through the most recent completed quarter available (which in the case of Howard was the fiscal quarter ended December 31, 2014) or as of the end of such quarter and market price information as of February 27, 2015. KBW also used 2015 and 2016 EPS estimates taken from consensus "street estimates" for the selected companies, to the extent publicly available, and financial forecasts and projections relating to the earnings of Howard provided to KBW by Howard management. Where consolidated holding company level financial data for the selected companies as of or for periods ended December 31, 2014 was unreported, either such data reported as of or for periods ended September 30, 2014 or subsidiary bank level data as of or for periods ended December 31, 2014 was utilized to calculate ratios. Using publicly available information, applicable financial data for certain selected companies reflected pro forma adjustments for the estimated impact of pending acquisitions and completed financings and redemptions. Certain financial data prepared by KBW, and as referenced in the tables presented below, may not correspond to the data presented in Howard's historical financial statements, or the data presented under the section "– Opinion of Howard's Financial Advisor," as a result of the different periods, assumptions and methods used by KBW to compute the financial data presented.

KBW's analysis showed the following concerning the financial performance and financial condition of Howard and the selected companies:

		Selected Companies			
	Howard	Bottom Quartile	Median	Average	Top Quartile
LTM Core Return on Average Assets[(1)]	0.40 %	0.61 %	0.67 %	0.74 %	0.97 %
LTM Core Return on Average Equity[(1)]	4.45 %	5.68 %	7.65 %	7.60 %	9.51 %
LTM Net Interest Margin	4.00 %	3.47 %	3.56 %	3.63 %	3.84 %
LTM Efficiency Ratio	77.8 %	73.3 %	68.1 %	69.7 %	65.1 %
Tangible Common Equity/Tangible Assets	6.62 %	7.56 %	8.54 %	8.83 %	9.51 %

Leverage Ratio	8.62 %	9.01%	9.72 %	9.92 %	10.60 %
Tier 1 Capital Ratio	10.1 %	11.6%	13.1 %	13.4 %	13.9 %
Total Capital Ratio	10.8 %	12.7%	14.5 %	14.7 %	15.3 %
Loans/Deposits	99.8 %	80.0%	92.5 %	89.3 %	97.9 %
Loan Loss Reserves/Loans	0.65 %	1.05%	1.15 %	1.22 %	1.36 %
Nonperforming Assets[(2)]/Loans + OREO	1.46 %	2.32%	2.10 %	2.01 %	1.33 %
Nonperforming Assets[(2)]/Assets	1.17 %	1.56%	1.46 %	1.45 %	1.13 %
LTM Net Charge-Offs/Average Loans	0.46 %	0.30%	0.22 %	0.25 %	0.11 %

(1) Excludes one-time items. Excluded one-time items for Howard per Howard management.

(2) Nonperforming assets include nonaccrual loans, restructured loans, loans 90+ days past due and accruing and OREO.

KBW's analysis also showed the following concerning the market performance of Howard and, to the extent publicly available, the selected companies (excluding the impact of LTM and 2015 EPS multiples of one of the selected companies considered to be not meaningful because the multiples were greater than 30.0x):

	Howard	Howard Pro Forma[(1)]	Howard Pro Forma[(1)] @$11.50[(2)]	Selected Companies Bottom Quartile	Selected Companies Median	Selected Companies Average	Selected Companies Top Quartile
Stock Price/Book Value per Share	1.21 x	1.16 x	0.97 x	0.95x	1.11 x	1.08 x	1.17 x
Stock Price/Tangible Book Value Per Share	1.25 x	1.23 x	1.03 x	1.05x	1.14 x	1.17 x	1.23 x
Stock Price/LTM EPS	25.6 x			12.0x	14.4 x	14.6 x	17.3 x
Stock Price/2015 Estimated EPS[(2)(3)]	11.9 x			12.2x	13.1 x	13.8 x	13.8 x
Stock Price/2016 Estimated EPS[(2)(3)]	9.4 x	10.7 x	9.0 x	11.4x	12.3 x	14.1 x	13.8 x
1-Year Price Change	31.7 %			-6.3 %	-0.4 %	1.2 %	8.8 %
1-Year Total Return	31.7 %			-6.1 %	3.7 %	3.5 %	11.1 %
YTD Price Change	20.6 %			-6.1 %	-1.6 %	-2.4 %	0.4 %
Dividend Yield	0.0 %			1.3 %	2.1 %	2.2 %	3.7 %
LTM Dividend Payout	0.0 %			15.8%	29.3 %	31.8 %	44.8 %

(1) Pro forma for (a) the proposed merger using Patapsco and Howard estimated book value and tangible book value data as of September 30, 2015 provided by Howard management, Patapsco 2016 projected earnings data provided by Patapsco management, pro forma assumptions (including purchase accounting adjustments, cost savings and related expenses) provided by Howard management and the total number of Howard common shares issuable in the merger based on the implied value of the merger consideration of $5.09 per share of Patapsco common stock, the closing stock price of Howard of $13.75 as of February 27, 2015 and the 80% stock / 20% cash aggregate merger consideration mix in the merger agreement and (b) a $25 million capital raise by Howard at $11.50 per share in the private placement.

(2) Multiples calculated as if Howard common stock trades at $11.50 per share.

(3) Estimated earnings not publicly available for Codorus Valley Bancorp, Inc., Penns Woods Bancorp, Inc., ACNB Corporation, AmeriServ Financial, Inc., Unity Bancorp, Inc., 1st Constitution Bancorp, Mid Penn Bancorp, Inc., CB Financial Services, Inc., Bancorp of New Jersey, Inc., Norwood Financial Corp., Sussex Bancorp, Emclaire Financial Corp. and Elmira Savings Bank.

No company used as a comparison in the following selected companies analyses is identical to Howard. Accordingly, an analysis of these results is not mathematical. Rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the companies involved.

Selected Transactions Analyses. KBW performed selected transaction analyses as described below. For each selected transaction, KBW derived the following implied transaction statistics, in each case based on the transaction consideration paid for the acquired company and using financial data based on the acquired company's then latest publicly available financial statements prior to the announcement of the acquisition:

- price per common share as a percentage of book value per share of the acquired company (in the case of selected transactions involving a private acquired company, this transaction statistic was calculated as total transaction consideration divided by total common equity);
- price per common share as a percentage of tangible book value per share of the acquired company (in the case of selected transactions involving a private acquired company, this transaction statistic was calculated as total transaction consideration divided by total tangible common equity); and
- tangible common equity premium to core deposits (total deposits less time deposits greater than $100,000) of the acquired company, referred to as core deposit premium.

The resulting transaction statistics for the selected transactions were compared with corresponding transaction statistics for the proposed merger based on the implied value of the merger consideration of $5.09 per share of Patapsco common stock and using historical financial information for Patapsco as of December 31, 2014 as provided by Patapsco management to the extent not publicly available.

Selected Transactions Analysis – Similar Financial Performance. KBW reviewed publicly available information related to 17 selected U.S. bank and thrift merger and acquisition transactions announced since January 1, 2012 in which the acquired company had total assets between $150 million and $400 million, a nonperforming assets to total assets ratio less than 8.0%, a tangible common equity to tangible assets ratio between 2.0% and 9.0% and a LTM return on average assets ratio less than 1.0%. Transactions where either the acquiror was not a depository institution or with no announced transaction value were excluded from the selected transactions.

The selected transactions included:

Acquiror	Acquired Company
Talmer Bancorp, Inc.	First of Huron Corp.
First Business Financial Services, Inc.	Aslin Group, Inc.
Heritage Financial Group, Inc.	Alarion Financial Services, Inc.
Institution for Savings in Newburyport	Rockport National Bancorp, Inc.
Platte Valley Financial Service Companies	Mountain Valley Bancshares, Inc.
Mascoma Mutual Financial Services Corp	Connecticut River Bancorp, Inc.
Arvest Bank Group, Inc.	National Banking Corp.
Cardinal Financial Corporation	United Financial Banking Companies, Inc.
1st Constitution Bancorp	Rumson-Fair Haven Bank & Trust Co.
BNC Bancorp	Randolph Bank & Trust Company
Independent Bank Corp.	Mayflower Bancorp, Inc.
New Hampshire Thrift Bancshares, Inc.	Central Financial Corporation
First Bancshares, Inc.	First National Bank of Baldwin County
Wintrust Financial Corporation	HPK Financial Corporation
Umpqua Holdings Corporation	Circle Bancorp
First Priority Financial Corp.	Affinity Bancorp, Inc.
IBERIABANK Corporation	Florida Gulf Bancorp, Inc.

The results of the analysis are set forth in the following table:

	Proposed Merger	Proposed Merger Adjusted[1]	Selected Transactions Bottom Quartile	Median	Average	Top Quartile

Price / Book Value	101%	127%	104%	122%	131%	165%
Price / Tangible Book Value	101%	127%	107%	122%	133%	165%
Core Deposit Premium	0.1%	1.3%	0.8%	2.0%	3.8%	6.5%

(1) Adjusted to reduce Patapsco's common equity by the amount of undeclared and unpaid TARP dividends.

Selected Transactions Analysis – Capital Constrained Targets. KBW reviewed publicly available information related to 16 selected U.S. bank and thrift merger and acquisition transactions announced since January 1, 2012 with an announced transaction value less than $50 million in which the acquired company had total assets between $100 million and $750 million, a tangible common equity to tangible assets ratio less than 7.0% and a nonperforming assets to total assets ratio between 1.0% and 10.0%. Transactions where the acquiror was not a depository institution and transactions where the acquired company had negative tangible common equity were excluded from the selected transactions.

The selected transactions included:

Acquiror	Acquired Company
OceanFirst Financial Corp.	Colonial American Bank
Kentucky Bancshares, Inc.	Madison Financial Corporation
Talmer Bancorp, Inc.	First of Huron Corp.
First American Bank Corporation	Bank of Coral Gables
Independence Bank	Premier Service Bank
Arvest Bank Group, Inc.	National Banking Corp.
Bridge Bancorp, Inc.	FNBNY Bancorp, Inc.
Wintrust Financial Corporation	Diamond Bancorp, Inc.
First Bank	Heritage Community Bank
C&F Financial Corporation	Central Virginia Bankshares, Inc.
Ameris Bancorp	Prosperity Banking Company
HCBF Holding Company, Inc.	BSA Financial Services, Inc.
First Bancshares, Inc.	First National Bank of Baldwin County
Equity Bancshares, Inc.	First Community Bancshares, Inc.
First Priority Financial Corp.	Affinity Bancorp, Inc.
WashingtonFirst Bankshares, Inc.	Alliance Bankshares Corporation

The results of the analysis are set forth in the following table:

	Proposed Merger	Proposed Merger Adjusted(1)	Selected Transactions Bottom Quartile	Median	Average	Top Quartile
Price / Book Value	101 %	127 %	77 %	92 %	87 %	114 %
Price / Tangible Book Value	101 %	127 %	77 %	93 %	89 %	114 %
Core Deposit Premium	0.1 %	1.3 %	-1.3 %	-0.3 %	-0.6 %	0.9 %

(1) Adjusted to reduce Patapsco's common equity by the amount of undeclared and unpaid TARP dividends.

No