Howard Bancorp Inc
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Registration Statement No. 333-203885

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, as amended. 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, after the merger, Howard will assume responsibility for all obligations in connection with, including the payment of principal and interest on, the debentures Patapsco has issued to Patapsco Statutory Trust I in connection with the trust's issuance of trust preferred securities.

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 June 8, 2015 and is first being mailed to Howard Bancorp, Inc. stockholders and Patapsco Bancorp, Inc. stockholders on or about June 17, 2015.

6011 UNIVERSITY BOULEVARD, SUITE 370

ELLICOTT CITY, MARYLAND 21043

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD JULY 22, 2015, 2015, AT 6:00 P.M.

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 July 22, 2015, at 6:00 p.m. (local time), at the corporate offices of Howard Bancorp, Inc. located at 6011 University Boulevard, Suite 370, Ellicott City, 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, as amended, 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 June 3, 2015 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

June 8, 2015

PATAPSCO BANCORP, INC.

1301 Merritt Boulevard

Dundalk, Maryland 21222

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JULY 22, 2015 AT 4:00 P.M.

The Annual Meeting of Stockholders of Patapsco Bancorp, Inc., a Maryland corporation, will be held on July 22, 2015, at 4:00 p.m. (local time), at its office located at 1301 Merritt Boulevard, Dundalk, Maryland 21222 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, as amended, 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 June 3, 2015 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/PATD. 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/ Nicole N. Glaeser
Nicole N. Glaeser,
Corporate Secretary
Dundalk, Maryland

June 8, 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 July 22, 2015 at 6:00 p.m. The Patapsco annual meeting will be held at its office located at 1301 Merritt Boulevard, Dundalk, Maryland 21222, on July 22, 2015 at 4:00 p.m.

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/PATD.

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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 6,345,727 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 14.24% 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 1,974,843 shares of Patapsco common stock issued and outstanding and entitled to vote, and directors, executive officers and their affiliates were entitled to vote 18.29% of such shares. The directors of Patapsco are entitled to vote 17.98% 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.

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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.”

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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 on or about August 28, 2015. 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:

George C. Coffman

Executive Vice President & Chief Financial Officer

Howard Bancorp, Inc.

6011 University Boulevard

Suite 370

Ellicott City, Maryland 21043

Phone: (410) 750-0020

Fax: (410) 750-8588

If you are a Patapsco stockholder:

John M. Wright

Senior Vice President and Chief Financial Officer

Patapsco Bancorp, Inc.

1301 Merritt Boulevard

Dundalk, Maryland 21222

Phone: (410) 285-1010

Fax: (410) 285-8524

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 123)

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 June 2, 2015, pursuant to agreements between Howard and several institutional investors dated as of March 2, 2015, Howard issued an aggregate of 2,173,913 shares of Howard common stock for a purchase price of $11.50 per share, or an aggregate of $25 million, to such institutional investors. We refer to this transaction 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 182)*

Patapsco Bancorp, Inc.

1301 Merritt Boulevard

Dundalk, Maryland 21222

Telephone: (410) 285-1010

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 39 and 45)

Howard will hold a special meeting of stockholders on July 22, 2015 at 6:00 p.m., 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 June 3, 2015 as the record date for determining stockholders entitled to notice of, and to vote at, the special meeting. On the record date, there were 6,345,727 shares of Howard common stock outstanding.

Patapsco will hold its annual meeting of stockholders on July 22, 2015 at 4:00 p.m., local time, at its office located at 1301 Merritt Boulevard, Dundalk, Maryland. The Patapsco board of directors has set the close of business on June 3, 2015 as the record date for determining stockholders entitled to notice of, and to vote at, the annual meeting. On the record date, there were 1,974,843 shares of Patapsco common stock outstanding.

Matters to be Considered at the Meetings (see pages 39 and 45)

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 79)

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 $14.00 on June 2, 2015, the most recent practical date prior to the date hereof, an assumed Average Price for the 20 trading days ending on May 22, 2015, five business days prior to the most recent practical date prior to the date hereof, of $13.79 and a corresponding exchange ratio of 0.3691 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 June 2, 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	$ 504.00	$ 12.55	$ 516.55

(1) Based on the closing sales price of $14.00 on June 2, 2015.
(2) Consists of $12.55 of cash in lieu of a fractional share of Howard common stock.

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	Consideration to be Received as of June 2, 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	$ 252.00	$ 260.77	$ 512.77

(1) Based on the closing sales price of $14.00 on June 2, 2015.
(2) Including $6.27 of cash in lieu of a fractional share of Howard common stock.

	Consideration to be Received as of June 2, 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 84)

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 82)

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 82)

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 40 and 45)

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 58)

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 66)

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 June 3, 2015 (see page 46)

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 June 3, 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 40)

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 46 and 101)

As of the record date for the Patapsco annual meeting, there were 1,974,843 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 17.98% 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 40)

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 777,026 shares of Howard common stock, or approximately 12.24% 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 98)

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 pages 91 and 96)

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). We have received the necessarily approvals from 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 (which approval was obtained on May 27, 2015), 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 93)

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 94)

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, and entered into an agreement with respect to, 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 118)

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 106)

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. 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.

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."

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, 6,345,727 of which are outstanding as of the date of this joint proxy statement/prospectus, 312,714 of which are reserved for issuance pursuant to outstanding options and restricted stock units granted under Howard's stock incentive plans and employment agreements and 610,357 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 7.5% and 14.1% 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.

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, as amended, Patapsco's deferral of interest payments for up to 22 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 December 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 December 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.

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 June 3, 2015, there were 6,345,727 shares of Howard common stock outstanding, which were held by 304 holders of record, and outstanding options that were exercisable on that date (or within 60 days of that date) for 233,050 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 June 3, 2015, there were 1,974,843 shares of Patapsco common stock outstanding, which were held by 333 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	$ —
Second Quarter (through June 3)	14.75	12.36	—	4.90	4.71	—
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) June 2, 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			June 2, 2015		
	High	Low	Closing	High	Low	Closing
Howard	$13.75	$13.75	$13.75	$14.00	$14.00	$14.00
Patapsco	$3.028	$3.02	$3.02	$4.75	$4.74	$4.74

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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 June 2, 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 $13.79 on May 22, 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 June 2, 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
June 2, 2015	$ 14.00	$ 4.74	$ 5.17	$ 5.09

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COMPARATIVE PER SHARE DATA (UNAUDITED)

The following table sets forth certain historical Howard and Patapsco per share data. 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	$ 0.99
Diluted earnings (loss) per common share	2.48	0.87	2.65	0.98
Dividends Declared:				
For the twelve months ended December 31, 2014	$ -	$ -	$ -	$ -
Book Value:				
As of December 31, 2014	$ 11.36	$ 5.03	$ 11.16	$ 4.12

(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.

Unaudited Pro Forma Comparative Per Share Data

For The Three Months Ended March 31, 2015

(Amounts in Thousands, except per share data)

	Howard Bancorp	Patapsco Bancorp	Proforma Combined	Proforma Equivalent Patapsco Share (1)
For the three months ended March 31, 2015				
Basic earnings (loss) per common share	$ 0.15	$ (0.09)	$ 0.12	$ 0.04
Diluted earnings (loss) per common share	0.15	(0.09)	0.12	0.04
Dividends Declared:				
For the three months ended March 31, 2015	$ -	$ -	$ -	$ -
Book Value:				
As of March 31, 2015	$ 11.53	$ 5.08	$ 11.29	$ 4.11

(1) Pro forma equivalent per share amount is calculated by multiplying the pro forma combined per share amount by an assumed exchange ratio of 0.3691 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 0.3691 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 0.3691 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 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.

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 6:00 p.m. on July 22, 2015.

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 June 3, 2015, 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 6,345,727 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 3,172,864) 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 14.24% 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 June 3, 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	106,973	8,035	115,008	1.81	%
Nasser Basir (2)	Director	36,563	304	36,867	*	
Andrew E. Clark (3)	Director	43,668	6,877	50,545	*	
Robert J. Hartson (4)	Director	199,468	3,760	203,228	3.20	%
Donna Hill Staton	Director	7,903	—	7,903	*	
John J. Keenan	Director	1,997	—	1,997	*	
Paul I. Latta, Jr.	Director	85,816	13,187	99,003	1.56	%
Kenneth C. Lundeen (5)	Director	154,373	5,939	160,312	2.53	%
Karen D. McGraw	Director	350	—	350	*	
Richard J. Morgan	Director	2,185	—	2,185	*	
Mary Ann Scully (6)	Director, Chairman of Board, Chief Executive Officer and President	109,900	39,173	149,073	2.35	%
Robert W. Smith, Jr.	Director	27,830	—	27,830	*	
Executive Officers:						
Robert A. Altieri (7)	Executive Vice President	7,667	—	7,667		*
Paul G. Brown (8)	Executive Vice President	34,540	30,752	65,292	1.03	%
George C. Coffman (9)	Executive Vice President Chief Financial Officer and Treasurer	45,703	30,752	76,455	1.20	%
Dennis E. Finnegan (10)	Executive Vice President	1,000	—	1,000	*	
Charles E. Schwabe (11)	Executive Vice President and Secretary	37,873	30,752	68,625	1.08	%
All directors & executive officers as a group (17 persons)		903,809	169,531	1,073,340	16.91	%

Holders of More Than 5%:					
EJF Capital LLC (12)	434,782	—	434,782	6.85	%
Stieven Capital Advisors, L.P. (13)	391,304	—	391,304	6.17	%
T. Rowe Price Associates, Inc. (14)	478,260	—	478,260	7.54	%

* 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 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.

(6) Includes 25,547 shares held in an Individual Retirement Account in the name of Ms. Scully. Also includes 3,332 shares of restricted stock over which Ms. Scully has voting control. Does not include 16,666 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 June 3, 2015.

(7) Includes 1,666 shares of restricted stock over which Mr. Altieri has voting control. Does not include 13,333 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 June 3, 2015.

(8) Includes 23,540 shares owned by Mr. Brown which are pledged as security. Includes 3,332 shares of restricted stock over which Mr. Brown has voting control. Does not include 13,333 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 June 3, 2015.

(9) Includes 8,200 shares held in an Individual Retirement Account in the name of Mr. Coffman. Also includes 3,332 shares of restricted stock over which Mr. Coffman has voting control. Does not include 13,333 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 June 3, 2015.

(10) Does not include 8,000 restricted stock units awarded to Mr. Finnegan over which Mr. Finnegan will not have voting control until vesting occurs, which will not be within 60 days of June 3, 2015.

(11) Includes 3,332 shares of restricted stock over which Mr. Schwabe has voting control. Does not include 13,333 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 June 3, 2015.

(12) The shares listed are owned by EJF Financial Services Fund, LP. EJF Capital LLC is the sole member of EJF Financial Services GP, LLC. EJF Financial Services GP, LLC is the general partner of EJF Financial Services Fund, LP. Emanuel J. Friedman, the Chief Executive Officer of EJF Capital LLC, is deemed to have voting power over these shares. The address for EJF Capital LLC is 2107 Wilson Boulevard, Suite 410, Arlington, Virginia 22201.

(13) 320,550 of the shares listed are owned by Stieven Financial Investors, L.P. and 70,754 of the shares listed are owned by Stieven Financial Offshore Investors, Ltd. Stieven Capital Advisors, L.P. is the investment manager of Stieven Financial Investors, L.P. and Stieven Financial Offshore Investors, Ltd. Joseph A. Stieven, Stephen L. Covington, Daniel M. Ellefson and Mark J. Ross are managing directors of Stieven Capital Advisors, L.P., and are all members of Stieven Capital GP, LLC, the general partner of Stieven Financial Investors, L.P., and therefore share voting and investment power of the shares held by Stieven Financial Investors, L.P. and Stieven Financial Offshore Investors, Ltd.

(14) 434,781 of the shares listed are owned by T. Rowe Price Small-Cap Value Fund, Inc., 41,972 of the shares listed are owned by T. Rowe Price U.S. Small-Cap Value Equity Trust and 1,507 of the shares listed are owned by T. Rowe Price U.S. Equities Trust. T. Rowe Price Associates, Inc. (“TRPA”) serves as an investment advisor with the power to direct investments and/or sole power to vote the shares owned by the advisory clients listed herein. For purposes of reporting requirements of the Exchange Act, TRPA may be deemed to be the beneficial owner of all of the shares listed; however, TRPA expressly disclaims that it is, in fact, the beneficial owner of such shares. The address of TRPA and each fund is 100 East Pratt Street, Baltimore, MD 21202.

TRPA is a wholly-owned subsidiary of T. Rowe Price Group, Inc., which is a publicly traded financial services holding company. T. Rowe Price Investment Services, Inc. (“TRPIS”), a registered broker-dealer, is a subsidiary of T. Rowe Price Associates, Inc., the investment adviser to the accounts listed herein. TRPIS was formed primarily for the limited purpose of acting as the principal underwriter of shares of the funds in the T. Rowe Price fund family. TRPIS does not engage in underwriting or market-making activities involving individual securities. T. Rowe Price provides brokerage services through this subsidiary primarily to complement the other services provided to shareholders of the T. Rowe Price funds.

THE PATAPSCO BANCORP ANNUAL MEETING

Date, Time and Place

Patapsco will hold its annual meeting of stockholders at its office located at 1301 Merritt Boulevard, Dundalk, Maryland 21222 at 4:00 p.m. on July 22, 2015.

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 June 3, 2015, 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 1,974,843 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 987,422 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 17.98% 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 Gary R. Bozel, Nicole N. Glaeser and J. Thomas Hoffman, or any 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/PATD 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 except on the proposal to ratify the appointment of TGM Group, LLC as Patapsco's independent registered public accounting firm.

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 June 3, 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		*	
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 June 3, 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.

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, as amended, 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, we currently expect the merger to close on or about August 28, 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;

- 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

		Nationwide Peers			Mid-Atlantic Peers		
	Patapsco Bancorp	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

		Nationwide Peers			Mid-Atlantic Peers		
	Patapsco Bancorp	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

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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:

	Patapsco Bancorp	Mid-Atlantic Selected Transactions			Nationwide Selected Transactions			Maryland and Pennsylvania Selected Transactions		
		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 paid 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;

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- 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:

- 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):

	Patapsco[1]		Patapsco Adjusted[2]		Selected Companies 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	Median	Average	Top Quartile
Stock Price/Book Value per Share	1.21 x	1.16 x	0.97 x	0.95 x	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	1.05 x	1.14 x	1.17 x	1.23 x
Stock Price/LTM EPS	25.6 x			12.0 x	14.4 x	14.6 x	17.3 x
Stock Price/2015 Estimated EPS[2][3]	11.9 x			12.2 x	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	11.4 x	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	Selected Transactions			
	Proposed	Merger	Bottom			Top
	Merger	Adjusted(1)	Quartile	Median	Average	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 company or transaction used as a comparison in the above selected transactions analyses is identical to Patapsco or the proposed merger. 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.

Relative Contribution Analysis. KBW analyzed the relative standalone contribution of Howard and Patapsco to various pro forma balance sheet and income statement items. This analysis did not include purchase accounting or transaction adjustments. To perform this analysis, KBW used (i) balance sheet data for Howard and Patapsco as of

December 31, 2014 and (ii) financial forecasts and projections relating to the earnings of Howard and Patapsco (as adjusted to reflect the impact of a 35% normalized tax rate and annual TARP dividends) provided to KBW by Howard and Patapsco managements, respectively. The results of KBW's analysis are set forth in the following table, which also compares the results of KBW's analysis with the implied pro forma ownership percentage of Patapsco stockholders in the combined company (giving effect to the issuance of $25 million of Howard common shares at a price of $11.50 per share in the private placement) based on the implied exchange ratios derived from the implied value of the merger consideration of $5.09 per share of Patapsco common stock using the closing stock price of Howard as of February 27, 2015 under both the 80% stock / 20% cash aggregate merger consideration mix in the merger agreement and assuming hypothetical 100% stock consideration scenario for illustrative purposes:

	Howard as a Percentage of Total	Patapsco as a Percentage of Total
Ownership		
Ownership at 80% Stock / 20% cash(1)	92 %	8 %
Ownership at 100% Stock(1)	90 %	10 %
Balance Sheet		
Total Assets	75 %	25 %
Total Assets Pro Forma(1)	76 %	24 %
Gross Loans Held for Investment	76 %	24 %
Total Deposits	75 %	25 %
Total Tangible Common Equity(2)	85 %	15 %
Total Tangible Common Equity Pro Forma(1)(2)	90 %	10 %
Income Statement		
2015 Estimated Earnings(3)	90 %	10 %
2016 Estimated Earnings(3)	91 %	9 %
2017 Estimated Earnings(3)	91 %	9 %

(1) Included the effect of the issuance of $25 million of Howard common shares at a price of $11.50 per share in the private placement.

(2) Patapsco tangible common equity reduced by the amount of undeclared and unpaid TARP dividends.

(3) Patapsco earnings data reflected the impact of a 35% normalized tax rate and annual TARP dividends.

Pro Forma Financial Impact Analysis. KBW performed a pro forma financial impact analysis that combined projected income statement and balance sheet information of Howard (giving effect to the issuance of $25 million of Howard common shares at a price of $11.50 per share in the private placement) and Patapsco. Using closing balance sheet estimates as of September 30, 2015 for Howard and Patapsco per Howard management, financial forecasts and projections relating to the earnings of Howard and Patapsco (as adjusted to reflect the impact of a 35% normalized tax rate and annual TARP dividends) provided by Howard and Patapsco managements, respectively, and pro forma assumptions (including purchase accounting adjustments, cost savings and related expenses) provided by Howard management, KBW analyzed the potential financial impact of the merger on certain projected financial results. This analysis indicated, among other things, that the merger, including the $25 million capital raise, could be dilutive to Howard's 2016 and 2017 estimated EPS and Howard's estimated closing book value per share and tangible book value per share as of September 30, 2015. Furthermore, the analysis indicated that, pro forma for the proposed merger (including the $25 million capital raise), each of Howard's tangible common equity to tangible assets ratio, Tier 1 Leverage Ratio, Tier 1 Risk-Based Capital Ratio and Total Risk-Based Capital Ratio as of September 30, 2015 could be higher.

In addition, using the same information referred to in the paragraph above, KBW reviewed with the Patapsco board for informational purposes the potential financial impact of the merger on certain projected financial results including only $10 million of the $25 million capital raise in the private placement and also reviewed with the Patapsco board for informational purposes the potential financial impact of the merger on certain projected financial results assuming the private placement does not occur in connection with the merger. Both indicated that the merger could be dilutive to Howard's estimated closing tangible book value per share as of September 30, 2015 and could be accretive to Howard's 2016 and 2017 estimated EPS. With respect to Howard's book value per share as of September 30, 2015, the review indicated that the merger could be dilutive to Howard's book value per share as of September 30, 2015 including only $10 million of the private placement and that the merger could be accretive to Howard's book value per share as of September 30, 2015 assuming the private placement does not occur.

For all of the above analyses, the actual results achieved by Howard following the proposed merger will vary from the projected results, and the variations may be material.

Discounted Cash Flow Analysis. KBW performed a discounted cash flow analysis to estimate ranges for the implied equity value of Patapsco on a standalone basis. In this analysis, KBW used financial forecasts and projections relating to the earnings and assets of Patapsco (as adjusted to reflect the impact of a 35% normalized tax rate and undeclared and unpaid TARP dividends) prepared by and provided to KBW by Patapsco management, and assumed discount rates ranging from 16.0% to 17.5%. The ranges of values were determined by adding (1) the present value of the estimated free cash flows that Patapsco could generate over the period from 2015 to 2019 as a standalone company and (2) the present value of Patapsco's implied terminal value at the end of such period. KBW assumed that Patapsco would maintain a tangible common equity to tangible assets ratio of 7.00% (which would require an initial cash inflow as Patapsco's tangible common equity to tangible assets ratio was below 7.00%) and would retain sufficient earnings to maintain that level. KBW derived implied terminal values using 2020 earnings multiples. Using implied terminal values for Patapsco calculated by applying a range of 11.0x to 15.0x estimated 2020 earnings, this discounted cash flow analysis resulted in a range of implied value per Patapsco common share that could be negative at the low end of the range and $0.78 at the high end of the range. The discounted cash flow analysis is a widely used valuation methodology, but the results of such methodology are highly dependent on the assumptions that must be made, including asset and earnings growth rates, terminal values, dividend payout rates, and discount rates. The analysis did not purport to be indicative of the actual values or expected values of Patapsco.

Miscellaneous. KBW acted as financial advisor to Patapsco in connection with the proposed merger and did not act as an advisor to or agent of any other person. As part of its investment banking business, KBW is continually engaged in the valuation of bank and bank holding company securities in connection with acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for various other purposes. As specialists in the securities of banking companies, KBW has experience in, and knowledge of, the valuation of banking enterprises. In the ordinary course of KBW's business as a broker-dealer, KBW may from time to time purchase securities from, and sell securities to, Patapsco and Howard. In addition, further to an existing sales and trading relationship between Patapsco and a KBW affiliated broker-dealer, such affiliate from time to time purchases securities from, and sells securities to, Patapsco. As a market maker in securities, KBW and its affiliates may from time to time have a long or short position in, and buy or sell, debt or equity securities of Patapsco and Howard for KBW's own account and for the accounts of its customers.

Pursuant to the KBW engagement agreement, Patapsco has agreed to pay KBW a total cash fee equal to 3.00% of the aggregate merger consideration, $25,000 of which became payable to KBW in connection with KBW's engagement, $150,000 of which became payable to KBW upon the rendering of KBW's opinion and the balance of which is contingent upon the consummation of the merger. Patapsco also agreed to reimburse KBW for reasonable out-of-pocket expenses and disbursements incurred in connection with its retention and to indemnify KBW against certain liabilities relating to or arising out of KBW's engagement or KBW's role in connection therewith. Other than in connection with this present engagement, in the two years preceding the date of its opinion, KBW did not provide investment banking and financial advisory services to Patapsco. In the two years preceding the date of its opinion, KBW did not provide investment banking and financial advisory services to Howard. KBW may in the future provide investment banking and financial advisory services to Patapsco or Howard and receive compensation for such services.

Terms of the Merger

Effects of the Merger

Upon completion of the merger, Patapsco will be merged with and into Howard and the separate legal existence of Patapsco will cease. All property, rights, powers, duties, obligations and liabilities of Patapsco will automatically be deemed transferred to Howard, as the surviving corporation in the merger. Howard will continue to be governed by its articles of incorporation and bylaws as in effect immediately prior to the merger.

The merger agreement provides that, 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 in the bank merger. Howard Bank will continue to be governed by its articles of incorporation and bylaws in effect immediately prior to the bank merger.

Consideration to be Paid in the Merger

Pursuant to the terms of the merger agreement, Howard will acquire Patapsco for aggregate consideration of between approximately $10,051,000 and $10,053,000 (assuming an Average Price of Howard common stock between $9.00 and $16.80), including approximately $2,010,600 and between 478,702 and 893,577 shares of its common stock (based on the Average Price of its common stock as calculated as set forth in the merger agreement), with the cash/stock mix being subject to adjustment in Howard's discretion as described herein and in the merger agreement, which we refer to as the aggregate merger consideration.

Changes in the Average Price below $9.00 or above $16.80 will not, however, impact the number of shares of Howard common stock that will be issued in exchange for a share of Patapsco common stock in the merger (i.e., the per-share stock consideration) since at such point the exchange ratio will be fixed. Therefore, to the extent the Average Price falls below $9.00, the aggregate merger consideration will be below $10,053,000, and to the extent the Average Price increases above $16.80, the aggregate merger consideration will be above $10,053,000. In either case, the amount of the per-share cash consideration will remain $5.09.

What Patapsco Stockholders Will Receive in the Merger

Upon completion of the merger, each share of Patapsco common stock that you hold at the effective time of the merger will be automatically converted into the right to receive either cash, which we refer to as the per-share cash consideration, or shares of Howard common stock, which we refer to as the per-share stock consideration, as discussed below, except for shares of Patapsco common stock held by stockholders who perfect their dissenters' rights as discussed in "– Dissenters' Rights." 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 as described below, either (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 (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 in the merger. 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 (subject to the right of Howard to adjust the mix of the cash and stock consideration as discussed below), for a total value of between approximately $10,051,000 and $10,053,000. To the extent the Average Price is between $9.00 and $16.80, the value of the stock consideration will fluctuate with the market price of Howard common stock. Because, as noted above, the exchange ratio is fixed at 0.5656 if the Average Price is $9.00 or below and 0.3030 if the Average Price is $16.80 or above, then the value of the per-share stock consideration will be greater than $5.09 if the Average Price is above $16.80 and less than $5.09 if the Average Price is below $9.00. Accordingly, any change in the price of Howard common stock outside of these parameters prior to the merger will affect the market value of the stock consideration that stockholders of Patapsco will receive as a result of the merger.

Examples of the potential effects of fluctuations in the Average Price on the merger consideration are illustrated in the following table, based upon a range of hypothetical Average Prices. The Average Prices set forth in the following table have been included for illustrative purposes only. The Average Price may be less than $7.50 or more than $18.50. We cannot assure you as to what the Average Price will be or what the value of the Howard common stock to be issued in the merger will be at the effective time of the merger and the Average Price at the effective time could be different than at the time of the stockholder meetings.

Assumed Average Price	Exchange Ratio	Aggregate Number of Howard Shares to be received	Per Share Value of Howard Shares to be received (2) ($)	Aggregate Value of Howard Shares to be received ($000)	Per Share Value of Cash Consideration to be received ($)	Aggregate Value of Cash Consideration to be received ($000s)	Total Aggregate Value of Merger Consideration to be received ($000s)
$ 7.20 (1)	0.5656	893,577	4.07	6,434	5.09	2,011	8,445
$ 7.50	0.5656	893,577	4.24	6,702	5.09	2,011	8,712
$ 8.00	0.5656	893,577	4.52	7,149	5.09	2,011	9,159
$ 8.50	0.5656	893,577	4.81	7,595	5.09	2,011	9,606
$ 9.00	0.5656	893,577	5.09	8,042	5.09	2,011	10,053
$ 9.50	0.5358	846,497	5.09	8,042	5.09	2,011	10,052
$ 10.00	0.5090	804,156	5.09	8,042	5.09	2,011	10,052
$ 10.50	0.4848	765,923	5.09	8,042	5.09	2,011	10,053
$ 10.80	0.4713	744,595	5.09	8,042	5.09	2,011	10,052
$ 11.00	0.4627	731,008	5.09	8,041	5.09	2,011	10,052
$ 11.50	0.4426	699,252	5.09	8,041	5.09	2,011	10,052
$ 12.00	0.4242	670,183	5.09	8,042	5.09	2,011	10,053
$ 12.50	0.4072	643,325	5.09	8,042	5.09	2,011	10,052
$ 13.00	0.3915	618,521	5.09	8,041	5.09	2,011	10,051
$ 13.20	0.3856	609,200	5.09	8,041	5.09	2,011	10,052
$ 13.50	0.3770	595,613	5.09	8,041	5.09	2,011	10,051
$ 14.00	0.3636	574,442	5.09	8,042	5.09	2,011	10,053
$ 14.50	0.3510	554,536	5.09	8,041	5.09	2,011	10,051
$ 15.00	0.3393	536,051	5.09	8,041	5.09	2,011	10,051
$ 15.50	0.3284	518,831	5.09	8,042	5.09	2,011	10,052
$ 16.00	0.3181	502,558	5.09	8,041	5.09	2,011	10,052
$ 16.50	0.3085	487,391	5.09	8,042	5.09	2,011	10,053
$ 16.80	0.3030	478,702	5.09	8,042	5.09	2,011	10,053
$ 17.00	0.3030	478,702	5.15	8,138	5.09	2,011	10,149
$ 17.50	0.3030	478,702	5.30	8,377	5.09	2,011	10,388
$ 18.00	0.3030	478,702	5.45	8,617	5.09	2,011	10,627
$ 18.50	0.3030	478,702	5.61	8,856	5.09	2,011	10,867

(1) First prong of Patapsco’s termination right can be triggered if the Average Price is less than $7.20. For more information, see “–Patapsco Price Termination Right” below for more information.

(2) Assumes value per share of Howard common stock equals the Average Price at closing.

Howard will not issue fractional shares of Howard common stock to Patapsco stockholders. If you are otherwise entitled to receive a fractional share of Howard common stock under the exchange procedure described above, you will instead have the right to receive cash, without interest, in an amount equal to the product of (i) the fraction of a share that would otherwise be due to you and (ii) the Average Price.

To illustrate the calculation of the per-share merger consideration, for example, based on a Howard closing sales price of $14.00 on June 2, 2015, the most recent practical date prior to the date hereof, an assumed Average Price for the 20 trading days ending on May 22, 2015, five business days prior to the most recent practical date prior to the date hereof, of $13.79 and a corresponding exchange ratio of 0.3691 shares of Howard common stock per share of Patapsco common stock, the tables below indicates the consideration which 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 June 2, 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	$ 504.00	$ 12.55	$ 516.55

(1) Based on the closing sales price of $14.00 on June 2, 2015.
(2) Consists of $12.55 of cash in lieu of a fractional share of Howard common stock.

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	Consideration to be Received as of June 2, 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	$ 252.00	$ 260.77	$ 512.77

(1) Based on the closing sales price of $14.00 on June 2, 2015.
(2) Including $6.27 of cash in lieu of a fractional share of Howard common stock.

	Consideration to be Received as of June 2, 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

Because, in these examples, the Average Price is between $9.00 and $16.80, the value of the per-share stock consideration would be $5.09 based on the Average Price. Because, as noted above, the exchange ratio is fixed at 0.5656 if the Average Price is $9.00 or below and 0.3030 if the Average Price is $16.80 or above, then the value of the per-share stock consideration on the determination date will be greater than $5.09 if the Average Price is above $16.80 and less than $5.09 if the Average Price is below $9.00, and will fluctuate based on changes in the market value of the common stock after the determination date. No fractional shares will be issued in the merger, and cash will be paid in lieu thereof.

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 at the effective time of the merger will be exchanged for shares of Howard common stock and that 20% (or 394,969 shares) of the outstanding shares of

Patapsco common stock will be exchanged for cash, including cash paid to Patapsco stockholders that perfect their dissenters' rights under Maryland law. This provision is subject, however, to Howard's right 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.

Accordingly, after Patapsco stockholder elections have been tabulated, the elected amounts of stock or cash will be adjusted to ensure that 80% of the shares of Patapsco common stock outstanding at the effective time of the merger are exchanged for shares of Howard common stock and the remaining 20% are exchanged for cash, subject to adjustment of these percentages by Howard. Assuming no such adjustment, if holders of more than 20% of the outstanding shares of Patapsco common stock elect to receive cash (including those that perfect dissenters' rights), the number of shares that you elected to exchange for cash (if any) will be reduced through an allocation formula and the rest of your shares will be exchanged for stock consideration. Similarly, if holders of less than 20% of the outstanding shares of Patapsco common stock elect to receive cash (including those that perfect dissenters' rights), the number of shares that you elected to exchange for the stock consideration (if any) will be reduced and the rest of your shares will be exchanged for cash. Therefore, you may receive significantly less cash and more shares of Howard common stock than you elect, or you may receive significantly less shares of Howard common stock and more cash than you elect.

If you do not return the election form by the deadline to make a valid election, you will be deemed to have made no election. Stockholders not making an election may be paid in cash and/or shares of Howard common stock depending on, and after giving effect to, the allocation adjustments described below.

For more information about the allocation rules and the potential effects of the allocation procedures described above, see "– Terms of the Merger – Election and Exchange Procedures" and "– Terms of the Merger – Allocation Procedures and Proration."

Patapsco Price Termination Right

Patapsco has the option, but is not required, to terminate the merger agreement if, at any time during the two business day period beginning on the fifth business day immediately prior to the closing of the merger (i) the Average Price of Howard common is less than $7.20 and (ii) the quotient obtained by dividing the Average Price by $9.00 is less than 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. Patapsco cannot predict whether or not it 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 these termination conditions are met and Patapsco chooses to complete the transaction.

Election and Exchange Procedures

Subject to allocation procedures as described below, each Patapsco stockholder may elect to receive with respect to his or her shares of Patapsco common stock all Howard common stock, all cash or a combination of common stock and cash.

Stock Election Shares. Patapsco stockholders who validly elect to receive shares of Howard common stock for some or all of their shares will receive the per-share stock consideration for that portion of the stockholder's shares of Patapsco common stock equal to the stockholder's stock election subject to allocation as further discussed in the following section. In our discussion below, we sometimes refer to shares held by stockholders who have made stock elections as "stock election shares."

Cash Election Shares. Patapsco stockholders who validly elect to receive cash for some or all of their shares will receive the per-share cash consideration for that portion of the stockholder's shares of Patapsco common stock equal to the stockholder's cash election, subject to allocation as further discussed in the following section. In our discussion below, we sometimes refer to shares held by Patapsco stockholders who have made cash elections as "cash election shares."

Objecting Shares. We refer to shares held by Patapsco stockholders (whom we sometimes refer to as objecting stockholders) that perfect their rights of objecting stockholders (which we sometimes refer to as dissenters' rights) under Maryland law with respect to the merger as "objecting shares."

No Election Shares. Shares held by Patapsco stockholders who (i) indicate that they have no preference as to whether they receive Howard common stock or cash, (ii) do not make a valid election, or (iii) attempt but fail to properly perfect their dissenters' rights will be deemed to be "no election shares." No election shares will be converted into the right to receive either the per-share stock consideration or the per-share cash consideration as discussed in "– Allocation Procedures and Proration" below.

Subject to the right of Howard to adjust these percentages, 20% of the shares of Patapsco common stock outstanding at the effective time of the merger will be exchanged for cash in the merger (including objecting shares) and the remaining outstanding shares of Patapsco common stock will be exchanged for shares of Howard common stock. Accordingly, there is no assurance that a Patapsco stockholder will receive the form of per-share consideration that stockholder elects with respect to his, her or its shares of Patapsco common stock. See "– Allocation Procedures and Proration" below.

Election Form; Letter of Transmittal. If you are a record holder of Patapsco common stock, an election form and letter of transmittal for use in surrendering your certificates representing your shares of Patapsco common stock will be sent to you no more than 40 nor less than 20 days before the anticipated effective date of the merger. The election form will include instructions for electing to receive Howard common stock or cash or a combination of stock and cash for your Patapsco common stock, or indicating that you have no preference as to whether you receive Howard common stock or cash for your shares of Patapsco common stock. The letter of transmittal will include instructions for submitting your Patapsco stock certificate(s) in exchange for the Howard common stock or the cash consideration. The deadline for making your election 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. You must carefully follow the instructions on the election form and letter of transmittal and return a properly executed election form, letter of transmittal and your Patapsco stock certificate(s) (or an appropriate guarantee of delivery of such stock certificate(s) as set forth in the election form from a firm that is an "eligible guarantor institution" (as defined in Rule 17Ad-15 under the Exchange Act) provided that such stock certificate(s) are in fact delivered to the exchange agent by the time set forth in such guarantee of delivery) to the exchange agent in order to receive the merger consideration for your shares. The Patapsco stock certificate(s) must be in a form that is acceptable for transfer (as explained in the letter of transmittal). Your election will be properly made only if, by the deadline date, you have submitted to Howard's exchange agent at its designated office (i) a properly completed and signed election form, (ii) a properly completed and signed letter of transmittal together with your stock certificate(s) or guarantee of delivery of such stock certificate(s), and (iii) such other documents as Howard or the exchange agent may reasonably request.

If your election is not timely and properly made, or you revoke your election and fail to make a timely and proper new election, your shares of Patapsco common stock will be treated as "no election shares" and you will be entitled to receive solely the form of per-share consideration in exchange for your shares of Patapsco common stock that is allocated to you by the exchange agent in the allocation process, as discussed below in "– Allocation Procedures and Proration."

You may revoke or change your election form by written notice to the exchange agent, but only if such written notice is actually received by the exchange agent at or prior to the election form deadline. If you revoke your election form, your certificates representing your shares of Patapsco common stock will be promptly returned to you without charge.

Neither Howard nor its exchange agent will be under any obligation to notify any person of any defects in an election form or letter of transmittal.

As soon as reasonably practicable after the later of its receipt of properly completed and signed letters of transmittal and accompanying Patapsco stock certificates and the closing of the merger, Howard's exchange agent will mail certificates representing shares of Howard common stock and/or checks representing the merger consideration for shares of Patapsco common stock (including cash in lieu of fractional share interests). No interest will be paid on any cash payment.

Certificates representing shares of Howard common stock will be dated the effective date of the merger and will entitle the holders to dividends, distributions and all other rights and privileges of a Howard stockholder from the effective date. Until the certificates representing Patapsco common stock are surrendered for exchange, holders of such certificates will not receive the cash or stock consideration or dividends or distributions on the Howard common stock into which such shares have been converted. When the certificates are surrendered to the exchange agent, any unpaid dividends or other distributions will be paid without interest. Howard has the right to withhold dividends or any other distributions on its shares until the applicable Patapsco stock certificates are surrendered for exchange.

Until surrendered, each Patapsco stock certificate, following the effective date of the merger, is evidence solely of the right to receive the proportionate amount of the aggregate per-share merger consideration. In no event will either Howard or Patapsco be liable to any former Patapsco stockholder for any amount paid in good faith to a public official or agency pursuant to any applicable abandoned property, escheat or similar law.

Howard will not issue any fractions of a share of common stock. Rather, Howard will pay cash for any fractional share interest any Patapsco stockholder would otherwise be entitled to receive in the merger. For each fractional share that would otherwise be issued, Howard will pay by check an amount equal to the value of such fractional share multiplied by the Average Price. Shares of Patapsco common stock held by Howard as of the effective date of the merger, if any, will be canceled.

Allocation Procedures and Proration

As a result of the merger, Patapsco will be merged with and into Howard. Each share of Patapsco common stock will then be converted into either cash or shares of Howard common stock as each Patapsco stockholder elects, subject to the limitations described in this joint proxy statement/prospectus. Specifically, notwithstanding the election of Patapsco stockholders to receive cash, Howard common stock or a combination of stock and cash in the merger, an aggregate of 20% of the outstanding shares of Patapsco common stock (approximately 1,579,874 shares) will be exchanged for cash, including pursuant to the exercise and perfection of dissenters' rights by the holders thereof, with the remaining 80% (or approximately 394,969 shares) being exchanged for Howard common stock, subject to the right of Howard to adjust these percentages as described elsewhere in this joint proxy statement/prospectus. Therefore, the elections of Patapsco stockholders will be reallocated as necessary as discussed further below.

Too Many Stockholders Elect the Cash Consideration. If the aggregate number of cash election shares and objecting shares is more than 20% of the shares of Patapsco common stock outstanding on the effective date of the merger, as such percentage may be adjusted by Howard, which we refer to as the "target cash conversion number," then:

- All stock election shares and no-election shares will be converted into the right to receive the per-share stock consideration; and

- The exchange agent will reallocate, on a *pro rata* basis, a sufficient number of cash election shares (but not objecting shares) into stock election shares so that the number of cash election shares and objecting shares is equal to the target cash conversion number, and each such reallocated stock election share will be converted into the right to receive the per-share stock consideration and the cash election shares that are not so reallocated into stock election shares will be converted into the right to receive the per-share cash consideration.

Too Few Stockholders Elect the Cash Consideration. If the aggregate number of cash election shares and objecting shares is less than the target cash conversion number, then:

- All cash election shares will be converted into the right to receive the per-share cash consideration; and

- The exchange agent will reallocate, on a *pro rata* basis, a sufficient number of no-election shares into cash election shares so that the aggregate number of cash election shares and objecting shares is equal to the target cash conversion number, and each such reallocated cash election share will be converted into the right to receive the per-share cash consideration and the remainder of the no-election shares, if any, will be converted into the right to receive the per-share stock consideration in the merger.

- If all no-election shares are reallocated into cash election shares as set forth above and the total number of cash election shares and objecting shares remains less than the target cash conversion number, then the exchange agent will reallocate, on a *pro rata* basis, a sufficient number of stock election shares into cash election shares so that the aggregate number of cash election shares and objecting shares is equal to the target cash conversion number, and each such reallocated cash election share will be converted into the right to receive the per-share cash consideration and the remainder of the stock election shares will be converted into the right to receive the per-share stock consideration in the merger.

Because the United States federal income tax consequences of receiving Howard common stock, cash or both Howard common stock and cash will differ, Patapsco stockholders are urged to read carefully the information included under the caption "The Merger Agreement and the Merger – Certain Federal Income Tax Consequences" and to consult their tax advisors for a full understanding of the merger's tax consequences to them.

Howard Common Stock

Each share of Howard common stock outstanding immediately prior to completion of the merger will remain outstanding after and be unchanged by the merger.

Effective Date

The merger will take effect when all conditions, including obtaining stockholder and regulatory approval, have been fulfilled or waived, or as soon as practicable thereafter as Howard and Patapsco may mutually select. By law, however, regulatory and stockholder approval cannot be waived. We presently expect to close the merger on or about August 28, 2015. See "– Conditions to the Merger" and "– Regulatory Approvals."

Outstanding Patapsco Preferred Stock under TARP

Pursuant to TARP, Patapsco issued to Treasury 6,000 shares of its Series A Fixed Rate Cumulative Perpetual Preferred Stock, $0.01 par value per share with a stated liquidation amount $1,000 per share (the "Series A Preferred Stock") and 300 shares Series B Fixed Rate Cumulative Perpetual Preferred Stock, $0.01 par value per share with a stated liquidation amount $1,000 per share (the "Series B Preferred Stock"). Howard intends to retire each share of Series A Preferred Stock and Series B Preferred Stock by either purchasing such shares from Treasury prior to the closing of the merger or by converting such shares 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 Preferred Stock and, subsequent to the closing and with regulatory approval, repurchasing such shares (the "Howard Preferred Stock Retirement"). The merger agreement provides that each share of Series A Preferred Stock and Series B Preferred Stock issued and outstanding immediately prior to the effective time of the merger, unless previously purchased from Treasury by Howard, will be converted automatically into and thereafter represent the right to receive one share of preferred stock of Howard to be designated, prior to the closing date of the merger, as Series A Fixed Rate Cumulative Perpetual Preferred Stock, stated liquidation amount $1,000 per share and Series B Fixed Rate Cumulative Perpetual Preferred Stock, stated liquidation amount $1,000 per share, respectively, and otherwise having rights, preferences, privileges and voting powers such that the rights, preferences, privileges and voting powers of the corresponding shares of the Series A

Preferred Stock and Series B Preferred Stock are not adversely affected by such conversion and having rights, preferences, privileges and voting powers, and limitations and restrictions that, taken as a whole, are not materially less favorable than the rights, preferences, privileges and voting powers, and limitations and restrictions of the corresponding shares of the Series A Preferred Stock and Series B Preferred Stock immediately prior to such conversion, taken as a whole.

Issuance of Preferred Stock to Howard; Assumption of Debentures Issued to Trust

Patapsco has issued and outstanding to Patapsco Statutory Trust I debentures in the principal amount of approximately $5 million, not including deferred interest of approximately $1.2 million. The merger agreement provides that at or prior to June 15, 2015, Patapsco will issue to Howard, and Howard will purchase from Patapsco, a sufficient number of shares of preferred stock at $1,000 per share to bring current the payment of deferred interest through June 15, 2015 on the subordinated debentures. Patapsco is required to use the proceeds from the sale of the preferred stock to bring current interest on the subordinated debentures. Howard’s obligation to purchase such preferred stock, and Patapsco’s obligation to issue such preferred stock, is subject to the following conditions: (i) Patapsco must have made a diligent and good faith effort to obtain 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 Patapsco has failed to obtain such waiver; (ii) Patapsco must have received prior regulatory approval or non-objection to bring current the payment of amounts due on its subordinated debentures by payment of any deferred payments plus any accrued interest and other charges and or fees; and (iii) Patapsco and Howard must have received all necessary regulatory approvals or non-objections and all consents from third parties as may be required for the issuance and purchase of the preferred stock and the use of the proceeds from such issuance to pay deferred interest on the subordinated debentures. If the waiver referred to in section (i) of the prior sentence is granted, Howard will not be obligated to purchase the preferred stock from Patapsco.

On June 5, 2015, Patapsco entered into an agreement with the trustee of Patapsco Statutory Trust I allowing it to defer the interest due on the debentures for an additional two consecutive quarterly periods, or until December 15, 2015. Therefore, we do not expect that Patapsco will issue the preferred stock to Howard in the manner contemplated in the merger agreement.

The merger agreement provides that Howard will assume Patapsco's obligations under the debentures issued to Patapsco Statutory Trust I upon the effective time of the merger. This will include any deferred interest amounts due on the debentures.

Representations and Warranties

The merger agreement contains customary representations and warranties relating to, among other things:

- Organization of Howard and Patapsco and their respective subsidiaries;
- Capital structures of Howard and Patapsco;
- Valid approval, valid execution and delivery, non-contravention, performance and enforceability of the merger agreement;
- Consents or approvals of regulatory authorities or third parties necessary to complete the merger;
- Consistency of financial statements with accounting principles generally accepted in the United States ("GAAP");
- Absence of material adverse changes, since June 30, 2014 in the case of Patapsco, and December 31, 2013 in the case of Howard, in assets, liabilities, liquidity, net worth, property, financial condition and results of operations, or any damage, destruction or loss;
- Filing of tax returns and payment of taxes;
- Absence of undisclosed material pending or threatened litigation, arbitration or other proceedings and actions or governmental investigations or inquiries;

- Compliance with applicable laws and regulations;
- Absence of labor or collective bargaining agreements, labor strike, labor suits and similar matters, and absence of pending or threatened legal proceedings with respect to labor matters;
- Retirement and other employee plans and matters relating to the Employee Retirement Income Security Act of 1974;
- Quality of title to assets and properties;
- Maintenance of adequate insurance;
- Absence of undisclosed brokers', finders' or similar fees or the retention of finders, brokers and similar persons;
- Absence of material environmental violations, actions or liabilities;

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- Accuracy of information supplied by Howard and Patapsco for inclusion in the registration statement, filed under the Securities Act, of which this joint proxy statement/prospectus is a part, and all applications filed with regulatory authorities for approval of the merger;
- Intellectual property used or owned by Patapsco;
- Validity and binding nature of loans reflected as assets in the financial statements of Patapsco;
- Disclosure of loans and the extension of loans in compliance with applicable regulations;
- Disclosure of material contracts;
- Material compliance with the Community Reinvestment Act of 1977 (the "CRA");
- Material compliance with the Bank Secrecy Act, USA PATRIOT Act, anti-money laundering statutes, rules or regulations, and statutes, rules and regulations relating to customer privacy;
- Compliance with laws related to securities activities of employees;
- Disclosure of related party transactions;
- Establishment and maintenance of the allowance for loan losses;
- Investment securities status;
- Qualification of the merger as a tax-free reorganization under Section 368(a) of the Internal Revenue Code;
- Accuracy and completeness of corporate books and records;
- Receipt of opinions of the parties' financial advisors;
- Absence of certain enumerated changes with respect to Patapsco;

- Absence of undisclosed liabilities;
- With respect to Patapsco, absence of brokered deposits;
- With respect to Patapsco, absence of option plans and convertible securities;
- With respect to Patapsco, that it has not entered into certain risk management arrangements; and
- With respect to Patapsco, that it does not have trust powers or act as trustee, agent, custodian, personal representative, guardian, conservator or investment advisor, does not originate, maintain or administer credit card accounts and has not provided merchant credit card processing services.

Conduct of Business Pending the Merger

In the merger agreement, Howard and Patapsco each agreed to use their commercially reasonable good faith efforts to preserve their business organizations intact, to maintain good relationships with employees, and to preserve the good will of customers and others with whom they do business.

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In addition, Patapsco agreed to conduct its business and to engage in transactions only in the usual, regular and ordinary course of business, consistent with past practice, except as otherwise required by or contemplated in the merger agreement, required by regulators or consented to by Howard. Patapsco also agreed in the merger agreement that (except to the extent required in writing by its regulators and with notice to Howard) it will not, and will not allow any subsidiary to, without the written consent of Howard:

- Change its articles of incorporation or bylaws and the charter documents, bylaws, operating agreements and/or other governing documents of its subsidiaries;
- Change the number of authorized or issued shares of its capital stock, repurchase any shares of its capital stock, redeem or otherwise acquire any shares of its capital stock, or issue or grant options or similar rights with respect to its capital stock or any securities convertible into its capital stock;
- Declare, set aside or pay any dividend or other distribution in respect of its capital stock;
- Grant any severance or termination pay, except in accordance with policies or agreements in effect on March 2, 2015;
- Enter into or amend any employment, consulting, severance, compensation, “change-in-control” or termination contract or arrangement;
- Grant job promotions or increase the rate of compensation of, or pay any bonus to, any director, officer, employee, independent contractor, agent or other person associated with Patapsco or any Patapsco subsidiary, except (i) with respect to officers and employees at the level of Vice President or below to the extent such promotion or increase is made in the normal course of its business consistent with past practices, or (ii) for routine periodic pay increases, selective merit pay increases and pay raises in the normal course of business and consistent with past practices, provided, however, that any increase in compensation for a director or an executive officer of Patapsco or any Patapsco subsidiary that is above the level of Vice President will require Howard’s prior written consent;
- Hire any new employees or fill any job vacancies above the level of Vice President;
- Sell or otherwise dispose of any material asset, other than in the ordinary course of business, consistent with past practice;
- Subject any material asset to a lien, pledge, security interest, mortgage, claim or other encumbrance, other than in the ordinary course of business consistent with past practice;

- Modify in any material manner the manner in which it has previously conducted its business or enter into any new line of business;

- Except for Federal Home Loan Bank of Atlanta (“FHLB”) advances with maturities not to exceed one year and deposits, incur any indebtedness for borrowed money or incur, assume or become subject to any obligations or liabilities of any other person or entity, except for the issuance of letters of credit in the ordinary course of business and in accordance with the restrictions otherwise set forth in the merger agreement;

- Sell or otherwise dispose of any real property, except OREO in a reasonably acceptable commercial manner in the ordinary course of business, or sell or otherwise dispose of any securities held by Patapsco or Patapsco Bank other than pursuant to redemptions by the issuer thereof;

- Take any action that would result in any of its representations and warranties set forth in the merger agreement becoming untrue or any of the condition to closing not being satisfied, except as may be required by applicable law, rule, regulation, order, decree, judgment, injunction, writ, regulatory policy or directive after written notice to Howard, or after written consent or waiver from Howard;

- Waive, release, grant or transfer any rights of material value, or modify or change in any material respect any existing material agreement to which Patapsco is a party;

- Change any accounting methods, principles or practices, except as may be required by GAAP or by any applicable regulatory authority;

- Implement any new employee benefit plan, or amend any plans except as required by applicable law, rule, regulation, order, decree, judgment, injunction, writ, regulatory policy or directive and provided that amendments to the Pentegra DC Plan as adopted by The Patapsco Bank 401(k) plan to modify the available investment options will be permitted;

- Implement or adopt any material change in its: (i) guidelines and policies in existence on March 2, 2015 with regard to underwriting and making extensions of credit, the establishment of reserves with respect to possible losses thereon, or the charge off of losses incurred thereon; (ii) investment policies and practices; or (iii) other material banking policies, or otherwise fail to conduct its banking activities in the ordinary course of business consistent with past practice except as may be required by changes in applicable law or regulations, GAAP or the direction of a regulatory authority;

- Otherwise fail to conduct its lending activities in the ordinary course of business consistent with past practice;

- Enter into, modify, amend or renew any agreement under which Patapsco or any of its subsidiaries is obligated to pay more than $50,000 and that is not terminable by Patapsco or such subsidiary with 60 days' notice or less without penalty, payment or other conditions (other than the condition of notice), or enter into, renew, extend or modify any transaction with any affiliate of Patapsco, other than deposit and loan transactions in the ordinary course of business and that comply with applicable laws, rules, regulations, orders, decrees, judgments, injunctions, writs, regulatory policies or directives;

- Except as required by applicable law or regulation: (i) implement or adopt any material change in its interest rate and other risk management policies, procedures or practices; or (ii) fail to follow its existing policies or practices with respect to managing its exposure to interest rate and other risk;

- Take any action that would give rise to a right of payment to any person under any employment agreement, except for contractually required compensation;

- Purchase any securities other than (i) FHLB or Federal Farm Credit Bank obligations or other securities having the full faith and credit of the United States, and (ii) securities having a face amount of not more than $1.0 million with a maturity date of three years or less; provided, however, that Patapsco may purchase other securities if Howard does not object to such purchase within 48 hours (counting by business days) of receipt of information regarding the security Patapsco proposes to purchase;

- Except in the ordinary course of business consistent with past practice and involving an amount not in excess of $50,000 (exclusive of any amounts paid directly or reimbursed to Patapsco or any of its subsidiaries under any insurance policy maintained by Patapsco or any subsidiary), settle any material action, suit, claim, arbitration, investigation, inquiry, grievance or other proceeding (or basis therefor) pending or, to the knowledge of Patapsco, threatened against or affecting Patapsco or any subsidiary, any of their respective properties or any of their respective assets. Notwithstanding the foregoing, no settlement shall be made if it involves a precedent for other similar claims which, in the aggregate, could reasonably be determined to be material to Patapsco and its subsidiaries, taken as a whole;

- Foreclose upon or otherwise take title to or possession or control of any real property without first obtaining a Phase I environmental report thereon, unless Patapsco or the subsidiary has no reason to believe that such property contains hazardous substances known or reasonably suspected to be in violation of, or require remediation under, applicable environmental laws;

- Make application for the opening or closing of any, or open or close any, branch or automated banking facility;

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- Make any capital expenditure of $50,000 or more or undertake or enter into any lease, contract or other commitment;
- Sell or acquire any loans (excluding originations) or loan participations, except in the ordinary course of business consistent with past practice (but in the case of a sale, after giving Howard or Howard Bank a first right of refusal to acquire such loan or participation);
- Sell or acquire any loan servicing rights;
- Take any action that would preclude the treatment of the merger as a tax-free reorganization under Section 368(a) of the Internal Revenue Code;
- Make any charitable or similar contributions, except in amounts not to exceed $5,000 individually and $20,000 in the aggregate;
- Enter into, grant, approve, renew, materially modify or extend any non-residential loan, lease, advance, credit facility, credit enhancement, guarantee, commitment, line of credit or letter of credit except in the ordinary course of business consistent with past practice and, if in excess of $1.0 million or, if to an existing customer of Patapsco, that increases the aggregate loan exposure to such customer by more than $1.0 million, if Howard does not object to such credit extension by 5:00 p.m. on the second business day after receipt of information and documentation regarding such proposed credit extension;
- Enter into, grant, approve, modify or extend any loan, credit facility, line of credit or letter of credit for an owner-occupied residence that would result in credit exposure in excess of $1.0 million to a single borrower, provided that Patapsco may make such a credit extension if Howard does not object to such credit extension by 5:00 p.m. on the second business day after receipt of information and documentation regarding such proposed credit extension;
- Issue any communication relating to the merger or other transactions contemplated by the merger agreement to employees (including general communications relating to benefits and compensation) without prior consultation with Howard and, to the extent relating to post-closing employment, benefit or compensation information, without the prior consent of Howard or issue any communication of a general nature to customers without the prior approval of Howard, except as required by law or for communications in the ordinary course of business consistent with past practice that do not relate to the merger or other transactions contemplated by the merger agreement; or
- Agree to do any of the foregoing.

Patapsco also agreed in the merger agreement, among other things:

- To permit Howard, if Howard elects to do so at its own expense, to conduct environmental assessments with respect to all real property owned, leased or operated by Patapsco and its subsidiaries;

- To dissolve any non-operating subsidiaries of Patapsco and Patapsco Bank prior to the closing of the merger; and

- To use its reasonable best efforts to cause or facilitate Howard’s purchase from Treasury or any other holders thereof the outstanding shares of Series A Preferred Stock and Series B Preferred Stock.

Howard and Patapsco jointly agreed, among other things:

- To prepare all applications, registration statements and other documents necessary to obtain all required regulatory approvals;

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- To cooperate with each other in connection with the preparation of the registration statement of which this joint proxy statement/prospectus is a part and other necessary documents;
- That the information each party provides for inclusion in the registration statement of which this joint proxy statement/prospectus is a part shall be materially correct and comply with all applicable provisions of federal securities laws;
- To submit the proposed merger and the merger agreement, in the case of Patapsco, and the shares of its common stock to be issued in the merger, in the case of Howard, to their stockholders for approval at a stockholders' meeting to be held as promptly as practicable, with an approval recommendation by each company's board of directors;
- Subject to the terms of the merger agreement, to take all actions necessary to complete the transactions contemplated by the merger agreement as expeditiously as practicable;
- To maintain adequate insurance;
- To maintain books and records consistent with past practice;
- To file all tax returns and pay all taxes when due;
- To cooperate with each other in the interests of an orderly, cost-effective consolidation of operations;
- To deliver to each other updated financial statements as provided in the merger agreement;
- To deliver to each other all documents that may be filed with the SEC, Nasdaq, or with banking or other regulatory authorities;
- To cooperate and use their commercially reasonable efforts to assist the sale by Treasury of the Series A Preferred Stock and Series B Preferred Stock; and
- To consult upon the form and substance of any press release related to the merger agreement or the proposed merger, and to not issue any press release or make any public statement regarding such matters without the prior written consent of the other party.

In addition, Howard also agreed in the merger agreement, among other things, that it will purchase extended period officers' and directors' liability insurance for the officers and directors of Patapsco and that it will not, and will not allow any subsidiary to, without the consent of Patapsco or as required in writing by any of its regulators:

- Take any action that would result in any condition to closing from being satisfied expeditiously, except as may be required by applicable law, rule, regulation, order, decree, judgment, injunction, writ, regulatory policy or directive with written notice to Patapsco, or after written consent or waiver from Patapsco;
- Take any action that would preclude the treatment of the merger as a tax-free reorganization under Section 368(a) of the Internal Revenue Code; or
- Agree to do either of the foregoing.

Conditions to the Merger

Howard's and Patapsco's obligations to complete the merger are subject to various conditions, including, among other things, the following:

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- The merger and the merger agreement shall have been approved by the stockholders of Patapsco and Howard's issuance of the aggregate common stock consideration in the merger shall have been approved by the stockholders of Howard;

- Howard's stockholders must have approved the issuance of the shares of Howard common stock to be issued in the private placement (this approval was obtained on May 27, 2015);

- All necessary consents and approvals for the merger shall have been received, all necessary filings and registrations by Patapsco and Howard shall have been accepted or declared effective, and each landlord for which any of Patapsco or its subsidiaries is a tenant shall have consented to the merger and other transactions contemplated by the merger agreement, except where the failure to obtain such consent or approval or for any such filing or registration to be accepted or declared effective would not reasonably be expected to have a material adverse effect on Howard or Howard Bank after the merger; all waiting periods relating to any necessary consents, approvals, filings and registration statements shall have expired; and no such consent or approval shall have imposed any condition or requirement that in the reasonable opinion of either Patapsco's board of directors or Howard's board of directors would: (i)(a) prohibit or materially limit the ownership or operation by Howard or any of its subsidiaries of all or any material portion of the business or assets of Patapsco or any of its subsidiaries, (b) compel Howard or any of its subsidiaries to dispose of or hold separate all or any material portion of the business or assets of Patapsco or any of its subsidiaries, (c) impose a material compliance burden, penalty or obligation on Howard or any of its subsidiaries, or (d) otherwise materially impair the value of Patapsco and its subsidiaries to Howard and its subsidiaries; or (ii) so materially and adversely impact the economic or business benefits of the merger to either Howard or Patapsco such as to render it inadvisable. See "– Terms of the Merger – Regulatory Approvals;"

- There shall not be any order, decree or injunction in effect preventing the completion of the transactions contemplated by the merger agreement;

- Each of Howard and Patapsco shall have received an opinion of counsel or a letter from their independent certified public accountants that, among other things, the merger will be treated for federal income tax purposes as a tax-free "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code and, with respect to the opinion received by Patapsco, that any gain realized in the merger will be recognized only to the extent of cash or other property (other than Howard common stock) is received in the merger, including cash received in lieu of fractional share interests. See "– Certain Federal Income Tax Consequences;" and

- No material adverse change shall have occurred in the business, property, assets, liabilities, operations, business prospects, liquidity, income or financial condition of Patapsco or Howard, or any of their subsidiaries.

In addition to the foregoing, each party's obligations to close the merger are conditioned on:

- The accuracy in all material respects, as of March 2, 2015, and as of the effective date of the merger, of the representations and warranties of the other, except as to any representation or warranty that specifically relates to an earlier date and except as otherwise contemplated by the merger agreement;

- The other's performance in all material respects of all obligations required to be performed by it at or prior to the effective date of the merger; and

- Other conditions that are customary for transactions of the type contemplated by the merger agreement. See "– Terms of the Merger – Representations and Warranties" and "– Terms of the Merger – Conduct of Business Pending the Merger."

In addition, Howard's obligation to close the merger is also contingent on:

- Howard being satisfied that the recognized environmental conditions of any environmental assessments it conducted with respect to property of Patapsco or its subsidiaries will not have a material adverse effect on Patapsco; and

- Holders of no more than 10% of the outstanding shares of Patapsco common stock perfecting their dissenters' rights.

Each party may waive each of the conditions described above in the manner and to the extent described in "– Terms of the Merger – Amendment; Waiver" immediately below.

Amendment; Waiver

Subject to applicable law, rule, regulation, order, decree, judgment, injunction, writ, regulatory policy or directive, at any time prior to the closing date of the merger, Howard and Patapsco may:

- Amend the merger agreement;
- Extend the time for the performance of any of the obligations or other acts required in the merger agreement;
- Waive any term or condition of the merger agreement, any inaccuracies in the representations or warranties contained in the merger agreement or in any document delivered pursuant thereto; or
- Waive compliance with any of the agreements or conditions contained in the merger agreement.

Termination

The merger agreement may be terminated at any time prior to the effective date of the merger by the mutual consent of Howard and Patapsco.

The merger agreement may also be terminated by either party 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;

- There has been a definitive written denial of a required regulatory approval or an application for approval or consent has been permanently withdrawn 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;

- Patapsco's board of directors withdraws, changes or modifies its recommendation to stockholders to approve the merger agreement and the merger (with respect to Howard's right to terminate) or if Howard's board of directors withdraws, changes or modifies its recommendation to stockholders to approve the issuance of the Howard common stock in the merger or in the private placement (with respect to Patapsco's right to terminate); or

- 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 agreement 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 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; or

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

  § 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.

Termination Fee

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, and entered into an agreement with respect to, 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.

No Solicitation of Other Transactions

Patapsco has agreed that it will not, and will not allow its representatives to, directly or indirectly:

- Initiate, solicit, induce, encourage (including by way of furnishing information) or take any other action to facilitate the making of any inquiry, offer or proposal that constitutes, relates to or could reasonably be expected to lead to (i) a merger, consolidation or acquisition of 25% or more of the assets or liabilities of Patapsco or any of its subsidiaries, or any other business combination involving Patapsco or any of its subsidiaries, or (ii) a transaction involving the transfer of (or the right to acquire) beneficial ownership of securities representing 25% or more of the then outstanding shares of Patapsco common stock or any of its subsidiaries (we refer to each such transaction as an "acquisition proposal");

- Respond to any inquiry relating to an acquisition proposal or participate in any discussions or negotiations regarding any acquisition proposal or furnish, or otherwise afford access, to any person (other than Howard) any information or data with respect to Patapsco or any subsidiary or otherwise relating to an acquisition proposal;

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- Recommend or endorse an acquisition proposal;
- Release any person or entity from, waive any provisions of, or fail to enforce any confidentiality agreement or standstill agreement to which Patapsco or any subsidiary is a party; or
- Enter into any agreement, agreement in principle, letter of intent or similar instrument with respect to any acquisition proposal or approve or resolve to approve any acquisition proposal or any agreement, agreement in principle, letter of intent or similar instrument relating to an acquisition proposal.

However, Patapsco may respond to an inquiry, furnish nonpublic information regarding Patapsco and its subsidiaries to, or enter into discussions with, any person in response to an unsolicited acquisition proposal if (i) Patapsco's board of directors determines in good faith, after consultation with and having considered the advice of its outside legal counsel and its independent financial advisor, that such acquisition proposal constitutes or is reasonably likely to lead to an acquisition proposal that is more favorable to the stockholders of Patapsco than the merger (provided that such transaction is not conditioned on obtaining financing and would result in the acquisition of more than 50% of the outstanding shares of Patapsco's common stock or all or substantially all of the assets of Patapsco and its subsidiaries on a consolidated basis), which we refer to as a "superior proposal," (ii) Patapsco's board of directors determines in good faith, after consultation with and based upon the advice of its outside legal counsel and financial advisor, that such action is required in order for the board of directors to comply with its fiduciary obligations under applicable law, and (iii) at least two business days prior to furnishing any nonpublic information to, or entering into discussions with, such person or entity, Patapsco provides Howard written notice of the identity of such person or entity and of Patapsco's intention to furnish nonpublic information to, or enter into discussions with, such person or entity and Patapsco receives from such person or entity an executed confidentiality agreement on terms no more favorable to such person or entity than the confidentiality agreement between Patapsco and Howard, which confidentiality agreement shall not provide such person or entity with any exclusive right to negotiate with Patapsco. Patapsco has also agreed to promptly provide to Howard any non-public information regarding Patapsco or any subsidiary provided to any other person or entity that was not previously provided to Howard, such additional information to be provided no later than the date of provision of such information to such other person or entity.

The agreement also provides that under certain circumstances as set forth therein the Patapsco board of directors can approve or recommend that Patapsco's stockholders approve what they have determined in good faith is a superior proposal and withdraw, qualify or modify its recommendation in connection with the merger agreement and the merger when the board of directors has in good faith determined that failure to do so would be inconsistent with its fiduciary duties after consultation with and having considered the advice of its outside legal counsel and financial advisor.

Patapsco has also agreed to notify Howard promptly (and in any event within 24 hours) if it receives any acquisition proposal or request for information, negotiations or discussions with respect to any acquisition proposal, and to keep Howard informed of the status and terms of any such proposal, offer, information request, negotiations or discussions. Patapsco has further agreed to provide Howard with the opportunity to present its own proposal to Patapsco's board of directors in response to any such proposal or offer, and negotiate with Howard in good faith with respect to any such proposal.

For a discussion of circumstances under which certain actions relating to Patapsco or a subsidiary entering into an alternative transaction could result in Patapsco being required to pay a termination fee of $500,000, see "The Merger Agreement and the Merger – Terms of the Merger – Termination Fee."

Expenses

Each of Howard and Patapsco will pay all of the costs and expenses that it incurs in connection with the transactions contemplated by the merger agreement, including fees and expenses of financial consultants, accountants and legal counsel.

Regulatory Approvals

Completion of the merger is subject to the prior receipt of all approvals and consents of federal and state authorities required to complete the merger of Howard and Patapsco as well as the merger of Howard Bank and Patapsco Bank.

Howard and Patapsco agreed to use their reasonable best efforts to obtain all regulatory approvals required to complete the merger and the bank merger. These approvals include, with respect to the merger, approval from the FRB and the Maryland Commissioner and, with respect to the bank merger, approval from the FDIC and the Maryland Commissioner. The merger cannot proceed without these required regulatory actions.

Regulatory Approvals Required for the Merger

Federal Reserve Board. The acquisition by a bank holding company of another bank holding company requires the prior approval of the FRB under the Bank Holding Company Act of 1956. Under this law, the FRB generally may not approve any proposed transaction:

- That would result in a monopoly or that would further a combination or conspiracy to monopolize banking in the United States; or
- That could substantially lessen competition in any section of the country, that would tend to create a monopoly in any section of the country, or that would be in restraint of trade, unless the FRB finds that the public interest in meeting the convenience and needs of the communities served outweighs the anti-competitive effects of the proposed transaction.

The FRB is also required to consider the financial and managerial resources and future prospects of the companies and their subsidiary banks and the convenience and needs of the communities to be served. Under the CRA, the FRB also must take into account the record of performance of Howard and Patapsco in meeting the credit needs of their communities, including low- and moderate-income neighborhoods. In addition, the FRB must take into account the effectiveness of the companies in combating money laundering activities. Among other things, the FRB will evaluate the capital adequacy of the combined company after completion of the merger. The FRB also will take into consideration the extent to which a proposed acquisition, merger or consolidation would result in greater or more concentrated risks to the stability of the U.S. banking or financial system. In connection with its review, the FRB will provide an opportunity for public comment on the application for the merger, and is authorized to hold a public meeting or other proceedings if it determines that would be appropriate. Any transaction approved by the FRB generally may not be completed until 30 days after such approval, during which time the U.S. Department of Justice may challenge such transaction on antitrust grounds and seek divestiture of certain assets and liabilities.

Maryland Commissioner. The merger is subject to the prior approval of the Maryland Commissioner under Section 5-903 of the Financial Institutions Article of the Maryland Annotated Code. In determining whether to approve the merger, the Maryland Commissioner will consider:

- Whether the merger may be detrimental to the safety and soundness of Patapsco Bank or Patapsco; and
- Whether the merger may result in an undue concentration of resources or a substantial reduction of competition in the State of Maryland.

The Maryland Commissioner will not approve any acquisition if upon consummation the combined entity (including any of its bank subsidiaries) would control 30% or more of the total amount of deposits of insured depository institutions in the State of Maryland, although the Maryland Commissioner may waive this limitation upon good cause shown. Howard Bank will not control 30% of the insured deposits in Maryland after the merger.

Regulatory Approvals Required for the Bank Merger

Federal Deposit Insurance Corporation. The bank merger is subject to the prior approval of the FDIC under the Bank Merger Act. In evaluating an application filed under the Bank Merger Act, the FDIC generally considers: (i) the competitive impact of the transaction; (ii) financial and managerial resources of each bank that is a party to the bank merger; (iii) each of the banks' effectiveness in combating money-laundering activities; (iv) the convenience and needs of the communities in which the banks serve; and (v) the extent to which the bank merger would result in greater or more concentrated risks to the stability of the U.S. banking or financial system. The FDIC also reviews the performance records of the relevant depository institutions under the CRA, including their CRA ratings. In connection with its review under the Bank Merger Act, the FDIC will provide an opportunity for public comment on the application for the bank merger, and is authorized to hold a public meeting or other proceeding if it determines that would be appropriate.

Maryland Commissioner. The bank merger is subject to the prior approval of the Maryland Commissioner under Section 3-703(c) of the Financial Institutions Articles of the Maryland Annotated Code. The Maryland Commissioner will approve the bank merger if it determines that: (i) Howard Bank meets all the requirements of Maryland law for the formation of a new commercial bank; (ii) the bank merger agreement provides an adequate capital structure, including surplus, for Howard Bank in relation to its deposit liabilities and other activities; (iii) the bank merger is fair; and (iv) the proposed bank merger is not against the public interest.

Applications; Approvals

Howard filed an application with the FRB and the Maryland Commissioner requesting approval of the merger of Patapsco with and into Howard on April 2, 2015. In addition, Howard Bank filed applications with the FDIC and Maryland Commissioner requesting the approval of the merger of Patapsco Bank into Howard Bank on April 2, 2015. In general, the applications and notice describe the terms of the merger or bank merger, the parties involved and the activities to be conducted by the combined entities following consummation of the transaction, and contain certain related financial and managerial information.

We received FRB approval for the merger as of May 12, 2015, Maryland Commissioner approval of the merger and the bank merger on June 1, 2015, and FDIC approval of the bank merger as of June 3, 2015.

We are not aware of any material governmental approvals or actions that are required to complete the merger or bank merger, except as described above. If any other approval or action is required, we will use our best efforts to obtain such approval or action.

Management and Operations After the Merger

The current officers and directors of Howard and Howard Bank, with the addition of Thomas P. O'Neill, Chairman of the Board of Patapsco and Patapsco Bank, and Gary R. Bozel, a member of the board of directors of Patapsco and Patapsco Bank (or such replacements as named in a schedule to the merger agreement if either of Messrs. O'Neill or Bozel become disqualified to serve as directors pursuant to the merger agreement before the effective date of the merger), to each entity's board of directors, will continue to be the officers and directors of Howard and Howard Bank, respectively, after the merger.

Employment; Severance

Following the merger, Howard is not obligated to continue the employment of any Patapsco employee. As a result of the merger, some Patapsco positions may be eliminated. Howard will, however, endeavor to continue the employment of all employees of Patapsco and its subsidiaries, including Patapsco Bank, in positions that will contribute to the successful performance of the combined organization. If a Patapsco or Patapsco Bank employee is not retained, however, Howard will grant an eligible employee who is terminated two weeks of severance pay for each full year of service up to a maximum of 26 weeks of severance pay, except that employees who are a party to any employment, severance or "change in control" agreement or any other agreement or arrangement that would provide for a payment triggered by the merger or the bank merger, including as described under "– Interest of Directors and Officers in the Merger – Change in Control Payments to be Made to Patapsco Bank Executive Officers," will not be eligible for such severance benefits unless such person waives or relinquishes his or her right to such change in control payment. Each person eligible for severance benefits will remain eligible for such benefits if his or her employment is terminated, other than for cause (as defined in the merger agreement), within 12 months after the date that the merger is effective. Any former Patapsco employee whose employment with Howard or a subsidiary of Howard is terminated without cause after 12 months from the effective date of the merger will receive such severance benefits from Howard as is provided for in Howard's general severance policy for such terminations (with full credit being given for each year of service with Patapsco or any Patapsco subsidiary).

Employee Benefits

The merger agreement provides that as of the effective date of the merger, each employee of Patapsco or any Patapsco subsidiary who becomes an employee of Howard or a subsidiary thereof will be entitled to full credit for each year of service with Patapsco or any subsidiary thereof for purposes of determining eligibility for participation, vesting and benefit accrual in Howard's, or as appropriate, in the Howard subsidiary's, employee benefit plans, programs and policies. Howard will use the original date of hire by Patapsco or a Patapsco subsidiary in making such determinations. After the effective date of the merger, Howard may discontinue or amend, or convert to or merge with a Howard benefit plan, any Patapsco benefit plan, subject to the plan's provisions and applicable law.

Interests of Directors and Officers in the Merger

Certain members of management of Patapsco and its board of directors may have interests in the merger in addition to their interests as stockholders of Patapsco. The Patapsco board of directors was aware of these factors and considered them, among other factors, in approving the merger agreement.

You should note, however, that if after the merger Howard and Howard Bank remain subject to the written agreement originally entered into between Patapsco and Patapsco Bank and the Federal Reserve Bank and the Maryland Commissioner, as discussed elsewhere in this joint proxy statement/prospectus, Howard may be prohibited from paying the change in control payments discussed below.

Change in Control Payments to be Made to Patapsco Bank's Executive Officers

Patapsco Bank has severance agreements with its named executive officers, which were entered into prior to any discussions with Howard. Under each of these agreements, the executive is entitled to a lump sum cash payment equal to two times the amount of his base salary and bonus paid in the prior year (subject to certain limitations as set forth in the agreement) if his employment with Patapsco Bank is terminated without his consent and other than for cause, as defined in the agreement, in connection with or within 12 months after a change in control of Patapsco or Patapsco Bank. The merger and the bank merger constitute a change in control for purposes of these agreements.

The following table describes the change in control payment each such executive will be entitled to under his severance agreement upon consummation of the merger and the bank merger, assuming he is not offered employment with Howard Bank or is offered employment but then terminated within 12 months of the merger and the bank merger. The payment of such change in control payments is subject to the receipt of approvals or non-objections from applicable regulatory authorities required pursuant to the terms of the written agreement between Patapsco and Patapsco Bank and the Federal Reserve Bank and the Maryland Commissioner.

Name	Position	Change in Control Payment Amount
Philip P. Phillips	President and Chief Executive Officer	$ 487,702
John Wright	Senior Vice President and Chief Financial Officer	$ 336,006

Employment Agreement Between Howard Bank and Philip P. Phillips

The merger agreement provides that Howard Bank will offer Philip P. Phillips, President and Chief Executive Officer of Patapsco and Patapsco Bank, an employment agreement with terms set forth in an exhibit thereto. Pursuant to the terms of such form of employment agreement, Howard Bank will employ Mr. Phillips as an Executive Vice President responsible for Howard Bank's Baltimore market. The form of employment agreement provides for an initial term commencing on the effective date of the bank merger and terminating one year thereafter and, unless written notice that the agreement will not be renewed is provided to Mr. Phillips, will be renewed for an additional year on each anniversary date of the bank merger.

Mr. Phillips' form of employment agreement provides for an initial annual salary of $200,000, subject to annual increases as may be determined by Howard Bank's board of directors. The form of agreement also provides for a grant of 5,000 shares of restricted stock of Howard on the effective date of the agreement and a car allowance payment of $750 per month. Mr. Phillips will also be entitled to participate in any other bonus, incentive and other executive compensation programs as are made available to Howard Bank's executive management.

Under the terms of the form of employment agreement, Howard Bank may terminate Mr. Phillips' employment under the agreement for certain events constituting cause as defined in the agreement. In addition, Howard Bank may terminate the agreement without cause upon written notice to Mr. Phillips or upon Mr. Phillips' permanent disability as defined in the agreement.

If Howard Bank terminates Mr. Phillips' employment without cause or upon Mr. Phillips' permanent disability, or Mr. Phillips terminates his employment for good reason, as defined in the agreement, or upon his permanent disability, and a change in control, as defined in the agreement, has not occurred, then Mr. Phillips will be entitled to receive an amount equal to his current base salary plus all benefits he is then receiving for a period equal to the remaining term of the agreement plus any incentive compensation already accrued for that year. In addition, all of his stock awards and stock options will immediately vest upon the effective date of such termination. If the termination is due to permanent disability, then such amount payable will be reduced if and to the extent that Mr. Phillips receives payments under any disability insurance or other program maintained by Howard Bank.

If, within 12 months following a change in control, Mr. Phillips' employment is terminated under the agreement by Mr. Phillips for any reason or by Howard Bank without cause, then, instead of the payments provided for above, Mr. Phillips will be entitled to: (i) a lump sum payment equal to the sum of (a) his average annual compensation (consisting of base pay and bonus) during the most recent three years minus the aggregate present value of any other payments he receives that are treated as contingent upon the change in control (not including (ii), (iii) and (iv) of this sentence), and (b) a pro-rated bonus; (ii) immediate vesting of all stock awards; (iii) immediate exercisability of any unexercised stock options; and (iv) continued medical coverage for the remaining term of the agreement as available to the Bank's other employees.

Mr. Phillips' employment will also terminate upon mutual agreement of the parties or immediately upon his death. If his employment is terminated upon death, all of Mr. Phillips's stock awards and stock options shall immediately vest.

The form of employment agreement also contains confidentiality and non-solicitation provisions.

Board Positions and Compensation; Payment of Accrued but Unpaid Director Fees

Upon completion of the merger and the subsequent bank merger, Thomas P. O'Neill and Gary R. Bozel will be appointed as Howard and Howard Bank directors and will be entitled to compensation in such capacity on the same basis as other Howard and Howard Bank directors. See the section of this joint proxy statement/prospectus entitled "Director Compensation" under the heading "Executive Compensation – Howard Bancorp, Inc." for further information about such compensation.

In addition, Howard has agreed to pay to each director of Patapsco and Patapsco Bank all accrued but unpaid director fees for their service on the boards of Patapsco and Patapsco Bank as of the closing date of the merger. Currently Patapsco's directors are being paid meeting fees while their retainer fees, which accrue monthly, are being deferred. The table below sets forth the accrued unpaid director fees we expect to be due to the Patapsco directors upon closing of the merger, assuming a closing date of September 30, 2015.

Director	Accrued Fees
Thomas P. O'Neill	$12,600
Nicole N. Glaeser	$11,375
William R. Waters	$10,500
J. Thomas Hoffman	$10,500
Gary R. Bozel	$10,500

Advisory Board Positions

Effective as of the closing date of the merger, Howard Bank will constitute the Howard Bank Towson Area Regional Advisory Board and appoint to such advisory board for an initial term of one year the members of Patapsco Bank's board of directors that are not appointed to the board of directors of Howard or Howard Bank, provided that any such advisory board director will be removed if the director becomes subject to a disqualification event as set forth in the merger agreement. While such persons serve on the advisory board they will each be paid annual compensation in an amount that is equal to the annual amount they received for serving as members of the board of directors of Patapsco and Patapsco Bank during the period from July 1, 2013 through June 30, 2014. The below table sets forth the directors of Patapsco Bank that the parties expect to be appointed to the advisory board and the amount of fees each will receive for service on the advisory board.

Director	Fees for Service on Advisory Board	
Nicole N. Glaeser	$	28,000
William R. Waters	$	26,500
J. Thomas Hoffman	$	24,000

After the initial one-year period, Howard Bank has the right to remove any member of the advisory board or to dissolve the advisory board.

No Compensation Payable to Howard's Executive Officers or Directors

None of Howard's executive officers or directors will receive any type of compensation that is based on or that otherwise relates to the merger.

Indemnification and Insurance

Howard has agreed that for six years after the effective time of the merger, it will indemnify and hold harmless each present and former director and officer of Patapsco against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities and amounts paid in settlement incurred thereafter in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of matters existing or occurring at or prior to the effective time of the merger, based or arising out of, or pertaining to the fact that he or she was a director or officer of Patapsco or is or was serving at the request of Patapsco or any of its subsidiaries as a director, officer, employee, trustee or other agent of any other organization or in any capacity with respect to any employee benefit plan of Patapsco, including any matters arising in connection with or related to the negotiation, execution and performance of the merger agreement or the merger or the bank merger, to which such indemnified parties would be entitled to have the right to advancements of expenses or to be indemnified under the articles of incorporation and bylaws of Patapsco as in effect on the date of the merger agreement as though such articles of incorporation and bylaws continue to remain in effect after the effective time of the merger and to the fullest extent as permitted by applicable law.

Howard has further agreed that for a minimum of six years after the merger’s effective date, Howard will, at its expense, maintain directors’ and officers’ liability insurance for the former directors and officers of Patapsco and its subsidiaries with respect to matters occurring at or prior to the merger’s effective date (a “tail” policy), so long as the policy can be obtained at a cost not in excess of an aggregate of $70,000 for the six-year period. If Howard is unable to obtain a directors’ and officers’ liability insurance tail policy at a cost not in excess of $70,000, Howard will obtain a directors’ and officers’ liability insurance tail policy with the maximum coverage reasonably available for a cost that is not in excess of $70,000.

Support Agreements

As a condition to Howard entering into the merger agreement, each of the directors of Patapsco entered into an agreement with Howard, dated as of March 2, 2015, pursuant to which each director agreed to vote all of their shares of Patapsco common stock in favor of the merger. A form of support agreement is filed as Exhibit 99.1 to Howard's Current Report on Form 8-K dated March 2, 2015 and filed with the SEC on March 3, 2015. See "Where You Can Find More Information." The support agreements may have the effect of discouraging persons from making a proposal for an acquisition transaction involving Patapsco. The following is a brief summary of the material provisions of the support agreements:

- Each director of Patapsco agreed, among other things, to vote, or cause to be voted, at any meeting of Patapsco stockholders or other circumstance in which the vote, consent or other approval of stockholders is sought, all of the Patapsco common stock as to which he or she is the record or beneficial owner (and including shares held of record by such director's spouse, minor children and adult children living in the director's household) (a) for approval of the merger and the execution and delivery by Patapsco of the merger agreement, (b) against any alternative acquisition transaction, and (c) against certain other actions or proposals that are intended, or could reasonably be expected, to impede, interfere with, delay, postpone or materially adversely affect the merger, the merger agreement or the transactions contemplated by the merger agreement.

- Each director of Patapsco agreed to take all reasonable actions and to assist in the consummation of the merger and the other transactions contemplated by the merger agreement, and to use his best efforts to cause Patapsco and its subsidiaries to take the actions set forth in the merger agreement.

- Each director of Patapsco agreed to continue to hold his or her shares of Patapsco until the earlier of the time the merger is effective or the date the stockholders of Patapsco approve the merger agreement.

- Each director agreed not to take any action that could reasonably be expected to have the effect of preventing or disabling him from performing his obligations under the support agreement.

Regulatory Matters Regarding Patapsco and Patapsco Bank

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 sets forth the actions that Patapsco, Patapsco Bank and their boards of directors must undertake to address certain issues. The written agreement will remain in effect until stayed, modified, terminated or suspended in writing by the Federal Reserve Bank and the Maryland Commissioner.

The written agreement provides as follows:

- By December 17, 2012, Patapsco Bank's board of directors was required to submit an acceptable written plan to strengthen board oversight of the management and operations of Patapsco Bank;

- By December 17, 2012, Patapsco Bank was required to submit an acceptable written plan to strengthen credit risk management practices, including strategies to limit and reduce concentrations in commercial real estate credit and strategies to minimize credit losses and reduce the level of problem assets;

- Patapsco Bank may not extend, renew, or restructure any credit to or for the benefit of any borrower whose loans have been criticized by the Federal Reserve Bank and the Maryland Commissioner without the prior approval of a majority of its full board of directors or a designated committee thereof;

- By December 17, 2012, Patapsco Bank was required to submit an acceptable written plan designed to improve its position through repayment, amortization, liquidation, additional collateral, or other means on each loan, relationship or other asset in excess of $600,000, including OREO, that was past due as to principal or interest more than 90 days as of December 17, 2012, was on Patapsco Bank's problem loan list or was adversely classified by the Federal Reserve Bank and the Maryland Commissioner, and submit such a plan with respect to each additional asset that subsequently meets such description within 30 days of such loan, relationship or other asset becoming past due as to principal or interest more than 90 days, being on Patapsco Bank's problem loan list or being adversely classified by the Federal Reserve Bank and the Maryland Commissioner;

- Patapsco Bank was required to eliminate from its books, by charge-off or collection, all assets or portions of assets classified "loss" in the report of examination that have not been previously collected in full or charged off by October 28, 2012;
- Patapsco Bank must maintain a sound process for determining, documenting and recording an adequate allowance for loan and lease losses ("ALLL") in accordance with regulatory guidance and by December 17, 2012 was required to submit an acceptable written program for the maintenance of an adequate ALLL;
- By December 17, 2012, Patapsco and Patapsco Bank were required to submit to the Federal Reserve Bank and the Maryland Commissioner an acceptable joint written plan to maintain sufficient capital at Patapsco Bank;
- By January 16, 2013, Patapsco Bank was required to submit to the Federal Reserve Bank and the Maryland Commissioner a strategic plan to improve Patapsco Bank's earnings and a budget for 2013, and Patapsco Bank was and is required to submit a strategic plan and budget for each calendar year subsequent to 2013 at least 30 days prior to the beginning of that calendar year;
- Patapsco and Patapsco Bank may not declare or pay and 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 (the "Director") and, as to Patapsco Bank, the Maryland Commissioner;
- Patapsco may not take any other form of payment representing a reduction in capital from Patapsco Bank without the prior written approval of the Federal Reserve Bank and the Maryland Commissioner;
- Patapsco and its nonbank subsidiaries may not make 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 the Director;
- Patapsco may not incur, increase or guarantee any debt without the prior written approval of the Federal Reserve Bank;
- Patapsco may not purchase or redeem any shares of its stock without the prior written approval of the Federal Reserve Bank;
- Patapsco and Patapsco Bank may not make any severance or indemnification payments without complying with regulatory requirements regarding such payments; and
- Patapsco and Patapsco Bank must comply with prior regulatory notification requirements for any changes in directors or senior executive officers.

We do not anticipate, however, that Howard Bank and Howard will be subject to the written agreement following the merger and the bank merger, although we cannot assure you that this will be the case.

Accounting Treatment

The merger will be accounted for using the acquisition method of accounting with Howard treated as the acquiror. Under this method of accounting, Patapsco’s assets and liabilities will be recorded by Howard at their respective fair values as of the closing date of the merger and added to those of Howard. Any excess of purchase price over the net fair values of Patapsco’s assets and liabilities will be recorded as goodwill. Any excess of the fair value of Patapsco’s net assets over the purchase price will be recognized in earnings as a bargain purchase gain by Howard on the closing date of the merger. Financial statements of Howard issued after the merger will reflect these values, but will not be restated retroactively to reflect the historical financial position or results of operations of Patapsco prior to the merger. The results of operations of Patapsco will be included in the results of operations of Howard beginning on the effective date of the merger.

Certain Federal Income Tax Consequences

The closing of the merger is conditioned upon (i) the receipt by Howard of (a) the opinion of Ober, Kaler, Grimes & Shriver, a Professional Corporation, counsel to Howard, or (b) a letter from Stegman & Company, the independent certified public accountants for Howard, and (ii) the receipt by Patapsco of (a) the opinion of Kilpatrick Townsend & Stockton LLP, counsel to Patapsco, or (b) a letter from TGM Group, LLC, the independent certified public accountants for Patapsco, each dated as of the effective date of the merger, to the effect that:

- The merger constitutes a tax-free reorganization under Section 368(a) of the Internal Revenue Code; and
- Only as to the opinion to be 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.

The tax opinions to be delivered in connection with the merger are not binding on the IRS or the courts, and neither Patapsco nor Howard intends to request a ruling from the IRS with respect to the United States federal income tax consequences of the merger. Consequently, no assurance can be given that the IRS will not assert, or that a court would not sustain, a position contrary to any of those set forth below. In addition, if any of the facts, representations or assumptions upon which the opinions are based is inconsistent with the actual facts, the United States federal income tax consequences of the merger could be adversely affected.

The following discussion describes the anticipated material U.S. federal income tax consequences of the merger to U.S. holders (as defined below) of Patapsco common stock. This discussion addresses only those holders that hold their Patapsco common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”), and does not address all the U.S. federal income tax consequences that may be relevant to particular holders in light of their individual circumstances or to holders that are subject to special rules, such as:

- financial institutions;
- insurance companies;
- individual retirement and other tax-deferred accounts;
- persons subject to the alternative minimum tax provisions of the Internal Revenue Code;

- persons eligible for tax treaty benefits;
- entities treated as partnerships or other flow-through entities for U.S. federal income tax purposes;
- foreign corporations, foreign partnerships and other foreign entities;
- tax-exempt organizations;
- dealers in securities;
- persons whose functional currency is not the U.S. dollar;
- traders in securities that elect to use a mark to market method of accounting;
- persons who are not citizens or residents of the United States;
- persons that hold Patapsco common stock as part of a straddle, hedge, constructive sale or conversion transaction; and

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- U.S. holders who acquired their shares of Patapsco common stock through the exercise of an employee stock option or otherwise as compensation.

The following is based upon the Internal Revenue Code, its legislative history, Treasury regulations promulgated pursuant to the Internal Revenue Code and published rulings and decisions, all as currently in effect as of the date of this joint proxy statement/prospectus, and all of which are subject to change, possibly with retroactive effect, and to differing interpretations. Tax considerations under state, local and foreign laws, or federal laws other than those pertaining to U.S. federal income tax, are not addressed in this joint proxy statement/prospectus.

Holders of Patapsco common stock should consult with their own tax advisers as to the U.S. federal income tax consequences of the merger as well as the effect of state, local, foreign and other tax laws and of proposed changes to applicable tax laws, in light of their particular circumstances.

For purposes of this discussion, the term “U.S. holder” means a beneficial owner of Patapsco common stock that is:

- a U.S. citizen or resident, as determined for federal income tax purposes;
- a corporation, or entity taxable as a corporation, created or organized in or under the laws of the United States; or
- otherwise subject to U.S. federal income tax on a net income basis.

The U.S. federal income tax consequences of a partner in a partnership holding Patapsco common stock generally will depend on the status of the partner and the activities of the partnership. We recommend that partners in such a partnership c