

Bradford Bank

Press Release

FOR IMMEDIATE RELEASE

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BRADFORD BANK AND AMERICAN BANK ANNOUNCE AGREEMENT TO ACQUIRE AMERICAN BANK'S ELLICOTT CITY BRANCH DEPOSITS

Baltimore, Md.: Bradford Bank and American Bank announced today that they entered into a definitive agreement pursuant to which Bradford Bank will acquire certain deposits from American Bank's in-store branch located in the Super Fresh at 3301 N. Ridge Road at Route 40 in Ellicott City, Md. The sale includes the assumption of approximately \$10 million in deposits. The transaction is expected to be completed during the third quarter of 2006, pending regulatory approvals.

"We've called Ellicott City home since 1976 and we welcome these new customers to our bank and our Ellicott City branch. A team of our employees is working closely with American Bank to make sure that our new customers are pleased with the change," said Dallas R. Arthur, president of Bradford Bank.

This course of action is consistent with our current strategic plan of placing greater emphasis on 'traditional branches' while focusing on opportunities and markets that embrace our future success and philosophy," said Jim Plack, president and CEO of American Bank.

In 2005, Bradford Bank completed its mutual holding company reorganization, forming Bradford Bank MHC as its mutual holding company parent and Bradford Bancorp, Inc. as its mid-tier stock holding company. In addition, Bradford Bank owns Bradford Financial Group, Inc., a non-banking subsidiary that offers investments and insurance products.

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Bradford Bank is a community bank headquartered in Rodgers Forge, Baltimore County, Md., and has assets over \$430 million. Agreements with Allpoint ATM network and a regional bank provide over 32,000 fee-free ATMs. Bradford Bank has six branches in the greater Baltimore metropolitan area including an Ellicott City branch located at 10100 Baltimore National Pike. Bradford Bank provides consumer and commercial banking services to individuals and businesses.

American Bank is a community bank headquartered in Silver Spring, Md., and has assets over \$300 million. American Bank has five full service offices in the Washington, D.C. metropolitan area. The bank also operates a loan production office in Charlotte, N.C.