

Note: This is a sample prospectus. We have changed the information provide here. This prospectus is for information purposes only. It is not intended to be legal advice. You should not act or abstain from acting based upon such information without first consulting a legal professional.

TAXATION

Federal Taxation

General. XXXXX Bancorp, XXXXX Mutual Holding Company and XXXXX Savings Bank will be subject to federal income taxation in the same general manner as other corporations with some exceptions listed below. The following discussion of federal, state and local income taxation is only intended to summarize certain pertinent income tax matters and is not a comprehensive description of the applicable tax rules. XXXXX Savings Bank's federal and state income tax returns for taxable years through September 30, 2001 have been closed for purposes of examination by the Internal Revenue Service or the United States Department of Revenue.

Upon completion of the reorganization, XXXXX Bancorp will file a consolidated federal income tax return with XXXXX Savings Bank. Accordingly, it is anticipated that any cash distributions made by XXXXX Bancorp to its shareholders would be treated as cash dividends and not as a non-taxable return of capital to shareholders for federal and state tax purposes.

Method of Accounting. For federal income tax purposes, XXXXX Savings Bank reports income and expenses on the accrual method of accounting and files its federal income tax return on a calendar year basis.

Bad Debt Reserves. The Small Business Job Protection Act of 1996 eliminated the use of the reserve method of accounting for bad debt reserves by savings institutions, effective for taxable years beginning after 1995. Prior to that time, XXXXX Savings Bank was permitted to establish a reserve for bad debts and to make additions to the reserve. These additions could, within specified formula limits, be deducted in arriving at taxable income. As a result of the Small Business Job Protection Act of 1996, savings associations must use the specific charge-off method in computing their bad debt deduction beginning with their 1996 federal tax return. In addition, federal legislation required the recapture over a six year period of the excess of tax bad debt reserves at December 31, 1995 over those established as of December 31, 1987.

Taxable Distributions and Recapture. Prior to the Small Business Job Protection Act of 1996, bad debt reserves created prior to January 1, 1988 were subject to recapture into taxable income if XXXXX Savings Bank failed to meet certain thrift asset and definitional tests. New federal legislation eliminated these savings association related recapture rules. However, under current law, pre-1988 reserves remain subject to recapture should XXXXX Savings Bank make certain non-dividend distributions or cease to maintain a bank charter.

At September 30, 2007, the total federal pre-1988 reserve was approximately \$1.6 million. The reserve reflects the cumulative effects of federal tax deductions by XXXXX Savings Bank for which no federal income tax provisions have been made.

Alternative Minimum Tax. The Internal Revenue Code imposes an alternative minimum tax at a rate of 20% on a base of regular taxable income plus certain tax preferences. The alternative minimum tax is payable to the extent such alternative minimum tax income is in excess of the regular income tax. Net operating losses, of which XXXXX Savings Bank has none, can offset no more than 90% of alternative minimum taxable income. Certain payments of alternative minimum tax may be used as credits against regular tax liabilities in future years. XXXXX Savings Bank has not been subject to the alternative minimum tax or any such amounts available as credits for carryover.

Net Operating Loss Carryovers. For net operating losses in tax years beginning before August 6, 1997, XXXXX Savings Bank may carry back net operating losses to the three years preceding the loss year and then forward to fifteen years following the loss years. For net operating losses in years beginning after August 5, 1997, net operating losses can be carried back to the two years preceding the loss year and forward to the 20 years following the loss year. At September 30, 2007, XXXXX Savings Bank had no net operating loss carry forwards for federal income tax purposes.

Corporate Dividends-Received Deduction. XXXXX Bancorp may exclude from its income 100% of dividends received from XXXXX Savings Bank as a member of the same affiliated group of corporations. The corporate dividends received deduction is 80% in the case of dividends received from corporations which a corporate recipient owns less than 80%, but at least 20% of the distribution corporation. Corporations which own less than 20% of the stock of a corporation distributing a dividend may deduct only 70% of dividends received.

State and Local Taxation

United States Taxation. XXXXX Bancorp will be subject to the United States Corporate Net Income Tax, Capital Stock and Franchise Tax. The Corporation Net Income Tax rate for 2007 is 9.99% and is imposed on unconsolidated taxable income for federal purposes with certain adjustments. In general, the Capital Stock and Franchise Tax is a property tax imposed on a corporation's capital stock value at a statutorily defined rate, such value being determined in accordance with a fixed formula based upon average net income and net worth.

XXXXX Savings Bank is subject to, and will remain subject to such provision after the reorganization, tax under the United States Mutual Thrift Institutions Tax Act, as amended to include thrift institutions having capital stock. Pursuant to the Mutual Thrift Institutions Tax, the tax rate is 11.5%. The Mutual Thrift Institutions Tax exempts XXXXX Savings Bank from other taxes imposed by the Commonwealth of United States for state income tax purposes and from all local taxation imposed by political subdivisions, except taxes on real estate and real estate transfers. The Mutual Thrift Institutions Tax is a tax upon net earnings, determined in accordance with generally accepted accounting principles with certain adjustments. The Mutual Thrift Institutions Tax, in computing income according to generally accepted accounting principles, allows for the deduction of interest earned on state and federal obligations, while disallowing a percentage of a thrift's interest expense deduction in the proportion of interest income on those securities to the overall interest income of XXXXX Savings Bank. Net operating losses, if any, thereafter can be carried forward three years for Mutual Thrift Institutions Tax purposes.

OUR MANAGEMENT

Management of XXXXX Bancorp, Inc.

The board of directors of XXXXX Bancorp will be divided into three classes, each of which will contain one-third of the board. The directors shall be elected by the shareholders of XXXXX Bancorp for staggered three-year terms, or until their successors are elected and qualified. Their names and biographical information are set forth under "*Management of XXXXX Savings Bank.*" No directors or executive officers are related to each other.

The following individuals will be the executive officers of XXXXX Bancorp, Inc. and hold the offices set forth below opposite their names.

Executive	Position Held with Company
R	President and Chief Executive Officer
D	Chief Financial Officer

The executive officers of XXXXX Bancorp will be elected annually and hold office until their respective successors have been elected and qualified or until death, resignation or removal by the board of directors.

Information concerning the principal occupations, employment and compensation of the directors and officers of XXXXX Bancorp during the past five years is set forth under “– *Management of XXXXX Savings Bank*,” “– *Executive Officers Who Are Not Also Directors*,” “– *Director Compensation*,” “– *Executive Compensation*,” “– *Benefit Plans*” and “*New Stock Benefit Plans*.” Initially, directors are not expected to receive additional compensation for serving as directors of XXXXX Bancorp. It is not anticipated that separate compensation will be paid to directors of XXXXX Bancorp unless such persons devote significant time to the separate management of XXXXX Bancorp’s affairs. XXXXX Bancorp may determine that such compensation is appropriate in the future.

Compensation Discussion and Analysis

The Executive Committee of XXXXX Savings Bank is currently responsible for establishing and reviewing our compensation policies and approving the compensation of our employees, including our executive officers named in the Summary Compensation Table below, referred to herein as our “*named executive officers*.” Following completion of the reorganization, we expect to establish a compensation committee which will be responsible for addressing the compensation of our executive officers. As discussed below, we also intend to adopt additional benefit plans following the reorganization which will enhance our ability to provide incentive and performance based compensation to our executive officers.

Compensation Philosophy and Objectives. XXXXX Savings Bank’s Executive Committee has the responsibility for establishing and reviewing our compensation philosophy and objectives. In this role, the committee has sought to design a compensation structure that attracts and retains qualified and experienced officers and, at the same time, is both reasonable for our organization and competitive in the marketplace. As a mutual savings bank, our compensation has consisted primarily of cash compensation, salary and bonuses, and retirement benefits. By converting to stock-form, we will be able to offer an employer stock fund in our 401(k) plan through which we currently provide matching and supplemental contributions, as well as provide new tax qualified retirement benefits under an employee stock ownership plan. In addition, following the reorganization, we expect to adopt stock-based benefit plans, subject to shareholder approval at a meeting no earlier than six months following completion of the reorganization. We intend to implement a stock option plan and a recognition and retention plan after our reorganization that we expect will help us to attract and retain employees consistent with our growth plans. Consequently, we anticipate that our proposed stock-based benefit plans will play a significant role in our future compensation considerations, particularly for our named executive officers.

Role of Executive Officers and Management. As the Executive Committee currently reviews the compensation for employees throughout our organization, our President and Chief Executive Officer currently provides recommendations on matters of compensation philosophy, plan design and the general guidelines for employee compensation. These recommendations are then considered by the Executive Committee. The President and Chief Executive Officer generally attends committee meetings but is not present for any discussion of his own compensation.

Elements of Executive Compensation. The components of compensation we provide to our named executive officers primarily consist of the following:

- annual base salary;
- annual cash bonuses which are discretionary;
- retirement benefits; and

- other personal benefits.

Endorsement Split Dollar Insurance Agreements. XXXXX Savings Bank has purchased insurance policies on the lives of the executive officers named in the Summary Compensation Table, and has entered into Split Dollar Insurance Agreements with each of those officers. The policies are owned by XXXXX Savings Bank which pays each premium due on the policies. Under the agreements with the named executive officers, upon an officer's death while he remains employed by XXXXX Savings Bank the executive's beneficiary shall receive proceeds in the amount of three times the executive's base salary at the time of death. In the case of the officer's death after termination of employment with XXXXX Savings Bank, provided he reached age 65 before such termination, the officer's beneficiary shall receive proceeds in the amount of two times the executive's base salary. XXXXX Savings Bank is entitled to receive the amount of the death benefits less those paid to the officer's beneficiary, which is expected to reimburse XXXXX Savings Bank in full for its life insurance investment.

The Split Dollar Insurance Agreements may be terminated at any time by XXXXX Savings Bank or the officer, by written notice to the other. The Split Dollar Insurance Agreements will also terminate upon cancellation of the insurance policy by XXXXX Savings Bank, cessation of XXXXX Savings Bank's business or upon bankruptcy, receivership or dissolution or by XXXXX Savings Bank upon the officer's termination of service to XXXXX Savings Bank. Upon termination, the officer forfeits any right in the death benefit and XXXXX Savings Bank may retain or terminate the insurance policy in its sole discretion.

Potential Payments Upon Termination of Employment or Change in Control

Neither XXXXX Bancorp nor XXXXX Savings Bank had any employment, change in control or severance agreement with , , or , nor any severance plan or policy covering such executive officers as of September 30, 2007.

New Stock Benefit Plans

Employee Stock Ownership Plan. XXXXX Bancorp has established an employee stock ownership plan for our employees to become effective upon the reorganization. Employees who have been credited with at least 1,000 hours of service during a 12-month period and who have attained age 21 are eligible to participate in XXXXX Bancorp's employee stock ownership plan.

As part of the reorganization, in order to fund the purchase of up to 3.92% of the common stock issued in the offering, including shares issued to XXXXX Mutual Holding Company and shares contributed to the XXXXX Charitable Foundation, or 233,240 shares and 362,894 shares based on the minimum and 15% above the maximum of the offering range, respectively, we anticipate that the employee stock ownership plan will borrow funds from XXXXX Bancorp. We anticipate that such loan will equal 100% of the aggregate purchase price of the common stock acquired by our employee stock ownership plan. We have agreed to loan the employee stock ownership plan the funds necessary to purchase shares. If the employee stock ownership plan's order is not completely filled in the offering we expect that the employee stock ownership plan will purchase shares in the open market after the reorganization is completed at a price which may be more or less than \$10.00 per share. The loan to the employee stock ownership plan will be repaid principally from XXXXX Savings Bank's contributions to the employee stock ownership plan and the collateral for the loan will be the common stock purchased by the employee stock ownership plan. The term of the loan is expected to be 15 years. The interest rate for the employee stock ownership plan loan will be fixed and is expected to be at the prime rate at the date the employee stock ownership plan enters into the loan. We may, in any plan year, make additional discretionary contributions for the benefit of plan participants in either cash or shares of common stock, which may be acquired through the purchase of outstanding shares in the market or from individual shareholders, upon the original issuance of additional shares by XXXXX Bancorp or upon the sale of treasury shares by XXXXX Bancorp. Such purchases, if made, would be funded through additional borrowings by the employee stock ownership plan or additional contributions from XXXXX Bancorp or from XXXXX Savings Bank. The timing, amount and manner of future contributions to the employee stock

ownership plan will be affected by various factors, including prevailing regulatory policies, the requirements of applicable laws and regulations and market conditions.

Shares purchased by our employee stock ownership plan with the loan proceeds will be held in a suspense account and released for allocation to participants on a pro rata basis as debt service payments are made. Shares released from the employee stock ownership plan will be allocated to each eligible participant's employee stock ownership plan account based on the ratio of each such participant's compensation to the total compensation of all eligible employee stock ownership plan participants. Forfeitures may be used for several purposes such as the payment of expenses or be reallocated among remaining participating employees. Upon the completion of six years of service, the account balances of participants within the employee stock ownership plan will become 100% vested. Credit is given for years of service with XXXXX Savings Bank prior to adoption of the employee stock ownership plan. In the case of a "*change in control*," as defined in the employee stock ownership plan, however, participants will become immediately fully vested in their account balances. Participants will also become fully vested in their account balances upon death, disability or retirement. Benefits may be payable upon retirement or separation from service.

Generally accepted accounting principles require that any third party borrowing by our employee stock ownership plan be reflected as a liability on our statement of financial condition. Since the employee stock ownership plan is borrowing from us, the loan will not be treated as a liability but instead will be excluded from shareholders' equity. If the employee stock ownership plan purchases newly issued shares from XXXXX Bancorp, total shareholders' equity would neither increase nor decrease, but per share shareholders' equity and per share net earnings would decrease as the newly issued shares are allocated to the employee stock ownership plan participants.

Our employee stock ownership plan will be subject to the requirements of the Employee Retirement Income Security Act of 1974, as amended, and the applicable regulations of the IRS and the Department of Labor.

Stock Option Plan. Following completion of the reorganization, we intend to adopt a stock option plan, which will be designed to attract and retain qualified personnel, provide directors, officers and employees with a proprietary interest in XXXXX Bancorp as an incentive to contribute to our success and reward employees for outstanding performance. The stock option plan will provide for the grant of incentive stock options intended to comply with the requirements of Section 422 of the Internal Revenue Code and non-incentive or compensatory stock options. Options may be granted to our directors, officers and employees. The stock option plan will be administered and interpreted by a committee of the board of directors composed of independent directors. Unless terminated earlier, the stock option plan shall continue in effect for a period of 10 years from the date the stock option plan is adopted by the board of directors.

Under the stock option plan, a committee will determine which directors, officers and employees will be granted options, whether options will be incentive or compensatory options, the number of shares subject to each option, the exercise price of each option, whether options may be exercised by delivering other shares of common stock and when such options become exercisable. The per share exercise price of an incentive stock option will be at least equal to the fair market value of a share of common stock on the date the option is granted, or 110% of fair market value in the case of incentive stock options granted to employees who are 10% shareholders.

At a meeting of our shareholders to be held at least six months after completion of the reorganization, we intend to present the stock option plan to shareholders for their approval and to reserve an amount equal to 4.9% of the shares of common stock issued in the reorganization, including shares to be issued to XXXXX Mutual Holding Company and shares contributed to the XXXXX Charitable Foundation, which would be 291,550 shares or 453,617 shares based on the minimum and 15% above the maximum of the offering range, respectively, for issuance under the stock option plan. Applicable regulations of the Office of Thrift Supervision require that if the stock option plan is adopted within twelve months after the reorganization, it must be approved by a majority of the total votes eligible to be cast by shareholders. If the stock option plan is implemented more than one year after the reorganization, the plan must be approved by a majority of the

shares of XXXXX Bancorp present and voting at the meeting of shareholders. In addition, applicable Office of Thrift Supervision regulations provide that, in the event such plan is implemented within one year after the reorganization, no individual officer or employee may receive more than 25% of the options granted under the stock option plan and non-employee directors may not receive more than 5% individually, or 30% in the aggregate of the options granted under the stock option plan. Office of Thrift Supervision regulations also provide that the exercise price of any options granted under any such plan must be at least equal to the fair market value of the common stock as of the date of grant. Further, options under such plan generally are required to vest over at least a five year period at no faster than 20% per year. XXXXX Bancorp intends that the stock option plan will comply with all applicable regulations of the Office of Thrift Supervision. Each stock option or portion thereof will be exercisable at any time on or after it vests and will be exercisable until 10 years after its date of grant or for periods of up to five years following the death, disability or other termination of the optionee's employment or service as a director. However, failure to exercise incentive stock options within ninety days after the date on which the optionee's employment terminates may result in the loss of incentive stock option treatment for federal income tax purposes.

At the time an option is granted pursuant to the stock option plan, the recipient will not be required to make any payment in consideration for such grant. With respect to incentive or compensatory stock options, the optionee will be required to pay the applicable exercise price at the time of exercise in order to receive the underlying shares of common stock. The shares reserved for issuance under the stock option plan may be authorized but previously unissued shares, treasury shares, or shares purchased by XXXXX Bancorp on the open market or from private sources. In the event of a stock split, reverse stock split or stock dividend, the number of shares of common stock under the stock option plan, the number of shares to which any option relates and the exercise price per share under any option shall be adjusted to reflect such increase or decrease in the total number of shares of common stock outstanding. If we declare a special cash dividend or return of capital after we implement the stock option plan in an amount per share which exceeds 10% of the fair market value of a share of common stock as of the date of declaration, the per share exercise price of all previously granted options which remain unexercised as of the date of such declaration shall, subject to certain limitations, be proportionately adjusted to give effect to the special cash dividend or return of capital as of the date of payment of such special cash dividend or return of capital.

Under current provisions of the Internal Revenue Code, the federal income tax treatment of incentive stock options and compensatory stock options is different. A holder of incentive stock options who meets certain holding period requirements will not recognize income at the time the option is granted or at the time the option is exercised, and a federal income tax deduction generally will not be available to us at any time as a result of such grant or exercise. With respect to compensatory stock options, the difference between the fair market value on the date of exercise and the option exercise price generally will be treated as compensation income upon exercise, and we will be entitled to a deduction in the amount of income so recognized by the optionee.

Stock Recognition and Retention Plan. After completion of the reorganization, we also intend to adopt a stock recognition and retention plan for our directors, officers and employees. The objective of the stock recognition and retention plan will be to enable us to provide directors, officers and employees with a proprietary interest in XXXXX Bancorp as an incentive to contribute to our success. We intend to present the stock recognition and retention plan to our shareholders for their approval at a meeting of shareholders. Applicable Office of Thrift Supervision regulations provide that, in the event such plan is implemented within one year after the reorganization, shares granted under the plan generally are required to vest over at least a five year period at no faster than 20% per year. In addition, applicable regulations of the Office of Thrift Supervision require that if the stock recognition and retention is adopted within twelve months after the reorganization, it must be approved by a majority of the total votes eligible to be cast by shareholders. If the stock recognition and retention plan is implemented more than one year after the reorganization, the plan must be approved by a majority of the shares of XXXXX Bancorp present and voting at the meeting of shareholders. XXXXX Bancorp intends that the stock recognition and retention plan will comply with all then applicable regulation of the Office of Thrift Supervision.

The stock recognition and retention plan will be administered by a committee of XXXXX Bancorp's board of directors, which will have the responsibility to invest all funds contributed to the trust created for the stock recognition and retention plan. We will contribute sufficient funds to the trust so that it can purchase, following the receipt of shareholder approval, a number of shares equal to an aggregate of 1.96% of the common stock issued in the reorganization, including shares issued to the XXXXX Mutual Holding Company and shares contributed to the XXXXX Charitable Foundation, which would be 116,620 shares or 181,447 shares based on the minimum and 15% above the maximum of the offering range, respectively. Shares of common stock granted pursuant to the stock recognition and retention plan generally will be in the form of restricted stock vesting as described above. For accounting purposes, compensation expense in the amount of the fair market value of the common stock at the date of the grant to the recipient will be recognized pro rata over the period during which the shares are payable. A recipient will be entitled to all voting and other shareholder rights, except that the shares, while restricted, may not be sold, pledged or otherwise disposed of and are required to be held in the trust. Under the terms of the stock recognition and retention plan, recipients of awards will be entitled to instruct the trustees of the stock recognition and retention plan as to how the underlying shares should be voted, and the trustees will be entitled to vote all unallocated shares in their discretion. If a recipient's employment is terminated as a result of death or disability, all restrictions will expire and all allocated shares will become unrestricted. We will be able to terminate the stock recognition and retention plan at any time, and if we do so, any shares not allocated will revert to XXXXX Bancorp. Recipients of grants under the stock recognition and retention plan will not be required to make any payment at the time of grant or when the underlying shares of common stock become vested, other than for certain recipients, payment of withholding taxes.

Review, Approval or Ratification of Transactions with Related Persons. Regulations of the Office of Thrift Supervision require that if any director or executive officer has any interest in a matter to be considered by the bank's board of directors, he or she must fully disclose such interest, refrain from participating in the board's discussion of the matter and recuse him or herself from voting on the matter. XXXXX Savings Bank and its directors and executive officers, as a matter of long-standing practice, but which is not specified in any written policy, adheres to the regulations of the Office of Thrift Supervision in acting upon any matter in which a director or executive officer has a direct or indirect personal interest. Such matters may be approved by the board provided that a majority of the non-interested directors conclude that the transaction is in the best interests of the bank and consistent with all Federal regulations and XXXXX Savings Bank's policies. The board's minutes will reflect the interest of the subject director or executive officer and note that he or she did not participate in the discussion of, or vote on, the matter.

Compensation Committee Interlocks and Insider Participation

XXXXX Savings Bank maintains an Executive Committee which is responsible for oversight of compensation matters for XXXXX Savings Bank. The Executive Committee does not have a written charter.

Upon completion of the reorganization, XXXXX Bancorp will comply with the listing requirements for Nasdaq listed issuers. As a result, nominations for directors of XXXXX Bancorp will be made either by a majority of XXXXX Bancorp's independent directors or a nominating committee comprised solely of independent directors. XXXXX Bancorp also will establish an Audit Committee, comprised solely of independent directors, and will implement policies and procedures to ensure that compensation paid to the Chief Executive Officer and other executive officers is determined in accordance with Nasdaq listing requirements.

There were no compensation committee "interlocks" during 2007, which generally means that no executive officer of XXXXX Savings Bank served as a director or member of the compensation committee of another entity, one of whose executive officers served as a director or member of the Executive Committee of XXXXX Savings Bank.

THE REORGANIZATION AND OFFERING

XXXXX Savings Bank's board of directors has adopted the plan of reorganization and the plan of stock issuance, and the Office of Thrift Supervision approved those plans, subject to approval by the members of XXXXX Savings Bank entitled to vote on the plan of reorganization and the satisfaction of certain other conditions. Approval by the Office of Thrift Supervision, however, does not constitute a recommendation or endorsement of the reorganization and stock issuance.

General

The plan of stock issuance provides generally that we will offer shares of common stock of XXXXX Bancorp for sale in the subscription offering to eligible account holders, our employee stock ownership plan, supplemental eligible account holders and certain other depositors and borrowers. In addition, subject to the prior rights of these holders of subscription rights, we may elect to offer the shares of common stock not subscribed for in the subscription offering, if any, for sale in a community offering commencing during or upon completion of the subscription offering. See "*The Reorganization and Offering - Subscription Offering and Subscription Rights*" and "*The Reorganization and Offering - Community Offering.*" We have the right to accept or reject, in whole or in part, any order to purchase shares of common stock received in the community offering. See "*- Subscription Offering and Subscription Rights*" and "*- Community Offering.*" Following receipt of all required regulatory approvals, the approval of our members, who are our depositors and certain borrowers entitled to vote on the plan of reorganization, and the satisfaction of all other conditions precedent to the reorganization and offering, we will consummate the reorganization. A special meeting of XXXXX Savings Bank's members has been called to vote upon the plan of reorganization and the contribution to the XXXXX Charitable Foundation. The special meeting will be held on _____, 2008.

In adopting the plan of reorganization, XXXXX Savings Bank's board of directors determined that the reorganization was advisable and in the best interests of its members and XXXXX Savings Bank. The board further determined that the interests of certain depositors in the net worth of XXXXX Savings Bank would be equitably provided for and that the reorganization would not have any adverse impact on the reserves and net worth of XXXXX Savings Bank.

Pursuant to the plan of reorganization, the reorganization will be effected as follows, or in any other manner that is consistent with applicable federal law and regulations and the intent of the plan of reorganization:

- (1) XXXXX Savings Bank will organize an interim stock savings bank as a wholly owned subsidiary ("*Interim One*");
- (2) Interim One will organize an interim stock savings bank as a wholly owned subsidiary ("*Interim Two*");
- (3) Interim One will organize XXXXX Bancorp as a wholly owned subsidiary;
- (4) XXXXX Savings Bank will convert its charter to a federal stock savings and loan association charter and Interim One will convert its charter to a federal mutual holding company charter to become XXXXX Mutual Holding Company;
- (5) Simultaneously with step (4), Interim Two will merge with and into XXXXX Savings Bank with XXXXX Savings Bank as the resulting institution;
- (6) All of the initially issued stock of XXXXX Savings Bank will be transferred to XXXXX Mutual Holding Company in exchange for membership interests in XXXXX Mutual Holding Company;
- (7) XXXXX Mutual Holding Company will contribute the capital stock of XXXXX Savings Bank to XXXXX Bancorp, and XXXXX Savings Bank will become a wholly owned subsidiary of

XXXXX Bancorp; and

- (8) Contemporaneously with the reorganization, XXXXX Bancorp will sell a minority interest of its shares of common stock in a public offering, contribute shares to the XXXXX Charitable Foundation and XXXXX Mutual Holding Company will retain a majority of XXXXX Bancorp's common stock.

After completion of the reorganization, XXXXX Savings Bank in its stock form will continue to conduct its business and operations from the same offices and with the same personnel as prior to the reorganization. The reorganization will not affect the balances, interest rates or other terms of XXXXX Savings Bank's loans or deposit accounts, and the deposit accounts will continue to be insured by the Federal Deposit Insurance Corporation to the same extent as they were prior to the reorganization.

XXXXX Bancorp expects to receive the approval of the Office of Thrift Supervision to become a savings and loan holding company and to own all of the common stock of XXXXX Savings Bank. XXXXX Bancorp intends to retain 50% of the net proceeds from the sale of the common stock, and to use the remaining proceeds to purchase all of the to-be issued and outstanding capital stock of XXXXX Savings Bank. Based on the minimum and maximum of the offering range, we intend to use approximately \$2.3 million and \$3.2 million, respectively, of the net proceeds retained by XXXXX Bancorp to loan funds to our employee stock ownership plan to enable it to purchase up to 3.92% of the to-be outstanding common stock, including shares issued to XXXXX Mutual Holding Company and contributed to the XXXXX Charitable Foundation. XXXXX Mutual Holding Company initially will be capitalized with \$100,000. Upon consummation of the reorganization and offering, such capital will be used for general corporate purposes. The reorganization and offering will not be completed unless we sell shares of common stock equal to our appraised value.

The aggregate price of the shares of common stock to be issued in the offering will be within the offering range, which was determined based upon an independent appraisal of the estimated pro forma market value of our common stock. The offering range is currently \$59.5 million to \$92.6 million and is based on our pro forma value assuming a full mutual-to-stock conversion. We are offering shares in an amount equal to 43% of the appraisal valuation or \$25.6 million to \$39.8 million, and we will contribute an amount equal to 2.0% of our to-be outstanding shares, or 119,000 shares to 161,000 shares, to the XXXXX Charitable Foundation. The remaining 55% of the shares will be issued to XXXXX Mutual Holding Company. All shares of common stock to be issued and sold in the reorganization will be sold at the same price. The independent appraisal will be affirmed or, if necessary, updated before we complete the offering. The appraisal has been performed by Braxton Consulting, a consulting firm experienced in the valuation and appraisal of savings institutions. See "*How We Determined the Price Per Share and the Offering Range*" for more information as to how the estimated pro forma market value of the common stock was determined.

The following discussion summarizes the material aspects of the reorganization and offering. The summary is qualified in its entirety by reference to the provisions of the plan of reorganization and the plan of stock issuance. Copies of the plan of reorganization and the plan of stock issuance are available for inspection at the office of XXXXX Savings Bank and at the Office of Thrift Supervision. The plan of reorganization and the plan of stock issuance are also filed as exhibits to the Registration Statement of which this prospectus is a part, copies of which may be obtained from the Securities and Exchange Commission. See "*Where You Can Find More Information.*"

Purposes of Reorganization

As a mutual savings and loan association, XXXXX Savings Bank does not have stockholders and has no authority to issue capital stock. By converting to the capital stock form of organization, XXXXX Savings Bank will be structured in the form used by commercial banks, most business entities and a growing number of savings institutions. The reorganization into the mutual holding company form of organization will enable

XXXXX Savings Bank to achieve the benefits of a stock company without a loss of control that often follows standard conversions from mutual to stock form.

The reorganization and offering will result in an increase in XXXXX Savings Bank's capital base, which will support its operations and enable XXXXX Savings Bank to compete more effectively with other financial institutions. In addition, the reorganization and offering will provide our customers and possibly other members of the local community and the general public with an opportunity to become equity owners and to share in our future. The offering will provide additional funds for lending and investment activities, facilitate future access to the capital markets, enhance our ability to diversify and expand into other markets. The mutual holding company form of organization will provide additional flexibility to diversify our business activities through existing or newly formed subsidiaries, or through acquisition of or mergers with other financial institutions, as well as other companies. Although there are no current arrangements, understandings or agreements regarding any such opportunities, we will be in a position after the reorganization, subject to regulatory limitations and our financial position, to take advantage of any such opportunities that may arise.

After the reorganization, the unissued common and preferred stock authorized by our charter will permit us, subject to market conditions and applicable regulatory approvals, to raise additional equity capital through further sales of securities, and to issue securities in connection with possible acquisitions. At the current time, we have no plans with respect to additional offerings of securities, other than the possible issuance of additional shares to the restricted stock plan or upon exercise of stock options. After the reorganization, we also will be able to use stock-related incentive programs to attract and retain executive and other personnel. See "*Management - New Stock Benefit Plans.*"

The foregoing advantages of the reorganization could be achieved by XXXXX Savings Bank reorganizing into a wholly owned subsidiary of a stock form holding company rather than as a wholly-owned subsidiary of a stock form holding company that is majority owned by a mutual holding company. A standard conversion would free XXXXX Savings Bank from the capital raising restrictions resulting from the requirement that its mutual holding company maintain a majority ownership interest in XXXXX Bancorp. The board of directors of XXXXX Savings Bank, however, unanimously believes that the reorganization is in the best interests of XXXXX Savings Bank and its members. Savings institutions converting to stock form in a standard conversion must sell all of their to-be-outstanding capital stock rather than a minority interest in such capital stock. Consequently, the amount of equity capital that would be raised in a standard conversion is substantially more than the capital raised in a minority stock offering by a subsidiary of a mutual holding company. In a standard conversion, it is more difficult for the savings institution to maximize its return on equity. Moreover, a standard conversion would eliminate all aspects of the mutual form of organization. Consummation of the reorganization, however, does not foreclose the possibility of XXXXX Mutual Holding Company converting from mutual to stock form in the future. The conversion of XXXXX Mutual Holding Company is not being considered at this time.

After considering the foregoing advantages and disadvantages of the reorganization, as well as applicable fiduciary duties and alternative transactions, including a standard conversion, the board of directors of XXXXX Savings Bank unanimously approved the reorganization as being advisable and in the best interests of XXXXX Savings Bank and its members.

Effects of Reorganization

General. Prior to the reorganization, each of our depositors has both a deposit account in XXXXX Savings Bank and a pro rata ownership interest in our net worth, which interest may only be realized in the event of a liquidation of XXXXX Savings Bank. However, this ownership interest is tied to the depositor's account and has no tangible market value separate from such deposit account. A depositor who reduces or closes his account may receive nothing for his ownership interest in the net worth of XXXXX Savings Bank, which is lost to the extent that the balance in the account is reduced or the account is closed.

Consequently, our depositors normally cannot realize the value of their ownership interest, which has realizable value only in the unlikely event that XXXXX Savings Bank is liquidated. In the event of a

liquidation, the depositors of record at that time, as owners, would share pro rata in any residual surplus and reserves of XXXXX Savings Bank after other claims, including claims of depositors to the amount of their deposits, are paid.

When XXXXX Savings Bank converts to stock form, permanent nonwithdrawable capital stock will be created to represent the ownership of our net worth, and XXXXX Savings Bank will become a wholly owned subsidiary of XXXXX Bancorp. The common stock of XXXXX Bancorp and the common stock of XXXXX Savings Bank are separate and apart from deposit accounts of XXXXX Savings Bank and cannot be and are not insured by the Federal Deposit Insurance Corporation or any other governmental agency. Certificates will be issued to evidence ownership of XXXXX Bancorp's common stock. Our stock certificates will be transferable, and therefore the stock may be sold or traded if a purchaser is available with no effect on any deposit account the seller may hold in XXXXX Savings Bank.

Following completion of the reorganization, all depositors who had liquidation rights with respect to XXXXX Savings Bank as of the effective date of the reorganization will continue to have such rights solely with respect to XXXXX Mutual Holding Company. The liquidation rights will continue so long as a depositor continues to hold a deposit account with XXXXX Savings Bank. In addition, all persons who become depositors of XXXXX Savings Bank subsequent to the reorganization will have such liquidation rights with respect to XXXXX Mutual Holding Company.

Continuity. While the reorganization is being accomplished, the normal business of XXXXX Savings Bank of accepting deposits and making loans will continue without interruption. XXXXX Savings Bank will continue to be subject to regulation by the Office of Thrift Supervision and the Federal Deposit Insurance Corporation. After the reorganization, XXXXX Savings Bank will continue to provide services for depositors and borrowers under current policies by its present management and staff.

The directors and officers of XXXXX Savings Bank at the time of the reorganization will continue to serve as directors and officers of XXXXX Savings Bank after the reorganization. The directors and officers of XXXXX Bancorp and XXXXX Mutual Holding Company will consist of the individuals currently serving as directors and officers of XXXXX Savings Bank.

Effect on Deposit Accounts. Under the plan of reorganization, each depositor in XXXXX Savings Bank at the time of the reorganization will automatically continue as a depositor after the reorganization, and each such deposit account will remain the same with respect to deposit balance, interest rate and other terms, except to the extent that funds in the account are withdrawn to purchase the common stock and except with respect to voting and liquidation rights. Each such account will be insured by the Federal Deposit Insurance Corporation to the same extent as before the reorganization. Depositors will continue to hold their existing certificates, passbooks and other evidences of their accounts.

Following the reorganization, each depositor of XXXXX Savings Bank will have both a deposit account in XXXXX Savings Bank and a pro rata ownership interest in the equity of XXXXX Mutual Holding Company based upon the balance in the depositor's account. This interest may only be realized in the event of a liquidation of XXXXX Mutual Holding Company. However, this ownership interest is tied to the depositor's account and has no tangible market value separate from the deposit account. Any depositor who opens a deposit account with XXXXX Savings Bank obtains a pro rata ownership interest in the equity of XXXXX Mutual Holding Company without any additional payment beyond the amount of the deposit. A depositor who reduces or closes his or her account receives the balance in the account but receives nothing for his or her ownership interest in the equity of XXXXX Mutual Holding Company, which the depositor loses to the extent that his balance in the account is reduced. Consequently, depositors of XXXXX Mutual Holding Company have no way to realize the value of their ownership interest in XXXXX Mutual Holding Company, except in the unlikely event that XXXXX Mutual Holding Company is liquidated.

Effect on Loans. No loan outstanding from XXXXX Savings Bank will be affected by the reorganization, and the amount, interest rate, maturity and security for each loan will remain as they were contractually fixed prior to the reorganization.

Effect on Voting Rights of Members. At present, depositors and certain borrowers of XXXXX Savings Bank are members of, and have voting rights in, XXXXX Savings Bank as to all matters requiring membership action. When we complete the reorganization, depositors and borrowers will cease to be members and will no longer be entitled to vote at XXXXX Savings Bank's meetings. After the reorganization of XXXXX Savings Bank, XXXXX Bancorp will have all of the voting rights in XXXXX Savings Bank since XXXXX Bancorp will be its sole shareholder. Exclusive voting rights with respect to XXXXX Bancorp will be vested in the holders of our common stock, including XXXXX Mutual Holding Company.

As a federally chartered mutual holding company, XXXXX Mutual Holding Company will have no authorized capital stock and, thus, no shareholders. XXXXX Mutual Holding Company will be controlled by its members, who will consist of all XXXXX Savings Bank's depositors and certain borrowers. Members of XXXXX Savings Bank have generally signed proxies giving their voting rights to XXXXX Savings Bank's management. The revocable proxies give the board of directors general authority to cast a member's vote on any and all matters presented to the members. These proxies are generally deemed to cover the member's votes as members of XXXXX Mutual Holding Company, and this authority is given to the board of directors of XXXXX Mutual Holding Company.

The plan of reorganization also provides for the transfer of proxy rights to the board of directors of XXXXX Mutual Holding Company. As a result, the board of directors of XXXXX Savings Bank will be able to govern the operations of XXXXX Mutual Holding Company, and XXXXX Bancorp, notwithstanding objections raised by members of XXXXX Mutual Holding Company or shareholders of XXXXX Bancorp, so long as the board of directors has been appointed proxy for a majority of the outstanding votes of members of XXXXX Mutual Holding Company and these proxies have not been revoked. In addition, all persons who become depositors of XXXXX Savings Bank following the reorganization will have membership rights with respect to XXXXX Mutual Holding Company.

By virtue of its ownership of a majority of the outstanding shares of common stock of XXXXX Bancorp, XXXXX Mutual Holding Company will be able to elect all members of the board of directors of XXXXX Bancorp and generally will be able to control the outcome of all matters presented to the shareholders of XXXXX Bancorp for resolution by vote.

Tax Effects. To complete the reorganization, we must receive rulings or opinions with regard to federal and United States income taxation which indicate that the reorganization will not be taxable for federal or United States income tax purposes to us or the Eligible Account Holders or Supplemental Eligible Account Holders, except as discussed below. We have received favorable opinions regarding the federal and United States income tax consequences of the reorganization. See “- *Material Federal Income Tax Aspects of the Reorganization and Offering.*”

Effect on Liquidation Rights. In the event of a voluntary liquidation of XXXXX Savings Bank prior to the reorganization, holders of deposit accounts in XXXXX Savings Bank would be entitled to distribution of any assets of XXXXX Savings Bank remaining after the claims of such depositors (to the extent of their deposit balances) and all other creditors are satisfied. Following the reorganization, the holder of XXXXX Savings Bank's common stock, i.e., XXXXX Bancorp, will be entitled to any assets remaining upon a liquidation, dissolution or winding-up of XXXXX Savings Bank and, except through their liquidation interests in XXXXX Mutual Holding Company, discussed below, holders of deposit accounts in XXXXX Savings Bank would have no interest in such assets.

In the event of a voluntary or involuntary liquidation, dissolution or winding up of XXXXX Mutual Holding Company following completion of the reorganization, holders of deposit accounts in XXXXX Savings Bank will be entitled, pro rata to the value of their accounts, to distribution of any assets of XXXXX Mutual Holding Company remaining after the claims of all its creditors are satisfied. Shareholders of XXXXX Bancorp will have no liquidation or other rights with respect to XXXXX Mutual Holding Company.

In the event of a liquidation, dissolution or winding up of XXXXX Bancorp, each holder of shares of XXXXX Bancorp common stock will be entitled to receive, after payment of all debts and liabilities of

XXXXXX Bancorp, a pro rata portion of all of its assets available for distribution to holders of XXXXX Bancorp common stock.

There currently are no plans to liquidate XXXXX Savings Bank, XXXXX Bancorp or XXXXX Mutual Holding Company in the future.

Material Federal Income Tax Aspects of the Reorganization and Offering

Completion of the reorganization is expressly conditioned upon prior receipt of either a ruling or an opinion of counsel with respect to federal tax laws, and either a ruling or an opinion with respect to United States tax laws, to the effect that consummation of the transactions contemplated hereby will not result in a taxable reorganization under the provisions of the applicable codes or otherwise result in any adverse tax consequences to XXXXX Bancorp or to account holders receiving subscription rights, except to the extent, if any, that subscription rights are deemed to have fair market value on the date such rights are issued or exercised. The following describes the material federal tax aspects of the reorganization and the offering.

Tax International., Washington, D.C., has issued an opinion to us that, for federal income tax purposes:

With respect to the reorganization:

1. The conversion of XXXXX Savings Bank to the stock form is a mere change in identity and form and therefore qualifies as a reorganization within the meaning of Section 368(a)(1)(F) of the Internal Revenue Code.
2. No gain or loss will be recognized by XXXXX Savings Bank in the reorganization.
3. XXXXX Savings Bank's holding period for the assets received when it converts to stock form will include the period during which such assets were held by it in its mutual form.
4. XXXXX Savings Bank's basis in the assets received when it converts to stock form will be the same as the basis of such assets in the hands of XXXXX Savings Bank in its mutual form immediately prior to the proposed transaction.
5. XXXXX Savings Bank will succeed to and take into account the earnings and profits of XXXXX Savings Bank in its mutual form, as of the date of the proposed transaction.

With respect to the transfer of common stock in XXXXX Savings Bank to XXXXX Mutual Holding Company for liquidation and other interests in XXXXX Mutual Holding Company:

6. The exchange of common stock in XXXXX Savings Bank constructively received by depositors of XXXXX Savings Bank for liquidation and other interests in XXXXX Mutual Holding Company will constitute a tax-free exchange of property solely for "stock" pursuant to Section 351 of the Internal Revenue Code.
7. No gain or loss will be recognized by depositors of XXXXX Savings Bank on the transfer of common stock in XXXXX Savings Bank, which they constructively received in the reorganization, to XXXXX Mutual Holding Company solely for liquidation and other interests in XXXXX Mutual Holding Company.
8. The basis in the liquidation and other interests of XXXXX Mutual Holding Company received in the transaction will be the same as the basis of the property transferred in exchange therefor.

9. XXXXX Mutual Holding Company will recognize no gain or loss upon the receipt of property from the depositors of XXXXX Savings Bank in exchange for liquidation and other interests in XXXXX Mutual Holding Company.
10. XXXXX Mutual Holding Company's basis in the property received from the depositors of XXXXX Savings Bank will be the same as the basis of such property which was in the hands of the depositors of XXXXX Savings Bank.

With respect to the transfer of XXXXX Savings Bank's common stock by XXXXX Mutual Holding Company to a stock holding company (i.e., XXXXX Bancorp) and cash contributions from XXXXX Bancorp to XXXXX Savings Bank:

11. The transfer by XXXXX Mutual Holding Company of the common stock of Malvern

Federal Savings Bank, a wholly owned subsidiary, to its other wholly owned subsidiary, XXXXX Bancorp, will constitute a tax-free exchange of property solely for stock pursuant to Internal Revenue Code Section 351. XXXXX Mutual Holding Company will not receive additional shares of common stock in this contribution because, at the time of the contribution, XXXXX Mutual Holding Company will already own all of the outstanding shares of common stock and the issuance of additional shares of common stock would have no substantive effect.

12. XXXXX Mutual Holding Company will recognize no gain or loss upon the transfer of XXXXX Savings Bank common stock to XXXXX Bancorp.
13. XXXXX Bancorp will recognize no gain or loss on its receipt of XXXXX Savings Bank common stock.
14. XXXXX Bancorp's basis in XXXXX Savings Bank common stock will equal the basis of XXXXX Savings Bank common stock in XXXXX Mutual Holding Company's hands immediately before the contribution.
15. XXXXX Bancorp's holding period for the shares of XXXXX Savings Bank common stock received from XXXXX Mutual Holding Company will include the period that it held, or is deemed to have held, the shares.
16. No gain or loss will be recognized by XXXXX Savings Bank upon its receipt of money from XXXXX Bancorp. XXXXX Bancorp will not receive additional shares of common stock in exchange for any such money received because the issuance of additional XXXXX Savings Bank common stock to XXXXX Bancorp would be meaningless since it already owns all of the common stock. XXXXX Bancorp will be transferring solely cash to XXXXX Savings Bank and therefore will not recognize any gain or loss upon such transfer.
17. No gain or loss will be recognized by XXXXX Bancorp upon its receipt of money in exchange for shares of the common stock offered.

With respect to members of XXXXX Savings Bank and the issuance of common stock pursuant to the plan of stock issuance:

18. No gain or loss will be recognized by Eligible Account Holders, Supplemental Eligible Account Holders and Other Members of XXXXX Savings Bank upon the issuance to them of deposit accounts in XXXXX Savings Bank in the same dollar amount and on the same terms and conditions in exchange for their deposit accounts in XXXXX Savings Bank held immediately prior to the reorganization.

19. The tax basis of the deposit accounts of the Eligible Account Holders, Supplemental Eligible Account Holders, and Other Members in XXXXX Savings Bank received as part of the reorganization will equal the tax basis of such account holders' corresponding deposit accounts in XXXXX Savings Bank surrendered in exchange therefor.
20. As described in more detail in the paragraph immediately following opinion number 21 below, Tax International. believes that it is more likely than not that the non-transferable subscription rights to purchase common stock will have no ascertainable value.

Based on such belief, the tax basis of the shares of common stock acquired in the offering will equal the purchase price of such shares.

21. The holding period of the common stock purchased in the subscription offering will commence on the date on which the shares are purchased. The holding period of the common stock acquired in the community offering will commence on the date following the date on which such stock is purchased.

Tax International. has noted that the issue of whether the subscription rights have value is dependent upon all of the facts and circumstances that occur. Tax International. has noted that the subscription rights will be granted at no cost to the recipients, will be legally non-transferable and of short duration, and will provide the recipients with the right only to purchase shares of common stock at the same price to be paid by members of the general public in any community offering. Tax International. has also noted that Braxton Consulting has issued a letter dated December 17, 2007, as described below, stating that the subscription rights will have no ascertainable market value. In addition, no cash or property will be given to recipients of the subscription rights in lieu of such rights or to those recipients who fail to exercise such rights. Furthermore, the Internal Revenue Service was requested in 1993 in a private letter ruling to address the federal tax treatment of the receipt and exercise of non-transferable subscription rights in a standard conversion but declined to express any opinion. Tax International. believes because of the factors noted above in this paragraph that it is more likely than not that the non-transferable subscription rights to purchase common stock will have no ascertainable value. If the non-transferable subscription rights to purchase XXXXX Bancorp common stock are subsequently found to have an ascertainable market value greater than zero, income may be recognized by various recipients of the non-transferable subscription rights, in certain cases, whether or not the rights are exercised, and XXXXX Bancorp and/or XXXXX Savings Bank may be taxed on the distribution of the non-transferable subscription rights under Section 311 of the Internal Revenue Code. In this event, the non-transferable subscription rights may be taxed partially or entirely at ordinary income tax rates.

Braxton lawyers, Our City, United States, has also advised XXXXX Mutual Holding Company, XXXXX Savings Bank and XXXXX Bancorp that the tax effects of the reorganization under United States law are substantially the same as they are under federal law.

In the opinion of Braxton Consulting, the subscription rights will have no ascertainable value at the time of distribution or exercise, based on the fact that such rights will be acquired by the recipients without cost, will be non-transferable and of short duration, and will afford the recipients the right only to purchase the common stock at the same price as will be paid by members of the general public in any community offering.

Unlike private rulings, an opinion is not binding on the IRS, and the IRS could disagree with conclusions reached therein. In the event of such disagreement, there can be no assurance that the IRS would not prevail in a judicial or administrative proceeding. Eligible subscribers are encouraged to consult with their own tax advisor as to their own tax consequences in the event that such subscription rights are deemed to have an ascertainable value.

Subscription Offering and Subscription Rights

In accordance with the plan of stock issuance, rights to subscribe for the purchase of common stock have been granted to the following persons in the following order of descending priority:

- (1) Depositors with a minimum of \$50 on deposit at XXXXX Savings Bank as of September 30, 2006;
- (2) Our tax-qualified employee stock ownership plan;
- (3) Depositors with a minimum of \$50 on deposit at XXXXX Savings Bank as of December 31, 2007; and
- (4) Depositors with accounts at XXXXX Savings Bank on _____, 2008 and borrowers with a loan from XXXXX Savings Bank at December 31, 1990 that remains outstanding at _____, 2008.

All subscriptions received will be subject to the availability of common stock after satisfaction of all subscriptions of all persons having prior rights in the subscription offering and to the maximum and minimum purchase limitations set forth in the plan of stock of issuance and as described below under “ - *Limitations on Common Stock Purchases.*”

Priority 1: Eligible Account Holders. Each Eligible Account Holder will receive, without payment therefor, first priority, non-transferable subscription rights to subscribe for in the subscription offering up to the greater of:

- \$200,000 (20,000 shares) of common stock offered;
- one-tenth of one percent (0.01%) of the total shares offered in the subscription offering; or
- 15 times the product, rounded down to the next whole number, obtained by multiplying the total number of shares of common stock to be issued by a fraction, of which the numerator is the amount of the Eligible Account Holder’s qualifying deposit and the denominator of which is the total amount of qualifying deposits of all Eligible Account Holders;

subject to the overall purchase limitations. See “ - *Limitations on Common Stock Purchases.*”

If there are not sufficient shares available to satisfy all subscriptions, shares first will be allocated among subscribing Eligible Account Holders so as to permit each such Eligible Account Holder, to the extent possible, to purchase a number of shares sufficient to make his total allocation equal to the lesser of the number of shares subscribed for or 100 shares. Thereafter, any shares remaining will be allocated among the subscribing Eligible Account Holders whose subscriptions remain unfilled in the proportion that the amounts of their respective eligible deposit bears to the total amount of eligible deposits of all subscribing Eligible Account Holders whose subscriptions remain unfilled, provided that no fractional shares shall be issued. The subscription rights of Eligible Account Holders who are also directors or officers of XXXXX Savings Bank or their associates will be subordinated to the subscription rights of other Eligible Account Holders to the extent attributable to increased deposits in the year preceding September 30, 2006. In the event of an increase in the maximum of the offering range up to 15%, the subscription rights of Eligible Account Holders will be subordinated to the priority rights of our employee stock ownership plan.

To ensure proper allocation of stock, each Eligible Account Holder must list on his subscription order form all accounts in which he has an ownership interest. Failure to list an account could result in fewer shares being allocated than if all accounts had been disclosed.

Priority 2: Employee Stock Ownership Plan. Our employee stock ownership plan will receive, without payment therefor, second priority, nontransferable subscription rights to purchase 3.92% of the to-be outstanding shares of common stock, or 233,240 shares and 315,560 shares based on the minimum and maximum of the offering range, respectively. Subscriptions by our employee stock ownership plan will not be aggregated with shares of common stock purchased directly by or which are otherwise attributable to any other participants in the offering, including subscriptions of any of XXXXX Savings Bank's directors, officers, employees or associates thereof. In the event that the total number of shares offered in the reorganization is increased to an amount greater than the number of shares representing the maximum of the offering range, our employee stock ownership plan will have a priority right to purchase any such shares exceeding the maximum of the offering range. Our employee stock ownership plan may purchase some or all of our shares that it intends to acquire in the open market after the offering is completed, subject to approval of the Office of Thrift Supervision.

Priority 3: Supplemental Eligible Account Holders. To the extent that there are sufficient shares remaining after satisfaction of subscriptions by Eligible Account Holders and our employee stock ownership plan, each Supplemental Eligible Account Holder will receive, without payment therefor, third priority, nontransferable subscription rights to purchase up to the greater of:

- \$200,000 (20,000 shares) of common stock offered;
- one-tenth of one percent (0.01%) of the total of shares offered in the subscription offering; or
- 15 times the product, rounded down to the next whole number, obtained by multiplying the total number of shares of common stock to be issued by a fraction, of which the numerator is the amount of the Supplemental Eligible Account Holder's qualifying deposit and the denominator of which is the total amount of qualifying deposits of all Supplemental Eligible Account Holders;

subject to the overall purchase limitations. See “ - *Limitations on Common Stock Purchases.* ”

If there are not sufficient shares available to satisfy all subscriptions of all Supplemental Eligible Account Holders, available shares first will be allocated among subscribing Supplemental Eligible Account Holders so as to permit each such Supplemental Eligible Account Holder, to the extent possible, to purchase a number of shares sufficient to make his total allocation equal to the lesser of the number of shares subscribed for or 100 shares. Thereafter, any shares remaining available will be allocated among the Supplemental Eligible Account Holders whose subscriptions remain unfilled in the proportion that the amounts of their respective eligible deposits bear to the total amount of eligible deposits of all subscribing Supplemental Eligible Account Holders whose subscriptions remain unfilled, provided that no fractional shares shall be issued.

To ensure proper allocation of stock, each Supplemental Eligible Account Holder must list on his subscription order form all accounts in which he has an ownership interest. Failure to list an account could result in fewer shares being allocated than if all accounts had been disclosed.

Priority 4: Other Members. To the extent that there are sufficient shares remaining after satisfaction of subscriptions by Eligible Account Holders, our employee stock ownership plan and Supplemental Eligible Account Holders, each Other Member will receive, without payment therefor, fourth priority, nontransferable subscription rights to purchase up to the greater of:

- \$200,000 (20,000 shares) of common stock offered; or
- one-tenth of one percent (0.01%) of the total shares offered in the subscription offering;

subject to the overall purchase limitations. See “ - *Limitations on Common Stock Purchases.* ”

In the event the Other Members subscribe for a number of shares which, when added to the shares subscribed for by Eligible Account Holders, our employee stock ownership plan and Supplemental Eligible Account Holders, is in excess of the total number of shares of common stock offered in the reorganization, shares first will be allocated so as to permit each subscribing Other Member, to the extent possible, to purchase a number of shares sufficient to make his total allocation equal to the lesser of the number of shares subscribed for or 100 shares. Thereafter, any remaining shares will be allocated among such subscribing Other Members on an equal number of shares basis per order until all orders have been fulfilled or the remaining shares have been allocated, provided that no fractional shares shall be issued.

To ensure proper allocation of stock, each Other Member must list on his subscription order form all accounts in which he has an ownership interest. Failure to list an account could result in fewer shares being allocated than if all accounts had been disclosed.

Expiration Date for the Subscription Offering. The subscription offering will expire at 12:00 noon Eastern Time, on _____, 2008, unless extended by us for up to 45 days. Additional extension periods may be approved by the Office of Thrift Supervision, but will require resolicitation of subscribers. Subscription rights which have not been exercised prior to the expiration date, unless extended, will become void.

Community Offering

To the extent that shares remain available for purchase after satisfaction of all subscriptions of Eligible Account Holders, our employee stock ownership plan, Supplemental Eligible Account Holders and Other Members, we may elect to offer such shares either during or upon completion of the subscription offering to certain members of the general public, with preference given to natural persons residing in County, United States, such natural persons are referred to as "*Preferred Subscribers*". These persons may purchase up to the greater of:

- \$200,000 (20,000 shares) of common stock; or
- one-tenth of one percent (0.01%) of the total shares offered in the subscription offering;

subject to the maximum purchase limitations. See "*Limitations on Common Stock Purchases.*"

If there are not sufficient shares available to fill the orders of Preferred Subscribers, available stock will be allocated first to each Preferred Subscriber whose order is accepted by us, in an amount up to a maximum of 2.0% of the total shares sold in the offering. We intend to first allocate to each Preferred Subscriber the lesser of 100 shares or the number of shares subscribed for by each such Preferred Subscriber. Thereafter, unallocated shares will be allocated among the Preferred Subscribers whose accepted orders remain unsatisfied on an equal number of shares basis per order until the remaining shares have been allocated, provided that no fractional shares shall be issued. If there are any shares remaining, after filling Preferred Subscribers' orders, shares will be allocated to members of the general public who subscribe in the community offering applying the same allocation described above for Preferred Subscribers.

The community offering, if held, may commence, without notice, concurrently with or subsequent to the subscription offering.

Persons will be deemed to reside in County if they occupy a dwelling within the county and establish an ongoing physical presence within it, together with an indication that such presence is not merely transitory in nature. To the extent the person is a corporation or other business entity, the principal place of business or headquarters shall be in the county in which the corporation or business entity is headquartered. We may utilize depositor or loan records or such other evidence provided to us to determine whether a person is a resident of County. In all cases the determination of resident status will be made by us in our sole discretion.

The opportunity to subscribe for shares of common stock in the community offering category is subject to our right, in our sole discretion, to accept or reject any such orders in whole or in part either at the time of receipt of an order or as soon as practicable following the expiration date.

Syndicated Community Offering

The plan of stock issuance provides that, if necessary, shares of common stock not purchased in the subscription offering and community offering may be offered for sale to the general public in a syndicated community offering to be managed by Braxton Capital, acting as our financial advisor and selling agent. In such capacity, Braxton Capital, may form a syndicate of other broker-dealers. However, we retain the right to accept or reject, in whole or in part, any orders in the syndicated community offering. Neither Braxton Capital nor any registered broker-dealer will have any obligation to take or purchase any shares of the common stock in the syndicated community offering. However, Braxton Capital, has agreed to use its best efforts in the sale of shares in any syndicated community offering. The syndicated community offering would be expected to terminate by _____ 2008.

Common stock offered in the syndicated community offering will be sold at a purchase price per share which is the same price as all other shares being offered in the offering. The amount of shares that any person may purchase in the syndicated community offering cannot exceed \$200,000 (20,000 shares) of common stock or one-tenth of 1% (0.01%) of the total shares offered in the offering. We may begin the syndicated community offering at any time following the commencement of the subscription offering.

The opportunity to subscribe for shares of common stock in the syndicated community offering is subject to our right in our sole discretion to accept or reject orders, in whole or part, either at the time of receipt of an order or as soon as practicable following the expiration date of the offering.

Offering Deadline

The stock offering will expire at 12:00 noon, Eastern Time, on _____, 2008, unless we extend it, without notice to you, for up to 45 days. Any extension of the offering beyond _____, 2008 would require the Office of Thrift Supervision's approval. In such event, we would conduct a resolicitation. Purchasers would have the opportunity to maintain, change or cancel their stock orders within a specified period. If a purchaser in the subscription or community offering does not respond during the resolicitation period, the stock order will be cancelled and payment will be returned promptly, with interest calculated at XXXXX Savings Bank's passbook rate, and deposit account withdrawal authorizations will be cancelled. Aggregate extensions may not conclude beyond _____, 2010, which is two years after the special meeting of members to vote on the reorganization. We reserve the right in our sole discretion to terminate the offering at any time and for any reason, in which case we will cancel any deposit account withdrawal orders and promptly return all funds submitted, with interest calculated at XXXXX Savings Bank's passbook rate from the date of processing.

If we are unable to find purchasers to complete the sale of at least the minimum of the offering range, we will make other purchase arrangements, if feasible. Other purchase arrangements must be approved by the Office of Thrift Supervision and may include purchases by directors, officers and their associates in excess of the proposed management purchases discussed earlier, although no such increased purchases are currently anticipated. If other purchase arrangements cannot be made, we may terminate the offering and promptly return all funds; set a new offering range, notify all subscribers and give them the opportunity to confirm, cancel or change their orders; or take such other actions as may be permitted by the Office of Thrift Supervision.

Persons Who Cannot Exercise Subscription Rights

We will make reasonable efforts to comply with the securities laws of all states in the United States in which persons entitled to subscribe for stock pursuant to the plan of stock issuance reside. However, we are

not required to offer stock in the subscription offering to any person who resides in a foreign country or resides in a state of the United States with respect to which:

- the number of persons otherwise eligible to subscribe for shares under the plan of stock issuance who reside in such jurisdiction is small;
- the granting of subscription rights or the offer or sale of shares of common stock to such persons would require XXXXX Bancorp or our officers, directors or employees, under the laws of such jurisdiction, to register as a broker, dealer, salesman or selling agent or to register or otherwise qualify its securities for sale in such jurisdiction or to qualify as a foreign corporation or file a consent to service of process in such jurisdiction; and
- such registration, qualification or filing in our judgment would be impracticable or unduly burdensome for reasons of costs or otherwise.

Where the number of persons eligible to subscribe for shares in one state is small, we will base our decision as to whether or not to offer the common stock in such state on a number of factors, including but not limited to the size of accounts held by account holders in the state, the cost of registering or qualifying the shares or the need to register XXXXX Bancorp or our officers, directors or employees as brokers, dealers or salesmen.

Limitations on Common Stock Purchases

The plan of stock issuance includes the following limitations on the number of shares of common stock which may be purchased in the offering.

- (1) No fewer than 25 shares of common stock may be purchased, to the extent such shares are available;
- (2) Each Eligible Account Holder may subscribe for and purchase in the subscription offering up to the greater of:
 - \$200,000 (20,000 shares) of common stock offered,
 - one-tenth of one percent (0.01%) of the total shares offered, or
 - 15 times the product, rounded down to the next whole number, obtained by multiplying the total number of shares of common stock offered by a fraction, of which the numerator is the amount of the qualifying deposit of the Eligible Account Holder and the denominator is the total amount of qualifying deposits of all Eligible Account Holders;

subject to the overall limitation in clause (6) below;

- (3) Our employee stock ownership plan may purchase in the aggregate up to 3.92% of the to-be outstanding shares of common stock;
- (4) Each Supplemental Eligible Account Holder may subscribe for and purchase in the subscription offering up to the greater of:
 - \$200,000 (20,000 shares) of common stock offered,

- one-tenth of one percent (0.01%) of the total shares sold, or
- 15 times the product, rounded down to the next whole number, obtained by multiplying the total number of shares of common stock offered by a fraction, of which the numerator is the amount of the qualifying deposit of the Supplemental Eligible Account Holder and the denominator is the total amount of qualifying deposits of all Supplemental Eligible Account Holders;

subject to the overall limitation in clause (6) below;

- (5) Each Other Member or any person purchasing shares of common stock in the community or syndicated offering may subscribe for and purchase up to the greater of:

- \$200,000 (20,000 shares) of common stock offered, or
- one-tenth of one percent (0.01%) of the total shares offered;

subject to the overall limitation in clause (6) below;

- (6) Except for our employee stock ownership plan, the maximum number of shares of common stock subscribed for or purchased by any person, together with associates of and groups of persons acting in concert with such person, shall not exceed \$400,000 (40,000 shares) in all categories of the offering combined; and
- (7) No more than 25% of the total number of shares offered for sale may be purchased by directors and officers of XXXXX Savings Bank and their associates in the aggregate, excluding purchases by our employee stock ownership plan.

Subject to any required regulatory approval and the requirements of applicable laws and regulations, but without further approval of the members of XXXXX Savings Bank, we may increase or decrease the individual amount permitted to be subscribed for and the overall purchase limitation. If either of such amounts is increased, subscribers for the maximum amount will, and certain others may, be given the opportunity to increase their subscriptions up to the then applicable limit. If either of such amounts is decreased, subscribers for the maximum amount will be decreased by the minimum amount necessary so that the subscriber will be in compliance with the new maximum limitation.

In the event of an increase in the total number of shares of common stock offered in the reorganization due to an increase in the offering range of up to 15%, the additional shares will first be allocated in accordance with the plan of stock issuance to fill our employee stock ownership plan's subscription of 3.92% of the to-be outstanding number of shares; then to the other purchase categories in descending order of priority.

The term "*associate*" of a person is defined to include the following:

- any corporation or other organization (other than XXXXX Bancorp, XXXXX Mutual Holding Company, XXXXX Savings Bank, or a majority-owned subsidiary of any of the same) of which such person is a director, senior officer or partner or is directly or indirectly the beneficial owner of 10% or more of any class of equity securities;
- any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, provided, however, that such term shall not include any tax-qualified employee stock benefit plan or non-tax-qualified employee

stock benefit plan of XXXXX Bancorp, XXXXX Mutual Holding Company or XXXXX Savings Bank in which such person has a substantial beneficial interest or serves as a trustee or in a similar fiduciary capacity;

- (c) any relative or spouse of such person, or any relative of such spouse, who either has the same home as such person or who is a director or officer of XXXXX Bancorp, XXXXX Mutual Holding Company or XXXXX Savings Bank, or any subsidiary thereof; and
- (d) any person acting in concert with any of the persons or entities specified in clauses (a) through (c) above.

The term “*acting in concert*” is defined in the regulations of the OTS to mean (1) knowing participation in a joint activity or interdependent conscious parallel action towards a common goal whether or not pursuant to an express agreement, or (2) a combination or pooling of voting or other interests in the securities of an issuer for a common purpose pursuant to any contract, understanding, relationship, agreement or other arrangement, whether written or otherwise. We may presume that certain persons are acting in concert based upon, among other things, joint account relationships, common residence or addresses on XXXXX Savings Bank’s records and the fact that such persons have filed joint Schedules 13D or 13G with the Securities and Exchange Commission with respect to other companies.

How We Determined the Price Per Share and the Offering Range

The plan of stock issuance and federal regulations require that the aggregate purchase price of the common stock must be based on the appraised pro forma market value of the common stock, as determined on the basis of an independent valuation. We retained Braxton Consulting, LC. to make such a valuation. Braxton Consulting will receive a fee of \$45,000 for its services. We have agreed to indemnify Braxton Consulting and any employees of Braxton Consulting who act for or on behalf of Braxton Consulting in connection with the appraisal against any and all loss, cost, damage, claim, liability or expense of any kind (including claims under federal and state securities laws) arising out of any misstatement or untrue statement of a material fact or an omission to state a material fact in the information supplied by us to Braxton Consulting unless Braxton Consulting is determined to be negligent or otherwise at fault.

The independent valuation was prepared by Braxton Consulting in reliance upon the information contained in this prospectus, including the financial statements. Braxton Consulting also considered the following factors, among others:

- the present and projected operating results and financial condition of XXXXX Savings Bank and the economic and demographic conditions in our existing market area;
- historical, financial and other information relating to XXXXX Savings Bank;
- a comparative evaluation of the operating and financial statistics of XXXXX Savings Bank with those of other publicly traded subsidiaries of mutual holding companies;
- the aggregate size of the offering;
- the impact of the reorganization on our shareholders’ equity and earnings potential;
- the proposed dividend policy of XXXXX Bancorp; and
- the trading market for securities of comparable institutions and general conditions in the market for such securities.

The appraisal also incorporated an analysis of a peer group of publicly-traded mutual holding companies that Braxton Consulting considered to be comparable to XXXXX Savings Bank. The peer group analysis conducted by Braxton Consulting included a total of ten publicly-traded mutual holding company subsidiaries located in the mid-Atlantic region of the United States, with assets of \$350.0 million and \$1.0 billion and which were profitable on a reported and core earnings basis. The analysis of comparable publicly-traded institutions included an evaluation of the average and median price-to-earnings, price-to-book value and price-to-tangible book value ratios indicated by the market prices of the peer companies. Braxton Consulting applied the peer group's pricing ratios as adjusted for certain qualitative valuation factors to account for differences between XXXXX Savings Bank and the peer group to XXXXX Savings Bank's pro forma ratios to derive the estimated pro forma market value of XXXXX Savings Bank.

On the basis of the foregoing, Braxton Consulting advised us that as of December 7, 2007, the estimated pro forma market value of the common stock on a fully converted basis ranged from a minimum of \$59.5 million to a maximum of \$80.5 million, with a midpoint of \$70.0 million (the estimated valuation range). The board of directors determined to offer the shares in the offering at the purchase price of \$10.00 per share, the price most commonly used in stock offerings involving mutual to stock reorganizations. Based on the estimated valuation range and the purchase price of \$10.00 per share, the number of shares of common stock that we will issue will range from between 5,950,000 shares to 8,050,000 shares, with a midpoint of 7,000,000 shares. The Board determined to offer for sale 43% of such shares, or between 2,558,500 shares and 3,461,500 shares with a midpoint of 3,010,000 shares, the offering range, pursuant to this prospectus. In addition, we intend to contribute 2.0% of the to-be outstanding shares to the XXXXX Charitable Foundation. The 55% of the shares of our common stock that are not sold in the offering or contributed to the foundation will be issued to our mutual holding company, XXXXX Mutual Holding Company.

As is customary with appraisals for proposed initial public offerings by companies with a mutual holding company structure, Braxton Consulting's primary methodology was to value XXXXX Savings Bank assuming we were issuing 100% of our stock to the public rather than 45% to the public and 55% to the mutual holding company and to further assume that the companies in the peer group had completed a second-step conversion and that 100% of their stock also was held by the public. In addition, Braxton Consulting's appraisal included limited information comparing certain publicly reported pricing ratios of the peer group, without adjusting them based on the assumption that they had completed a second-step conversion, with the pro forma value of the proposed 45% minority stock issuance by XXXXX Bancorp.

The following table reflects the pricing ratios on a reported basis for the peer group, based upon publicly reported earnings and book value per share, and on a pro forma basis for the proposed 45% minority stock issuance by XXXXX Bancorp in the offering.

	Pro Forma Reported Basis		
	Price-to-Earnings Multiple	Price-to-Book Value Ratio	Price-to-Tangible Book Value
XXXXX Bancorp			
Maximum, as adjusted	37.04x	119.19%	119.19%
Maximum	32.26	110.13	110.13
Midpoint	27.78	101.21	101.21
Minimum	23.26	91.24	91.24
Valuation of peer group companies as of December 7, 2007(1)			
Averages	33.01x	156.75%	167.32%
Medians	34.50	138.65	152.19

(1) Reflects earnings for the most recent trailing twelve month period for which data is publicly available.

Compared to the average pricing of the peer group on a reported basis, XXXXX Bancorp's pro forma pricing ratios for the 45% minority stock issuance at the maximum of the offering range indicated a discount of 2.3% on a price-to-earnings basis and a discount of 29.7% on a price-to-book basis and 34.2% on a price-to-tangible book basis. At the midpoint of the offering range, our pro forma pricing ratios reflect a 15.8% discount on a price-to-earnings basis and discounts of 35.4% on a price-to-book basis and 39.5% on a price-to-tangible book basis compared to the averages for the peer group on an as reported basis. The estimated appraised value and the resulting premium/discount took into consideration the potential financial impact of the stock offering.

The following table presents a summary of selected pricing ratios for the peer group companies and the resulting pricing ratios for XXXXX Bancorp adjusted to their fully converted equivalent values.

	Fully Converted Equivalent Pro Forma		
	Price-to-Earnings Multiple	Price-to-Book Value Ratio	Price-to-Tangible Book Value
XXXXX Bancorp			
Maximum, as adjusted	31.56x	75.82%	75.82%
Maximum	28.09	71.94	71.94
Midpoint	24.94	67.93	67.93
Minimum	21.66	63.17	63.17

Valuation of peer group companies as of December 7, 2007(1)

Averages	28.33x	86.51%	89.49
Medians	28.72	83.58	88.89

(1) Reflects earnings for the most recent trailing twelve month period for which data is publicly available.

Compared to the average pricing of the peer group, XXXXX Bancorp's pro forma pricing ratios at the maximum of the offering range on a fully converted basis indicated a discount of 0.8% on a price-to-earnings basis and a discount of 16.8% on a price-to-book basis and 19.6% on a price-to-tangible book basis. At the midpoint of the offering range, our pricing ratios on a fully converted basis reflect a discount of 12.0% on a price-to-earnings basis and discounts of 21.5% on a price-to-book basis and 24.1% on a price-to-tangible book basis compared to the averages for our peer group.

It is customary that stock offerings of newly converting savings institutions are offered at some discount to their pro forma book value per share. This is due in part to the fact that federal regulations require that the shares be offered and sold at their independently appraised fair value and that such institutions usually already have significant equity. In addition, as the offering price approaches 100% of the pro forma book value per share, it is more likely to substantially exceed the price-to-earnings ratios of comparable peer group institutions.

Braxton Consulting's calculation of the fully converted pricing multiples for the peer group companies assumed the pro forma impact of selling the mutual holding company shares of each of the peer group companies at their respective trading prices as of the December 7, 2007 valuation date. The pro forma fully converted calculation assumed that 3.92% of the shares issued would be purchased by an employee stock ownership plan and 1.96% of the shares issued would be purchased by a restricted stock plan. The expense of the employee stock ownership plan was assumed to be amortized over 15 years and the expense of the restricted stock plan was assumed to be amortized over five years. Braxton Consulting's calculation of the fully-converted pricing multiples for XXXXX Bancorp assumed the pro forma impact of selling all of the shares to the public at \$10.00 per share. XXXXX Bancorp's pro forma fully converted calculation assumed that 3.92% of the shares sold would be purchased by an employee stock ownership plan and 1.96% of the shares sold would be purchased by a restricted stock plan. The expense of the employee stock ownership plan was assumed to be amortized over 15 years and the expense of the restricted stock plan was assumed to be amortized over five years.

In accordance with the regulations of the Office of Thrift Supervision, the offering range is based upon the appraised pro forma market value of our common stock, as determined on the basis of an independent valuation. We retained Braxton Consulting to provide us with such valuation. Our board of directors carefully reviewed the information contained in the appraisal prepared by Braxton Consulting, including the price-to-earnings, price-to-book and price-to-tangible book information summarized in the tables above, and approved the appraisal of Braxton Consulting and the 45% minority stock issuance. The appraisal report of Braxton Consulting indicated that, in comparing XXXXX Bancorp to the peer group, certain adjustments to their pricing multiples should be made including slight downward adjustments due to our market area and potential lack of liquidity of our common stock. Braxton Consulting made slight upward adjustments due to our financial condition and earnings. The board did not consider one valuation approach to be more important than any other, but approved the valuation upon consideration of the totality of the information included in Braxton Consulting's report.

The board of directors reviewed the independent valuation and, in particular, considered (i) XXXXX Savings Bank's financial condition and results of operations for the year ended September 30, 2007, (ii) financial comparisons in relation to other financial institutions, primarily including other publicly traded subsidiaries of mutual holding companies, and (iii) stock market conditions generally and in particular for financial institutions, all of which are set forth in the independent valuation. The board also reviewed the methodology and the assumptions used by Braxton Consulting in preparing the independent valuation. The estimated valuation range may be amended with the approval of the Office of Thrift Supervision, if necessitated by subsequent developments in our financial condition or market conditions generally.

The independent valuation will be updated at the time of the completion of the offering. No sale of shares of common stock in the reorganization may be consummated unless Braxton Consulting first confirms that nothing of a material nature has occurred which, taking into account all relevant factors, would cause it to conclude that the purchase price of \$10.00 per share is materially incompatible with the estimate of the pro forma market value of a share of common stock upon completion of the reorganization. Any change that would result in an aggregate purchase price that is below the minimum or above the maximum of the estimated valuation range would be subject to approval by the Office of Thrift Supervision

Before we complete the reorganization, the maximum of the offering range may be increased up to 15% and the number of shares of common stock may be increased to up to 9,257,500 shares, as well as 5,091,625 shares issued to XXXXX Mutual Holding Company, to reflect changes in market and financial conditions, without notice to subscribers. See "*Limitations on Common Stock Purchases*" as to the method of distribution and allocation of additional shares that may be issued in the event of such an increase in the offering range.

In the event market or financial conditions change so as to cause the aggregate purchase price of the shares to be below the minimum of the offering range or more than 15% above the maximum of such range, we may cancel the offering and return subscription funds, establish a new estimated valuation range and commence a resolicitation of all subscribers with the approval of the Office of Thrift Supervision or take such

other actions as permitted by the Office of Thrift Supervision in order to complete the offering. In the event we chose to resolicit, subscribers will have the opportunity to confirm, modify or cancel their order in writing. For subscribers who do not respond to the resolicitation, subscription funds will be promptly returned, with interest calculated at XXXXX Savings Bank's passbook rate, and deposit account withdrawal authorizations will be cancelled. See "*– How We Determined the Price Per Share and the Offering Range*" for a description of the factors and assumptions used in determining the stock price and offering range.

An increase in the number of shares of common stock due to an increase in the estimated pro forma market value would decrease both a subscriber's ownership interest and our pro forma net income and shareholders' equity on a per share basis while increasing pro forma net income and stockholders' equity on an aggregate basis. A decrease in the number of shares of common stock would increase both a subscriber's ownership interest and our pro forma net income and stockholders' equity on a per share basis while decreasing pro forma net income and stockholders' equity on an aggregate basis. See "*Unaudited Pro Forma Data.*"

The appraisal report of Braxton Consulting has been filed as an exhibit to our registration statement and our application to the Office of Thrift Supervision, and is available for inspection in the manner set forth under "*Where You Can Find Additional Information.*"

The independent valuation is not intended, and must not be construed, as a recommendation of any kind as to the advisability of purchasing shares of XXXXX Bancorp. Braxton Consulting did not independently verify the financial statements and other information provided by us, nor did Braxton Consulting independently value our assets or liabilities. The independent valuation considers XXXXX Bancorp as a going concern and should not be considered as an indication of liquidation value. Moreover, because the valuation is necessarily based upon estimates and projections of a number of matters, all of which are subject to change from time to time, no assurance can be given that persons purchasing shares in the offering will be able to sell such shares at prices at or above the purchase price.

Plan of Distribution and Marketing Arrangements

Offering materials have been initially distributed by mail to persons eligible to subscribe in the subscription offering. Additional copies are available through the Stock Information Center.

We have engaged Braxton Capital, a broker-dealer registered with the National Association of Securities Dealers, as a financial and marketing advisor in connection with the offering of our common stock. In its role as financial and marketing advisor, Braxton Capital will assist us in the offering as follows:

- acting as our financial advisor for the offering;
- educating our employees about the offering;
- managing the Stock Information Center and providing administrative services;
- targeting our sales efforts, including assisting in the preparation of marketing materials;
- soliciting orders for common stock; and
- assisting in soliciting proxies of XXXXX Savings Bank's voting members.

For these services, Braxton Capital will receive a sales fee of 1.0% of the dollar amount of the common stock sold in the subscription and community offerings. In the event that Braxton Capital sells common stock through a group of broker-dealers in a syndicated community offering, it will be paid a fee equal to 6.0% of

the dollar amount of total shares sold in the syndicated community offering, which fee along with the fee payable to selected dealers (which may include Braxton Capital for the shares it sells) for the shares they sell shall not exceed 6.0% of the aggregate dollar amount of shares sold in the syndicated offering. We will also reimburse Braxton Capital for its legal fees and expenses associated with this marketing effort, up to a maximum of \$95,000 (\$80,000 for legal fees and expenses and \$15,000 for out of pocket expenses). In the event of a syndicated community offering, we will reimburse Braxton Capital for additional expenses incurred not to exceed \$15,000. If the plan of reorganization and the plan of stock issuance are terminated or if Braxton Capital terminates its agreement with us in accordance with the provisions of the agreement, Braxton Capital will receive reimbursement of its reasonable out-of-pocket expenses plus \$50,000 for its reorganization and proxy vote advisory services. We will indemnify Braxton Capital against liabilities and expenses (including legal fees) incurred in connection with certain claims or liabilities arising out of or based upon untrue statements or omissions contained in the offering materials for the common stock, including liabilities under the Securities Act of 1933.

Braxton Capital has not prepared any report or opinion constituting a recommendation or advice to us or to persons who subscribe for common stock, nor has it prepared an opinion as to the fairness to us of the purchase price or the terms of the common stock to be sold. Braxton Capital expresses no opinion as to the prices at which common stock to be issued may trade.

Our directors and executive officers may participate in the solicitation of offers to purchase common stock. Trained employees may participate in the offering in ministerial capacities, providing clerical work in effecting a sales transaction or answering questions of a ministerial nature. Questions of prospective purchasers regarding the offering process will be directed to registered representatives of Braxton Capital. We will rely on Rule 3a4-1 of the Securities Exchange Act of 1934, as amended, so as to permit officers, directors, and employees to participate in the sale of the common stock. No officer, director, or employee will be compensated for his participation by the payment of commissions or other remuneration based either directly or indirectly on the transactions in the common stock.

Procedure for Purchasing Shares in the Subscription and Community Offerings

To ensure that each purchaser in the subscription offering and community offering receives a prospectus at least 48 hours before the applicable expiration date, unless extended, in accordance with Rule 15c2-8 of the Securities Exchange Act of 1934, no prospectus will be mailed any later than five days prior to such date or hand delivered any later than two days prior to such date. Execution of the stock order form will confirm receipt or delivery in accordance with Rule 15c2-8. Order forms will only be distributed with or preceded by a prospectus.

To purchase shares in the subscription offering and community offering, an executed stock order form with the required payment for each share subscribed for, or with appropriate authorization for withdrawal from a deposit account at XXXXX Savings Bank (which may be given by completing the appropriate blanks on the order form), must be received (not postmarked) by the Stock Information Center by 12:00 noon, Eastern time, on _____, 2008, unless extended. We are not required to accept stock order forms which are executed defectively, are unsigned or are received without full payment, or appropriate withdrawal instructions or are facsimiles or copies of order forms. Once received, an executed order form may not be modified, amended or rescinded without our consent, unless the reorganization has not been completed within 45 days after the end of the subscription offering period or the offering range has been amended.

In order to ensure that Eligible Account Holders, Supplemental Eligible Account Holders and Other Members are properly identified as to their stock purchase priority, these purchasers must list all accounts on the stock order form as of their applicable eligibility date, giving all names on each account and the account numbers.

Failure to list all deposit (or, if applicable, loan) accounts or providing incorrect information, may result in loss of all or part of your common stock allocation, in the even of oversubscription. When completing your stock order form, to preserve your subscription rights, you should not add the name(s)

of persons who do not have subscription rights or who qualify in a lower subscription offering priority than you do.

Payment for Shares in the Subscription Offering and Community Offering

Payment may be made (1) by personal check, bank check or money order, or (2) by authorization of withdrawal from the types of XXXXX Savings Bank deposit accounts provided for on the stock order form. In the case of payments made by personal check, these funds must be in the account when the order form is received. Interest will be paid on payments made by check or money order and calculated at XXXXX Savings Bank's passbook rate, from the date payment is processed until the offering is completed. XXXXX Savings Bank line of credit checks may not be remitted as payment. Regulations prohibit XXXXX Savings Bank from lending funds to purchase stock in the offering. Cash, wire transfers or third party checks may not be remitted as payment. Funds received before completion of the offering, up to the minimum of the offering range, will be maintained at XXXXX Savings Bank. Funds received in excess of the minimum of the offering range may be maintained at XXXXX Savings Bank, or at our discretion, in an escrow account at an independent insured depository institution.

Appropriate means for designating direct withdrawals from deposit accounts at XXXXX Savings Bank are provided in the order form. The funds designated must be available in your account(s) at the time the order form is received. A hold will be placed on the funds, making them unavailable to you during the offering, but interest will continue to accrue in the account at the contractual rate. The funds designated for the purchase of stock will be withdrawn upon completion of the offering. On the stock order form, you may not designate direct withdrawal from XXXXX Savings Bank individual retirement accounts and accounts with check-writing privileges (submit a check instead).

We will waive any applicable penalties for early withdrawal from certificate of deposit accounts. If the remaining balance in a certificate of deposit account is reduced below the applicable minimum balance requirement at the time that the funds actually are transferred under the authorization, the certificate of deposit will be canceled at the time of the withdrawal, without penalty, and the remaining balance will earn interest at the passbook savings rate.

Our employee stock ownership plan will not be required to pay for the shares subscribed for at the time it subscribes. Instead, our employee stock ownership plan may pay for the shares of common stock subscribed for by it at the \$10.00 purchase price upon completion of the offering provided that there is a valid loan commitment in force from the time of its subscription until completion. The loan commitment may be from XXXXX Bancorp or an unrelated financial institution.

We may, in our sole discretion, permit institutional investors to submit irrevocable orders together with the legally binding commitment for payment and to thereafter pay for such shares of common stock for which they subscribe in the community offering at any time before 48 hours prior to the completion of the offering. This payment may be made by wire transfer. Our interpretation of the terms and conditions of the plan of stock issuance and of the acceptability of the order forms will be final.

Using Individual Retirement Account Funds. If you wish to use some or all of the funds in your individual retirement account at XXXXX Savings Bank, the applicable funds must be transferred to a self-directed retirement account maintained by an independent trustee, such as a brokerage firm. If you do not have such an account, you will need to establish one before placing your stock order. An annual administration fee may be payable to the independent trustee. Because individual circumstances differ and processing of retirement fund orders takes additional time, we recommend that you contact the Stock Information Center promptly, preferably at least two weeks prior to the _____, 2008 offering deadline, to discuss the possibility of using your XXXXX Savings Bank individual retirement account or other retirement account held at XXXXX Savings Bank or elsewhere. Whether you may use such funds for the purchase of shares in the offering may depend on timing constraints and, possibly, limitations imposed where the funds are held.

Restrictions on Transfer of Subscription Rights and Shares

You may not transfer or enter into any agreement or understanding to transfer the legal or beneficial ownership of your subscription rights issued under the plan of stock issuance or the shares of common stock to be issued upon their exercise. You may exercise your subscription rights only for your own account. If you exercise your subscription rights, you will be required to certify on the stock order form that you are purchasing shares solely for your own account and that you have no agreement or understanding regarding the sale or transfer of such shares. Federal regulations also prohibit any person from offering or making an announcement of an offer or intent to make an offer to purchase such subscription rights or shares of common stock prior to the completion of the reorganization.

We will pursue any and all legal and equitable remedies in the event we become aware of the transfer of subscription rights and will not honor orders believed by us to involve the transfer of such rights.

Delivery of Certificates

Certificates representing common stock purchased in the subscription offering and community offering will be mailed by our transfer agent to the persons entitled thereto at the addresses indicated on the order forms by such persons appearing on the stock order form as soon as practicable following completion of the reorganization. Any certificates returned as undeliverable will be held by the transfer agent until claimed by persons legally entitled thereto or otherwise disposed of in accordance with applicable law. **Until certificates for common stock are available and delivered to subscribers, such subscribers may not be able to sell the shares of common stock for which they have subscribed, even though trading of the common stock will have commenced.**

Required Approvals

Various approvals of the Office of Thrift Supervision are required to consummate the reorganization and offering. The Office of Thrift Supervision approved the plan of reorganization and the plan of stock issuance, subject to approval of the plan of reorganization by XXXXX Savings Bank's members and other standard conditions. The proposed contribution to the XXXXX Charitable Foundation also must be approved by the members of XXXXX Savings Bank. If members approve the plan of reorganization but not the proposed contribution to the charitable foundation, we intend to proceed with the reorganization without establishing the charitable foundation. The Office of Thrift Supervision has also approved our holding company application, subject to certain standard conditions.

We are required to make certain filings with state securities regulatory authorities in connection with the issuance of common stock in the reorganization.

Stock Information Center

If you have any questions regarding the offering or the reorganization, please call the Stock Information Center at _____ (local) or _____ (toll-free). You may also visit our Stock Information Center, which is located at our corporate office, street, Our City, United States. Only this location will accept stock order forms and proxy cards, and will have supplies of offering materials. The Stock Information Center is open Monday through Friday, except bank holidays, from 10:00 a.m. to 4:00 p.m., Eastern time.

Certain Restrictions on Purchase or Transfer of Shares after the Reorganization

All shares of common stock purchased in connection with the reorganization by any of our directors or executive officers will be subject to a restriction that the shares not be sold for a period of one year following the reorganization, except in the event of the death of such director or executive officer or pursuant to a merger or similar transaction approved by the Office of Thrift Supervision. Each certificate for restricted

shares will bear a legend giving notice of this restriction on transfer, and appropriate stop-transfer instructions will be issued to our transfer agent. Any shares of common stock issued at a later date within this one year period as a stock dividend, stock split or otherwise with respect to such restricted stock will be subject to the same restrictions. Our directors and executive officers will also be subject to the insider trading rules promulgated pursuant to the Securities Exchange Act of 1934 as long as the common stock is registered pursuant to Section 12(b) of the Securities Exchange Act of 1934.

Purchases of our common stock by our directors, executive officers and their associates during the three year period following completion of the reorganization may be made only through a broker or dealer registered with the Securities and Exchange Commission, except with the prior written approval of the Office of Thrift Supervision. This restriction does not apply, however, to negotiated transactions involving more than 1% of our outstanding common stock or to certain purchases of stock pursuant to an employee stock benefit plan, such as our employee stock ownership plan, or by any non-tax-qualified employee stock benefit plan, such as the stock recognition and retention plan.

Any repurchases of common stock by us in the future will be subject to the receipt of any necessary approvals from the Office of Thrift Supervision during the first year after the reorganization.

XXXXX CHARITABLE FOUNDATION

General. To continue XXXXX Savings Bank's commitment to the communities that we serve, the plan of stock issuance provides that we will establish the XXXXX Charitable Foundation, as a non-stock Delaware corporation. The foundation will be initially funded with shares of common stock of XXXXX Bancorp. By increasing XXXXX Savings Bank's visibility and reputation in the communities that it serves, we believe that the foundation will enhance the long-term value of its community banking franchise and will be an extension of its existing community development and charitable activities that it conducts. The foundation will be dedicated to charitable purposes within the communities XXXXX Savings Bank serves.

Our proposed establishment of, and contribution of shares of common stock to, the XXXXX Charitable Foundation is subject to approval by the members of XXXXX Savings Bank. Our proposed contribution to the foundation will be one of the proposals to be acted upon at the Special Meeting of Members of XXXXX Savings Bank. If the members approve the Plan of Reorganization but not the establishment of, and contribution to, the XXXXX Charitable Foundation, XXXXX Savings Bank intends to complete the reorganization without establishing the foundation.

Purpose of the Foundation. The purpose of the foundation is to provide funding to support charitable causes and community development activities. Traditionally, XXXXX Savings Bank has emphasized community lending and community development activities within the communities that it served. The foundation is being formed as a complement to XXXXX Savings Bank's existing community activities. While XXXXX Savings Bank intends to continue to emphasize community lending and community development activities following the reorganization, such activities will not be its sole corporate purpose. The XXXXX Charitable Foundation, conversely, will be completely dedicated to community activities and the promotion of charitable causes, and may be able to support such activities in ways that are not currently available to XXXXX Savings Bank. XXXXX Savings Bank believes that the foundation will enable it to assist the local community in areas beyond community development and lending.

The board of directors believes the establishment of a charitable foundation is consistent with XXXXX Savings Bank's commitment to community reinvestment activities. The board further believes that the funding of the foundation with shares of XXXXX Bancorp common stock is a means of enabling the communities served by XXXXX Savings Bank to share in XXXXX Bancorp's growth and success long after completion of the reorganization. The foundation will accomplish that goal by providing for continued ties between the foundation and XXXXX Savings Bank, forming a partnership with its community. The establishment of the foundation also will enable XXXXX Savings Bank to develop a unified charitable donation strategy. However, XXXXX Savings Bank does not expect the initial contribution to the foundation

to take the place of its traditional community lending activities. In this respect, XXXXX Savings Bank may continue to make contributions to other charitable organizations and/or may make additional contributions to the foundation.

Structure of the Foundation. XXXXX Savings Bank has selected Mr. Anderson and Ms. Camp to serve on the initial board of directors of the foundation. Mr. Anderson and Ms. Camp are directors of XXXXX Savings Bank and will be directors of XXXXX Bancorp. XXXXX Savings Bank will also select one additional person with local grant making experience to serve on the initial board of directors of the foundation who will not be one of XXXXX Bancorp's or any of its affiliate's directors, officers or employees. There are no plans to change the size or composition of the foundation's board of directors during the one-year period after the completion of the reorganization. Following the first anniversary of the offering, the foundation may alter the size and composition of its board of directors.

The board of directors of the foundation will have the authority for the affairs of the foundation. Among the responsibility of the foundation directors is the establishment of the policies of the foundation with respect to its grants or donations, consistent with the purposes of the foundation. Although no formal policy governing foundation grants exists at this time, the foundation's board of directors will adopt a policy upon establishment of the foundation. As directors of a nonprofit corporation, directors of the foundation will at all times be bound by their fiduciary duty to advance the foundation's charitable goals, to protect the assets of the foundation and to act in a manner consistent with its charitable purpose. The directors of the foundation will also be responsible for directing the activities of the foundation, including the management of the shares of XXXXX Bancorp common stock held by the foundation. However, the foundation will be required to commit to the Office of Thrift Supervision that all shares of XXXXX Bancorp common stock held by the foundation will be voted in the same ratio as all other shares of XXXXX Bancorp common stock, on all proposals considered by XXXXX Bancorp's shareholders.

Initially the foundation's place of business is expected to be located at XXXXX Savings Bank's administrative offices. Initially, XXXXX Savings Bank does not expect that the foundation will have any employees. Eventually, the foundation may have a staff director and may also utilize some of XXXXX Savings Bank's staff and may pay XXXXX Savings Bank for the value of these services. The board of directors of the foundation will appoint such officers as may be necessary to manage the operations of the foundation. In this regard, the foundation will be required to provide the Office of Thrift Supervision with a policy regarding conflicts of interest.

XXXXX Bancorp intends to capitalize the foundation with shares of its common stock in an amount equal to 2.0% of the total amount of its common stock to be issued in the reorganization. At the minimum, midpoint and maximum of the offering range, the contribution to the foundation would equal 119,000, 140,000 and 161,000 shares, which would have a market value of \$1.2 million, \$1.4 million and \$1.6 million, respectively, assuming the purchase price of \$10.00 per share. The contribution of shares of XXXXX Bancorp common stock to the foundation will dilute your ownership interest by approximately 4.7%, which takes into account the shares of XXXXX Bancorp common stock to be issued to XXXXX Mutual Holding Company. According to Braxton Consulting, if the foundation was not established and funded as part of XXXXX Savings Bank's reorganization, XXXXX Bancorp's pro forma market capitalization would be approximately \$1.0 million greater and the amount of its stock offered for sale would be approximately \$2.6 million greater at the maximum of the offering range. See "*Comparison of Independent Valuation and Pro Forma Financial Information With and Without The Foundation.*"

The foundation will receive working capital from any dividends paid on the common stock, and subject to applicable federal and state laws, loans collateralized by the common stock or from the proceeds of the sale of any of the common stock in the open market permitted from time to time to provide the foundation with additional liquidity. As a private foundation under Section 501(c)(3) of the Internal Revenue Code, the foundation will be required to distribute annually in grants or donations, a minimum of 5.0% of the average fair market value of its net investment assets. Upon completion of the reorganization, the contribution of shares of common stock to the foundation and issuance of shares of XXXXX Mutual Holding Company,

XXXXX Bancorp would have 5,950,000, 7,000,000, 8,050,000 and 9,257,500 shares issued and outstanding based on the minimum, midpoint, maximum and maximum, as adjusted, of the estimated offering range.

Tax Considerations. XXXXX Savings Bank has been advised that an organization created and operated for the above charitable purposes would generally qualify as a Section 501(c)(3) exempt organization under the Code, and that this type of an organization would likely be classified as a private foundation as determined in Section 501 of the Code. The foundation will submit a timely request to the Internal Revenue Service to be recognized as an exempt organization. As long as the foundation files its application for recognition of tax-exempt status within 15 months from the date of its organization, and provided the Internal Revenue Service approves the application, the effective date of the foundation's status as a Section 501(c)(3) organization will be the date of its organization.

The Internal Revenue Code generally allows a deduction for charitable contributions made to qualifying donees within the taxable year of up to 10% of its taxable income of the consolidated group of corporations, with certain modifications, for that year. Charitable contributions made by XXXXX Bancorp in excess of the annual deductible amount will be deductible over each of the five succeeding taxable years, subject to certain limitations. XXXXX Savings Bank believes that the reorganization presents a unique opportunity to establish and fund a charitable foundation given the substantial amount of additional capital being raised in the reorganization. In making such a determination, XXXXX Savings Bank considered the dilutive impact of the contribution of common stock to the foundation on the amount of common stock available to be offered for sale in the offering. Based on such consideration, XXXXX Savings Bank believes that its proposed contribution to the foundation in excess of the 10% annual deduction limitation is justified given XXXXX Savings Bank's capital position and its earnings, the substantial additional capital being raised in the offering and the potential benefits of the foundation to the communities it serves. In this regard, assuming the sale of shares at the maximum of the estimated offering range, XXXXX Bancorp would have pro forma shareholders' equity of \$73.1 million or 12.6% of pro forma consolidated assets and XXXXX Savings Bank's pro forma leverage, Tier 1 risk-based and total risk-based ratios would be approximately 10.2%, 13.4% and 14.5%, respectively. See "*XXXXX Savings Bank Meets All of It's Regulatory Capital Requirements,*" "*XXXXX Bancorp's Capitalization,*" "*Comparison of Independent Valuation and Pro Forma Financial Information With and Without the Foundation*" and "*Pro Forma Unaudited Financial Data – Additional Pro Forma Data.*" XXXXX Savings Bank believes that the amount of the charitable contribution is reasonable given XXXXX Savings Bank's and XXXXX Bancorp's pro forma capital position. As such, XXXXX Savings Bank does not believe that the contribution raises any safety and soundness concerns.

XXXXX Bancorp should, more likely than not be entitled to a deduction in the amount of the fair market value of the stock at the time of the contribution less the nominal par value that the foundation is required to pay to XXXXX Bancorp for such stock, subject to the annual deduction limitation described above. However, XXXXX Bancorp would be able to carry forward any unused portion of the deduction for five years following the contribution, subject to certain limitations. XXXXX Bancorp's outside tax advisor, however, has not rendered advice as to fair market value for purposes of determining the amount of the tax deduction. Assuming the close of the stock offering at the maximum of the estimated price range, XXXXX Bancorp estimates that all of the contribution should be deductible over the six-year period. XXXXX Bancorp or XXXXX Savings Bank may make further contributions to the foundation following the initial contribution. In addition, XXXXX Savings Bank also may continue to make charitable contributions to other qualifying organizations. Any of these future contributions would be based on an assessment of, among other factors, XXXXX Bancorp's and/or XXXXX Savings Bank's financial condition at that time, the interests of XXXXX Bancorp's shareholders and XXXXX Savings Bank's depositors, and the financial condition and operations of the foundation.

There can be no assurances that the Internal Revenue Service will recognize the foundation as a Section 501(c)(3) exempt organization or that a deduction for the charitable contribution will be allowed. In either case, XXXXX Bancorp's contribution to the foundation would be expensed without tax benefit, resulting in a reduction in earnings in the year in which the Internal Revenue Service makes the determination.

As a private foundation, earnings and gains, if any, from the sale of common stock or other assets are generally exempt from federal and state corporate income taxation. However, investment income, such as interest, dividends and capital gains, of a private foundation will generally be subject to a federal excise tax of 2.0%. The foundation will be required to make an annual filing with the Internal Revenue Service within five and one-half months after the close of the foundation's fiscal year. The foundation also will be required to publish a notice that the annual information return will be available for public inspection for a period of 180 days after the date of the public notice. The information return for a private foundation must include, among other things, an itemized list of all grants made or approved, showing the amount of each grant, the recipient, any relationship between a grant recipient and the foundation's managers and a concise statement of the purpose of each grant. Numerous other restrictions exist in the operation of the foundation including transactions with related entities, level of investment and distributions for charitable purposes.

Regulatory Conditions Imposed on the Charitable Foundation. Regulations of Office of Thrift Supervision regulations will impose the following conditions on the establishment of XXXXX Charitable Foundation:

- the Office of Thrift Supervision can examine the foundation;
- the foundation must comply with all supervisory directives imposed by the Office of Thrift Supervision;
- the foundation must provide annually to the Office of Thrift Supervision a copy of the annual report that the foundation submits to the IRS;
- the foundation must operate according to written policies adopted by its board of directors, including a conflict of interest policy;
- the foundation may not engage in self-dealing and must comply with all laws necessary to maintain its tax-exempt status under the Internal Revenue Code; and
- the foundation must vote its shares in the same ratio as all of the other shares voted on each proposal considered by our shareholders.

In addition, within six months of completing the reorganization, XXXXX Charitable Foundation must submit to the Office of Thrift Supervision a three-year operating plan.

RESTRICTIONS ON ACQUISITION OF XXXXX BANCORP AND XXXXX SAVINGS BANK AND RELATED ANTI-TAKEOVER PROVISIONS

Mutual Holding Company Structure

The mutual holding company structure could restrict the ability of our shareholders to effect a change of control of management because XXXXX Mutual Holding Company will control at least a majority of the outstanding voting stock of XXXXX Bancorp. Consequently, XXXXX Mutual Holding Company will be able to elect all of the members of our board of directors and generally control the outcome of most matters presented to our shareholders for approval, except for matters that require a vote greater than a majority. XXXXX Mutual Holding Company, acting through its board of directors, will be able to prevent any challenge to the ownership or control of XXXXX Bancorp by minority shareholders. XXXXX Mutual Holding Company will be controlled by its board of directors, which will initially consist of the same persons who are members of the board of directors of XXXXX Bancorp and XXXXX Savings Bank. See *"Risk Factors – XXXXX Mutual Holding Company Will Own a Majority of Our Outstanding Common Stock and Will Be Able to Control the Result of Most Matters Put to a Vote of Our Stockholders"* and *"The Reorganization and Offering."*

Restrictions in XXXXX Bancorp's Charter and Bylaws

The following discussion is a summary of certain provisions of XXXXX Bancorp's charter and bylaws that relate to corporate governance. The description is necessarily general and qualified by reference to the charter and bylaws. See "*Additional Information*" for information as to how you can review a copy of our charter and bylaws.

Classified Board of Directors. XXXXX Bancorp's board of directors is required by our bylaws to be divided into three classes which are as equal in size as is possible, and one of such classes is required to be elected annually by our shareholders for a three-year term. A classified board of directors promotes continuity and stability of management but makes it more difficult for shareholders to change a majority of the directors because it generally takes at least two annual elections of directors for this to occur.

Authorized but Unissued Shares of Capital Stock. Following the reorganization, we will have authorized but unissued shares of preferred stock and common stock. See "*Description of XXXXX Bancorp Capital Stock*." Our board of directors could use these shares to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise. We anticipate, however, that it is unlikely that we will use the shares for this purpose because XXXXX Mutual Holding Company will own a majority of our common stock.

Special Meetings of Shareholders. XXXXX Bancorp's charter provides that for a period of five years following the effective date of the reorganization, special meetings of shareholders may be called only upon direction of our board of directors for matters relating to changes in control of XXXXX Bancorp or amendments to our charter.

Absence of Cumulative Voting. XXXXX Bancorp's charter and bylaws provide that there is no cumulative voting by our shareholders for the election of directors. The absence of cumulative voting rights effectively means that the holder of a majority of our shares (i.e., XXXXX Mutual Holding Company) may, if it so chooses, elect all of our directors, thus precluding minority shareholder representation on our board of directors.

Restrictions on Acquisitions of Securities. XXXXX Bancorp's charter provides that for a period of five years following the effective date of the reorganization, no person other than XXXXX Mutual Holding Company may directly or indirectly offer to acquire the beneficial ownership of more than 10% of the shares of XXXXX Bancorp's common stock held by persons other than XXXXX Mutual Holding Company. This provision does not apply to any of our tax-qualified employee stock benefit plans or to underwriters involving the public sale or resale of our common stock. If a party acquires in excess of 10% of our common stock, those shares will be considered "*excess shares*" and will not be counted as shares entitled to vote.

Regulatory Restrictions

The Change in Bank Control Act provides that no person, acting directly or indirectly or through or in concert with one or more other persons, may acquire control of a savings institution unless the Office of Thrift Supervision has been given at least 60 days' prior written notice. The Home Owners' Loan Act provides that no company may acquire "*control*" of a savings institution without the prior approval of the Office of Thrift Supervision. Any company that acquires such control becomes a savings and loan holding company subject to registration, examination and regulation by the Office of Thrift Supervision. Pursuant to federal regulations, control of a savings institution is conclusively deemed to have been acquired by, among other things, the acquisition of more than 25% of any class of voting stock of the institution or the ability to control the election of a majority of the directors of an institution. Moreover, control is presumed to have been acquired, subject to rebuttal, upon the acquisition of more than 10% of any class of voting stock, or of more than 25% of any class of stock, of a savings institution where certain enumerated "*control factors*" are also present in the acquisition. The Office of Thrift Supervision may prohibit an acquisition if:

- it would result in a monopoly or substantially lessen competition;
- the financial condition of the acquiring person might jeopardize the financial stability of the institution; or
- the competence, experience or integrity of the acquiring person indicates that it would not be in the interest of the depositors or of the public to permit the acquisition of control by such person.

The foregoing restrictions do not apply to the acquisition of a savings institution's capital stock by one or more tax-qualified employee stock benefit plans, provided that the plan or plans do not have beneficial ownership in the aggregate of more than 25% of any class of equity security of the savings institution.

For three years following the reorganization, Office of Thrift Supervision regulations prohibit any person from acquiring, either directly or indirectly, or making an offer to acquire more than 10% of the stock of any converted savings institution or its holding company, without the prior written approval of the Office of Thrift Supervision, except for:

- any offer with a view toward public resale made exclusively to the institution or its holding company or to underwriters or a selling group acting on its behalf;
- offers that if consummated would not result in the acquisition by such person during the preceding 12-month period of more than 1% of such stock;
- offers in the aggregate for up to 24.9% by our employee stock ownership plan or other tax-qualified plans; and
- an offer to acquire or acquisition of beneficial ownership of more than 10% of the common stock of the savings institution or its holding company by a corporation whose ownership is or will be substantially the same as the ownership of the savings institution, provided that the offer or acquisition is made more than one year following the date of completion of the reorganization.

Such prohibition also is applicable to the acquisition of the common stock. In the event that any person, directly or indirectly, violates this regulation, the securities beneficially owned by such person in excess of 10% shall not be counted as shares entitled to vote and shall not be voted by any person or counted as voting shares in connection with any matters submitted to a vote of shareholders. The definition of beneficial ownership for this regulation extends to persons holding revocable or irrevocable proxies for the stock of an institution or its holding company under circumstances that give rise to a conclusive or rebuttable determination of control under Office of Thrift Supervision regulations.

The foregoing provisions of XXXXX Bancorp's charter and bylaws and regulatory restrictions could have the effect of discouraging an acquisition of XXXXX Bancorp or stock purchases in furtherance of an acquisition, and could accordingly, under certain circumstances, discourage transactions which might otherwise have a favorable effect on the price of the common stock.

In addition, certain provisions expected to be included in the proposed stock option plan and stock recognition and retention plan, each of which will not be implemented prior to the receipt of shareholder approval, provide for accelerated benefits to participants in the event of a change in control of XXXXX Bancorp or XXXXX Savings Bank, as applicable. See "*Management - New Stock Benefit Plans.*" The foregoing provisions and limitations may make it more costly for companies or persons to acquire control of XXXXX Bancorp.

The board of directors of XXXXX Bancorp believes that the provisions of the charter and bylaws described above are prudent and will reduce vulnerability to takeover attempts and certain other transactions

that are not negotiated with and approved by its board of directors. XXXXX Bancorp's board of directors believes that these provisions are in the best interests of XXXXX Bancorp and our future shareholders. In the board of directors' judgment, XXXXX Bancorp's board of directors is in the best position to determine XXXXX Bancorp's true value and to negotiate more effectively for what may be in the best interests of our shareholders. Accordingly, the board of directors believes that it is in XXXXX Bancorp's best interests and the best interests of our future shareholders to encourage potential acquirers to negotiate directly with the board of directors and that these provisions will encourage such negotiations and discourage hostile takeover attempts. It is also the board of directors' view that these provisions should not discourage persons from proposing a merger or other transaction at prices reflective of XXXXX Bancorp's true value and where the transaction is in the best interests of all shareholders.

DESCRIPTION OF XXXXX BANCORP CAPITAL STOCK

General

XXXXX Bancorp is authorized to issue 50,000,000 shares of capital stock, of which 40,000,000 are shares of common stock, par value \$.01 per share and 10,000,000 are shares of preferred stock. We currently expect to issue up to a maximum of 8,050,000 shares of common stock and no shares of preferred stock in the reorganization. Each share of our common stock issued in the reorganization will have the same relative rights as, and will be identical in all respects with, each other share of common stock issued in the reorganization. Upon payment of the purchase price for the common stock in accordance with the plan of stock issuance, all such stock will be duly authorized, fully paid and nonassessable based on the laws and regulations in effect as of the date of consummation of the reorganization.

Our common stock will represent nonwithdrawable capital, will not be an account of an insurable type, and will not be insured by the Federal Deposit Insurance Corporation.

Common Stock

Dividends. XXXXX Bancorp can pay dividends if, as and when declared by our board of directors, subject to compliance with limitations which are imposed by law. See "*Our Policy Regarding Dividends.*" The holders of our common stock will be entitled to receive and share equally in such dividends as may be declared by our board of directors out of funds legally available therefor. If we issue preferred stock, the holders thereof may have a priority over the holders of the common stock with respect to dividends.

Voting Rights. Upon completion of the reorganization, the holders of common stock will possess exclusive voting rights in XXXXX Bancorp. They will elect our board of directors and act on such other matters as are required to be presented to them under federal law or our charter or as are otherwise presented to them by the board of directors. Except as discussed in "*Restrictions on Acquisition of XXXXX Bancorp and XXXXX Savings Bank and Related Anti-Takeover Provisions,*" each holder of common stock will be entitled to one vote per share and will not have any right to cumulate votes in the election of directors. If we issue preferred stock, holders of the preferred stock may also possess voting rights.

Liquidation. In the event of any liquidation, dissolution or winding up of XXXXX Bancorp, the holders of our common stock would be entitled to receive, after payment or provision for payment of all our debts and liabilities, all of our assets available for distribution. If preferred stock is issued, the holders thereof may have a priority over the holders of the common stock in the event of liquidation or dissolution.

Preemptive Rights. Holders of XXXXX Bancorp's common stock will not be entitled to preemptive rights with respect to any shares which may be issued in the future. The common stock is not subject to any required redemption.

Preferred Stock

None of XXXXX Bancorp's authorized shares of preferred stock will be issued in the reorganization. Preferred stock may be issued with such preferences and designations as our board of directors may from time to time determine. The board of directors can, without shareholder approval, issue preferred stock with voting, dividend, liquidation and conversion rights which could dilute the voting strength of the holders of the common stock and may assist management in impeding an unfriendly takeover or attempted change in control. We have no present plans to issue preferred stock.

EXPERTS

The financial statements of XXXXX Savings Bank as of September 30, 2007 and 2006 and for each of the years in the three-year period ended September 30, 2007 have been audited by Braxton lawyers, an independent registered public accounting firm, as stated in their report herein, and are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

Braxton Consulting has consented to the publication herein of the summary of its report to XXXXX Bancorp and XXXXX Savings Bank setting forth its opinion as to the estimated pro forma market value of the common stock to be outstanding upon completion of the reorganization and its statement with respect to subscription rights.

LEGAL AND TAX OPINIONS

The legality of the common stock and the federal income tax consequences of the reorganization will be passed upon for XXXXX Bancorp and XXXXX Savings Bank by Tax International., Washington, D.C., special counsel to XXXXX Bancorp and XXXXX Savings Bank. The United States income tax consequences of the reorganization will be passed upon for XXXXX Bancorp and XXXXX Savings Bank by Braxton lawyers, Our City, United States. Certain matters will be passed upon by Braxton Capital to other advisers.

REGISTRATION REQUIREMENTS

In connection with the reorganization and offering, XXXXX Bancorp will register its common stock with the SEC under Section 12(b) of the Securities Exchange Act of 1934, and, upon such registration, XXXXX Bancorp and the holders of its stock will become subject to the proxy solicitation rules, reporting requirements and restrictions on stock purchases and sales by directors, officers and greater than 10% shareholder, the annual and periodic reporting requirements and certain other requirements of the Securities Exchange Act of 1934. XXXXX Bancorp has undertaken that it will not terminate such registration for a period of at least three years following the reorganization.