UNITED STATES BANKRUPTCY COURT
DISTRICT OF MARYLAND

In re: CECIL BANCORP, INC. Debtor.	Chapter 11 Case No.

FIRST AMENDED DISCLOSURE STATEMENT WITH RESPECT TO PLAN OF REORGANIZATION OF CECIL BANCORP, INC.

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July 24, 2017

Cecil Bancorp, Inc. ("Company" or the "Debtor") filed a petition for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Maryland on June 30, 2017, and a Plan of Reorganization of Cecil Bancorp, Inc. (the "Plan"). Capitalized terms used but not defined in this disclosure statement (the "Disclosure Statement") shall have the meanings ascribed to them in Article I of the Plan. The Debtor will seek confirmation of the Plan as soon as practicable. A copy of the Plan which the Debtor filed is attached to this Disclosure Statement as Exhibit A.

The Debtor is distributing this Disclosure Statement in connection with its solicitation of votes on the Plan. All holders of Claims against, Interests in, and Warrants relating to the Debtor are urged to read the Disclosure Statement and the Plan in full. The board of directors and the management of the Debtor believe that the Plan is in the best interests of holders of Claims against and Interests in the Debtor. Accordingly, holders of Claims are urged to vote in favor of the Plan.

No person has been authorized to give any information or to make any representation about the Plan not contained in this Disclosure Statement. The statements in this Disclosure Statement are made as of the date hereof. Neither the Disclosure Statement's distribution nor the Plan's consummation will, under any circumstance, create any implication that the information herein is correct at any time after the date hereof. All summaries herein are qualified by reference to the Plan as a whole. Unless otherwise indicated, the Debtor's management has provided the factual information in this Disclosure Statement. The Debtor believes that the information herein is accurate but is unable to warrant that it is without any inaccuracy or omission.

This Disclosure Statement has been prepared in accordance with section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016 and not necessarily in accordance with federal or state securities laws or other laws governing disclosure outside the context of Chapter 11. This Disclosure Statement has been neither approved nor disapproved by the Securities and Exchange Commission (the "SEC"), nor has the SEC passed upon the accuracy or adequacy of the statements contained herein.

In making a decision in connection with the Plan, holders of Claims must rely on their own examinations of the Debtor and the terms of the Plan, including the merits and risks involved. They should not construe the contents of this Disclosure Statement as providing any legal, business, financial, or tax advice and each holder should consult its own advisors with respect to those matters.

SECURITIES LAW MATTERS

The Debtor is relying on section 1145(a)(1) of the Bankruptcy Code to exempt the exchange, issuance, and distribution of the Cecil Bancorp, Inc. stock from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act") and state securities and "blue sky" laws insofar as (i) the securities are issued by a debtor, an affiliate of the debtor, or a successor to a debtor under a plan approved by a bankruptcy court; (ii) the recipients of securities hold a claim against, an interest in, or a claim for an administrative expense in the case concerning the debtor or such affiliate; and (iii) the securities are issued entirely in exchange for the recipient's claim against or interest in the debtor, or are issued "principally" in such exchange and "partly" in exchange for cash or property.

The Debtor also believes that the issuance and distribution of the Cecil Bancorp, Inc. stock will be exempt from the registration requirements of the Securities Act, and any state or local laws requiring registration, by reason of one or more exemptions therefrom, including section 4(2) of the Securities Act as a transaction not involving any public offering. Persons who receive stock under the Plan are urged to consult their own legal advisors with respect to restrictions applicable under the Securities Act and any appropriate rules and the circumstances under which securities may be sold in reliance upon any such rules.

FORWARD-LOOKING STATEMENTS

The information presented in this Disclosure Statement includes forward-looking statements in addition to historical information. These statements involve known and unknown risks and relate to future events, our future financial performance, or our projected business results. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "targets," "potential," or "continue" or the negative of these terms or other comparable terminology. Forward-looking statements are only predictions. Actual events or results may differ materially from any forward-looking statement as a result of various factors, including those contained in the section entitled "Risk Factors" and other sections of this Disclosure Statement, including the documents incorporated by reference herein. Although the Debtor believes that the expectations reflected in the forward-looking statements are reasonable, the Debtor cannot guarantee future results, events, levels of activity, performance, or achievements.

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I. INTRODUCTION

The Debtor transmits this Disclosure Statement in accordance with section 1125 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1532, as amended (the "Bankruptcy Code"), for use in the solicitation of votes to accept the Plan. A copy of the Plan is attached to this Disclosure Statement as Exhibit A. It is the judgment of the Debtor's board of directors, management, and advisors, that the Plan and the transactions contemplated by the Plan afford the best opportunity for a restructuring that will maximize value for stakeholders under the circumstances.

The Plan provides for a reorganization and restructuring of the Debtor's capital structure in a manner designed to maximize recoveries for creditors and to enhance the financial stability of the Reorganized Debtor and the Bank. Under the Plan, the Debtor will be recapitalized with $30 million in new capital. The new investment will yield a minimum distribution of $1 million to the outstanding claims of trust preferred securities holders. The distribution made to the TruPS claims will be made directly to Wilmington Trust as Trustee under the terms of the Trust Indentures. Wilmington's receipt of the distribution will be subject to the deduction of fees and expenses as allowed by the terms of the Trust Indentures. As part of the Plan confirmation process, the Debtor will conduct an auction of its stock in the Bank in accordance with proposed bidding procedures to determine if there are any higher and better bids for the Bank stock that will yield a greater return for the TruPS Claims. The Plan will cancel the existing common stock in the Debtor in accordance with the closing process set forth in the Plan. The Debtor will redeem and convert certain preferred stock and associated warrants, issued by the Debtor to the Department of the Treasury as part of the Capital Purchase Program, to common stock. Treasury will sell that common stock to the new investors for $880,000. While the Debtor anticipates that Treasury will vote in favor of the Plan and participate in the transfer and sale contemplated by the Plan, Treasury has not agreed to do so and has taken no position on the Plan to date.

Except as set forth in the subscription agreements for the new investment, all outstanding warrants, options, and contractual rights to purchase or acquire any equity interest in the Debtor will be cancelled.

The Debtor has obtained informal investment commitments of $30 million, subject to execution of written subscription agreements (the "Investment Agreements") in the form attached hereto as Exhibit B.

Prior to the Petition Date, the Debtor entered into a written Plan Support Agreement with the beneficial holders of the TruPS Claims. The Plan Support Agreement ("PSA") incorporates a term sheet describing the treatment set forth in the Plan and commits the Debtor and the holders of the TruPS Claims to support the Plan subject to the terms and conditions of the PSA.

This Disclosure Statement, among other things, (i) contains certain information regarding the Debtor's prepetition history, (ii) describes the Plan, alternatives to the Plan, effects of confirmation of the Plan, and distributions under the Plan, and (iii) discusses the confirmation process and voting procedures that holders of TruPS Claims must follow for their votes to be counted.

A. Notice to Holders of Claims, Interests, and Warrants

This Disclosure Statement is being transmitted to certain holders of Claims, Interests, and Warrants for the purpose of soliciting votes on the Plan and for informational purposes. The primary purpose of this Disclosure Statement is to provide adequate information to enable those voting on the Plan to make a reasonably informed decision with respect to the Plan prior to exercising their rights to vote to accept or to reject the Plan. Subject to receiving requisite acceptances of the Plan, the Debtor expects to file a Chapter 11 petition as promptly as practicable. As soon as practicable after commencement of the bankruptcy case, the Debtor will request Bankruptcy Court approval of this Disclosure Statement as containing information of a kind and in sufficient detail adequate to enable the parties voting on the Plan to make an informed judgment about the Plan. The Debtor simultaneously will request that the Bankruptcy Court confirm the Plan.

WHEN AND IF CONFIRMED BY THE COURT, THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST, INTERESTS IN, AND WARRANTS RELATING TO THE DEBTOR, WHETHER OR NOT THEY ARE ENTITLED TO VOTE OR DID VOTE ON THE PLAN AND WHETHER OR NOT THEY RECEIVE OR RETAIN ANY DISTRIBUTIONS OR PROPERTY UNDER THE PLAN. THUS, YOU ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT CAREFULLY. IN PARTICULAR, HOLDERS OF TRUPS CLAIMS WHO ARE ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT, THE PLAN, AND THE EXHIBITS TO THE PLAN AND DISCLOSURE STATEMENT CAREFULLY AND IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR TO REJECT THE PLAN. ONLY THE HOLDERS OF TRUPS CLAIMS AS OF THE RECORD DATE SHALL BE ALLOWED TO VOTE ON THE PLAN.

THIS DISCLOSURE STATEMENT IS THE PRIMARY DOCUMENT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. NO SOLICITATION OF VOTES MAY BE MADE UNTIL DISTRIBUTION OF THIS DISCLOSURE STATEMENT, AND NO PERSON HAS BEEN AUTHORIZED TO DISTRIBUTE ANY INFORMATION CONCERNING THE DEBTOR OTHER THAN THE INFORMATION CONTAINED HEREIN.

B. Voting Procedures, Ballots, and Voting Deadline

Accompanying this Disclosure Statement and forming a part of the solicitation package (the "Solicitation Package") are copies of (i) the Plan (Exhibit A); and (ii) for holders of TruPS Claims who are entitled to vote on the Plan (such holders, the "Voting Entities"), one or more ballots. If you did not receive a ballot in your package and believe that you are entitled to vote on the Plan, please contact counsel for the Debtor at the addresses and telephone numbers set forth on the cover of this Disclosure Statement and below.

After carefully reviewing the Plan, this Disclosure Statement, and the instructions on the enclosed ballots, (1) each holder of a TruPS Claim should indicate, by checking the appropriate box on the applicable ballot, (a) whether it votes its TruPS Claim in Class 1 in acceptance or rejection of the Plan, and (2) the Voting Entities must complete and sign their ballots and return them so that they are RECEIVED by the Voting Deadline (as defined below).

IN PARTICULAR, IF YOU ARE A HOLDER OF A TRUPS CLAIM, FOR YOUR VOTE TO BE COUNTED, YOU MUST PROPERLY COMPLETE AND DELIVER YOUR BALLOT SO THAT YOUR VOTE IS RECEIVED BY THE DEBTOR NO LATER THAN 5**:00 P.M. (EASTERN TIME) ON SEPTEMBER 29, 2017 (THE "VOTING DEADLINE")**. IN ORDER TO PROMPTLY TRANSMIT YOUR BALLOT, YOU MUST **SEND IT BY MAIL OR OVERNIGHT DELIVERY** TO THE FOLLOWING:

Peter J. Haley
Nelson Mullins Riley & Scarborough LLP
One Post Office Square
Boston, Massachusetts 02109
Phone: (617) 573-4714
Fax: (617) 573-4750
peter.haley@nelsonmullins.com

You may obtain additional copies of the Plan, Disclosure Statement, or other material in this Solicitation Package from counsel to the Debtor.

C. Record Date

Only the holders of Claims and Interests as of the Record Date, in the Classes entitled to vote on the Plan, shall be allowed to vote on the Plan. In addition, distributions to be made under the Plan shall be made only to the holders of Allowed Claims and Allowed Interests as of the Record Date.

D. Confirmation Hearing and Deadline for Objections

The Debtor will ask the Bankruptcy Court to consider the adequacy of this Disclosure Statement and confirmation of the Plan at a hearing (the "Confirmation Hearing") to be held as soon as practicable at such time that the Bankruptcy Court may designate before the United States Bankruptcy Court for the District of Maryland at Baltimore, 101 W Lombard Street, Baltimore, Maryland 21201. At the Confirmation Hearing, the Debtor will request confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. See "Confirmation of the Plan – Confirmation Without Acceptance of All Impaired Classes – 'Cramdown.'" The Debtor may modify the Plan, to the extent permitted by section 1127(a) of the Bankruptcy Code and Bankruptcy Rule 3019, as necessary to confirm the Plan.

Notice of the Confirmation Hearing and the time to present objections will be provided in accordance with the instructions to be provided by the Bankruptcy Court. The Debtor will request that the Bankruptcy Court, among other things, require that any objections to

confirmation of the Plan or related matters be filed with the Bankruptcy Court and served so that they are RECEIVED on or before the objection deadline fixed by the Bankruptcy Court by the following:

The Debtor

Cecil Bancorp, Inc.
118 North Street
Elkton, Maryland 21921
Attn: Terrie G. Spiro

Counsel to the Debtor:

Peter J. Haley
Nelson Mullins Riley & Scarborough LLP
One Post Office Square
Boston, Massachusetts 02109

and

J. Brennan Ryan
Nelson Mullins Riley & Scarborough LLP
Atlantic Station
201 17th Street, NW, Suite 1700
Atlanta, Georgia 30363

Valerie P. Morrison
Nelson Mullins Riley & Scarborough LLP
101 Constitution Ave., NW, Suite 900
Washington, DC 20001
Phone: 202 712-2800

United States Trustee:

Office of the United States Trustee
101 W. Lombard St # 2625,
Baltimore, MD 21201
Attn: Katherine A. Levin

The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

II. PLAN SUMMARY

The following is a summary of the classification and treatment under the Plan of the

Claims against, Interests in, and Warrants relating to the Debtor. The summary contained in the table is qualified in its entirety by reference to the provisions of the Plan, a copy of which is attached hereto as Exhibit A, and by the balance of this Disclosure Statement. The classification and treatment for all Classes of Claims, Interests, and Warrants are described in more detail elsewhere in this Disclosure Statement. *See* "The Plan -Classification and Treatment of Claims, Interests, and Warrants."

Summary of Liabilities

As of March 31, 2017, the Debtor had outstanding principal indebtedness totaling $17,527,000 attributable to the Junior Subordinated Debentures underlying the Trust Preferred Securities, and accrued and unpaid interest attributable to the Trust Preferred Securities of approximately $4,123,735 as described below.

On December 23, 2008, as part of the Troubled Asset Relief Program ("TARP") Capital Purchase Program, the Company sold 11,560 shares of fixed rate cumulative perpetual preferred stock, series A, and a warrant to purchase 523,076 shares (after adjusting for the 2-for-1 stock split approved by the Board of Directors in May 2011) of the Company's common stock to the United States Department of the Treasury for an aggregate purchase price of $11.560 million in cash, with $37,000 in offering costs, and net proceeds of $11.523 million. The preferred stock and the warrant were issued in a private placement exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended. As of March 31, 2017, the Debtor had outstanding principal indebtedness totaling $11,560,000 attributable to the TARP Preferred Stock, and accrued and unpaid dividends and interest attributable to the TARP Preferred Stock of approximately $5,940,964.

The Debtor has an unsecured obligation of $62,700 owed to its subsidiary Cecil Bank.

UNCLASSIFIED CLAIMS

ADMINISTRATIVE CLAIMS

Unimpaired – The rights of each holder of an Administrative Claim shall be Reinstated under, and shall not be Impaired by, the Plan. Each holder of an Administrative Claim shall receive Cash equal to the unpaid portion of its Administrative Claim on the date on which its Administrative Claim becomes payable under applicable law or any agreement relating thereto.

Estimated Recovery – 100%

PRIORITY TAX CLAIMS

Unimpaired – The rights of each holder of a Priority Tax Claim shall be Reinstated under, and shall not be Impaired by, the Plan. Each holder of a Priority Tax Claim shall receive Cash equal to the unpaid portion of its Priority Tax Claim on the date on which its Priority Tax Claim becomes payable under applicable law or any agreement relating thereto.

Estimated Recovery – 100%

CLASSIFIED CLAIMS

Class 1 – TruPS Claims

Impaired – Each holder of an Allowed TruPS Claim is entitled to vote to accept or reject the Plan. The TruPS Claims are Allowed Claims in the amounts set forth below. Each holder of an Allowed TruPS Claim holds a pro rata amount of such aggregate Allowed TruPS Claim as set forth in Exhibit A to the Plan. On the Effective Date, the holders of Allowed TruPS Claims shall receive their pro rata share of the greater of; a) $1,000,000.00 or b) the Auction Proceeds. The distribution made to the TruPS claims will be made directly to Wilmington Trust as Trustee under the terms of the Trust Indentures. Wilmington's receipt of the distribution will be subject to the deduction of fees and expenses as allowed by the terms of the Trust Indentures. The Plan does not purport to alter or amend the terms of the Trust Indenture in any respect.

Estimated Recovery – Minimum Recovery of 4 %

Class 2 - Secured Claims

Unimpaired – Each holder of a Secured Claim is not entitled to vote to accept or reject the Plan and shall be conclusively deemed to have accepted the Plan. On the Effective Date, each holder of an Allowed Secured Claim shall have its claim Reinstated, and shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Secured Claim, (a) treatment that leaves unaltered the legal, equitable, and contractual rights to which such Allowed Secured Claim entitles the holder of such Claim, or (b) such other treatment as to which the Debtor and such holder shall have agreed upon in writing. The Debtor is not aware of any allowed claims in this class.

Estimated Recovery – 100%

Class 3- Other Priority Claims

Unimpaired – Each holder of an Other Priority Claim is not entitled to vote to accept or reject the Plan and shall be conclusively deemed to have accepted the Plan. On the Effective Date, each holder of an Allowed Other Priority Claim shall have its claim Reinstated, and shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Other Priority Claim, (a) treatment that leaves unaltered the legal, equitable, and contractual rights to which such Allowed Other Priority Claim entitles the holder of such Claim, or (b) such other treatment as to which the Debtor and such holder shall have agreed upon in writing. The Debtor is not aware of any allowed claims in this class.

Estimated Recovery – 100%

Class 4 - Allowed General Unsecured Claims

Unimpaired – Each holder of an Allowed General Unsecured Claim is not entitled to vote to

accept or reject the Plan and shall be conclusively deemed to have accepted the Plan. On the Effective Date, each holder of an Allowed General Unsecured Claim shall have its claim Reinstated, and shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed General Unsecured Claim, (a) treatment that leaves unaltered the legal, equitable, and contractual rights to which such Allowed General Unsecured Claim entitles the holder of such Claim, or (b) such other treatment as to which the Debtor and such holder shall have agreed upon in writing. The Debtor and Cecil Bank, the holder of an insider unsecured claim, as a condition of confirmation of the Plan, will agree that no distribution shall be made on account of that claim, The Debtor is not otherwise aware of any allowed claims in this class.

Estimated Recovery – 100%

Class 5 – Class 5: TARP Interests

Impaired – All TARP Interests are Allowed Interests. On the Closing Date, the holder of the TARP Interests will exchange its TARP Interests for the Exchange Shares and will immediately thereafter sell the Exchange Shares for a cash purchase price of $880,000 in full and final satisfaction, settlement, release, and discharge of, and in exchange for, the Exchange Shares.

Estimated Recovery – Cash Distribution of $880,000.

Class 6 – Series B Interests

Impaired – Each holder of an Allowed Series B Interest shall be deemed to reject the Plan. All Series B Interests will be cancelled and the holders shall receive no distribution.

Estimated Recovery – 0%

Class 7 – Common Stock Interests

Impaired – Each holder of a Common Stock Interest shall be deemed to reject the Plan. All Common Stock Interests will be cancelled.

Estimated Recovery – 0%

Class 8 – Warrants

Impaired – Each holder of an Allowed Warrant shall be deemed to reject the Plan. All Warrants, including, without limitation, all outstanding options, will be cancelled.

Estimated Recovery – 0%

III. HISTORY OF THE DEBTOR

A. Overview of Business Operations

Capitalized terms not otherwise defined herein are defined in Article I of the Plan, appended hereto as Exhibit A.

The Debtor is a registered bank holding company within the meaning of the Bank Holding Company Act of 1956, as amended, that is incorporated under the laws of the State of Maryland. It is engaged in the banking business through its wholly owned banking subsidiary, Cecil Bank (the "Bank"). The Bank commenced operations in 1959 as a Federal savings and loan association. On October 1, 2002, the Bank converted from a stock federal savings bank to a Maryland commercial bank. Its deposits have been federally insured up to applicable limits, and it has been a member of the FHLB system since 1959.

The Debtor was incorporated in 1994 for the purpose of enabling the Bank to operate within a bank holding company structure. The Debtor's principal, direct activity consists of owning the Bank, through which the Debtor derives substantially all of its revenues.

The Company is registered as a holding company under the Bank Holding Company Act of 1956 and, as such, is subject to supervision and regulation by the Federal Reserve. As a holding company, the Company is required to furnish to the Federal Reserve annual and quarterly reports of its operations and additional information and reports. The Company is also subject to regular examination by the Federal Reserve.

The Bank is a member of the Federal Reserve System and is subject to supervision by the Federal Reserve and the State of Maryland. The Federal Reserve and the State of Maryland regularly examine the operations and condition of the Bank, including, but not limited to, its capital adequacy, reserves, loans, investments, and management practices. These examinations are for the protection of the Bank's depositors and the federal Deposit Insurance Fund. In addition, the Bank is required to furnish quarterly and annual reports to the Federal Reserve. The Federal Reserve's enforcement authority includes the power to remove officers and directors and the authority to issue cease-and-desist orders to prevent a bank from engaging in unsafe or unsound practices or violating laws or regulations governing its business.

The Bank was severely impacted by the 2008-2009 national economic downturn and its effect on regional real estate values. The Bank experienced an operating loss of $2.5 million in 2009. For the year ended December 31, 2008, the ratio of the Bank's non-performing loans to performing loans was 2.56%. That ratio grew to 10.19% for the year ended December 31, 2009 and 17.82% for year ended December 31, 2010.

The Bank's audited financial statements for the year ended December 31, 2010, included the following note:

> During 2010, Cecil Bank placed a $2.66 million loan to a limited liability company on non-accrual after the borrower was unable to make payments. The loan is guaranteed by, among others, Chairman Sposato and Director Lockhart and by a limited liability company in which Chairman Sposato, Director Saunders, and President Halsey have an ownership interest. The property securing the loan has recently been reappraised at less than the loan amount and Mr. Sposato has pledged additional security to cover a significant portion of the collateral shortfall. Cecil Bank has initiated foreclosure

proceedings and Mr. Sposato has also undertaken to purchase the property from Cecil Bank at not less than the loan balance.

Concerns about the Banks' capital sufficiency and management of non-performing loans ultimately led to regulatory action. Effective June 29, 2010, the Company and the Bank entered into a written agreement with the Federal Reserve Bank of Richmond (the "Reserve Bank") and the State of Maryland Commissioner of Financial Regulation (the "Commissioner") pursuant to which the Company and the Bank have agreed to take various actions. Under the terms of the Written Agreement, the Bank has agreed to develop and submit for approval written plans to: (1) strengthen board oversight of the management and operations of the Bank; (2) strengthen credit risk management practices; (3) strengthen management of credit concentrations; (4) enhance its lending and credit administration program; (5) provide for the ongoing review and grading of the Bank's loan portfolio by a qualified independent party; (6) improve the Bank's position through repayment, amortization, liquidation, additional collateral, or other means on each loan or other asset in excess of $250,000, including other real estate owned, that is (i) 90 days or more past due as of the date of the Written Agreement, (ii) that is on the Bank's problem loan list, or (iii) that was adversely classified in a report of examination of the Bank; (7) for the use or disposition of real property acquired for Bank premises; (8) provide for the maintenance of an adequate allowance for loan and lease losses; (9) provide for contingent liquidity funding; (10) improve the Bank's earnings and overall condition; and (11) address criticisms in the most recent examination report including independent testing for BSA/AML compliance. Under the agreement, both the Company and the Bank have agreed to submit capital plans to maintain sufficient capital at the Company, on a consolidated basis, and at the Bank, on a stand-alone basis, and to refrain from declaring or paying dividends without prior regulatory approval. The Company has agreed that it will not take any other form of payment representing a reduction in the Bank's capital or make any distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities without prior regulatory approval. The Company may not incur, increase, or guarantee any debt without prior regulatory approval and has agreed not to purchase or redeem any shares of its stock without prior regulatory approval.

Subsequent to the 2010 Written Agreement, the Bank continued to be affected by an increase in non-performing loans. The Debtor's audited financial statements for the year ended December 31, 2012 also reflected the conclusion of management that the Bank's internal controls were insufficient to timely and accurately report necessary financial information as required by the Securities and Exchange Commission.

Increased concern about management controls, declining capital and growing non-performing loans led the Board of Directors, responding to regulatory concerns, to replace the Chief Executive Officer at the end of 2013 with Terrie Spiro. For the year ended December 31, 2013 the Bank had an operating loss of $11.5 million. From 2013 to through March 31, 2017, the Bank reduced its assets from $486 million to $211 million. After several years of substantial multi-million dollar losses, the Bank reduced its operating losses to $415,000 for the year ended December 31, 2016.

As the Bank reduced its balance sheet and made adequate reserves for loan losses its capital ratio was also reduced. The Bank reached a less than 3% level in 2015, prompting further regulatory action.

On August 7, 2015 a Prompt Corrective Action Directive (the "Directive") was issued to the Bank by the Board of Governors of the Federal Reserve System. The Directive requires the Bank, among other things, to (1) increase its capital accounts to the "Adequately Capitalized" category, or (2) enter into and close a contract that will result in the Bank being acquired by another depository institution. The Directive prohibits the Bank from accepting any brokered deposits. Further, the Directive sets a ninety-day time limit, subject to extension, to accomplish one of the two above alternatives.

The Debtor is the direct parent of the Bank. The Debtor also owns 100% of the stock of Cecil Bancorp Capital Trust I ("Trust I") formed in March, 2006 and Cecil Bancorp Capital Trust II formed in November, 2006 ("Trust II" and together with Trust I, the "Trusts"). The Trusts are Delaware statutory trusts that were established for the sole purpose of issuing capital securities.

The Debtor formed the Trusts to issue capital securities (the "Trust Preferred Securities" or "TruPS") to raise funds for the Bank. This financing mechanism is a common one in the banking industry. The Trust Preferred Securities are governed by the terms of written debentures (the "TruPS Documents"). The Debtor formed the statutory trusts and issued subordinated notes to the Trusts as detailed below. The notes are the sole assets of the Trusts. The Trusts in turn issued Trust Preferred Securities mirroring the terms of the subordinated notes to various investors. The Debtor used the proceeds of the notes to invest capital in the Bank. Under the proposed capital structure, it was contemplated that the Bank then in turn would make dividend payments to the Debtor enabling it to service the obligations under the notes. As is typical for these securities, they each have an option to defer all interest due under the notes for a period of five years, absent default. As the operating Bank is the sole source of repayment for the Trust Preferred Securities, any weakness in the Bank or inability to make payment impairs the value of the Trust Preferred Securities.

As of June 30, 2017, the Debtor had outstanding principal indebtedness totaling $17,527,000 attributable to the Junior Subordinated Debentures underlying the Trust Preferred Securities, and accrued and unpaid interest attributable to the Trust Preferred Securities of approximately $4,396,823.47 as described below.

In March 2006, the Debtor issued $10,310,000 Floating Rate Junior Subordinated Deferrable Interest Debentures due March 23, 2036. The Trust Preferred Securities bear interest at a variable rate per annum, reset quarterly, equal to 3-month LIBOR plus 1.38 percent. The Debtor formed and capitalized Trust I through the issuance of the Trust I Junior Subordinated Debentures. The Debtor owns 100% of the issued and outstanding Common Securities of Trust I.

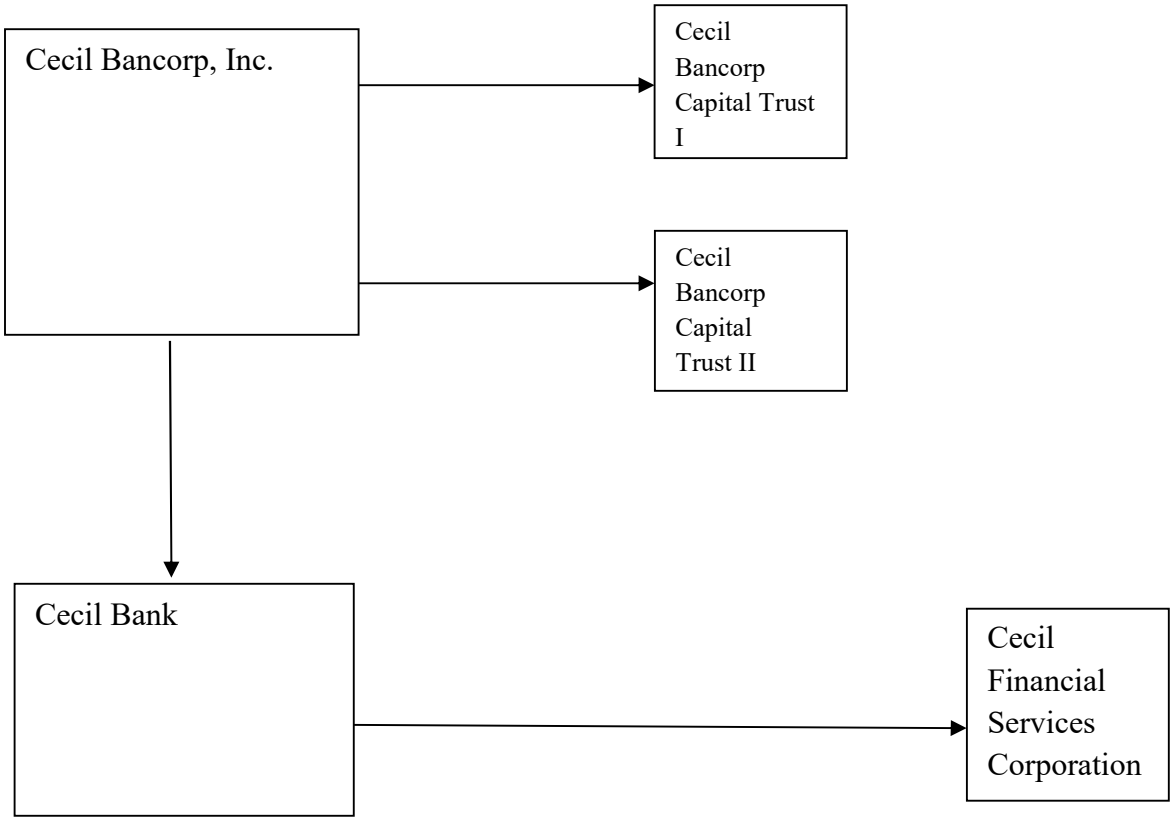
In November 2006, the Debtor issued $7,217,000 Floating Rate Junior Subordinated Deferrable Interest Debentures due March 6, 2037. The Trust Preferred Securities bear interest at a variable rate per annum, reset quarterly, equal to 3-month LIBOR plus 1.68 percent. The Debtor formed and capitalized Trust II through the issuance of the Trust II Junior Subordinated Debentures. The Debtor owns 100% of the issued and outstanding Common Securities of Trust II.

On March 6, 2015, the Debtor failed to make the scheduled payments of defined interest on the Trust Preferred Securities constituting an event of default under the indentures.

On December 23, 2008, as part of the Troubled Asset Relief Program ("TARP") Capital Purchase Program, the Company sold 11,560 shares of fixed rate cumulative perpetual preferred stock, series A, and a warrant to purchase 523,076 shares (after adjusting for the 2-for-1 stock split approved by the Board of Directors in May 2011) of the Company's common stock to the United States Department of the Treasury for an aggregate purchase price of $11.560 million in cash, with $37,000 in offering costs, and net proceeds of $11.523 million. The preferred stock and the warrant were issued in a private placement exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended. As of March 31, 2017, the Debtor had outstanding principal indebtedness totaling $11,560,000 attributable to the TARP Preferred Stock, and accrued and unpaid dividends and interest attributable to the TARP Preferred Stock of approximately $5,940,964.

The Bank also owns 100% of the stock of Cecil Financial Services Corporation, which previously sold non-deposit investment and insurance products. The Bank is also sole member of Cecil Real Properties, LLC, Novo Realty, LLC, Route 9 Old New Castle, LLC, and Chesapeake Club Subdivision, LLC, all of which hold real estate owned by the Bank.

B. Corporate Structure



C. Management of the Debtor

Set forth in the Table below are the names, positions or position and periods of service of the current Board of Directors of the Debtor and key executive officers. The Board of Directors oversees the business and affairs of the Debtor.

Name	Position	Period of Service
William F. Ariano, Jr.	Director	2014 – Present
William H. Cole, IV	Director	2008 – Present
Robert A. Payne, III	Director	2014 – Present
Terrie G. Spiro	President & CEO	2013 – Present
Thomas L. Vaughan	Director	2003 – Present
R. Lee Whitehead	CFO	2004 – Present

The officers and directors above serve both the Debtor and the Bank. They receive no compensation from the Debtor. Compensation received from the Bank is as follows:

Terrie G. Spiro - $550,000
R. Lee Whitehead - $160,000

Directors receive no compensation.

D. Operation of the Bank and Events Leading to the Restructuring Proposal

The Bank commenced operations in 1959 as a Federal savings and loan association. On October 1, 2002, the Bank converted from a stock federal savings bank to a Maryland commercial bank. The Bank's deposits are insured up to the maximum allowable amount by the Federal Deposit Insurance Corporation ("FDIC"). The Bank is regulated by the Maryland Commissioner of Financial Regulation and the Federal Reserve Bank of Richmond.

As of March 31, 2017, the Bank has total assets of approximately $211 million, outstanding loans of approximately $94 million and total deposits of approximately $154 million.

The Bank has approximately 52 employees, a main branch, 8 branch locations, and a corporate/loan office. The Bank offers checking, savings, money market accounts, mortgages, home equity and other consumer loans, and related consumer financial services. The Bank also provides banking services to businesses, including checking accounts, lines of credit, secured loans and commercial real estate loans. The Bank's branches serve as the primary vehicle through which it offers products, cross sells additional products to existing customers, and generates new customer relationships. In addition to its branch network, the Bank provides products and services through its online banking system.

The Bank has an outstanding line of credit with the Federal Home Loan Bank of Atlanta. As of March 31, 2017, there was approximately $53.5 million outstanding under this line of credit with maturity dates of between 2019 and 2020. The interest rate on the line of credit adjusts quarterly based on three-month LIBOR plus a spread.

The Bank is primarily engaged in business in Cecil and Harford counties. As a result of the severe economic recession nationally and the corresponding downturn in the markets served by the Bank, the Bank's asset values began deteriorating in late 2009. Effective June 29, 2010, the Company and the Bank entered into a written agreement with the Federal Reserve Bank of Richmond (the "Reserve Bank") and the State of Maryland Commissioner of Financial Regulation (the "Commissioner") pursuant to which the Company and the Bank have agreed to take various actions. Under the terms of the Written Agreement, the Bank has agreed to develop and submit for approval written plans to: (1) strengthen board oversight of the management and operations of the Bank; (2) strengthen credit risk management practices; (3) strengthen management of credit concentrations; (4) enhance its lending and credit administration program; (5) provide for the ongoing review and grading of the Bank's loan portfolio by a qualified independent party; (6) improve the Bank's position through repayment, amortization, liquidation,

additional collateral, or other means on each loan or other asset in excess of $250,000, including other real estate owned, that is (i) 90 days or more past due as of the date of the Written Agreement, (ii) that is on the Bank's problem loan list, or (iii) that was adversely classified in a report of examination of the Bank; (7) for the use or disposition of real property acquired for Bank premises; (8) provide for the maintenance of an adequate allowance for loan and lease losses; (9) provide for contingent liquidity funding; (10) improve the Bank's earnings and overall condition; and (11) address criticisms in the most recent examination report including independent testing for BSA/AML compliance. Under the agreement, both the Company and the Bank have agreed to submit capital plans to maintain sufficient capital at the Company, on a consolidated basis, and at the Bank, on a stand-alone basis, and to refrain from declaring or paying dividends without prior regulatory approval. The Company has agreed that it will not take any other form of payment representing a reduction in the Bank's capital or make any distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities without prior regulatory approval. The Company may not incur, increase, or guarantee any debt without prior regulatory approval and has agreed not to purchase or redeem any shares of its stock without prior regulatory approval.

On August 7, 2015 a Prompt Corrective Action Directive (the "Directive") was issued to the Bank by the Board of Governors of the Federal Reserve System. The Directive requires the Bank, among other things, to (1) increase its capital accounts to the "Adequately Capitalized" category, or (2) enter into and close a contract that will result in the Bank being acquired by another depository institution. The Directive prohibits the Bank from accepting any brokered deposits. Further, the Directive sets a ninety-day time limit, subject to extension, to accomplish one of the two above alternatives.

Since the entry of the Directive, the Debtor has been engaged in an effort to secure additional capital to meet the regulatory thresholds. The failure to meet those requirements could result in the regulators taking additional actions against the Bank. Absent conformance to the terms of the Directive, the Debtor and the Bank are prohibited from making any payment of subordinated debt principal or interest without regulatory approval.

During the entire time period from the entry of the Directive to the present, the Debtor and the Bank have been diligently pursuing alternative solutions to meet the required capital ratios and otherwise satisfy the obligations of the Directive. These alternatives have included raising outside capital with the assistance of the Debtor's legal and financial advisors. The Debtor has also focused its efforts on improving the overall financial performance and efficiency of the Bank.

E. Proposed Recapitalization Transaction and Auction Alternative

The Debtor has recently been successful in attracting $30 million in capital commitments from a group of investors. The Debtor has binding subscription agreements for over 80% of these funds and expects to have the balance of the agreements as of the time of confirmation. The investment group includes certain officers and directors of the Bank. Collectively, insiders will make investments of approximately $450,000 of the $30 million raised if the Plan is confirmed.

The proposed investment is contingent upon the preservation of certain deferred tax assets of the Debtor. The investment will provide the Debtor with sufficient capital to meet the requirements of the Directive and to fund the distribution to the TruPS Claims.

Prior to the Petition date, the Debtor entered into negotiations with the beneficial interest holders of the TruPS Claims and subsequently entered into a written Plan Support Agreement. As part of these negotiations and to test the expected return from the new investment against the market for the bank stock, the Debtor agreed to conduct an auction of the bank stock as part of the proposed confirmation process. The Debtor has engaged Teneo Securities, Inc. to assist in marketing the bank stock and conducting an auction of the stock as part of the confirmation process. The Debtor will seek the entry of orders from the Bankruptcy Court authorizing the use of certain bidding procedures as part of this process and will conduct an auction of the Bank stock for any interested bidders.

To the extent the auction process yields a return for the TruPS Claims greater than $1 million, the Debtor will complete a sale transaction with the highest bidder.

IV. TIMING OF THE CHAPTER 11 CASE

The Debtor has no debtor-in-possession financing and limited cash available. The Debtor therefore does not expect the Chapter 11 Case to be protracted. **In fact, the Debtor will request that the Bankruptcy Court confirm the Plan as early as the Bankruptcy Court will allow and is practicable.** The Plan provides that the Effective Date will be the first Business Day (i) on which all conditions to the Plan's confirmation in Article VIII of the Plan have been satisfied and (ii) that is the date on which the Plan is consummated. *See* "The Plan – Conditions Precedent to the Plan's Confirmation and Effective Date" below.

The Debtor believes it is important that the length of its stay in Chapter 11 be as short as practicable. One reason is that Chapter 11 poses serious risks to banking businesses such as the Debtor's, which is affected by the public's and government agencies' confidence in the Debtor's financial stability and ability to perform services and obligations going forward. It therefore is critical that the restructuring and recapitalization contemplated by the Plan be effectuated as expeditiously as possible.

V. THE PLAN

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN AND OF THE CLASSIFICATION AND TREATMENT OF CLAIMS, INTERESTS, AND WARRANTS UNDER THE PLAN. IT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT A.

THE SUMMARIES OF THE PLAN AND OF OTHER DOCUMENTS REFERRED TO HEREIN DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL OF THE TERMS AND PROVISIONS OF THOSE DOCUMENTS, AND REFERENCE IS MADE TO THE PLAN AND THE OTHER DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF THEIR TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN CONTROL THE ACTUAL TREATMENT OF CLAIMS AGAINST, INTERESTS IN, AND WARRANTS RELATING TO THE DEBTOR UNDER THE PLAN AND WILL, UPON THE EFFECTIVE DATE, BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST, INTERESTS IN, AND WARRANTS RELATING TO THE DEBTOR AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, THE TERMS OF THE PLAN OR THE OTHER OPERATIVE DOCUMENT, AS APPLICABLE, WILL CONTROL.

A. Overall Structure of the Plan

Under the Plan, Claims against, Interests in, and Warrants relating to the Debtor are divided into Classes according to their relative seniority and other criteria.

B. Classification and Treatment of Claims, Interests, and Warrants

Section 1123 of the Bankruptcy Code provides that a plan of reorganization must classify the claims and interests of a debtor's creditors and interest holders. In accordance with section 1123, the Plan divides Claims, Interests, and Warrants into Classes and sets forth the treatment for each Class (other than Administrative Claims and Priority Tax Claims which, pursuant to section 1123(a)(1), need not be and have not been classified). Under section 1122 of the Bankruptcy Code, the Debtor is required to classify Claims against, Interests in, and Warrants relating to the Debtor into Classes which contain Claims, Interests, and Warrants that are substantially similar to the other Claims, Interests, and Warrants in such Class.

The Debtor believes that the Plan has classified all Claims, Interests, and Warrants in compliance with the provisions of section 1122; however, it is possible that a holder of a Claim, an Interest, or a Warrant may challenge the Debtor's classification of Claims, Interests, and Warrants and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In that event, the Debtor intends, to the extent permitted by the Bankruptcy Code, the Plan, and the Bankruptcy Court, to make such reasonable modifications of the classifications under the Plan to permit confirmation and to use the Plan acceptances received in this solicitation for purposes of obtaining the approval of the reconstituted Class or Classes of which each accepting holder ultimately is deemed to be a member. Any such reclassification could adversely affect the Class in which such holder initially was a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan. Furthermore, a reclassification of a Claim, Interest, or Warrant after approval of the Plan could necessitate a re-solicitation of acceptances of the Plan.

1. Unclassified Claims

(a) Administrative Claims

Administrative Claims are Claims for payment of an administrative expense of a kind specified in section 503(b) or section 1114(e)(2) of the Bankruptcy Code and entitled to priority under section 507(a)(1) of the Bankruptcy Code, including (a) actual, necessary costs and

expenses of preserving the Debtor's Estate and operating its business, including wages, salaries, or commissions for services rendered, and (b) all fees and charges assessed against the Estate under chapter 123 of title 28, United States Code. The rights of each holder of an Administrative Claim shall be Reinstated under, and shall not be Impaired by, the Plan. Each holder of an Administrative Claim shall receive Cash equal to the unpaid portion of its Administrative Claim on the date on which its Administrative Claim becomes payable under applicable law or any agreement relating thereto.

Given that most of the business of the Debtor's corporate enterprise is conducted by its subsidiary, Cecil Bank, the Debtor expects the Administrative Claims will comprise mostly professional fees and expenses and, in any case, be relatively minimal. The Debtor will satisfy the Administrative Claims in full in the ordinary course of business and in accordance with the Plan. Professional fees will be paid only as provided in Section V(B)(1)(c) below.

Any requests for payment of Administrative Claims must be filed and served on the Reorganized Debtor pursuant to the procedures specified in the Confirmation Order no later than the Administrative Claims Bar Date. Holders of such Administrative Claims that do not file and serve a request for payment of Administrative Claims by the Administrative Claims Bar Date shall be forever barred, estopped, and enjoined from asserting such Administrative Claims against the Debtor, the Reorganized Debtor, the Estate, or their property and such Administrative Claims shall be deemed discharged as of the Effective Date. Any objections to requests for payment of such Administrative Claims must be filed and served on the requesting party within thirty-five (35) days after the Administrative Claims Bar Date. Any such objections that are not consensually resolved may be set for hearing on twenty-one (21) days' notice to the Reorganized Debtor.

(b) Priority Tax Claims

Priority Tax Claims are a Claim that is entitled to priority under section 507(a)(8) of the Bankruptcy Code. The rights of each holder of a Priority Tax Claim shall be Reinstated under, and shall not be Impaired by, the Plan. Each holder of a Priority Tax Claim shall receive Cash equal to the unpaid portion of its Priority Tax Claim on the date on which its Priority Tax Claim becomes payable under applicable law or any agreement relating thereto.

(c) Professional Fees

Except as otherwise provided, each professional requesting compensation and/or expense reimbursement pursuant to sections 330, 331, or 503(b) of the Bankruptcy Code for services rendered in connection with the Chapter 11 Case prior to the Effective Date shall file with the Bankruptcy Court an application for allowance of final compensation and reimbursement of expenses in the Chapter 11 Case on or before the 35th day following the Effective Date. Without limiting the foregoing, the Reorganized Debtor may pay the charges incurred by the Reorganized Debtor on and after the Confirmation Date for any professional's fees, disbursements, expenses, or related support services, without application to or approval by the Bankruptcy Court.

2. Classified Claims, Interests, and Warrants

(a) Class 1 – TruPS Claims.

On or as soon as practicable after the Effective Date, the Debtor shall distribute to each holder of an Allowed Claim in Class 1, in full and final satisfaction of such Allowed Claim, its pro rata share of the greater of; a) $1,000,000; or b) the Auction Proceeds.

The Debtor, as holder of the Common Securities, shall either waive its right to a Distribution under the Plan with respect to such securities or such distributions shall be made to the holders of the Trust Preferred Securities. For the avoidance of doubt, all distributions on account of the Trust Junior Subordinated Debentures shall be distributed by the Trusts to the holders of the Trust Preferred Securities. The TruPS Claims shall be Allowed in the aggregate amount of $21,650,000 , consisting of (a) $17,527,000 representing the principal amount issued pursuant the TruPS Documents and (b) $4,396,823.47 representing accrued but unpaid interest as of the Petition Date at the applicable rates specified in the TruPS Documents, as well as other fees and costs associated therewith, and shall not be subject to objection, challenge, reduction, offset, avoidance, setoff, recharacterization, impairment, subordination (whether equitable, contractual, or otherwise), counterclaim, cross-claim, defense or disallowance under applicable law.

Class 1 is Impaired and, therefore, holders of Class 1 Claims are entitled to vote to accept or reject the Plan.

(b) Class 2 - Secured Claims

Secured Claims are secured claims against the Debtor. Class 2 is not Impaired by the Plan. On the Effective Date, each holder of an Allowed Secured Claim shall have its claim Reinstated, and shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Secured Claim, (a) treatment that leaves unaltered the legal, equitable, and contractual rights to which such Allowed Secured Claim entitles the holder of such Claim, or (b) such other treatment as to which the Debtor and such holder shall have agreed upon in writing. Each holder of a Secured Claim is not entitled to vote to accept or reject the Plan and shall be conclusively deemed to have accepted the Plan.

(c) Class 3 -Other Priority Claims

Other Priority Claims are Claims entitled to priority under section 507(a) of the Bankruptcy Code other than a Priority Tax Claim or an Administrative Claim. Class 3 is not Impaired by the Plan. On the Effective Date, each holder of an Allowed Other Priority Claim shall have its claim Reinstated, and shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Other Priority Claim, (a) treatment that leaves unaltered the legal, equitable, and contractual rights to which such Allowed Other Priority Claim entitles the holder of such Claim, or (b) such other treatment as to which the Debtor and such holder shall have agreed upon in writing. Each holder of an Other Priority Claim is not entitled to vote to accept or reject the Plan and shall be conclusively deemed to have accepted the Plan.

(d) Class 4 -General Unsecured Claims

General Unsecured Claims are Claims that are not an Administrative Claim, Secured Claim, TruPS Claim, or Other Priority Tax Claim. Class 4 is not Impaired by the Plan. On the Effective Date, each holder of an Allowed General Unsecured Claim shall have its claim Reinstated, and shall receive, in full and final satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed General Unsecured Claim, (a) treatment that leaves unaltered the legal, equitable, and contractual rights to which such Allowed General Unsecured Claim entitles the holder of such Claim, or (b) such other treatment as to which the Debtor and such holder shall have agreed upon in writing. Each holder of an Allowed General Unsecured Claim is not entitled to vote to accept or reject the Plan and shall be conclusively deemed to have accepted the Plan.

Given that the majority of the Debtor's operating expenses are satisfied by Cecil Bank, the Debtor has few, if any, creditors other than the TruPS. To the extent that the Debtor has any non-TruPS creditors, the Debtor will satisfy the applicable General Unsecured Claims in full in the ordinary course of business and in accordance with the Plan.

(e) Class 5 – TARP Interests

The TARP Interests were created as part of the Troubled Asset Relief Program ("TARP") Capital Purchase Program. The Company sold 11,560 shares of fixed rate cumulative perpetual preferred stock, series A, and a warrant to purchase 523,076 shares (after adjusting for the 2-for-1 stock split approved by the Board of Directors in May 2011) of the Company's common stock to the United States Department of the Treasury for an aggregate purchase price of $11.560 million in cash, with $37,000 in offering costs, and net proceeds of $11.523 million. The preferred stock and the warrant were issued in a private placement exempt from registration pursuant to Section 4(2) of the Securities Act of 1933, as amended. As of March 31, 2017, the Debtor had outstanding principal indebtedness totaling $11,560,000 attributable to the TARP Preferred Stock, and accrued and unpaid dividends and interest attributable to the TARP Preferred Stock of approximately $5,940,964.

As part of the New Investment, the Debtor will redeem the TARP Interests and issue 22 million shares of common stock with a par value of $0.04 per to the United States Treasury under the Plan. The Debtor will then cause those shares to be exchanged as part of the New Investment and issued to the New Investors for payment of $880,000 to Treasury.

(f) Class 6 – Series B Interests

Series B Interests are certain common stock holdings of so-called Series B Investors Charles Sposato, Fair Family, Phillip E. Klein Non-Exempt Family Trust, First Mariner Bank, Shri Sai Hotel Consultant, LFB Investments, LLC and Mary Halsey. On the Effective Date, all Series B Interests will be cancelled and no distribution will be made to any Class 6 member. Class 6 has been deemed to reject the Plan and the Debtor will not solicit votes on the Plan from the holders of Class 6 Claims.

(g) Class 7 – Common Stock Interests

The Common Stock Interests are those common stock holdings other than the Series B

Interests. On the Closing Date, all Common Stock Interests will be cancelled and no distribution will be made to any Class 7 member. Class 7 has been deemed to reject the Plan and the Debtor will not solicit votes on the Plan from the holders of Class 7 Claims.

(f) Class 8 – Warrants

Warrants are any warrant, option, or other contractual right (including any rights under registration agreements or equity incentive agreements) to purchase or acquire any equity interest in the Debtor as defined in section 101(16) of the Bankruptcy Code, at any time, and all rights arising with respect to such warrants, options, or contractual rights. Class 8 is Impaired by the Plan. All Warrants, including, without limitation, all outstanding stock options, will be cancelled. Each holder of an Allowed Warrant shall be deemed to reject the Plan and their votes will not be solicited.

3. Full Satisfaction

The Reorganized Debtor shall make, and each holder of a Claim, Interest, or Warrant shall receive, the distributions or treatment provided for in the provisions of Article III of the Plan in full and final satisfaction, settlement, release, and discharge of, and in exchange for, all Claims against, Interests in, and Warrants relating to the Debtor.

4. Alternative Treatment

Notwithstanding any provision in the Plan to the contrary, consistent with section 1123(a)(4) of the Bankruptcy Code, any holder of an Allowed Claim may receive, instead of the distribution or treatment to which it is entitled under the Plan, any less favorable distribution or treatment to which it and the Debtor may agree in writing.

C. Means for Implementation of the Plan

1. Continued Corporate Existence

The Reorganized Debtor shall continue to exist as a corporate entity under its articles of incorporation and bylaws in effect before the Effective Date, except as its articles of incorporation and bylaws are amended by the Plan.

2. Articles of Incorporation and Bylaws

The articles of incorporation of the Reorganized Debtor will be amended to permit the distributions to be made under the terms of the Plan and the New Investment and to satisfy the provisions of the Bankruptcy Code.

3. Sources of Consideration for Plan Distributions

(a) New Investment

On the Effective Date, the Debtor will receive certain cash consideration from the New Investors in the form of the New Investment, and the New Investment will be utilized (a) to

make payments required to be made under the Plan, (b) to recapitalize the Debtor's subsidiary, the Bank, and (c) in the Reorganized Debtor's operations.

The Debtor shall be deemed to have assumed the Investment Agreements as of the Effective Date. To the extent that that the Debtor has entered into Investment Agreements post-petition subject to confirmation of the Plan, such post-petition Investment Agreement shall be approved, and the Debtor shall be authorized to perform thereunder, as of the Effective Date.

Certain continuing directors and officers of the Debtor and/or Cecil Bank may participate in the New Investment. Such insiders will be participating at the same pricing and will be subject to the same restrictions on trading that apply to the largest among the New Investors. Independent directors of the Debtor who are not participating in the New Investment have reviewed these potential insider investments in the context of their consideration of approval of the transactions contemplated by the Plan.

The continuing directors and insiders that the Debtor anticipates will participate are as follows:

Terri Spiro – President and CEO [Debtor and Bank]
R. Lee Whitehead – CFO [Debtor and Bank]
Thomas Ahearn -SVP and Chief Credit Officer [Bank]
Brian Hale - EVP and Chief Information Officer [Bank]

(b) New Common Stock

On the Closing Date, the Reorganized Debtor shall issue 750,000,000 shares of Common Stock to the New Investors on account of the New Investment in accordance with the terms of the Investment Agreements. All the shares of New Common Stock issued pursuant to the Plan shall be duly authorized, validly issued, fully paid, and nonassessable.

4. Restructuring Transactions

Prior to, on, or after the Effective Date, and pursuant to the Plan, the Debtor and/or the Reorganized Debtor shall enter into the restructuring transactions described herein and in the Plan and any ancillary documents. The Restructuring will take place as follows:

On the Effective Date:

1. Cancel all Series B Interests;

On the Closing Date (one day after the Effective Date):

2. Issue the New Common Stock;

3. Cancel all Common Stock Interests;

4. Issue the Exchange Shares;

5. Convey the New Common Stock and the Exchange Shares to the New Investors; and

6. Repurchase the TruPS Securities.

The Debtor and/or the Reorganized Debtor shall take any additional actions as may be necessary or appropriate to effect a restructuring of the Debtor's business or the overall organizational structure of the Reorganized Debtor. The restructuring transactions may include one or more restructurings, conversions, or transfers as may be determined by the Debtor to be necessary or appropriate. The actions taken by the Debtor and/or the Reorganized Debtor to effect the restructuring transactions may include: (i) the execution, delivery, adoption, and/or amendment of appropriate agreements or other documents of restructuring, conversion, disposition, or transfer containing terms that are consistent with the terms of the Plan, the Disclosure Statement, and any ancillary documents and that satisfy the applicable requirements of applicable state law and any other terms to which the applicable parties may agree; (ii) the execution, delivery, adoption, and/or amendment of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, debt, or obligation on terms consistent with the terms of the Plan, the Disclosure Statement, and any ancillary documents and having other terms for which the applicable parties may agree; (iii) the filing of appropriate certificates or articles of incorporation, reincorporation, or conversion pursuant to applicable state law, including but not limited to the articles of incorporation and bylaws; (iv) the cancellation of shares and Warrants; and (v) all other actions that the Debtor and/or the Reorganized Debtor determines to be necessary, desirable, or appropriate to implement, effectuate, and consummate the Plan or the restructuring transactions contemplated hereby, including making filings or recordings that may be required by applicable state law in connection with the restructuring transactions.

Without limiting the generality of the foregoing, the Debtor is authorized to amend and restate the articles of incorporation in order to, among other things, (A) adopt certain restrictions on acquisitions and dispositions of securities and (B) make certain other changes consistent with the Plan.

The chairman of the board of directors, president, chief executive officer, chief financial officer, any executive vice-president or senior vice-president, or any other appropriate officer of the Debtor and of the Reorganized Debtor, as the case may be, shall each be authorized to execute, deliver, file, or record any such agreements, instruments, or documents referenced in the Plan, including but not limited to those items referenced in Article IV of the Plan, and shall each be further authorized to take such other actions as may be necessary, desirable, or appropriate to effectuate and further evidence the terms and conditions of the Plan and the restructuring transactions contemplated in the Plan. The secretary or assistant secretary of the Debtor and of the Reorganized Debtor, as the case may be, shall be authorized to certify or attest to any of the foregoing actions.

5. Cancellation of Securities

The Plan provides that on and after the Effective Date, except to the extent otherwise provided therein, all indentures, notes, bonds, instruments, guarantees, certificates, agreements (including registration rights agreements), and other documents evidencing the existing preferred, common, and/or other stock of the Debtor, including but not limited to Warrants, will be cancelled, and any obligations of the Debtor there under or in any way related thereto shall be fully satisfied, released, and discharged except as otherwise provided for by the Plan.

On or after the Effective Date, all duties and responsibilities of the Indenture Trustees under the Indentures shall be discharged except to the extent required in order to effectuate the Plan.

6. Section 1145 Exemption

The issuance of the New Common Stock, under the terms of the Plan, to holders of Allowed Claims and Interests on account of their Allowed Claims and Interests shall be authorized under section 1145 of the Bankruptcy Code as of the Effective Date without further act or action by any person, unless required by the provision of the relevant corporate documents or applicable law, regulation, order or rule, and shall thereby be exempt from the requirements of Section 5 of the Securities Act of 1933, as amended, and any state or local laws requiring registration for the offer and sale of a security; and all documents evidencing the same shall be executed and delivered as provided for in the Plan or related documents.

7. Directors and Officers

On the Effective Date, the board of directors of the Reorganized Debtor shall be comprised of the three individuals who currently serve on the board of directors and additional individuals participating in the New Investment . If an investor-selected director has not received requisite regulatory approval or non-objection prior to the Effective Date, then such investor-selected director shall become a director as soon as practicable upon receipt of such approval. In the absence of such approval with respect to an investor-selected director or a vacancy in any director position, the applicable director position will be filled in accordance with the Reorganized Debtor's bylaws. The officers of the Debtor shall continue as officers of the Reorganized Debtor. The Reorganized Debtor's directors and officers will receive compensation consistent with the Reorganized Debtor's policies and practices.

Certain continuing directors and officers of the Debtor and/or Cecil Bank may be participating in the New Investment. Such insiders will be participating at the same pricing and will be subject to the same restrictions on trading that apply to the largest among the New Investors. Independent directors of the Debtor who are not participating in the New Investment have reviewed these potential insider investments in the context of their consideration of approval of the transactions contemplated by the Plan.

8. Revesting of Assets

The property of the Debtor's Estate, together with any property of the Debtor that is not property of the Estate and that is not specifically disposed of pursuant to the Plan, shall revest in the Reorganized Debtor on the Effective Date. Thereafter, the Reorganized Debtor may operate its business and may use, acquire, and dispose of property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. As of the Effective Date, all property of the Reorganized Debtor shall be free and clear of all Claims, Interests, and Warrants, except as specifically provided in the Plan or the Confirmation Order. Without limiting the generality of the foregoing, the Reorganized Debtor may, without application to or approval by the Bankruptcy Court, pay professional fees and expenses incurred after the Confirmation Date.

9. Preservation of Rights of Action

Except as otherwise provided in the Plan or the Confirmation Order, or in any contract, instrument, release, or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Reorganized Debtor shall retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all claims, rights or causes of action, suits, and proceedings, whether in law or in equity, whether known or unknown, that the Debtor or the Estate may hold against any Person or entity. The Reorganized Debtor or its successor(s) may pursue such retained claims, rights or causes of action, suits, or proceedings as appropriate, in accordance with the best interests of the Reorganized Debtor or its successor(s) who hold such rights. Notwithstanding the foregoing, the Debtor hereby releases any claims, causes of action, or rights arising under sections 510(c), 544, 545, 547, 548, 549, 550, and 551 of the Bankruptcy Code.

10. Exemption from Certain Transfer Taxes

Pursuant to section 1146(c) of the Bankruptcy Code, any transfers or mortgages from or by the Debtor to the Reorganized Debtor or any other Person or entity pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

D. Provisions Governing Distributions

1. Delivery of Distributions; Undeliverable or Unclaimed Distributions

(a) Delivery of Distributions in General

The Reorganized Debtor shall make distributions to each holder of an Allowed Claim and an Allowed Interest at the address for each such holder reflected in the books and records of the Debtor. Distributions under the Plan shall be made only to the holders of Allowed Claims and Allowed Interests as of the Record Date.

(b) Undeliverable and Unclaimed Distributions

(i) Holding of Undeliverable and Unclaimed Distributions

If any holder's distribution is returned as undeliverable, no further distributions to that holder shall be made unless and until the Reorganized Debtor receives notice of the holder's then-current address, at which time all outstanding distributions shall be made to the holder. Undeliverable distributions made through the Reorganized Debtor shall be returned to the Reorganized Debtor until such distributions are claimed. The Reorganized Debtor shall establish a segregated account to serve as the unclaimed distribution reserve, and all undeliverable and unclaimed distributions shall be deposited therein, for the benefit of all similarly situated Persons until such time as a distribution becomes deliverable, is claimed, or is forfeited under the terms of the Plan.

(ii) Failure to Claim Undeliverable Distributions

Any undeliverable or unclaimed distribution under the Plan that does not become deliverable on or before the second anniversary of the Effective Date shall be deemed to have been forfeited and waived, and the Person otherwise entitled thereto shall be forever barred and enjoined from asserting its Claim therefor against, or seeking to recover its distribution from, the Debtor, the Estate, the Reorganized Debtor, or their property. After the second anniversary of the Effective Date, the Reorganized Debtor shall withdraw any amounts remaining in the unclaimed distribution reserve for distribution in accordance with the Plan.

2. Calculation Of Distribution Amounts Of New Common Stock

No fractional shares of New Common Stock shall be issued or distributed under the Plan or by the Reorganized Debtor. Each Person entitled to receive New Common Stock will receive the total number of whole shares of New Common Stock to which such Person is entitled.

3. Withholding and Reporting Requirements

In connection with the Plan and all distributions hereunder, the Reorganized Debtor shall, to the extent applicable, comply with all tax withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all distributions hereunder shall be subject to those requirements. The Reorganized Debtor shall be authorized to take all actions necessary or appropriate to comply with those withholding and reporting requirements. Notwithstanding any other provision of the Plan, (i) each holder of an Allowed Claim that is to receive a distribution of its pro rata share of New Common Stock shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such distribution, and (ii) no distribution shall be made to or on behalf of such holder pursuant to the Plan unless and until such holder has made arrangements satisfactory to the Reorganized Debtor for the payment and satisfaction of such tax obligations or has, to the Reorganized Debtor's satisfaction, established an exemption therefrom. Any distribution of shares of New Common Stock to be made pursuant to the Plan shall, pending the implementation of such arrangements, be treated as undeliverable pursuant to Article V thereof.

4. Setoffs

The Reorganized Debtor may, but shall not be required to, set off against any Claim, and the payments or other distributions to be made in respect of that Claim, claims of any nature whatsoever that the Debtor or the Reorganized Debtor may have against the Claim's holder, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtor of any claim that the Debtor or the Reorganized Debtor may have in connection with such Claim.

E. Treatment of Executory Contracts and Unexpired Leases

1. Assumed Contracts and Leases

Except as otherwise provided in the Plan, or in any contract, instrument, release, or other

agreement or document entered into in connection with the Plan, as of the Effective Date, the Reorganized Debtor shall be deemed to have assumed each Executory Contract and Unexpired Lease to which it is a party unless such Executory Contract (other than the Investment Agreements) or Unexpired Lease: (1) was assumed or rejected previously by the Debtor; (2) expired or terminated pursuant to its own terms before the Effective Date; (3) is the subject of a motion to reject filed on or before the Effective Date; or (4) is otherwise identified as an Executory Contract or Unexpired Lease to be rejected before the Effective Date. The Confirmation Order shall constitute an order of the Bankruptcy Court under Section 365 of the Bankruptcy Code approving the Executory Contract and Unexpired Lease assumptions as of the Effective Date.

All Assumed Agreements shall remain in full force and effect for the benefit of the Reorganized Debtor, and be enforceable by the Reorganized Debtor in accordance with their terms notwithstanding any provision in such Assumed Agreement that prohibits, restricts or conditions such assumption, assignment or transfer. Any provision in the Assumed Agreements that purports to declare a breach or default based in whole or in part on commencement or continuance of this Chapter 11 Case is hereby deemed unenforceable, and the Assumed Agreements shall remain in full force and effect. Any provision of any agreement or other document that permits a person to terminate or modify an agreement or to otherwise modify the rights of the Debtor based on the filing of the Chapter 11 Case or the financial condition of the Debtor shall be unenforceable.

The Debtor shall be deemed to have assumed the Investment Agreements as of the Effective Date. To the extent that that the Debtor has entered into Investment Agreements post petition subject to confirmation of the Plan, the Debtor shall be authorized to perform under such post petition Investment Agreement as of the Effective Date.

2. Payments Related to Assumption of Contracts and Leases

Any monetary amounts by which any executory contract and unexpired lease to be assumed under the Plan is in default shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by Cure in the ordinary course of business.

3. Indemnification Obligations

Except as otherwise specifically provided in the Plan, any obligations or rights of the Debtor to indemnify its present and former directors, officers, or employees under its articles of incorporation, bylaws, or employee-indemnification policy, or under state law or any agreement with respect to any claim, demand, suit, cause of action, or proceeding, shall survive and be unaffected by the Plan's confirmation, and remain an obligation of the Reorganized Debtor, regardless of whether the right to indemnification arose before or after the Petition Date.

4. Treatment of Change of Control Provisions

The entry of the Confirmation Order, consummation of the Plan, and/or any other acts taken to implement the Plan shall not constitute a "change in control" under any provision of any contract, agreement or other document which provides for the occurrence of any event, the

granting of any right, or any other change in the then-existing relationship between the parties upon a change in control of the Debtor.

F. Conditions Precedent to the Plan's Confirmation and Effective Date

1. Conditions to Confirmation

The Plan's Confirmation is subject to the satisfaction of the following conditions precedent:

a) The proposed Confirmation Order shall be in a form and substance satisfactory to the Debtor.

b) The Debtor shall have entered into additional subscriptions agreements with additional New Investors providing additional New Investment totaling not less than $30 million, or such lesser amount acceptable to the Debtor.

2. Conditions to Effective Date

Effectiveness of the Plan is subject to the satisfaction of each of the following conditions precedent:

a) Each of the conditions to entry of the Confirmation Order shall have been satisfied.

b) The Bankruptcy Court shall have entered the Confirmation Order, in form and substance reasonably satisfactory to the Debtor, confirming the Plan, as the same may have been modified.

c) The Debtor shall have consummated the transactions contemplated by the Investment Agreements to be consummated on or prior to the Effective Date.

d) The Debtor shall have received all required regulatory approvals to consummate the transactions contemplated by the Investment Agreements and in the Plan, the Disclosure Statement, and any related ancillary documents

G. Modification; Withdrawal

The Debtor reserves the right to modify the Plan either before or after Confirmation to the fullest extent permitted under section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019. The Debtor may withdraw the Plan at any time before the Effective Date.

H. Retention of Jurisdiction

Under sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding the Plan's Confirmation and the occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of or related to the Chapter 11 Case and the Plan, to the fullest extent permitted by law, including jurisdiction to

1. Enter such orders as may be necessary or appropriate to execute, implement, or consummate

the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement, or the Confirmation Order;

2. Hear and determine disputes arising in connection with the interpretation, implementation, consummation, or enforcement of the Plan and all contracts, instruments, and other agreements executed in connection with the Plan;
3. Hear and determine any request to modify the Plan or to cure any defect or omission or reconcile any inconsistency in the Plan or any order of the Bankruptcy Court;
4. Issue and enforce injunctions or other orders, or take any other action that may be necessary or appropriate to restrain any interference with the implementation, consummation, or enforcement of the Plan or the Confirmation Order;
5. Enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified, or vacated;
6. Hear and determine any matters arising in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Disclosure Statement, or the Confirmation Order;
7. Enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Case;
8. Hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code;
9. Hear and determine all applications for compensation and reimbursement of expenses of Professionals under the Plan or under sections 330, 331, 503(b), and 1129(a)(4) of the Bankruptcy Code; provided, however, that from and after the Effective Date the payment of fees and expenses of the Reorganized Debtors, including professional fees, shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court; and
10. Enter a final decree closing the Chapter 11 Case.

I. Effects of Confirmation

1. Binding Effect

The Plan shall be binding upon and inure to the benefit of the Debtor, all present and former holders of Claims, Interests, and Warrants, and their respective successors and assigns, and all other parties in interest in this Chapter 11 Case.

2. Discharge of the Debtor

Pursuant to section 1141(d) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan, the distributions, rights, and treatment that are provided in the Plan shall be in full and final satisfaction, settlement, release, and discharge, effective as of the Effective Date,

of all Claims, Interests, Warrants, and Causes of Action of any nature whatsoever, including any interest accrued on Claims or Interests from and after the Petition Date, whether known or unknown, against, liabilities of, Liens on, obligations of, rights against, Interests in, or Warrants relating to, the Debtor or any of its assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims, Interests, or Warrants, including demands, liabilities, and Causes of Action that arose before the Effective Date, any contingent or non-contingent liability on account of representations or warranties issued on or before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code, in each case whether or not (1) a proof of claim or interest based upon such Claim, debt, right, Interest, or Warrant is filed or deemed filed pursuant to section 501 of the Bankruptcy Code; (2) a Claim, Interest, or Warrant based upon such Claim, debt, right, Interest, or Warrant is Allowed pursuant to section 502 of the Bankruptcy Code; or (3) the holder of such a Claim, Interest, or Warrant has accepted the Plan. Except as otherwise provided in the Plan, any default by the Debtor with respect to any Claim, Interest, or Warrant that existed before or on account of the filing of the Chapter 11 Case shall be deemed cured on the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims, Interests, and Warrants subject to the Effective Date occurring, except as otherwise expressly provided in the Plan.

3. Exculpation and Limitation of Liability

As of the Effective Date, except as otherwise specifically provided in the Plan, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from, any Exculpated Claim, obligation, cause of action, or liability for any Exculpated Claim, except for any act or omission that is determined in a Final Order to have constituted gross negligence, intentional fraud, or willful misconduct, but in all respects such Persons shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. Exculpated Claims shall be limited to those claims arising after the Petition Date and through the Effective Date. The Debtor and the Reorganized Debtor (and each of their respective Affiliates, agents, directors, officers, employees, advisors, and attorneys) have, and upon Confirmation of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the solicitation and distribution of the Plan securities pursuant to the Plan, and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

Notwithstanding any provision of this Article or the Plan, the Plan shall not effect a release, discharge, exculpation, injunction against the exercise of, or other impairment or extinction of (i) any rights or claims of the New Investors or the Debtor under the Investment Agreements or (ii) any claims by the United States Government or any of its agencies, or any state or local authority, including, without limitation, any claim arising under applicable securities or banking laws or regulations.

4. Releases by Debtor

Notwithstanding anything contained in the Plan to the contrary, pursuant to section 1123(b) of the Bankruptcy Code and to the extent allowed by applicable law, on the Effective

Date and effective as of the Effective Date, for the good and valuable consideration provided by each of the Released Parties, including the service of the Released Parties to facilitate the expeditious reorganization of the Debtor and the implementation of the restructuring contemplated in the Plan, the Debtor shall provide a full discharge and release to each Released Party (and each such Released Party so released shall be deemed fully released and discharged by the Debtor) and their respective properties from any and all Causes of Action, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, contingent or non-contingent, existing claims arising after the Petition Date and through the Effective Date as of the Effective Date in law, at equity, whether for tort, fraud, contract, violations of federal or state securities laws or otherwise, arising from or related in any way to the Debtor, including, without limitation, those Causes of Action that the Debtor or the Reorganized Debtor would have been legally entitled to assert in its own right or that any holder of a Claim, an Interest, or a Warrant or other entity would have been legally entitled to assert on behalf of the Debtor or its Estate, and further including those Causes of Action in any way related to the Chapter 11 Case or the Plan; provided, however, that the foregoing release shall not operate to waive or release any Causes of Action of the Debtor arising from claims for gross negligence, intentional fraud, or willful misconduct by a Released Party.

The Released Parties are those parties serving as directors and officers of the Debtor as described above and any professional employed by the estate after application to and approval by the Court.

Notwithstanding any provision of this Article or the Plan, the Plan shall not effect a release, discharge, exculpation, injunction against the exercise of, or other impairment or extinction of any rights or claims of the New Investors or the Debtor under the Investment Agreements.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the foregoing releases by the Debtor, and further, shall constitute the Bankruptcy Court's finding that the foregoing releases are: (i) in exchange for good and valuable consideration provided by the Released Parties, a good faith settlement, and compromise of the Claims released by such release; (ii) in the best interests of the Debtor and all holders of Claims, Interests, and Warrants; (iii) fair, equitable, and reasonable; (iv) given and made after due notice and opportunity for hearing; and (v) a bar to the Debtor or the Reorganized Debtor asserting any Claim released by such release against any of the Released Parties.

5. Injunction

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN OR RELATED DOCUMENTS, OR FOR OBLIGATIONS ISSUED PURSUANT TO THE PLAN, ALL PERSONS WHO HAVE HELD, HOLD, OR MAY HOLD CLAIMS, INTERESTS, OR WARRANTS THAT HAVE BEEN DISCHARGED PURSUANT TO ARTICLE XI.B OF THE PLAN, RELEASED PURSUANT TO ARTICLE XI.D OF THE PLAN, OR ARE SUBJECT TO EXCULPATION PURSUANT TO ARTICLE XI.C OF THE PLAN, ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (1) COMMENCING OR CONTINUING

IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS, INTERESTS, OR WARRANTS; (2) ENFORCING, ATTACHING, COLLECTING, OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE, OR ORDER AGAINST SUCH PERSONS ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS, INTERESTS, OR WARRANTS; (3) CREATING, PERFECTING, OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH PERSONS OR THE PROPERTY OR ESTATES OF SUCH PERSONS ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS, INTERESTS, OR WARRANTS; AND (4) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS, INTERESTS, OR WARRANTS RELEASED, SETTLED, OR DISCHARGED PURSUANT TO THE PLAN.

THE RIGHTS AFFORDED IN THE PLAN AND THE TREATMENT OF ALL CLAIMS, INTERESTS, AND WARRANTS IN THE PLAN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS, INTERESTS, AND WARRANTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTOR OR ANY OF ITS ASSETS, PROPERTY, OR ESTATE. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN, ALL SUCH CLAIMS AGAINST THE DEBTOR SHALL BE FULLY RELEASED AND DISCHARGED ON THE EFFECTIVE DATE, AND THE INTERESTS AND WARRANTS WILL BE CANCELLED.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR IN THE PLAN OR IN OBLIGATIONS ISSUED PURSUANT TO THE PLAN, ALL CLAIMS AGAINST THE DEBTOR SHALL BE FULLY RELEASED AND DISCHARGED FROM AND AFTER THE EFFECTIVE DATE, AND ALL INTERESTS AND WARRANTS WILL BE CANCELLED, AND THE DEBTOR'S LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER SECTION 502 OF THE BANKRUPTCY CODE. ALL PERSONS SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTOR, THE DEBTOR'S ESTATE, THE REORGANIZED DEBTOR, EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND EACH OF THEIR ASSETS AND PROPERTIES, ANY CLAIMS, INTERESTS, OR WARRANTS BASED UPON ANY DOCUMENTS, INSTRUMENTS, OR ANY ACT OR OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

J. Miscellaneous Provisions

1. Payment of Statutory Fees

All fees payable under Section 1930 of Title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on or before the Effective Date. All such fees that arise after the Effective Date but before the closing of the Chapter 11 Case shall be paid from funds otherwise available for distribution hereunder.

2. Severability of Plan Provisions

If, before Confirmation, the Bankruptcy Court holds that any provision of the Plan is invalid, void, or unenforceable, the Debtor, at its option, may amend or modify the Plan to correct the defect, by amending or deleting the offending provision or otherwise, or may withdraw the Plan. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been amended or modified in accordance with the foregoing, is valid and enforceable.

3. Successors and Assigns

The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor, or assign of that Person.

4. Term of Injunctions or Stays

Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Case, either by virtue of sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, shall remain in full force and effect until the Reorganized Debtor has made all distributions contemplated by the Plan and the Bankruptcy Court has entered an order closing the Chapter 11 Case.

5. Payment of Advisory Fees and Expense Reimbursement Due in Connection with New Investment

The Bank and the Debtor are a party to certain engagement agreements with The Hovde Group ("Hovde") which is the placement agent and/or financial advisor to Cecil Bank and/or their respective boards of directors. The applicable fees and expense reimbursement due to Hovde shall be paid subject to application to and approval by the Bankruptcy Court as an Allowed Administrative Claim.

The Debtor shall be deemed to have assumed its engagement agreements with Hovde as of the Effective Date. Any fees paid to Hovde shall be paid only on the successful completion of the New Investment and confirmation of the Plan as a percentage of funds raised.

Hovde specializes in the recapitalization of financial institutions, and has been invaluable to the Debtor in connection with raising the capital necessary to consummate the transactions contemplated by the Plan. In addition, the Debtor understands that the fees and other charges payable to Hovde at closing are consistent with the market and are therefore reasonable, particularly where, as here, they are only payable at the closing or the Effective Date under the Plan.

The Debtor is a party to a written services agreement entered into as of May 18, 2017 with Teneo Securities, Inc. (“Teneo”). The terms of the agreement provide that the Debtor will pay Teneo monthly fees of $40,000 and an additional success fee equal to seven percent (7%) of any distribution to the TruPS Claims in excess of $1,000,000 arising out of the consummation of an alternative transaction.

The Debtor shall be deemed to have assumed its engagement agreement with Teneo as of the Effective Date.

K. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), (i) the laws of the State of Maryland shall govern the construction and implementation of the Plan and any agreements, documents, and instruments executed in connection with the Plan and (ii) the laws of the state of incorporation of the Debtor shall govern corporate governance matters with respect to the Debtor, in either case without giving effect to the principles of conflicts of law thereof.

VI. CERTAIN RISK FACTORS TO BE CONSIDERED

Parties in interest should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein), including the "Risk Factors" and other matters discussed in the Financial Statements attached hereto, before deciding whether to vote to accept or to reject the Plan.

A. Failure to Confirm the Plan

If the Plan is not confirmed and consummated, there can be no assurance that the Chapter 11 Case will continue rather than be converted to Chapter 7 for liquidation. In fact, the Debtor believes that, absent confirmation of the Plan, the likely result may be liquidation. In the event of a liquidation, holders of TruPS Claims and all other creditors and stockholders likely would receive nothing. *See* "Alternatives to Confirmation and Consummation of the Plan."

B. Potential Adverse Effects of Chapter 11

While the Debtor will seek to have the stay in Chapter 11 as brief as practicable so as to minimize any potential disruption to its operations, it is possible that, despite the belief and intent of the Debtor, the commencement of the Chapter 11 Case could materially adversely affect relationships between the Debtor and its customers and applicable regulatory agencies and bodies.

C. Underlying Risks at the Bank Level

1. Potential Credit Quality Decline

The Bank's ability to generate earnings is significantly affected by its ability to properly originate, underwrite and service loans. The Bank has sustained losses primarily because borrowers, guarantors or related parties have failed to perform in accordance with the terms of their loans and the Bank failed to detect or respond to deterioration in asset quality in a timely manner. The Bank could sustain additional losses for these reasons. Further problems with credit

quality or asset quality could cause the Bank's interest income and net interest margin to further decrease, which could adversely affect the Bank's business, financial condition and results of operations.

2. Real Estate

A significant portion of the Bank's loan portfolio is secured by real estate. As of March 31, 2017, approximately 98% of the Bank's loans had real estate as a primary or secondary component of collateral. The real estate collateral in each case provides an alternate source of repayment in the event of default by the borrower and may deteriorate in value during the time the credit is extended. Deterioration of the real estate market in the Bank's market areas, could result in an increase in the number of borrowers who default on their loans and a reduction in the value of the collateral securing their loans, which in turn could have an adverse effect on the Bank's profitability and asset quality. If the Bank is required to liquidate the collateral securing a loan to satisfy the debt during a period of reduced real estate values, the Bank's earnings and capital could be adversely affected. Acts of nature, including hurricanes, tornados, earthquakes, fires and floods, each of which may be exacerbated by global climate change and may cause uninsured damage and other loss of value to real estate that secures these loans, may also negatively impact the Bank's financial condition.

3. Allowance for Loan Losses

The Bank's success depends, to a significant extent, on the quality of its assets, particularly loans. Like other financial institutions, the Bank faces the risk that its customers will not repay their loans, that the collateral securing the payment of those loans may be insufficient to assure repayment, and that the Bank may be unsuccessful in recovering the remaining loan balances. The risk of loss varies with, among other things, general economic conditions, the type of loan, the creditworthiness of the borrower over the term of the loan and, for many of the Bank's loans, the value of the real estate and other assets serving as collateral. Management makes various assumptions and judgments about the collectability of the Bank's loan portfolio after considering these and other factors. Based in part on those assumptions and judgments, the Bank maintains an allowance for loan losses in an attempt to cover any loan losses that may occur. In determining the size of the allowance, the Bank also relies on an analysis of its loan portfolio based on historical loss experience, volume and types of loans, trends in classification, delinquencies and nonaccruals, national and local economic conditions and other pertinent information, including the results of external loan reviews. Despite the Bank's efforts, its loan assessment techniques may fail to properly account for potential loan losses, and, as a result, the established loan loss reserves may prove insufficient. If the Bank is unable to generate income to compensate for these losses, they could have a material adverse effect on its operating results.

In addition, federal and state regulators periodically review the Bank's allowance for loan losses and may require it to increase its allowance for loan losses or recognize further loan charge-offs, based on judgments different than those of the Bank's management. Higher charge-off rates and an increase in the Bank's allowance for loan losses may hurt its overall financial performance and may increase its cost of funds. As of March 31, 2017, the Bank had nonaccrual loans totaling approximately $9.3 million, and the allowance for loan loss was $1.3 million. The

Bank's current and future allowances for loan losses may not be adequate to cover future loan losses given current and future market conditions.

4. Liquidity Risks

The goal of liquidity management is to ensure that the Bank can meet customer loan requests, customer deposit maturities and withdrawals, and other cash commitments under both normal operating conditions and under unpredictable circumstances of industry or market stress. To achieve this goal, the Bank's asset/liability committee establishes liquidity guidelines that require sufficient asset-based liquidity to cover potential funding requirements and to avoid over-dependence on volatile, less reliable funding sources.

Liquidity is essential to the Bank's business. An inability to raise funds through traditional deposits, borrowings, the sale of securities or loans, issuance of additional equity securities, and other sources could have a substantial negative impact on the Bank's liquidity. The Bank's access to funding sources in amounts adequate to finance its activities and with terms acceptable to it could be impaired by factors that impact the Bank specifically or the financial services industry in general. Factors that could detrimentally impact access to liquidity sources include a decrease in the level of the Bank's business activity as a result of a downturn in the markets in which the Bank's loans are concentrated, the change in the Bank's status from well-capitalized to significantly undercapitalized, or regulatory action against the Bank. The Bank's ability to borrow could also be impaired by factors that are not specific to it, such as the current disruption in the financial markets and negative views and expectations about the prospects for the financial services industry as a result of the continuing turmoil and deterioration in the credit markets.

Traditionally, the primary sources of funds of the Bank have been customer deposits and loan repayments. Because of the Directive, the Bank may not accept brokered deposits unless a waiver is granted by the FDIC.

The Bank actively monitors the depository institutions that hold its federal funds sold and due from banks cash balances. The Bank cannot provide assurances that access to its cash and cash equivalents and federal funds sold will not be impacted by adverse conditions in the financial markets. The Bank's emphasis is primarily on safety of principal, and it diversifies cash, due from banks, and federal funds sold among counterparties to minimize exposure relating to any one of these entities. The Bank routinely reviews the financials of its counterparties as part of its risk management process. Balances in the Bank's accounts with financial institutions in the U.S. may exceed the FDIC insurance limits. While the Bank monitors and adjusts the balances in its accounts as appropriate, these balances could be impacted if the correspondent financial institutions fail.

There can be no assurance that the Bank's sources of funds will be adequate for its liquidity needs, and it may be compelled to seek additional sources of financing in the future. Specifically, it may seek additional debt in the future to achieve its business objectives. There can be no assurance that additional borrowings, if sought, would be available to the Bank or, if

available, would be on favorable terms. Bank and holding company stock prices have been negatively impacted by the recent adverse economic conditions, as has the ability of banks and holding companies to raise capital or borrow in the debt markets. If additional financing sources are unavailable or not available on reasonable terms, the Bank's business, financial condition, results of operations, cash flows, and future prospects could be materially adversely impacted.

5. Investment Portfolio

The Bank's investment portfolio as of March 31, 2017 has been designated available-for-sale pursuant to U.S. GAAP relating to accounting for investments. Such principles require that unrealized gains and losses in the estimated fair value of the available-for-sale portfolio be "marked to market" and reflected as a separate item in shareholders' equity (net of tax) as accumulated other comprehensive income. This determination requires significant judgment, and actual results may be materially different than the Bank's estimate. At March 31, 2017, the Bank maintained $50.0 million, or 100% of its total securities, as available-for-sale.

Management believes that several factors will affect the fair value of the Bank's portfolio. These include, but are not limited to, changes in interest rates or expectations of changes, the degree of volatility in the securities markets, inflation rates or expectations of inflation, and the slope of the interest rate yield curve (the yield curve refers to the differences between short-term and longer-term interest rates; a positively sloped yield curve means shorter-term rates are lower than longer-term rates). These and other factors may impact specific categories of the portfolio differently, and the Bank cannot predict the effect these factors may have on any specific category. Shareholders' equity will continue to reflect the unrealized gains and losses (net of tax) of these investments. If conditions in the credit markets deteriorate further, the Bank may be required to record unrealized losses in other comprehensive income (loss) or additional impairment on the Bank's investments in future quarters.

6. Interest Rate Risk

The Bank's profitability depends to a large extent on its net interest income, which is the difference between income on interest-earning assets such as loans and investment securities, and expense on interest-bearing liabilities such as deposits and other borrowings. The Bank is unable to predict changes in market interest rates, which are affected by many factors beyond the Bank's control, including inflation, recession, unemployment, money supply, domestic and international events and changes in the United States and other financial markets. The Bank's net interest income may be reduced if: (i) more interest-earning assets than interest-bearing liabilities reprice or mature during a time when interest rates are declining or (ii) more interest-bearing liabilities than interest-earning assets reprice or mature during a time when interest rates are rising.

Changes in the difference between short- and long-term interest rates may also harm our business. For example, if short-term and long-term interest rates shrink or disappear, as has occurred in the current interest rate policy environment, the spread between rates paid on deposits and received on loans could narrow significantly, decreasing the Bank's net interest income.

7. Key Personnel

The Bank's success is, and is expected to remain, highly dependent on its senior management team. Management's extensive knowledge of the banking industry and relationships in the community generate business for the Bank. The Bank may not be able to retain members of the senior management team or other key employees. The loss of the services of any of them could have a material adverse effect on the Bank's business, financial condition and results of operation.

8. Customer Information

The Bank provides its customers the ability to bank online. The secure transmission of confidential information over the Internet is a critical element of online banking. The Bank's network could be vulnerable to unauthorized access, computer viruses, phishing schemes and other security problems. The Bank may be required to spend significant capital and other resources to protect against the threat of security breaches and computer viruses, or alleviate problems caused by security breaches or viruses. To the extent that the Bank's activities or the activities of its customers involve the storage and transmission of confidential information, security breaches and viruses could expose the Bank to claims, litigation and other possible liabilities. Any inability to prevent security breaches or computer viruses could also cause existing customers to lose confidence in the Bank's system and could adversely affect its reputation and ability to generate deposits.

9. Litigation Risk

The Debtor and the Bank may be involved from time to time in a variety of litigation, investigations or similar matters arising out of its business. Insurance may not cover all claims that may be asserted against the Debtor or the Bank, and any claims asserted against the Debtor or the Bank, regardless of merit or eventual outcome, may harm their reputation. Should the ultimate judgments or settlements in any litigation or investigation significantly exceed insurance coverage, it could have a material adverse effect on the Debtor's and the Bank's business, financial condition and results of operation.

D. Absence of Public Market; Restriction on Transferability

The shares of common stock to be issued to the holders of Allowed Claims and Interests are securities for which there is no market. Accordingly, there can be no assurance as to the development or liquidity of any market for the shares of the stock. If a trading market does not develop or is not maintained, holders of the shares may experience difficulty in reselling such securities or may be unable to sell them at all. If a market for the shares of the stock develops, any such market may be discontinued at any time.

The shares of the Reorganized Debtor's stock are being offered in reliance upon an exemption from registration under the Securities Act and applicable state securities laws. Therefore, the shares may be transferred or resold only in a transaction registered under or

exempt from the Securities Act and applicable state securities laws. The liquidity of, and trading market for, the shares of such stock also may be adversely affected by general declines in the market or by declines in the market for similar securities. Such declines may adversely affect such liquidity and trading markets independent of the financial performance of, and prospect for, the Reorganized Debtor.

E. Dividends

The Debtor receives substantially all of its revenue from dividends from Cecil Bank. Those dividends are the principal source of funds to pay dividends on the Debtor's common stock and interest and principal on its debt. Various federal and/or state laws and regulations limit the amount of dividends that Cecil Bank and certain of its non-bank subsidiaries may pay the Debtor. If earnings of the Debtor's subsidiaries are not sufficient to make dividend payments to the Debtor while maintaining adequate capital levels, the Debtor's ability to make dividend payments will be negatively impacted.

F. Regional Concentration

The Debtor's regional concentration puts it particularly at risk for changes in economic conditions in its primary market of Maryland. The Debtors is therefore particularly vulnerable to adverse changes in economic conditions in Maryland.

G. Regulatory Matters

The effectiveness of the Plan is conditioned on, among other things, the Debtor's receipt of all required regulatory approvals to consummate the transactions contemplated by the Investment Agreements and the Plan, the Disclosure Statement, and any related ancillary documents. The Debtor and Cecil Bank are heavily regulated by federal and state agencies under various programs and regimes. If the Debtor cannot obtain the required approvals, the Plan may fail and the Debtor may be forced to pursue liquidation or other alternatives, in which case the recoveries to stakeholders will almost certainly be less than the recoveries available under the Plan. Moreover, even if the Plan is successful, the inability of the Debtor and/or Cecil Bank to comply on a going-forward basis with, and potential future changes or modifications to, applicable statutes, regulations, and regulatory policies, could adversely affect the Reorganized Debtor's and/or the Bank's operations, including, among other things, limiting the types of financial services and products that may be offered and/or increasing operating costs. In addition, any failure to comply with applicable laws, regulations, and policies, could subject the Debtor and/or Cecil Bank to sanctions, reputational damage, and other harm.

H. Potential Dilution

The Debtor may need to incur additional debt or equity financing in the future to strengthen its capital position. The Debtor's ability to raise capital, if needed, will depend on, among other things, conditions in the capital markets at that time, which are outside of the Debtor's control and its financial performance. The Debtor cannot provide assurances that such financing will be available to it on acceptable terms or at all, or if the Debtor does raise more capital that it will not be dilutive to existing shareholders.

If the Debtor determines that it needs to raise more capital, its Board generally has the authority, without action or vote of the shareholders, to issue all or part of any authorized but unissued shares of stock for any corporate purpose, including issuance of equity-based incentives under or outside of the Debtor's equity compensation plans. Additionally, the Debtor is not restricted from issuing additional common stock or preferred stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, common stock or preferred stock or any substantially similar securities. If the Debtor issues preferred stock that has a preference over the common stock with respect to the payment of dividends or upon liquidation, dissolution or winding-up, or if it issues preferred stock with voting rights that dilute the voting power of the common stock, the rights of holders of the common stock could be adversely affected. Any issuance of additional shares of stock will dilute the percentage ownership interest of the shareholders and may dilute the book value per share of the Debtor's common stock. Shares the Debtor issues in connection with any such offering will increase the total number of shares and may dilute the economic and voting ownership interest of the Debtor's existing shareholders.

VII. CONFIRMATION OF THE PLAN

The Bankruptcy Court may confirm the Plan only if it determines that the Plan complies with the substantive requirements of Chapter 11, including, among other things, that (a) the Plan properly classifies Claims, Interests, and Warrants, (b) the Plan complies with applicable provisions of the Bankruptcy Code, (c) the Debtor has complied with applicable provisions of the Bankruptcy Code, (d) the Debtor has proposed the Plan in good faith and not by any means forbidden by law, (e) disclosure of "adequate information" as required by section 1125 of the Bankruptcy Code has been made, (f) the Plan has been accepted by the requisite votes of creditors (except to the extent that "cramdown" is available under section 1129(b) of the Bankruptcy Code), (g) the Plan is in the "best interests" of all holders of Claims, Interests, or Warrants in each Impaired Class, (h) all fees and expenses payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of such fees on the Effective Date, and (i) the Plan provides for the continuation after the Effective Date of any retiree benefits, as defined in section 1114 of the Bankruptcy Code, at the level established at any time before Confirmation in accordance with sections 1114(e)(1)(B) or 1114(g) of the Bankruptcy Code, for the duration of the period that the Debtor has obligated itself to provide such benefits.

A. Voting Requirements

Under the Bankruptcy Code, only Classes of Claims, Interests, and Warrants that are "impaired" (as that term is defined in section 1124 of the Bankruptcy Code) under the Plan are entitled to vote to accept or reject the Plan. A Class is Impaired if the Plan modifies the legal, equitable, or contractual rights of holders of Claims, Interests, or Warrants in the Class (other than by curing defaults and reinstating debt). Under section 1126(f) of the Bankruptcy Code, Classes of Claims, Interests, and Warrants that are Unimpaired are conclusively presumed to have accepted the Plan and are not entitled to vote on the Plan. Under section 1126(g) of the Bankruptcy Code, Classes of Claims, Interests, and Warrants whose holders will not receive or retain any property under the Plan are deemed to have rejected the Plan and are not entitled to

vote on the Plan.

An Impaired Class of Claims, Interests, or Warrants shall have accepted the Plan if (i) the holders of at least two-thirds in amount of the Allowed Claims, Allowed Interests, or Allowed Warrants actually voting in the Class have voted to accept the Plan, and (ii) the holders of more than one-half in number of the Allowed Claims, Allowed Interests, or Allowed Warrants actually voting in the Class have voted to accept the Plan, in each case not counting the vote of any holder designated under section 1126(e) of the Bankruptcy Code.

Ballots submitted by holders of Allowed TruPS Claims shall be counted individually and separately.

Only the holders of Claims and Interests as of the Record Date, in the Classes entitled to vote on the Plan, shall be allowed to vote on the Plan. In addition, distributions to be made under the Plan shall be made only to the holders of Allowed Claims and Allowed Interests as of the Record Date.

B. Feasibility of the Plan

In connection with confirmation of the Plan, section 1129(a)(11) of the Bankruptcy Code requires that the Bankruptcy Court find that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor. This is the so-called "feasibility" test. The Debtor believes that the Reorganized Debtor will be adequately capitalized with the New Investment, to make the payments required under the Plan on the Effective Date or as otherwise contemplated by the Plan, and to maintain operations on a going-forward basis. Accordingly, the Debtor believes that the Plan complies with the standard of section 1129(a)(11) of the Bankruptcy Code.

The Debtor is a registered bank holding company engaged in the banking business through its wholly owned banking subsidiary, Cecil Bank. As a bank holding company, the Debtor and its non-bank subsidiaries are subject to oversight and regulation by the Board of Governors of the Federal Reserve System and, in certain instances, various federal and state banking authorities. As a Maryland state-chartered nonmember bank, Cecil Bank is also subject to extensive regulation, examination and supervision by the FDIC as its primary federal regulator and, at the state level, by the State of Maryland Commissioner of Financial Regulation. As Cecil Bank's sole shareholder, the Debtor is required to serve as a source of managerial and financial strength for Cecil Bank and oversee its policies and financial resources. Aspects of the Plan are subject to approval or non-objection of one or more of these regulators under federal banking laws or the Consent Order. The principal objectives of the U.S. bank regulatory system are to ensure the safety and soundness of banking institutions, to protect depositors and other customers, and to avoid loss to the FDIC Deposit Insurance Fund. Consummation of the Plan is consistent with these objectives. As part of its ongoing supervisory relationship, the Debtor has been in regular communication with its regulators regarding its efforts to recapitalize and to pursue the Plan. The regulators have not raised any objection, and the Debtor believes that it will be able to obtain the requisite regulatory consents to proceed with consummation of the Plan.

The Debtor will fund its reorganization, recapitalization, and operations using the cash proceeds of the New Investment with respect to which the Debtor holds Investment Agreements,

substantially in the forms attached hereto.

C. Best Interests Test

Even if the Plan were to be accepted by each class of holders of Claims, Interests, and Warrants, the Bankruptcy Code requires a Bankruptcy Court to find that the Plan is in the "best interests" of all holders of Claims or Interests that are impaired by the Plan and that have not accepted the Plan. The "best interests" test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a bankruptcy court to find either that (i) all members of an impaired class of claims or interests have accepted the plan or (ii) the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtor were liquidated under Chapter 7 of the Bankruptcy Code on such date.

To calculate the probable distribution to members of each impaired class of holders of claims or interests if a debtor were liquidated under Chapter 7, a Bankruptcy Court must first determine the aggregate dollar amount that would be generated from the debtor's assets if its Chapter 11 case were converted to a Chapter 7 case under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the debtor's assets by a Chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by the claims of secured creditors to the extent of the value of their collateral and by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the Chapter 7 case and the Chapter 11 case. Costs of a liquidation under Chapter 7 of the Bankruptcy Code would include the compensation of a Chapter 7 trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the debtor in the Chapter 11 case (such as compensation of attorneys, financial advisors, and accountants) that are allowed in the Chapter 7 case, litigation costs, and claims arising from the operations of the debtor during the pendency of the bankruptcy case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured claims or to make any distribution in respect of equity interests. The liquidation would also prompt the rejection of executory contracts and unexpired leases and thereby create a significantly greater amount of unsecured claims.

Once the bankruptcy court ascertains the recoveries in liquidation of the secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by such creditors and equity security holders under a debtor's plan, then such plan is not in the best interests of creditors and equity security holders.

1. Liquidation Analysis

The sole material asset of the Debtor is its stock in the subsidiary Bank. Given the

circumstances set forth in the Consent Order and the level of capitalization at the Bank level, any purchaser of the Bank stock will need to make a substantial capital investment in the Bank. There can be no assurance that FDIC regulators would permit a Chapter 7 Trustee to sell a regulated bank. Given the results of the Debtor's advisors to attract new capital investment to the Bank over the past 3 ½ years, the size of the Bank and the investment opportunity, the historical challenges that led to the Consent Order, the depressed price reflective of a sale in a Chapter 7 proceeding, the Debtor believes that the Bank stock as held by the Debtor would yield no return to TruPS claim holders or equity holders on liquidation.

The Debtor believes that each member of each Class of Claims, Interests, and Warrants will receive at least as much, if not more, under the Plan as they would receive if the Debtor was liquidated in a Chapter 7 case. More specifically, a liquidation of the Debtor would significantly impair recoveries to all stakeholders and clearly is not in the best interests of estate constituencies. The Liquidation Analysis estimates that holders of TruPS Claims and all other creditors and stockholders would receive nothing, in a liquidation. By contrast, under the Plan, the holders of the TruPS Claims will receive a minimum distribution of $1,000,000, subject to any fees and expenses of the Indenture Trustee. Accordingly, it is clear that stakeholders will fare much better under the Plan than in a liquidation. The Plan therefore satisfies the best interests test.

D. Confirmation Without Acceptance of All Impaired Classes – "Cramdown"

The Debtor will request confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code, and it reserves the right to modify the Plan to the extent, if any, that confirmation in accordance with section 1129(b) of the Bankruptcy Code requires modification. Under section 1129(b) of the Bankruptcy Code, the Court may confirm a plan over the objection of a rejecting class, if, among other things, (a) at least one impaired class of claims has accepted the plan (not counting the votes of any "insiders" as defined in the Bankruptcy Code) and (b) if the plan "does not discriminate unfairly" against and is "fair and equitable" to each rejecting class.

A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a rejecting impaired class is treated equally with respect to other classes of equal rank. A plan is fair and equitable as to a class of secured claims that rejects the plan if, among other things, the plan provides (a) (i) that the holders of claims in the rejecting class retain the liens securing those claims (whether the property subject to those liens is retained by the debtor or transferred to another entity) to the extent of the allowed amount of such claims and (ii) that each holder of a claim of such class receives on account of that claim deferred cash payments totaling at least the allowed amount of that claim, of a value, as of the effective date of the plan, of at least the value of the holder's interest in the estate's interest in such property; (b) for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing the claims included in the rejecting class, free and clear of the liens, with the liens to attach to the proceeds of the sale, and the treatment of the liens on proceeds under clause (a) or (c) of this paragraph; or (c) for the realization by such holders of the indubitable equivalent of such claims.

A plan is fair and equitable as to a class of unsecured claims that rejects the plan, if, among other things, the plan provides that (a) each holder of a claim in the rejecting class will

receive or retain on account of its claim property that has a value, as of the effective date of the plan, equal to the allowed amount of the claim; or (b) no holder of a claim or interest that is junior to the claims of the rejecting class will receive or retain under the plan any property on account of such junior claim or interest.

A plan is fair and equitable as to a class of interests that rejects the plan if the plan provides, among other things that (a) each holder of an interest of such class receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or (b) that no holder of an interest that is junior to the interests of such class will receive or retain under the plan any property on account of such junior interest.

The Debtor's Plan is premised upon the acceptance of the Plan by Class 1 (which comprises the TruPS Claims). Thus, the cramdown provisions of section 1129(b), if Class 1 votes to accept the Plan, would not apply to this class. Each of the Claims in Class 2 (Secured Claims), Class 3 (Other Priority Claims), and Class 4 (General Unsecured Claims) are Unimpaired under the Plan. Thus, the cramdown provisions of section 1129(b) also do not apply to these classes.

The Debtor will solicit the vote of Class 5 (TARP Interests).

Classes 6, 7 and 8 (Series B Interests, Common Stock Interests and Warrants) are deemed to reject the Plan and, accordingly, the Debtor will seek cramdown under section 1129(b)(2)(C)(ii) of the Bankruptcy Code with respect to Classes 6, 7 and 8. Such cramdown is justified because no junior class of stakeholders will receive any recovery under the Plan. The liquidation analysis would otherwise yield no return for any equity holders.

VIII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed, the realistic alternatives likely will be a liquidation of the Debtor’s assets in a liquidation under Chapter 7.

The Debtor does not believe that a traditional Chapter 11 process, under which some different plan is developed and proposed post-petition, is viable. While a more traditional Chapter 11 is not a realistic alternative, the Debtor and its advisors did consider alternative structures. Following a thorough marketing effort by the Debtor’s financial advisors, the maximum expression of interest that the Debtor obtained for the sale of Cecil Bank was less than the consideration to be realized under the Plan.

The Debtor believes that absent the infusion of new capital and the completion of the proposed restructuring, Cecil Bank will remain subject to further action by regulators, possibly resulting in the Chapter 7 liquidation of the Debtor. The Debtor believes that, in a liquidation under Chapter 7, before creditors would receive any distributions, additional administrative expenses involved in the appointment of a trustee or trustees and attorneys, accountants, and other professionals to assist such trustees would cause a substantial diminution in the value of the Debtor’s Estate. The assets available for distribution to creditors would be reduced by such additional expenses, as well as by certain Claims that may be entitled to priority in the context of

a liquidation and/or might arise by reason of the liquidation.

THE DEBTOR THEREFORE BELIEVES THAT THE PLAN AFFORDS SUBSTANTIALLY GREATER BENEFITS TO CREDITORS THAN WOULD ANY OTHER ALTERNATIVE AND THAT IT SHOULD BE CONFIRMED PROMPTLY.

IX. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS OF CLAIMS OR INTERESTS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS OF CLAIMS OR INTERESTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE DEBTOR OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS OR INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A summary description of certain United States federal income tax consequences of the Plan is provided below. This description is for informational purposes only and, due to a lack of definitive judicial or administrative authority or interpretation, substantial uncertainties exist with respect to various tax consequences of the Plan as discussed herein. Only United States federal income tax consequences of the Plan to the Debtor and certain holders of Claims or Interests are described below. Except as described below, no opinion of counsel has been sought or obtained with respect to any tax consequences of the Plan. No rulings or determinations of the Internal Revenue Service ("IRS") or any other tax authorities have been or will be sought or obtained with respect to any tax consequences of the Plan, and the discussion below is not binding upon the IRS or such other authorities. No representations are being made regarding the particular tax consequences of the confirmation or implementation of the Plan as to any holder of a Claim or Interest. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position from any discussed herein.

The discussion of United States federal income tax consequences below is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder, judicial authorities, published positions of the IRS, and other applicable authorities, all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect).

The following discussion does not address foreign, state or local tax consequences of the Plan, nor does it purport to address the United States federal income tax consequences of the Plan to Non-U.S. Holders (as defined below) and all aspects of United States federal income taxation applicable to special classes of taxpayers (e.g., banks and certain other financial institutions, insurance companies, tax-exempt organizations, holders of Claims or Interests who are, or who hold their Claims or Interests through, pass-through entities, persons whose

functional currency is not the United States dollar, dealers in securities or foreign currency, persons holding Claims or Interests that are a hedge against, or that are hedged against, currency risk or that are part of a straddle, constructive sale or conversion transaction and persons who acquired their Claims or Interests pursuant to the exercise of employee stock options or otherwise as compensation). The following discussion assumes that holders of Claims or Interests (other than Allowed Bank Secured Claims) hold their Claims or Interests as capital assets for United States federal income tax purposes. Furthermore, the following discussion does not address United States federal taxes other than income taxes.

For purposes of this discussion, a "Non-U.S. Holder" is a beneficial owner of a Claim or Interest that is neither a partnership (or other entity treated as a partnership for United States federal income tax purposes) nor (1) an individual who is a citizen or resident of the United States, (2) a corporation created or organized under the laws of the United States or any state or political subdivision thereof, (3) an estate, the income of which is subject to federal income taxation regardless of its source, or (4) a trust that (i) is subject to the primary supervision of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust, or (ii) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

If a partnership (including any entity treated as a partnership for United States federal income tax purposes) holds Claims or Interests, the United States federal income tax consequences to the partners of such partnership will depend on the activities of the partnership and the status of the partners. A partnership considering participating in the Plan should consult its tax advisor regarding the consequences to the partnership and its partners of the Plan.

Each holder of a Claim or Interest should consult its tax advisor regarding the United States federal, state, local and any foreign tax consequences of the transactions described herein or in the Plan.

A. Certain United States Federal Income Tax Consequences to the Debtor

1. Cancellation of Indebtedness Income

Under the Plan, the Debtor will distribute $1 million to satisfy outstanding obligations of approximately $21,923,823.47 to holders of Allowed TruPS Claims. Under general United States federal income tax principles, the Debtor will realize cancellation of indebtedness ("COD") income to the extent that its obligation to a holder is discharged pursuant to the Plan for an amount less than the adjusted issue price (in most cases, the amount the Debtor received upon incurring the obligation, with certain adjustments) of such holder's claim. For this purpose, the amount paid to a holder in discharge of its TruPS Claim will equal the value of the New Common Stock distributed to such holder. Where the Debtor joins in the filing of a consolidated United States federal income tax return, applicable Treasury regulations require, in certain circumstances, that certain tax attributes of the consolidated subsidiaries of the Debtor and other members of the group be reduced. The reduction in tax attributes occurs only after the tax for the year of the debt discharge has been determined (i.e., such attributes may be available to offset taxable income, if any, that is generated between the date of discharge and the end of the debtor's tax year and/or may be carried back to prior years).

Because the Debtor will be a debtor in a bankruptcy case at the time it realizes COD income, the Debtor will not be required to include such COD income in its gross income, but rather it will be required to reduce certain of its tax attributes by the amount of COD income so excluded. Generally, the required attribute reduction will be applied to reduce the Debtor's net operating losses and net operating loss carryforwards (collectively, "NOLs").

2. Utilization of Net Operating Losses (NOLs)

If a corporation experiences an "ownership change" (within the meaning of Section 382 of the Tax Code), the corporation's ability to utilize its NOLs and certain other tax attributes to offset future taxable income generally will be subject to certain limitations. Section 382 of the Tax Code may also limit a corporation's ability to use certain "net unrealized built-in losses" existing on the date of the ownership change but recognized within five years of the ownership change to offset future taxable income.

The Debtor's Restructuring transactions as set forth above are premised on the preservation of certain deferred tax assets. To the extent the Debtor's assumptions underlying the preservation of these assets are successfully challenged, the investment value and the commitment represented by the New Investment will be placed at risk.

3. Alternative Minimum Tax

A corporation may incur alternative minimum tax liability even in the case that NOL carryovers and other tax attributes are sufficient to eliminate its taxable income as computed under the regular corporate income tax. It is possible that the Debtor may be liable for the alternative minimum tax as a result of the consummation of the restructuring transactions pursuant to the Plan.

X. OTHER MATTERS

If you have any questions or require further information about the voting procedures for voting your Claim, or about the packet of material you received, or if you wish to obtain an additional copy of the Plan, the Disclosure Statement, or any exhibits to such documents (at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d)), please contact counsel to the Debtor.

XI. RECOMMENDATION AND CONCLUSION

THE DEBTOR BELIEVES THAT THE PLAN'S CONFIRMATION IS IN THE BEST INTERESTS OF THE DEBTOR, ITS ESTATE, AND ITS CREDITORS. FOR THESE REASONS, THE DEBTOR URGES ALL HOLDERS OF CLAIMS AND INTERESTS TO VOTE TO ACCEPT THE PLAN AND TO EVIDENCE THEIR ACCEPTANCE BY DULY COMPLETING AND RETURNING THEIR BALLOTS SO THAT THEY WILL ACTUALLY BE RECEIVED BY THE DEBTOR ON OR BEFORE 5:00 P.M. (EASTERN TIME) ON**.**

_____

Dated: Elkton, Maryland, July 24, 2017.

CECIL BANCOROP, INC.

By: *Terrie G. Sprio*

Title: President and Chief Executive Officer

and by its attorneys,

/s/ Peter J. Haley

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Exhibit A

[Plan of Reorganization]

Exhibit B

Execution Copy

STOCK PURCHASE AGREEMENT

dated _____, 2017

by and among

CECIL BANCORP, INC.

and

THE PURCHASER IDENTIFIED ON THE SIGNATURE PAGE HERETO

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (this "Agreement") is dated as of _____, by and among Cecil Bancorp, Inc., a Maryland corporation (the "Company"), and the purchaser identified on the signature pages hereto (each, including its successors and assigns, the "Purchaser").

RECITALS

A. The Company intends to file a voluntary bankruptcy petition (the "Bankruptcy Case") under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. Section 101, et seq. (the "Bankruptcy Code"), in the United States Bankruptcy Court for the District of Maryland (the "Bankruptcy Court") not later than the third Business Day immediately following the date this Agreement is executed and delivered by the parties hereto (such Business Day, the "Petition Date"). The Company intends for the Transactions as described below to be effected under a plan of reorganization of the Company to be confirmed by order of the Bankruptcy Court (the "Plan of Reorganization"). A draft of the Plan of Reorganization has been provided to the Purchaser prior to the delivery of the Purchaser's executed signature page hereto. The Plan of Reorganization has been provided in connection with this Agreement, but the Company has not solicited votes under the Plan of Reorganization and will not do so except in connection with the distribution of a written Disclosure Statement that the Bankruptcy Court has found provides adequate information about the Plan of Reorganization (the "Disclosure Statement") and a voting process approved by the Bankruptcy Court.

B. Following the confirmation of the Plan of Reorganization by the Bankruptcy Court, in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act of 1933 (the "Securities Act") and Rule 506 of Regulation D ("Regulation D") as promulgated by the United States Securities and Exchange Commission (the "Commission") under the Securities Act, the Purchaser, wishes to purchase, and the Company wishes to sell, upon the terms and conditions stated in this Agreement, that aggregate number of shares of (i) voting common stock, par value $0.01 per share, of the Company (the "Common Stock") at a price per share of Common Stock equal to $0.04 (the "Purchase Price"), set forth below the Purchaser's name on the signature page of this Agreement (which shall be collectively referred to herein as the "Common Shares") and (ii) following the adoption and subject to the terms and conditions of the Articles of Amendment (as defined below), non-voting common stock of the Company, par value $0.01 per share (the "Non-Voting Common Stock") at a price per share equal to the Purchase Price, set forth below the Purchaser's name on the signature page of this Agreement (which together with the Common Shares are referred to herein as the "Securities"). A Purchaser that proposes to acquire a number of Common Shares that would exceed 10% of the Company's total outstanding voting equity immediately following the closing of this offering shall instead acquire Common Shares representing 9.9% of the total outstanding voting equity immediately following the offering and any shares acquired in excess of this amount shall be issued as Non-Voting Common Stock.

C. The Company has engaged Hovde Group, LLC as its placement agent (the "Placement Agent") for the offering of the Securities.

D. Contemporaneously with the execution and delivery of this Agreement, the Company and the Purchaser are executing and delivering a registration rights agreement, substantially in the form attached hereto as Exhibit A (the "Registration Rights Agreement"), pursuant to which, among other things, the Company will agree to provide certain registration rights with respect to the Securities under the Securities Act and the rules and regulations promulgated thereunder and applicable state securities laws.

E. The Company and the Purchaser acknowledge that the Company has valuable net operating loss ("NOL") carry-forwards, the use of which would be limited if the Company were to experience an "ownership change" under Section 382 of the Code as a result of the transfer of the Securities issuable hereunder, and accordingly, the Company and the Purchaser further acknowledge that any prospective transferee of the Securities will be required to provide the Transfer Agent with a representation letter substantially in the form attached hereto as Exhibit H (the "Transferee Letter") and that each of the stock certificates issued in connection with this offering will contain a legend to ensure that a prospective transferee is aware of this requirement. In addition, contemporaneously with the execution and delivery of this Agreement, the Company and the Purchaser are executing and delivering a letter agreement, substantially in the form attached hereto as Exhibit I (the "Prior Notice Letter"), pursuant to which, among other things, the Purchaser will agree to consult with the Company at least 10 days prior to any proposed purchase or sale of Securities regarding the potential adverse tax impact that the purchase or sale could have on the NOLs and, if requested by the Company, to provide to the other party to the proposed purchase or sale any disclosure prepared by the Company describing the potential adverse tax impact.

F. In addition to the Securities to be purchased by the Purchaser pursuant to this Agreement, the Company intends to effect one or more private placement transactions for the sale of the Securities with other accredited investors (the "Other Investors"). On the Closing Date (as defined below), the Company will offer and sell to each Other Investor, pursuant to stock purchase agreements with the Other Investors (the "Stock Purchase Agreements"), the number of shares of Securities subscribed by such Other Investor and accepted by the Company. The aggregate number of shares that may be subscribed for pursuant to this Agreement and the Stock Purchase Agreements is 629,552,976 shares of Common Stock and 120,447,024 shares of Non-Voting Common Stock for gross proceeds of approximately $30,000,000 (the "Gross Offering Proceeds"). The Company reserves the right to increase or decrease the size of the offering by up to 5%, subject solely to the receipt of any necessary approval or nonobjection from the Federal Reserve Bank of Richmond for such increase or decrease.

G. In connection with the Common Stock Offering and under the proposed terms of the Plan of Reorganization, the Company intends to execute a separate stock exchange agreement (the "TARP Exchange Agreement") with the U.S. Department of the Treasury (the "Treasury") for the exchange of (i) shares of the Company's Fixed Rate Cumulative Perpetual Preferred Stock, Series A (the "Series A Preferred Stock") and (ii) warrant to purchase the Company's Common Stock (the "Warrant") for the issuance of 22,000,000 shares of Common Stock. Immediately thereafter, the Treasury will execute one or more resale agreements (the "Resale Agreement") with certain investors for the sale of such shares of Common Stock.

H. In connection with the Common Stock Offering and under the proposed terms of the Plan of Reorganization, the Company intends to execute a separate purchase agreement to repurchase (1) $10,000,000 trust preferred securities issued by Cecil Bancorp Capital Trust I and $7,000,000 trust preferred securities issued by Cecil Bancorp Capital Trust II (together, the "Trust Preferred Securities") for $1,000,000 in cash (the "Trups Redemption"); and (2) to redeem or cancel certain shares of Common Stock that were converted from the Company's Mandatory Convertible Cumulative Junior Preferred Stock, Series B (the "Series B Preferred Stock") in March 2017 (the "Common Stock Buyback").

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and the Purchaser hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1. **Definitions**. In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms shall have the meanings indicated in this Section 1.1:

"Acquisition Proposal" means a written offer or proposal involving the Company or any Subsidiary with respect to: (i) any merger, reorganization, consolidation, share exchange, share issuance, recapitalization, business combination, liquidation, dissolution or other similar transaction involving any sale, issuance, lease, exchange, mortgage, pledge, transfer or other disposition of, all or a material portion of the assets or equity securities or deposits of, the Company or any Subsidiary, in a single transaction or series of related transactions; (ii) any tender offer or exchange offer for all or a material portion of the outstanding shares of capital stock of the Company or any Subsidiary; or (iii) any public announcement of a proposal, plan or intention to do any of the foregoing or any agreement to engage in any of the foregoing.

"Action" means any action, suit, inquiry, notice of violation, proceeding (including any partial proceeding such as a deposition), or investigation pending or, to the Company's Knowledge, threatened in writing against the Company, any Subsidiary, or any of their respective properties or any officer, director, or employee of the Company or any Subsidiary acting in his or her capacity as an officer, director, or employee before or by any Governmental Entity.

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, Controls, is controlled by, or is under common control with such Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Agency" has the meaning set forth in Section 3.1(pp).

"Agreement" shall have the meaning ascribed to such term in the Preamble.

"Articles of Amendment" has the meaning set forth in Section 2.2(b).

"Articles of Incorporation" means the Articles of Incorporation of the Company and all amendments thereto, as the same may be amended from time to time.

"Auction" has the meaning set forth in Section 4.19(d).

"Bank" means Cecil Bank, a Maryland banking corporation.

"Bankruptcy Rules" has the meaning set forth in Section 4.19(d).

"BHCA" has the meaning set forth in Section 3.1(b).

"BHCA Control" has the meaning set forth in Section 3.1(ww).

"Bid Deadline" has the meaning set forth in Section 4.19(d).

"Bidding Procedures" has the meaning set forth in Section 4.19(a).

"Bidding Procedures Order" means an order of the Bankruptcy Court approving the implementation of the Plan of Reorganization through the means of an auction process providing for the sale of the Company's stock in the Bank (the "Bank Shares"), or, alternatively, the Common Stock, and

approving, among other things, the process by which bids may be solicited in connection with the sale of the Bank Shares or Common Stock.

"Burdensome Condition" has the meaning set forth in Section 2.2(a)(ii).

"Business Day" means a day, other than a Saturday or Sunday, on which banks in Maryland are open for the general transaction of business.

"Change in Control" means, with respect to the Company, the occurrence of any of the following events:

(1) any Person or "group" (other than the Purchaser and its Affiliates) becomes a beneficial owner (as defined in Rules 13d-3 of the Exchange Act), directly or indirectly, of 50% or more of the aggregate shares of Common Stock;

(2) any Person or "group" (other than the Purchaser and its Affiliates) becomes a beneficial owner (as defined in Rules 13d-3 of the Exchange Act), directly or indirectly, of 24.9% or more of the aggregate shares of Common Stock, and in connection with such event, individuals who, on the date of this Agreement, constitute the board of directors cease for any reason to constitute at least a majority of the board of directors;

(3) the consummation of a merger, consolidation, statutory share exchange, or similar transaction that requires adoption by the Company's shareholders (a "Business Combination"), unless immediately following such Business Combination more than 50% of the total voting power of the corporation resulting from such Business Combination (the "Surviving Corporation"), or, if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership (as defined in Rules 13d-3 of the Exchange Act) of 100% of the voting securities eligible to elect directors of the Surviving Corporation, is represented by Common Stock that was outstanding immediately before such Business Combination;

(4) the shareholders of the Company approve a plan of liquidation or dissolution of the Company or a sale of all or substantially all of the Company's assets; or

(5) the Company has entered into a definitive agreement, the consummation of which would result in the occurrence of any of the events described in clauses (1) through (4) of this definition above.

"CIBC Act" means the Change in Bank Control Act of 1978.

"Closing" means the closing of the purchase and sale of the Securities pursuant to this Agreement.

"Closing Date" means the day when all of the Transaction Documents have been executed and delivered by the applicable parties thereto, and all of the conditions set forth in Section 2.2 hereof are satisfied or waived, as the case may be, or such other date as the parties may agree.

"Code" means the Internal Revenue Code of 1986, including the regulations and published interpretations thereunder.

"Commission" has the meaning set forth in the Recitals.

"Common Shares" has the meaning set forth in the Recitals.

"Common Stock" has the meaning set forth in the Recitals and also includes any securities into which the Common Stock may hereafter be reclassified or changed.

"Company" has the meaning set forth in the Preamble.

"Company Counsel" means Nelson Mullins Riley & Scarborough LLP.

"Company Financial Statements" has the meaning set forth in Section 3.1(i).

"Company Reports" has the meaning set forth in Section 3.1(kk).

"Company's Knowledge" means with respect to any statement made to the knowledge of the Company, that the statement is based upon the actual knowledge of the executive officers of the Company having responsibility for the matter or matters that are the subject of the statement.

"Confirmation Order" has the meaning set forth in Section 2.2(a)(iv).

"Control" (including the terms "controlling," "controlled by" or "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise for purposes of the BHCA or the CIBC Act.

"Covered Person" has the meaning set forth in Section 3.1(tt).

"CRA" has the meaning set forth in Section 3.1(nn).

"Data Room" means the electronic data room prepared and maintained by the Company for purposes of this offering.

"Directive" means the Prompt Correction Action Directive Issued, Docket No. 15-025-PCA-SM, dated August 7, 2015, issued to the Bank by the Federal Reserve, as it may be amended, modified, or supplemented from time to time.

"Disclosure Materials" has the meaning set forth in Section 3.1(h).

"Disqualification Event" has the meaning set forth in Section 3.1(tt).

"Effective Date" means the date on which the initial Registration Statement required by Section 2(a) of the Registration Rights Agreement is first declared effective by the Commission.

"Environmental Laws" has the meaning set forth in Section 3.1(l).

"ERISA" has the meaning set forth in Section 3.1(rr).

"Escrow Agent" has the meaning set forth in Section 2.1(c).

"Escrow Agreement" has the meaning set forth in Section 2.1(c).

"Exchange Act" means the Securities Exchange Act of 1934 or any successor statute, and the rules and regulations promulgated thereunder.

"FDIC" means the Federal Deposit Insurance Corporation.

"Federal Reserve" means the Board of Governors of the Federal Reserve System.

"GAAP" means U.S. generally accepted accounting principles as applied by the Company.

"Governmental Entity" means any court, administrative agency, arbitrator, or commission or other governmental or regulatory authority or instrumentality, whether federal, state, local, or foreign, and any applicable industry self-regulatory organization or securities exchange.

"Initial Minimum Overbid" has the meaning set forth in Section 4.19(d).

"Initial Overbid" has the meaning set forth in Section 4.19.

"Insurer" has the meaning set forth in Section 3.1(pp).

"Intellectual Property" has the meaning set forth in Section 3.1(r).

"Investor Presentation" means that certain Confidential Presentation for Accredited Investors prepared by the Company, dated April 2017.

"Law" means any federal, state, county, municipal or local ordinance, permit, concession, grant, franchise, law, statute, code, rule or regulation or any judgment, ruling, order, writ, injunction or decree promulgated by any Governmental Entity.

"Legend Removal Date" has the meaning set forth in Section 4.1(c).

"Lien" means any lien, charge, claim, encumbrance, security interest, right of first refusal, preemptive right, mortgage, deed of trust, pledge, conditional sale agreement, restriction on transfer or other restrictions of any kind.

"Loan Investor" has the meaning set forth in Section 3.1(pp).

"Material Adverse Effect" means any event, circumstance, change or occurrence that has had or would reasonably be expected to have (i) a material and adverse effect on the legality, validity, or enforceability of any Transaction Document, (ii) a material and adverse effect on the results of operations, assets, properties, business, or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or (iii) any adverse impairment to the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document; provided, however, that clause (ii) shall not include the impact of (A) the Bankruptcy Case; (B) changes in banking and similar laws of general applicability or interpretations thereof by any applicable governmental authority, (C) changes in GAAP or regulatory accounting requirements applicable to banks and their holding companies generally, (D) changes in general economic conditions, including interest rates, affecting banks generally, or (E) the effects of any action or omission taken by the Company or the Bank with the prior written consent of the Purchaser, except, with respect to clauses (B), (C) and (D), to the extent that the effect of such changes has a material and disproportionate impact on the Company and the Subsidiaries, taken as a whole, relative to other similarly situated banks and their holding companies generally.

"Material Contract" means any of the following agreements of the Company or any of its Subsidiaries:

(1) any contract containing covenants that limit in any material respect the ability of the Company or any Company Subsidiary to compete in any line of business or with any person or which involve any material restriction of the geographical area in which, or method by which or with whom, the Company or any Company Subsidiary may carry on its business (other than as may be required by law or applicable regulatory authorities), and any contract that could require the disposition of any material assets or line of business of the Company or any Company Subsidiary;

(2) any joint venture, partnership, strategic alliance, or other similar contract (including any franchising agreement, but in any event excluding introducing broker agreements), and any contract relating to the acquisition or disposition of any material business or material assets (whether by merger, sale of stock or assets, or otherwise), which acquisition or disposition is not yet complete or where such contract contains continuing material obligations or contains continuing indemnity obligations of the Company or any of the Company Subsidiaries;

(3) any real property lease and any other lease with annual rental payments aggregating $100,000 or more;

(4) other than with respect to loans, any contract providing for, or reasonably likely to result in, the receipt or expenditure of more than $250,000 on an annual basis, including the payment or receipt of royalties or other amounts calculated based upon revenues or income;

(5) any contract or arrangement under which the Company or any of the Company Subsidiaries is licensed or otherwise permitted by a third party to use any Intellectual Property (as defined in Section 3.1(r)) that is material to its business (except for any "shrinkwrap" or "click through" license agreements or other agreements for software that is generally available to the public and has not been customized for the Company or any of the Company Subsidiaries) or under which a third party is licensed or otherwise permitted to use any Intellectual Property owned by the Company or any of the Company Subsidiaries;

(6) any contract that by its terms limits the payment of dividends or other distributions by the Company or any Company Subsidiary;

(7) any standstill or similar agreement pursuant to which any party has agreed not to acquire assets or securities of another person;

(8) any contract that would reasonably be expected to prevent, materially delay, or materially impede the Company's ability to consummate the transactions contemplated by this Agreement and the other Transaction Documents;

(9) any contract providing for indemnification by the Company or any Company Subsidiary of any person, except for immaterial contracts entered into in the ordinary course of business consistent with past practice;

(10) any contract that contains a put, call, or similar right pursuant to which the Company or any Company Subsidiary could be required to purchase or sell, as applicable, any equity interests or assets that have a fair market value or purchase price of more than $100,000; and

(11) any other contract or agreement that would be required to be filed as a "material contract" within the meaning of Item 601(b)(10) of Regulation S-K if the Common Stock was registered with the Commission pursuant to the Securities Act or the Exchange Act.

"Material Permits" has the meaning set forth in Section 3.1(p).

"Money Laundering Laws" has the meaning set forth in Section 3.1(ii).

"New York Courts" means the United States District Court for the Southern District of New York or the Supreme Court for the County of New York.

"NOL" has the meaning set forth in the Recitals.

"OCFR" means the Maryland Office of the Commissioner of Financial Regulation.

"OFAC" has the meaning set forth in Section 3.1(hh).

"OTC Pink" means the marketplace for trading over-the-counter stocks provided and operated by the OTC Market Group, Inc.

"Other Investors" has the meaning set forth in the Recitals.

"Outside Date" means 120 days following the date of this Agreement; provided that if such day is not a Business Day, the first day following such day that is a Business Day.

"Overbidder" has the meaning set forth in Section 4.19(d).

"Overbidder's Deposit" has the meaning set forth in Section 4.19(d).

"Person" means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, governmental authority, or any other form of entity not specifically listed herein.

"Prior Notice Letter" has the meaning set forth in the Recitals.

"Placement Agent" has the meaning set forth in the Recitals.

"Principal Trading Market" means the Trading Market on which the Common Stock is primarily quoted for trading, which, as of the date of this Agreement and the Closing Date, shall be the OTC Pink.

"Proceeding" means an action, claim, suit, investigation, or proceeding (including, without limitation, an investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Purchase Price" has the meaning set forth in the Recitals.

"Purchaser" has the meaning set forth in the Preamble.

"Qualified Overbidder" has the meaning set forth in 4.14(d).

"Registration Rights Agreement" has the meaning set forth in the Recitals.

"Registration Statement" means a registration statement meeting the requirements set forth in the Registration Rights Agreement and covering the resale by the Purchaser, which are Registrable Securities (as defined in the Registration Rights Agreement).

"Regulation D" has the meaning set forth in the Recitals.

"Regulatory Agreement" has the meaning set forth in Section 3.1(mm).

"Required Approvals" has the meaning set forth in Section 3.1(e).

"Resale Agreement" has the meaning set forth in the Recitals.

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule 144.

"Sale Hearing" has the meaning set forth in Section 4.19(c).

"Sale Motion" has the meaning set forth in Section 4.19(c).

"Secretary's Certificate" has the meaning set forth in Section 2.2(b)(xiii).

"Securities" has the meaning set forth in the Recitals.

"Securities Act" has the meaning set forth in the Recitals.

"Series A Preferred Stock" has the meaning set forth in the Recitals.

"Series B Preferred Stock" has the meaning set forth in the Recitals.

"Solicitor" has the meaning set forth in Section 3.1(tt).

"Stalking-Horse Bidder Fee" has the meaning set forth in Section 4.19(a).

"Stock Purchase Agreements" has the meaning set forth in the Recitals.

"Subscription Amount" means with respect to the Purchaser, the aggregate amount to be paid for the Securities purchased hereunder as indicated on the Purchaser's signature page to this Agreement next to the heading "Aggregate Purchase Price (Subscription Amount)."

"Subsidiary" means any entity in which the Company, directly or indirectly, owns 50% or more of the outstanding capital stock or otherwise has Control over such entity. For the avoidance of doubt, the Subsidiaries include the Bank and Cecil Bancorp Capital Trust I and Cecil Bancorp Capital Trust II, which are special purpose subsidiaries organized for the sole purpose of issuing trust preferred securities.

"TARP Exchange Agreement" has the meaning set forth in the Recitals.

"Tax" or "Taxes" mean (i) any federal, state, local or foreign income, gross receipts, property, sales, use, license, excise, franchise, employment, payroll, withholding, alternative or add on minimum, ad valorem, transfer or excise tax, or any other tax, custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or penalty, imposed by any Governmental Entity and (ii) any liability in respect of any items described in clause (i) above payable by reason of contract, assumption, transferee or successor liability, operation of law, Treasury Regulations Section 1.1502-6(a) (or any predecessor or successor thereof or analogous or similar provisions of Law) or otherwise.

"Tax Opinion" has the meaning set forth in Section 2.2(a)(iii).

"Tax Return" means any return, declaration, report or similar statement filed or required to be filed with respect to any Tax (including any attached schedules), including, without limitation, any information return, claim for refund, amended return or declaration of estimated Tax.

"Total Consideration" means the sum of the Gross Offering Proceeds plus $880,000.

"Trading Market" means whichever of the New York Stock Exchange, the NYSE Amex, the NASDAQ Global Select Market, the NASDAQ Global Market, the NASDAQ Capital Market, or the OTC Pink on which the Common Stock is listed or quoted for trading on the date in question.

"Transaction Documents" means this Agreement, the Schedules and Exhibits attached hereto, including the Registration Rights Agreement, the Prior Notice Letter and the Articles of Amendment, and any other documents or agreements executed by the Company or the Purchaser in connection with the transactions contemplated hereunder.

"Transfer Agent" means Computershare Limited (together with its Affiliates) or any successor transfer agent for the Company.

"Transferee Letter" has the meaning set forth in the Recitals.

"Treasury" has the meaning set forth in the Recitals.

"Trust Preferred Securities" has the meaning set forth in the Recitals.

"U.S. Sanctions Laws" has the meaning set forth in Section 3.2(p).

"Warrant" has the meaning set forth in the Recitals.

"Written Agreement" means the Written Agreement, Docket Nos. 10-044-WA/RB-HC and 10-044-WA/RB-SM, dated as of June 29, 2010, by and among the Company, the Bank, the Federal Reserve Bank of Richmond, and the OCFR, as it may be amended, modified, or supplemented from time to time.

ARTICLE II
PURCHASE AND SALE

2.1. **Closing**.

(a) **Purchase of Securities**. Subject to the terms and conditions set forth in this Agreement, at the Closing, the Company shall issue and sell to the Purchaser, and the Purchaser shall, purchase from the Company, the number of Securities set forth below the Purchaser's name on the signature page of this Agreement at a per share price equal to the Purchase Price.

(b) **Closing**. The Closing of the purchase and sale of the Securities pursuant to this Agreement shall take place at the offices of Company's counsel on the Closing Date or at such other locations or remotely by facsimile transmission or other electronic means as the parties may mutually agree.

(c) **Escrow**. Subject to a satisfactory pre-closing in form and substance satisfactory to the Purchaser, the Purchaser who does not require physical certificates to be held immediately prior to the Closing shall deliver to a third party escrow agent (the "Escrow Agent"), pursuant to a written escrow agreement between the Escrow Agent and the Company satisfactory to the Purchaser (the "Escrow Agreement"), its Subscription Amount, in U.S. dollars and in immediately available funds, in the amount indicated below the Purchaser's name on the applicable signature page hereto under the heading "Aggregate Purchase Price (Subscription Amount)" by wire transfer at least one Business Day prior to the Closing Date to the account provided by the Company.

(d) **Form of Payment**. Unless otherwise agreed to by the Company and the Purchaser or Other Investors (in each case as to itself only), on the Closing Date, (1) the Company shall deliver to the Purchaser one or more stock certificates (if physical certificates are required by the Purchaser to be held immediately prior to Closing; if not, then facsimile or ".pdf" copies of such certificates shall suffice for purposes of Closing with the original stock certificates to be delivered within two Business Days of the Closing Date), evidencing the number of Securities set forth on the Purchaser's signature page to this Agreement, and (2) upon receipt thereof, the Purchaser and Other Investors shall wire its Subscription Amount to the Company, in United States dollars and in immediately available funds.

2.2. **Closing Conditions**.

(a) **Conditions to Both Parties' Obligations**. The obligations of the Purchaser, on one hand, and the Company, on the other hand, are subject to the fulfillment and satisfaction on or before the Closing of each of the following conditions (unless waived in writing by the Purchaser) and the Company):

(i) (A) No provision of any applicable law or regulation and no judgment, injunction, order, decision or decree by any Governmental Entity or the Bankruptcy Court shall prohibit the Closing or shall prohibit or restrict the Purchaser from owning or voting any Securities and (B) no lawsuit or other proceeding shall have been commenced by any Governmental Entity seeking to effect any of the foregoing.

(ii) All Required Approvals shall have been obtained and shall be in full force and effect; provided, however, that, with respect to the Purchaser, (A) no Required Approval shall impose or contain any restraint or condition that would reasonably be expected to impair in any material respect the benefits to the Purchaser of the Purchaser's investment in the Company and (B) no Required Approval shall require any modification of governance arrangement with respect to, or impose any capital or other support requirements on the Purchaser (each, a "Burdensome Condition").

(iii) The Company shall have received, and shall have provided to the Purchaser: (i) a limited scope tax opinion (the "Tax Opinion") from KPMG, in substantially the form attached hereto as Exhibit D, documenting the effect of the transactions contemplated by the Transaction Documents with respect to the absence of an "ownership change" for purposes of Section 382 of the

Code, (ii) the numerical analysis identifying the testing dates evaluated in the Tax Opinion during the applicable analysis period, the ownership interest held by each shareholder and the ownership change percentage associated with each testing date, (iii) a comprehensive list of all assumptions and Company representations relied upon by KPMG in preparing the Tax Opinion, and (iv) a copy of all source documentation relied upon by KPMG in preparing the Tax Opinion.

(iv) The Plan of Reorganization shall have been confirmed by the entry of a Final Order of the Bankruptcy Court in a form and manner that is materially consistent with the transactions contemplated by this Agreement (the "Confirmation Order").

(b) **Conditions to the Purchaser's Obligations**. The obligations of the Purchaser hereunder are subject to the fulfillment and satisfaction on or before the Closing of each of the following conditions (unless waived in writing by the Purchaser):

(i) The representations and warranties of the Company set forth in Section 3.1 of this Agreement shall be true and correct in all material respects as of the date when made and as of the Closing Date, as though made on and as of such date, except for such representations and warranties that speak as of a specific date.

(ii) The Company shall have performed, satisfied and complied in all material respects with all covenants, agreements, and conditions required by the Transaction Documents to be performed, satisfied, or complied with by it at or prior to the Closing.

(iii) The Company shall deliver to the Purchaser at Closing a certificate dated as of the Closing Date and signed by its President and Chief Executive Officer or its Chief Financial Officer, substantially in the form attached hereto as Exhibit F.

(iv) The Company shall deliver to the Purchaser a legal opinion of Company counsel, dated as of the Closing Date and in the form attached as Exhibit C, executed by such counsel and addressed to the Purchaser;

(v) The gross proceeds to the Company from sales of the Common Stock and Non-Voting Common Stock shall be not less than $30,000,000 and not more than $35,000,000, with such subscription funds having been previously accepted by the Company or placed in escrow and subject to release from escrow to the Company contingent only upon the Closing.

(vi) All conditions pursuant to the TARP Exchange Agreement under the Plan of Reorganization shall have been satisfied (other than the simultaneous consummation of the other Transactions), and the Company shall consummate transactions contemplated under the TARP Exchange Agreement pursuant to the Plan of Reorganization simultaneously with the consummation of the Common Stock Offering.

(vii) All conditions to the Trups Redemption under the Plan of Reorganization shall have been satisfied (other than the simultaneous consummation of the Transactions), and the Company shall consummate the Trups Redemption under the Plan of Reorganization simultaneously with the consummation of the Common Stock Offering.

(viii) All conditions to the Common Stock Buyback under the Plan of Reorganization shall have been satisfied (other than the simultaneous consummation of the Transactions), and the Company shall consummate the Common Stock Buyback under the Plan of Reorganization simultaneously with the consummation of the Common Stock Offering.

(ix) The Confirmation Order shall have entered and the Effective Date of the Plan of Reorganization shall have occurred; provided that the confirmed Plan of Reorganization, and the related Confirmation Order, shall (A) not contain any terms that are materially inconsistent with this Agreement, and (B) not contain any terms or conditions that would reasonably be expected to impair in any material respect the benefits to the Purchaser of the transactions contemplated by this Agreement.

(x) The purchase of the Common Shares by the Purchaser shall not cause the Purchaser, together with any other person whose Company securities would be aggregated with the Purchaser's Company securities for purposes of any banking regulation or law, to collectively be deemed to own, control or have the power to vote securities which would represent more than 9.9% of any class of voting securities of the Company outstanding at such time.

(xi) Excluding the transactions contemplated by this Agreement, since March 31, 2017 no fact, change, condition, development, circumstance or effect shall have occurred that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

(xii) The Company shall have delivered a duly-executed copy of the Registration Rights Agreement to the Purchaser.

(xiii) The Company shall have delivered a certificate of the Secretary of the Company, in the form attached hereto as Exhibit E (the "Secretary's Certificate"), dated as of the Closing Date, (a) certifying the resolutions adopted by the board of directors of the Company approving the transactions contemplated by this Agreement and the other Transaction Documents and the issuance of the Securities pursuant to this Agreement and the other Transaction Documents and the Securities pursuant to the Stock Purchase Agreements, (b) certifying the current versions of the Articles of Incorporation and Bylaws of the Company, (c) certifying as to the signatures and authority of persons signing the Transaction Documents and related documents on behalf of the Company, and (d) attaching a Certificate of Existence for each of the Company and the Bank from the Secretary of State of the State of Maryland as of a recent date.

(xiv) The Company shall have filed the articles of amendment to the Articles of Incorporation with the Secretary of State of the State of Maryland (and the Secretary of State shall have issued a file-stamped copy evidencing the effectiveness of the articles of amendment) in the form attached hereto as Exhibit G (the "Articles of Amendment"), setting forth the terms of the Non-Voting Common Stock.

(xv) The Company shall have delivered to the Purchaser the Securities, as evidenced by one or more certificates dated the Closing Date and bearing the appropriate legends as set forth herein and free and clear of all Liens.

(xvi) Close the sale of, or otherwise resolve, approximately $18.5 million in non-performing loans (provided that the legal balance for such non-performing loan balances may be lower at the time of sale or resolution) with no more than $4.1 million in discounts (the "Asset Sale").

(c) **Conditions to the Company's Obligations**. The obligations of the Company hereunder are subject to the fulfillment and satisfaction on or before the Closing of each of the following conditions (unless waived in writing by the Company):

(i) The representations and warranties of the Purchaser in Section 3.2 shall

be true and correct in all material respects when made and as of the Closing Date.

(ii) The Purchaser shall have performed all obligations, covenants and agreements of the Purchaser required to be performed at or prior to the Closing Date.

(iii) The Purchaser shall deliver to the Company at Closing a certificate stating that the conditions specified in Section 2.2(c)(i) and (ii) have been fulfilled.

(iv) The Confirmation Order shall have entered and the Effective Date of the Plan of Reorganization shall have occurred; provided that the confirmed Plan of Reorganization, and the related Confirmation Order, shall (A) not contain any terms that are materially inconsistent with this Agreement, and (B) not contain any terms or conditions that would reasonably be expected to impair in any material respect the benefits to the Company of the transactions contemplated by this Agreement.

(v) The Purchaser shall have delivered the sum provided on the signature page attached hereto in immediately available funds by wire transfer to an account specified by the Company or by other means reasonably acceptable to the Company, as consideration for the Securities; provided that, subject to a satisfactory pre-closing in form and substance satisfactory to the Purchaser, the Purchaser that does not require physical possession of a stock certificate prior to funding shall deliver to the Escrow Agent, pursuant to the Escrow Agreement, its Subscription Amount, in U.S. dollars and in immediately available funds, in the amount indicated below the Purchaser's name on the applicable signature page hereto under the heading "Aggregate Purchase Price (Subscription Amount)" by wire transfer at least one Business Day prior to the Closing Date to the account provided by the Company.

(vi) The Purchaser shall have delivered a duly-executed copy of the Registration Rights Agreement to the Company.

(vii) The Purchaser shall have fully completed and duly executed the Accredited Investor Questionnaire reasonably satisfactory to the Company, in the form attached as Exhibit B, respectively.

(viii) The Purchaser shall have delivered a duly-executed copy of the Prior Notice Letter to the Company.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

3.1. **Representations and Warranties of the Company**. The Company hereby represents and warrants as of the date hereof and as of the Closing Date, except for the representations and warranties that speak as of a specific date, which shall be made as of such date and qualified as set forth on the Disclosure Schedules attached to this Agreement, and with the stated general exception that to the extent after the commencement of the Bankruptcy Case, any act shall require the entry of an order authorizing that act, that those representations and warranties shall be expressly subject to the entry of the appropriate Bankruptcy Court order, to the Purchaser that:

(a) **Subsidiaries**. The Company has no direct or indirect Subsidiaries except as set forth in Schedule 3.1(a). The Company owns, directly or indirectly, all of the capital stock (except for any preferred securities issued by Subsidiaries that are trusts) or comparable equity interests of each Subsidiary free and clear of any and all Liens, and all the issued and outstanding shares of capital stock or

comparable equity interest of each Subsidiary are validly issued and are fully paid, non-assessable, and free of preemptive and similar rights to subscribe for or purchase securities.

(b) **Organization and Qualification**. The Company and each of its Subsidiaries is an entity duly incorporated or otherwise organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation or organization (as applicable), with the requisite power and authority to own or lease and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation of any of the provisions of its respective certificate or articles of incorporation, bylaws, or other organizational or charter documents. The Company and each of its Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, would not in the reasonable judgment of the Company be expected to have a Material Adverse Effect. The Company is duly registered as a bank holding company under the Bank Holding Company Act of 1956 (the "BHCA"). The Bank is the Company's only Subsidiary banking institution. The Bank's deposit accounts are insured up to applicable limits by the FDIC, and all premiums and assessments required to be paid in connection therewith have been paid when due. The Company has conducted its business in compliance with all applicable federal, state and foreign laws, orders, judgments, decrees, rules, regulations, and applicable stock exchange requirements, including all laws and regulations restricting activities of bank holding companies and banking organizations, in all material respects except as disclosed in Schedule 3.1(b).

(c) **Authorization; Enforcement; Validity**. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and the Stock Purchase Agreements and otherwise to carry out its obligations hereunder and thereunder, including, without limitation, to issue the Securities in accordance with the terms hereof and to issue the shares of Common Stock in accordance with the terms of the Stock Purchase Agreement and the TARP Exchange Agreement. The Company's execution and delivery of each of the Transaction Documents, the Stock Purchase Agreements, and the TARP Exchange Agreement and the consummation by it of the transactions contemplated hereby and thereby (including, but not limited to, the sale and delivery of the Securities pursuant to this Agreement and the other Transaction Documents and the Common Stock issued pursuant to the Stock Purchase Agreements and the TARP Exchange Agreement) have been duly authorized by all necessary corporate action on the part of the Company, and no further corporate action is required by the Company, its board of directors, or its shareholders in connection therewith other than in connection with the Required Approvals. Each of the Transaction Documents, the Stock Purchase Agreements and the TARP Exchange Agreement has been (or upon delivery will have been) duly executed by the Company and is, or when delivered in accordance with the terms hereof or thereof, will constitute the legal, valid, and binding obligation of the Company enforceable against the Company in accordance with its terms, except (i) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application, (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, and (iii) insofar as indemnification and contribution provisions may be limited by applicable law. There are no shareholder agreements, voting agreements, or other similar arrangements with respect to the Company's capital stock to which the Company is a party or, to the Company's Knowledge, between or among any of the Company's shareholders.

(d) **No Conflicts**. The execution, delivery, and performance by the Company of the Transaction Documents, the Stock Purchase Agreements, and the TARP Exchange Agreement and the consummation by the Company of the transactions contemplated hereby or thereby (including, without

limitation, the issuance of the Securities pursuant to this Agreement and the other Transaction Documents, the Stock Purchase Agreements, and the TARP Exchange Agreement) do not and will not, subject to receipt of the Required Approvals, (i) conflict with or violate any provisions of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws, or otherwise result in a violation of the organizational documents of the Company or any Subsidiary, (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would result in a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary or give to others any rights of termination, amendment, acceleration, or cancellation (with or without notice, lapse of time or both) of, any agreement, indenture or instrument to which the Company or any Subsidiary is a party, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree, or other restriction of any court or governmental authority to which the Company is subject (including federal and state securities laws and regulations and the rules and regulations thereunder, assuming, without investigation, the correctness of the representations and warranties made by the Purchaser herein and by the Other Investors in the Stock Purchase Agreements, of any self-regulatory organization to which the Company or its securities are subject, including all applicable Trading Markets), or by which any property or asset of the Company is bound or affected, except in the case of clauses (ii) and (iii) such as would not have or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(e) **Filings, Consents and Approvals**. Neither the Company nor any of its Subsidiaries is required to obtain any consent, waiver, authorization, or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local, or other governmental authority, self-regulatory organization, or other Person in connection with the execution, delivery, and performance by the Company of the Transaction Documents, the Stock Purchase Agreements, and the TARP Exchange Agreement (including, without limitation, the issuance of the Securities pursuant to this Agreement and the other Transaction Documents, the Stock Purchase Agreements, and the TARP Exchange Agreement), other than (i) the filing of the Bankruptcy Case, (ii) the filing with the Commission of one or more Registration Statements in accordance with the requirements of the Registration Rights Agreement, if applicable, (iii) filings required by any applicable state securities laws, (iv) the filing of a Notice of Exempt Offering of Securities on Form D with the Commission under Regulation D of the Securities Act, (v) the filing of any requisite notices and/or application(s) to the Principal Trading Market, if applicable, for the issuance, sale, and listing or quotation of the Common Shares for trading or quotation, as the case may be, thereon in the time and manner required thereby, (vi) the filings required in accordance with Section 4.2 of this Agreement, (vii) the filing of any applicable notices and/or applications to or the receipt of any applicable consents or non-objections from the state or federal bank regulatory authorities that govern the Company or the Bank, (viii) the filing of the Articles of Amendment to create Non-Voting Common Stock; and (ix) those that have been made or obtained prior to the date of this Agreement (collectively, the "Required Approvals"). The Company is unaware of any facts or circumstances relating to the Company or its Subsidiaries which would be likely to prevent the Company from obtaining or effecting any of the foregoing.

(f) **Issuance of the Shares**. The issuance of the Securities has been duly authorized and the Securities, when issued and paid for in accordance with the terms of the Transaction Documents, will be duly and validly issued, fully paid, and non-assessable and free and clear of all Liens, other than restrictions on transfer imposed by applicable securities laws, restrictions contemplated by this Agreement and Liens, if any, created by the Purchaser, and shall not be subject to preemptive or similar rights. Assuming the accuracy of the representations and warranties of the Purchaser in this Agreement and the Other Investors in the Stock Purchase Agreements, the Securities will be issued in compliance with all applicable federal and state securities laws.

(g) **Capitalization**.

(i) The authorized capital stock of the Company consists of (i) 1,000,000,000 shares of Common Stock, and (ii) 1,000,000 shares of serial preferred stock, of which 11,560 shares are designated as the Series A Preferred Stock and 305,232 shares are designated as the Series B Preferred Stock. As of the date of this Agreement, there were 9,481,187 shares of Common Stock outstanding and 11,560 shares of preferred stock outstanding, which consists of 11,560 shares of Series A Preferred Stock and zero shares of Series B Preferred Stock. All of the outstanding shares of capital stock of the Company are duly authorized, validly issued, fully paid and non-assessable, have been issued in compliance in all material respects with all applicable federal and state securities laws, and none of such outstanding shares were issued in violation of any preemptive rights or similar rights to subscribe for or purchase any capital stock of the Company. The shares of Non-Voting Common Stock will, upon approval by the Bankruptcy Court and filing of the related amendment to the Articles of Incorporation with the Secretary of State of the State of Maryland, have been duly authorized by all necessary corporate action and when so issued upon such conversion or exercise will be validly issued, fully paid and non-assessable, and free of preemptive rights except for those stated herein. The Company will reserve, free of any preemptive or similar rights of shareholders of the Company, a number of unissued shares of Common Stock, sufficient to issue and deliver the Common Stock into which the Non-Voting Common Stock is convertible. Except as set forth in Schedule 3.1(g), (i) no shares of the Company's outstanding capital stock are subject to preemptive rights or any other similar rights; (ii) there are no outstanding options, warrants, scrip, rights to subscribe to, calls, or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any shares of capital stock of the Company, or contracts, commitments, understandings or arrangements by which the Company is or may become bound to issue additional shares of capital stock of the Company or options, warrants, scrip, rights to subscribe to, calls, or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any shares of capital stock of the Company; (iii) there are no material outstanding debt securities, notes, credit agreements, credit facilities or other agreements, documents or instruments evidencing indebtedness of the Company or by which the Company is bound; (iv) except for the Registration Rights Agreement, there are no agreements or arrangements under which the Company is obligated to register the sale of any of its securities under the Securities Act; (v) there are no outstanding securities, instruments, agreements, commitments, understandings, or arrangements of the Company that contain any redemption or similar provisions, and there are no contracts, commitments, understandings, or arrangements by which the Company is or may become bound to redeem a security of the Company or any of its Subsidiaries; and (vi) the Company does not have any stock appreciation rights or "phantom stock" plans or agreements or any similar plan or agreement. There are no securities or instruments issued by or to which the Company is a party containing anti-dilution or similar provisions that will be triggered by the issuance of the Securities pursuant to this Agreement and the other Transaction Documents or the Securities issued pursuant to the Stock Purchase Agreements.

(ii) Immediately following the Closing, (i) 629,552,976 shares of Common Stock, (ii) 120,447,024 shares of Non-Voting Common Stock and (iii) no shares of preferred stock will be issued and outstanding.

(h) **Disclosure Materials**. None of the Investor Presentation, the information in the Data Room, this Agreement, including the Schedules and Exhibits hereto, the Disclosure Schedules, and any certificates furnished pursuant to this Agreement (collectively, the "Disclosure Materials"), contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(i) **Financial Statements**. The audited consolidated balance sheets of the Company and its Subsidiaries as of December 31, 2016, 2015 and 2014 and related consolidated statements of

operations, changes in comprehensive income, changes in shareholders' equity and cash flows for the three years ended December 31, 2016, together with the notes thereto, and the unaudited consolidated balance sheets of the Company and its Subsidiaries as of March 31, 2017, and related consolidated statements of operations for the three months then ended (collectively, the "Company Financial Statements") have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (have been prepared in accordance with GAAP applied on a consistent basis during the periods involved, except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the balance sheet and results of operations of the Company and its consolidated Subsidiaries taken as a whole as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, year-end audit adjustments, which would not be material, either individually or in the aggregate.

(j) **Tax Matters**. The Company and each of its Subsidiaries has (i) filed all material foreign, U.S. federal, state and local Tax Returns that are or were required to be filed, and all such Tax Returns are true, correct and complete in all material respects, (ii) paid all material Taxes required to be paid by it and any other material assessment, fine or penalty levied against it, other than any such amounts (x) currently payable without penalty or interest, or (y) being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP; (iii) timely withheld, collected or deposited as the case may be all material Taxes (determined both individually and in the aggregate) required to be withheld, collected or deposited by it, and to the extent required, have been paid to the relevant taxing authority in accordance with applicable Law; and (iv) complied with all applicable information reporting requirements in all material respects. Neither the Company nor any Subsidiary (i) is subject to any outstanding audit, assessment, dispute or claim concerning any material Tax liability of the Company or any of its Subsidiaries either within the Company's Knowledge or claimed, pending or raised by an authority in writing; (ii) is a party to, bound by or otherwise subject to any obligation under any Tax sharing or Tax indemnity agreement or similar contract or arrangement (other than an agreement, similar contract or arrangement to which only the Company and its Subsidiaries are parties); (iii) has participated in a "listed transaction" within the meaning of Treasury Regulation Section 1.6011- 4(b)(2); or (iv) has any liability for Taxes of any Person arising from the application of Treasury Regulation Section 1.1502-6 or any analogous provision of state, local or foreign Law, or as a transferee or successor, by contract, or otherwise. No claim has been made by a tax authority in a jurisdiction where the Company or any Subsidiary does not pay Taxes or file Tax Returns asserting that the Company or any Subsidiary is or may be subject to Taxes assessed by such jurisdiction. Neither the Company nor any Subsidiary will be required to include any item of income in, or exclude any item of deduction from, taxable income for any period (or any portion thereof) ending after the Closing as a result of any: (1) installment sale or other open transaction disposition made on or prior to the Closing; (2) prepaid amount received on or prior to the Closing; (3) written and legally binding agreement with a governmental authority relating to taxes for any taxable period ending on or before the Closing; (4) change in method of accounting in any taxable period ending on or before the Closing; or (5) election under Section 108(i) of the Code.

(k) **Material Changes**. Since December 31, 2016, except as disclosed in the unaudited consolidated balance sheets of the Company and its Subsidiaries as of March 31, 2017, and related consolidated statements of operations for the three months then ended or otherwise disclosed in Schedule 3.1(k), (i) there have been no events, occurrences, or developments that have had or would reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, (ii) the Company has not incurred any material liabilities (contingent or otherwise) other than (A) trade payables, accrued expenses, and other liabilities incurred in the ordinary course of business consistent with past practice, and (B) liabilities not required to be reflected in the Company Financial Statements pursuant to GAAP, (iii) the Company has not altered materially its method of accounting or the manner in which it keeps its

accounting books and records, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its shareholders or purchased, redeemed, or made any agreements to purchase or redeem any shares of its capital stock, (v) the Company has not issued any equity securities to any officer, director, or Affiliate, (vi) there has not been any material change or amendment to, or any waiver of any material right by the Company under, any Material Contract under which the Company or any of its Subsidiaries is bound or subject, and (vii) to the Company's Knowledge, there has not been a material increase in the aggregate dollar amount of (A) the Bank's nonperforming loans (including nonaccrual loans and loans 90 days or more past due and still accruing interest) or (B) the reserves or allowances established on the Company's or the Bank's financial statements with respect thereto. Except for the transactions contemplated by this Agreement and the Stock Purchases Agreements or as otherwise disclosed in Schedule 3.1(k), no event, liability, or development has occurred or exists with respect to the Company or its Subsidiaries or their respective business, properties, operations, or financial condition that has materially affected or would reasonably be expected to materially affect, either individually or in the aggregate, the information as presented to the Purchaser in connection with the offering of the Securities.

(l) **Environmental Matters**. To the Company's Knowledge, neither the Company nor any of its Subsidiaries (i) is in violation of any Law of any Governmental Entity relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "Environmental Laws"), (ii) is liable for any off-site disposal or contamination pursuant to any Environmental Laws, (iii) owns or operates any real property contaminated with any substance that is in violation of any Environmental Laws or (iv) is subject to any claim relating to any Environmental Laws; in each case, which violation, contamination, liability or claim has had or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; and there is no pending or, to the Company's Knowledge, threatened investigation that might lead to such a claim. To the Company's Knowledge, except as would not result in a Material Adverse Effect, there are no circumstances or conditions (including the presence of asbestos, underground storage tanks, lead products, polychlorinated biphenyls, prior manufacturing operations, dry-cleaning or automotive services) involving the Company or any of its Subsidiaries, or any currently or formerly owned or operated property of the Company or any of its Subsidiaries, that could reasonably be expected to result in any claim, liability, investigation, cost or restriction against the Company or any of its Subsidiaries, or result in any restriction on the ownership, use, or transfer of any property pursuant to any Environmental Law, or adversely affect the value of any currently owned property of the Company or any of its Subsidiaries.

(m) **Litigation**. There is no Action pending or, to the Company's Knowledge, threatened, which (i) adversely affects or challenges the legality, validity, or enforceability of any of the Transaction Documents, the issuance of Securities pursuant to this Agreement and the other Transaction Documents or the Securities issued pursuant to the Stock Purchase Agreements or (ii) except as disclosed in Schedule 3.1(m), is reasonably likely to be material to the Company or any Subsidiary, individually or in the aggregate, if there were an unfavorable decision. Except as disclosed in Schedule 3.1(m), neither the Company nor any Subsidiary, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty nor is any Action, to the Company's Knowledge, currently threatened. There is no Action by the Company or any Subsidiary pending or which the Company or any Subsidiary intends to initiate (other than collection or similar claims in the ordinary course of business). Except as disclosed in Schedule 3.1(m), there has not been, and to the Company's Knowledge there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company. With the exception of the Directive and the Written Agreement, there are no outstanding orders, judgments, injunctions, awards or decrees of any court, arbitrator or governmental or regulatory body against the Company or any executive officers or directors of the

Company in their capacities as such, which individually or in the aggregate, would reasonably be expected to be material to the Company or any Subsidiary.

(n) **Employment Matters**. No labor dispute exists or, to the Company's Knowledge, is imminent with respect to any of the employees of the Company or any Company Subsidiary which would have or reasonably be expected to have a Material Adverse Effect. None of the employees of the Company or any Company Subsidiary is a member of a union that relates to such employee's relationship with the Company or any Company Subsidiary, and neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement, and the Company and each Subsidiary believes that its relationship with its employees is good. To the Company's Knowledge, there is no activity involving any of the employees of the Company or any Company Subsidiary seeking to certify a collective bargaining unit or similar organization. To the Company's Knowledge, no executive officer is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of a third party, and to the Company's Knowledge, the continued employment of each such executive officer does not subject the Company or any Company Subsidiary to any liability with respect to any of the foregoing matters. The Company and each of its Subsidiaries are in compliance with all Laws and regulations relating to employment and employment practices, immigration, terms and conditions of employment and wages and hours, except where the failure to be in compliance would not have or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. As of the date of this Agreement, except as otherwise disclosed in Schedule 3.1(n), no material employee has given notice to the Company or any of its Subsidiaries of his or her intent to terminate his or her employment or service relationship with the Company or any of its Subsidiaries. The Company and its Subsidiaries are in material compliance with all Laws concerning the classification of employees and independent contractors and have properly classified all such individuals for purposes of participation in employee benefit plans.

(o) **Compliance**. Neither the Company nor any of its Subsidiaries (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any of its Subsidiaries under), nor has the Company or any of its Subsidiaries received written notice of a claim that it is in default under or that it is in violation of, any Material Contract (whether or not such default or violation has been waived), (ii) is in violation of any order (other than the Directive and the Written Agreement) of which the Company has been made aware in writing of any court, arbitrator, or governmental body having jurisdiction over the Company or its Subsidiaries or their respective properties or assets, (iii) is in violation of, or in receipt of written notice that it is in violation of, any statute, rule, regulation, policy, guideline, or order (other than the Directive and the Written Agreement) of any governmental authority or self-regulatory organization (including the Principal Trading Market) applicable to the Company or any of its Subsidiaries, or which would have the effect of revoking or limiting FDIC deposit insurance, except in each case as would not have or reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(p) **Regulatory Permits**. The Company and each of its Subsidiaries possess or have applied for all certificates, authorizations, consents, and permits issued by the appropriate federal, state, local, or foreign regulatory authorities necessary to conduct their respective businesses as currently conducted, except where the failure to possess such certificates, authorizations, consents, or permits, individually or in the aggregate, has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect ("Material Permits"), and (i) neither the Company nor any of its Subsidiaries has received any notice in writing of proceedings relating to the revocation or material adverse modification of any such Material Permits, and (ii) the Company is unaware of any facts or circumstances that would give rise to the revocation or material adverse modification of any Material Permits.

(q) **Title to Assets**. The Company and its Subsidiaries have good and marketable title to all real property and tangible personal property owned by them which is material to the business of the Company and its Subsidiaries, taken as a whole, in each case free and clear of all Liens, except such as do not materially affect the value of such property or do not interfere with the use made and proposed to be made of such property by the Company and any of its Subsidiaries. Any real property and facilities held under lease by the Company and any of its Subsidiaries are held by them under valid, subsisting, and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and facilities by the Company and its Subsidiaries. No notice of a claim of default by any party to any lease entered into by the Company or any of its Subsidiaries has been delivered to either the Company or any of its Subsidiaries or is now pending, and there does not exist any event or circumstance that with notice or passing of time, or both, would constitute a default or excuse performance by any party thereto. None of the owned or leased premises or properties of the Company or any of its Subsidiaries is subject to any current or potential interests of third parties or other restrictions or limitations that would impair or be inconsistent in any material respect with the current use of such property by the Company or any of its Subsidiaries, as the case may be.

(r) **Patents and Trademarks**. The Company and its Subsidiaries own, possess, license, or have other rights to use all foreign and domestic patents, patent applications, trade and service marks, trade and service mark registrations, trade names, copyrights, inventions, trade secrets, technology, Internet domain names, know-how, and other intellectual property (collectively, the "Intellectual Property") necessary for the conduct of their respective businesses as now conducted or as proposed to be conducted except where the failure to own, possess, license, or have such rights would not have or reasonably be expected to have a Material Adverse Effect. Except where such violations or infringements would not have or reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect, (a) there are no rights of third parties to any such Intellectual Property, (b) there is no infringement by third parties of any such Intellectual Property, (c) there is no pending or threatened action, suit, proceeding, or claim by others challenging the Company's and its Subsidiaries' rights in or to any such Intellectual Property, (d) there is no pending or threatened action, suit, proceeding, or claim by others challenging the validity or scope of any such Intellectual Property, and (e) there is no pending or threatened action, suit, proceeding, or claim by others that the Company and/or any Subsidiary infringes or otherwise violates any patent, trademark, copyright, trade secret, or other proprietary rights of others.

(s) **Insurance**. The Company and each of the Subsidiaries are, and following the Closing Date will remain, insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as the Company reasonably believes to be prudent and customary in the businesses and locations in which and where the Company and the Subsidiaries are engaged. The Company and the Company Subsidiaries have not been refused any insurance coverage sought or applied for, and the Company and the Company Subsidiaries do not have any reason to believe that they will not be able to renew their existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue their business at a cost that would not have a Material Adverse Effect. All premiums due and payable under all such policies and bonds have been timely paid, and the Company and its Subsidiaries are in material compliance with the terms of such policies and bonds. Neither the Company nor any of its Subsidiaries has received any notice of cancellation of any such insurance, nor, to the Company's Knowledge, will it or any Subsidiary be unable to renew their respective existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would be materially higher than their existing insurance coverage. The Company (i) maintains directors' and officers' liability insurance and fiduciary liability insurance with financially sound and reputable insurance companies with benefits and levels of coverage as disclosed in Schedule 3.1(s), (ii) has timely

paid all premiums on such policies, and (iii) there has been no lapse in coverage during the term of such policies.

(t) **Transactions with Affiliates and Employees**. Except as set forth in Schedule 3.1(t), none of the officers or directors of the Company and, to the Company's Knowledge, none of the employees or Affiliates of the Company, is presently a party to any contract, arrangement or transaction with the Company (other than for services as employees, officers and directors) that would be required to be disclosed pursuant to Item 404 of Regulation S-K promulgated under the Securities Act if the Common Stock was required to be registered with the Commission under the Securities Act or the Exchange Act.

(u) **Internal Control over Financial Reporting**. Since December 31, 2016, the Company has not been advised of any material deficiencies in the design or operation of internal control over financial reporting or any fraud, whether or not material, that involves management. Since December 31, 2016, no material weakness in internal control over financial reporting has been identified by the Company's auditors, and since the date of the most recent evaluation thereof, there have been no significant changes in internal control over financial reporting that could reasonably be expected to materially and adversely affect internal control over financial reporting.

(v) **Certain Fees**. Except as set forth in Schedule 3.1(v), no Person will have, as a result of the transactions contemplated by this Agreement, any valid right, interest, or claim against or upon the Company, any Subsidiary or the Purchaser for any commission, fee, or other compensation pursuant to any agreement, arrangement, or understanding entered into by or on behalf of the Company or any Subsidiary.

(w) **Private Placement**. Assuming the accuracy of the Purchaser's representations and warranties set forth in Section 3.2 of this Agreement and the accuracy of the information disclosed in the Accredited Investor Questionnaires and the accuracy of the Other Investors representation and warranties set forth in the Stock Purchase Agreements, no registration under the Securities Act is required for the offer and sale of the Securities by the Company to the Purchaser under the Transaction Documents or the Securities to the Other Investors pursuant to the Stock Purchase Agreement. The issuance and sale of the Securities hereunder and the Securities pursuant to the Stock Purchase Agreements does not contravene the rules and regulations of the Principal Trading Market.

(x) **Registration Rights**. Other than the Purchaser and the Other Investors, no Person has any right to cause the Company or any Subsidiary to effect the registration under the Securities Act of any securities of the Company or any Subsidiary.

(y) **No Integrated Offering**. Assuming the accuracy of the Purchaser's representations and warranties set forth in Section 3.2 and the accuracy of the Other Investors' representations and warranties set forth in the Stock Purchase Agreements, none of the Company, its Subsidiaries nor, to the Company's Knowledge, any of its Affiliates or any Person acting on its behalf has, directly or indirectly, at any time within the past six months, made any offers or sales of any Company security or solicited any offers to buy any security under circumstances that would eliminate the availability of the exemption from registration under Regulation D under the Securities Act in connection with the offer and sale by the Company of the Securities as contemplated hereby.

(z) **Listing and Maintenance Requirements**. The Company has not, in the 12 months preceding the date hereof, received written notice from any Trading Market on which the Common Stock is listed or quoted to the effect that the Company is not in compliance with the listing or maintenance

requirements of such Trading Market. The Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance in all material respects with the listing and maintenance requirements for continued trading of the Common Stock on the Principal Trading Market.

(aa) **Investment Company**. Neither the Company nor any of its Subsidiaries is required to be registered as, and is not an Affiliate of, and immediately following the Closing will not be required to register as, an "investment company" within the meaning of the Investment Company Act of 1940.

(bb) **Unlawful Payments**. Neither the Company nor any of its Subsidiaries, nor to the Company's Knowledge, any directors, officers, employees, agents, or other Persons acting at the direction of or on behalf of the Company or any of its Subsidiaries has, in the course of its actions for, or on behalf of, the Company or any of its Subsidiaries (a) directly or indirectly, used any corporate funds for unlawful contributions, gifts, entertainment, or other unlawful expenses relating to foreign or domestic political activity, (b) made any direct or indirect unlawful payments to any foreign or domestic governmental officials or employees or to any foreign or domestic political parties or campaigns from corporate funds, (c) violated any provision of the Foreign Corrupt Practices Act of 1977, or (d) made any other unlawful bribe, rebate, payoff, influence payment, kickback, or other material unlawful payment to any foreign or domestic government official or employee.

(cc) **Application of Takeover Protections; Rights Agreements**. The Company has not adopted any shareholder rights plan or similar arrangement relating to accumulations of beneficial ownership of its Common Stock or a Change in Control of the Company. The Company and its board of directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement), or other similar anti-takeover provision under the Company's Articles of Incorporation or other organizational documents or the laws of the jurisdiction of its incorporation or otherwise which is or could become applicable to the Purchaser solely as a result of the transactions contemplated by this Agreement or to any of the Other Investors solely as a result of the transactions contemplated by the Stock Purchase Agreements, including, without limitation, the Company's issuance of the Securities and the Purchaser's ownership of the Securities, the Company's issuance of the Securities to any of the Other Investors, and any of the Other Investors' ownership of shares of the Securities.

(dd) **No Undisclosed Liabilities.** There are no material liabilities or obligations of the Company or any of the Subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable, or otherwise, except for (i) liabilities appropriately reflected or reserved against in accordance with GAAP in the Company's audited balance sheet or that are otherwise disclosed in the footnotes to the financial statements for the year ended December 31, 2016, and (ii) liabilities that have arisen in the ordinary and usual course of business and consistent with past practice since December 31, 2016.

(ee) **Off Balance Sheet Arrangements**. There is no transaction, arrangement, or other relationship between the Company (or any Subsidiary) and an unconsolidated or other off- balance sheet entity that is required to be disclosed by the Company in the Company Financial Statements and is not so disclosed.

(ff) **Acknowledgment Regarding Purchaser's Purchase of Securities**. The Company acknowledges and agrees that Purchaser is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated hereby and thereby. The Company further acknowledges that the Purchaser is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by the Purchaser or any of their respective representatives or

agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchaser's purchase of the Securities.

(gg) **Absence of Manipulation**. The Company has not, and to the Company's Knowledge no one acting on its behalf has, taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities.

(hh) **OFAC**. Neither the Company nor any Subsidiary nor, to the Company's Knowledge, any director, officer, agent, employee, Affiliate, or Person acting on behalf of the Company or any Subsidiary is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the Treasury ("OFAC"), and the Company will not knowingly use the proceeds of the sale of the Securities towards any sales or operations in Cuba, Iran, Syria, Sudan, Myanmar, or any other country sanctioned by OFAC or for the purpose of financing the activities of any Person currently subject to any U.S. sanctions administered by OFAC.

(ii) **Money Laundering Laws**. The operations of each of the Company and any Subsidiary are, and have been conducted at all times, in compliance in all material respects with the money laundering statutes of applicable jurisdictions, the rules and regulations thereunder, and any related or similar rules, regulations, or guidelines, issued, administered, or enforced by any applicable governmental agency (collectively, the "Money Laundering Laws"), and to the Company's Knowledge, no action, suit, or proceeding by or before any court or governmental agency, authority, or body or any arbitrator involving the Company and/or any Subsidiary with respect to the Money Laundering Laws is pending or threatened.

(jj) **No Additional Agreements**. Except as set forth on Schedule 3.1(jj), the Company has no agreements or understandings (including, without limitation, side letters) with any Other Investors or other Person to purchase shares of Common Stock on terms that are different from those set forth herein. The Company does not have any agreement or understanding with the Purchaser with respect to the transactions contemplated by the Transaction Documents other than as specified in the Transaction Documents and in the Stock Purchase Agreements.

(kk) **Reports, Registrations and Statements**. Since January 1, 2015, the Company and each Subsidiary have filed all material reports, registrations, and statements, together with any required amendments thereto, that it was required to file with the Federal Reserve, the OCFR, and any other applicable federal or state securities or banking authorities, except where the failure to file any such report, registration, or statement would not have or reasonably be expected to have a Material Adverse Effect. All such reports and statements filed with any such regulatory body or authority are collectively referred to herein as the "Company Reports." All such Company Reports were filed on a timely basis or the Company or the applicable Subsidiary, as applicable, received a valid extension of such time of filing and has filed any such Company Reports prior to the expiration of any such extension. As of their respective dates, the Company Reports complied in all material respects with all the rules and regulations promulgated by the Federal Reserve, the OCFR, and any other applicable foreign, federal, or state securities or banking authorities, as the case may be.

(ll) **Bank Regulatory Capitalization**. As of March 31, 2017, the Bank was considered "Significantly Undercapitalized" for the purpose of the Federal Reserve's capital adequacy guidelines.

(mm) **Agreements with Regulatory Agencies**. Except for the Directive and the Written Agreement or otherwise disclosed in Schedule 3.1(mm), neither the Company nor any Subsidiary is

subject to any cease-and-desist or other similar order or enforcement action issued by, or is a party to any written agreement, consent agreement, or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any capital directive by, or since December 31, 2014, has adopted any board resolutions at the request of, any Governmental Entity that currently restricts in any material respect the conduct of its business or that in any material manner relates to its capital adequacy, its liquidity and funding policies and practices, its ability to pay dividends, its credit, risk management or compliance policies, its internal controls, its management, or its operations or business (each item in this sentence, a "Regulatory Agreement"), nor has the Company or any Subsidiary been advised in writing since December 31, 2014 by any Governmental Entity that it intends to issue, initiate, order, or request any such Regulatory Agreement. Except as set forth in Schedule 3.1(mm), the Company is in compliance in all material respects with the Regulatory Agreements.

(nn) **Compliance with Certain Banking Regulations**. To the Company's Knowledge, there are no facts or circumstances, and the Company has no reason to believe that any facts or circumstances exist, that would cause the Bank (i) to be deemed not to be in satisfactory compliance with the Community Reinvestment Act ("CRA") and the regulations promulgated thereunder or to be assigned a CRA rating by federal or state banking regulators of lower than "satisfactory," (ii) to be deemed to be operating in violation, in any material respect, of the Bank Secrecy Act, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001, any order issued with respect to anti-money laundering by OFAC, or any other anti-money laundering statute, rule, or regulation, (iii) to be deemed not to be in satisfactory compliance, in any material respect, with the Home Mortgage Disclosure Act, the Fair Housing Act, the Community Reinvestment Act, the Equal Credit Opportunity Act, or (iv) to be deemed not to be in satisfactory compliance, in any material respect, with all applicable privacy of customer information requirements contained in any applicable federal and state privacy laws and regulations as well as the provisions of all information security programs adopted by the Bank.

(oo) **No General Solicitation or General Advertising**. Neither the Company nor, to the Company's Knowledge, any person acting on its behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D under the Securities Act) in connection with any offer or sale of the Securities pursuant to this Agreement and the other Transaction Documents or the Securities offered and sold pursuant to the Stock Purchase Agreements.

(pp) **Mortgage Banking Business**. Except as has not had and would not reasonably be expected to have a Material Adverse Effect:

(i) The Company and each of its Subsidiaries has complied with, and all documentation in connection with the origination, processing, underwriting, and credit approval of any mortgage loan originated, purchased, or serviced by the Company or any of its Subsidiaries satisfied, (A) all applicable federal, state, and local laws, rules, and regulations with respect to the origination, insuring, purchase, sale, pooling, servicing, subservicing, or filing of claims in connection with mortgage loans, including all laws relating to real estate settlement procedures, consumer credit protection, truth in lending laws, usury limitations, fair housing, transfers of servicing, collection practices, equal credit opportunity, and adjustable rate mortgages, (B) the responsibilities and obligations relating to mortgage loans set forth in any agreement between the Company or any of its Subsidiaries and any Agency, Loan Investor, or Insurer, (C) the applicable rules, regulations, guidelines, handbooks, and other requirements of any Agency, Loan Investor, or Insurer, and (D) the terms and provisions of any mortgage or other collateral documents and other loan documents with respect to each mortgage loan; and

(ii) No Agency, Loan Investor, or Insurer has (A) claimed in writing that the Company or any of its Subsidiaries has violated or has not complied with the applicable underwriting

standards with respect to mortgage loans sold by the Company or any of its Subsidiaries to a Loan Investor or Agency, or with respect to any sale of mortgage servicing rights to a Loan Investor, (B) imposed in writing restrictions on the activities (including commitment authority) of the Company or any of its Subsidiaries, or (C) indicated in writing to the Company or any of its Subsidiaries that it has terminated or intends to terminate its relationship with the Company or any of its Subsidiaries for poor performance, poor loan quality, or concern with respect to the Company's or any of its Subsidiaries' compliance with laws.

For purposes of this Section 3.1(pp), (A) "Agency" means the Federal Housing Administration, the Federal Home Loan Mortgage Corporation, the Farmers Home Administration (now known as Rural Housing and Community Development Services), the Federal National Mortgage Association, the United States Department of Veterans' Affairs, the Rural Housing Service of the U.S. Department of Agriculture, or any other federal or state agency with authority to (i) determine any investment, origination, lending, or servicing requirements with regard to mortgage loans originated, purchased, or serviced by the Company or any of its Subsidiaries, or (ii) originate, purchase, or service mortgage loans, or otherwise promote mortgage lending, including state and local housing finance authorities, (B) "Loan Investor" means any person (including an Agency) having a beneficial interest in any mortgage loan originated, purchased, or serviced by the Company or any of its Subsidiaries or a security backed by or representing an interest in any such mortgage loan, and (C) "Insurer" means a person who insures or guarantees for the benefit of the mortgagee all or any portion of the risk of loss upon borrower default on any of the mortgage loans originated, purchased, or serviced by the Company or any of its Subsidiaries, including the Federal Housing Administration, the United States Department of Veterans' Affairs, the Rural Housing Service of the U.S. Department of Agriculture, and any private mortgage insurer, and providers of hazard, title, or other insurance with respect to such mortgage loans or the related collateral.

(qq) **Risk Management Instruments**. The Company and the Subsidiaries have in place risk management policies and procedures sufficient in scope and operation to protect against risks of the type and in amounts reasonably expected to be incurred by companies of similar size and in similar lines of business as the Company and the Subsidiaries. Except as has not had or would not reasonably be expected to have a Material Adverse Effect, since January 1, 2015, all derivative instruments, including, swaps, caps, floors, and option agreements, whether entered into for the Company's own account, or for the account of one or more of the Subsidiaries, were entered into (1) only in the ordinary course of business, (2) in accordance with prudent practices and in all respects with all applicable laws, rules, regulations, and regulatory policies, and (3) with counterparties believed to be financially responsible at the time, and each of them constitutes the valid and legally binding obligation of the Company or one of the Subsidiaries, enforceable in accordance with its terms. Neither the Company nor the Subsidiaries, nor, to the Company's Knowledge, any other party thereto, is in breach of any of its obligations under any such agreement or arrangement.

(rr) **ERISA**. The Company and its Subsidiaries are in compliance in all material respects with all presently applicable provisions of the Employee Retirement Income Security Act of 1974, including the regulations and published interpretations thereunder ("ERISA"); no "reportable event" (as defined in ERISA) has occurred with respect to any "pension plan" (as defined in ERISA) for which the Company or any Subsidiary would have any liability; the Company and its Subsidiaries have not incurred and does not expect to incur liability under (i) Title IV of ERISA with respect to termination of, or withdrawal from, any "pension plan, " or (ii) Sections 412 or 4971 of the Code; and each "Pension Plan" for which the Company or any Subsidiary would have liability that is intended to be qualified under Section 401(a) of the Code is so qualified in all material respects and nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification.

(ss) **Shell Company Status**. The Company is not, and has never been, an issuer identified in Rule 144(i)(1).

(tt) **No "Bad Actor" Disqualification**. The Company has exercised reasonable care, in accordance with Commission rules and guidance, and has conducted a factual inquiry including the procurement of relevant questionnaires from each Covered Person (as defined below) or other means, the nature and scope of which reflect reasonable care under the relevant facts and circumstances, to determine whether any Covered Person (as defined below) is subject to any of the "bad actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act ("Disqualification Events"). To the Company's Knowledge, after conducting such sufficiently diligent factual inquiries, no Covered Person is subject to a Disqualification Event, except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3) under the Securities Act. The Company has complied, to the extent applicable, with any disclosure obligations under Rule 506(e) under the Securities Act. "Covered Persons" are those persons specified in Rule 506(d)(1) under the Securities Act, including the Company, any predecessor or affiliate of the Company, any director, executive officer, other officer participating in the offering, general partner or managing member of the Company, any beneficial owner of 20% or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, any promoter (as defined in Rule 405 under the Securities Act) connected with the Company in any capacity at the time of the sale of the Securities, and any person that has been or will be paid (directly or indirectly) remuneration for solicitation of purchasers in connection with the sale of the Securities (a "Solicitor"), any general partner or managing member of any Solicitor, and any director, executive officer or other officer participating in the offering of any Solicitor or general partner or managing member of any Solicitor.

(uu) **Nonperforming Assets**. As of the date hereof, except as set forth in Schedule 3.1(uu), to the Company's Knowledge, the Company believes that the Bank will be able to fully and timely collect substantially all interest, principal, or other payments when due under its loans, leases, and other assets that are not classified as nonperforming and such belief is reasonable under all the facts and circumstances known to the Company and Bank, and the Company believes that the amount of reserves and allowances for loan and lease losses and other nonperforming assets established on the Company's and Bank's financial statements is adequate, and such belief is reasonable under all the facts and circumstances known to the Company and Bank.

(vv) **No Change in Control**. Neither the Company nor any of its Subsidiaries is a party to any employment, change in control, severance, or other compensatory agreement or any benefit plan pursuant to which the issuance of the Securities to the Purchaser as contemplated by this Agreement and the issuance of the Securities to the Other Investors as contemplated by the Stock Purchase Agreements would trigger a "change of control" or other similar provision in any of the agreements, which results in payments to the counterparty or the acceleration of vesting of benefits.

(ww) **Common Control**. The Company is not and, after giving effect to the offering and sale of the Securities, will not be under the control (as defined in the BHCA and the Federal Reserve's Regulation Y (12 CFR Part 225) ("BHCA Control") of any company (as defined in the BHCA and the Federal Reserve's Regulation Y). The Company is not in BHCA Control of any federally insured depository institution other than the Bank. The Bank is not under the BHCA Control of any company (as defined in the BHCA and the Federal Reserve's Regulation Y) other than Company. Neither the Company nor the Bank controls, in the aggregate, more than five percent of the outstanding voting class, directly or indirectly, of any federally insured depository institution. The Bank is not subject to the liability of any commonly controlled depository institution pursuant to Section 5(e) of the Federal Deposit Insurance Act (12 U.S.C. § 1815(e)).

(xx) **Material Contracts.** The Company has made available to the Purchaser or its representatives, prior to the date hereof, true, correct, and complete copies of, and listed on Schedule 3.1(xx), each Material Contract to which the Company or any Company Subsidiary is a party or subject (whether written or oral, express or implied) as of the date of this Agreement. Each Material Contract is a valid and binding obligation of the Company or any of its Subsidiaries (as applicable) that is a party thereto and, to the Company's Knowledge, each other party to such Material Contract, except for such failures to be valid and binding as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Each such Material Contract is enforceable against the Company or any of its Subsidiaries (as applicable) that is a party thereto and, to the Company's Knowledge, each other party to such Material Contract in accordance with its terms (subject in each case to applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding of law or at equity), except for such failures to be enforceable as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Company Subsidiary, nor to the Company's Knowledge, any other party to a Material Contract, is in material default or material breach of a Material Contract and there does not exist any event, condition or omission that would constitute such a default or breach (whether by lapse of time or notice or both), in each case, except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

3.2. **Representations and Warranties of the Purchaser**. The Purchaser, hereby for itself and no Other Investors, hereby represents and warrants as of the date hereof and as of the Closing Date to the Company as follows:

(a) **Organization; Authority**.

(i) If the Purchaser is an entity, it is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization with the requisite corporate, partnership, limited liability company, or other applicable similar power and authority to enter into and to consummate the transactions contemplated by the applicable Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. If the Purchaser is an entity, the execution, delivery, and performance by the Purchaser of the applicable Transaction Documents to which it is a party and the transactions contemplated by this Agreement have been duly authorized by all necessary corporate or, if the Purchaser is not a corporation, such partnership, limited liability company, or other applicable like action, on the part of the Purchaser. If the Purchaser is an entity, each of the applicable Transaction Documents to which it is a party has been duly executed by the Purchaser, and when delivered by the Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of the Purchaser, enforceable against it in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.

(ii) If the Purchaser is not an entity, the execution, delivery, and performance by the Purchaser of the applicable Transaction Documents to which it is a party and the transactions contemplated by this Agreement have been duly authorized. Each of the applicable Transaction Documents to which the Purchaser is a party has been duly executed by the Purchaser, and when delivered by the Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation, or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.

(b) **No Conflicts**. The execution, delivery, and performance by the Purchaser of this Agreement and the Registration Rights Agreement, if applicable, and the consummation by the Purchaser of the transactions contemplated hereby and thereby will not (i) result in a violation of the organizational documents of the Purchaser (if the Purchaser is an entity), (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture, or instrument to which the Purchaser is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment, or decree (including federal and state securities laws) applicable to the Purchaser, except in the case of clauses (ii) and (iii) above, for such conflicts, defaults, rights, or violations which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of the Purchaser to perform its obligations hereunder.

(c) **Investment Intent**. The Purchaser understands that the Securities are "restricted securities" and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Securities as principal for its own account and not with a view to, or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities laws, *provided, however*, that by making the representations herein, the Purchaser does not agree to hold any of the Securities for any minimum period of time and reserves the right at all times to sell or otherwise dispose of all or any part of such Securities pursuant to an effective registration statement under the Securities Act or under an exemption from such registration and in compliance with applicable federal and state securities laws. The Purchaser is acquiring the Securities hereunder in the ordinary course of its business. The Purchaser does not presently have any agreement, plan, or understanding, directly or indirectly, with any Person to distribute or effect any distribution of any of the Securities (or any securities which are derivatives thereof) to or through any person or entity.

(d) **Purchaser Status**. At the time the Purchaser was offered the Securities, it was, and at the date hereof it is, an "accredited investor" as defined in Rule 501(a) under the Securities Act. The Purchaser has provided the information in the Accredited Investor Questionnaire attached hereto as Exhibit B.

(e) **Reliance**. The Company will be entitled to rely upon this Agreement and is irrevocably authorized to produce this Agreement or a copy hereof to (A) any regulatory authority having jurisdiction over the Company and its Affiliates, and (B) any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby, in each case, to the extent required by any court or governmental authority to which the Company is subject, provided that the Company provides the Purchaser with prior written notice of such disclosure to the extent practicable and allowed by applicable law.

(f) **General Solicitation**. The Purchaser is not purchasing the Securities as a result of any advertisement, article, notice, or other communication regarding the Securities published in any newspaper, magazine, or similar media or broadcast over television or radio or presented at any seminar or any other form of "general solicitation" or "general advertising" (as such terms are used in Regulation D promulgated under the Securities Act and interpreted by the Commission).

(g) **Direct Purchase**. Purchaser is purchasing the Securities directly from the Company and not from the Placement Agent. The Placement Agent did not make any representations or warranties to Purchaser, express or implied, regarding the Securities, the Company, or the Company's offering of the Securities.

(h) **Experience of The Purchaser**. The Purchaser, either alone or together with its representatives, has such knowledge, sophistication, and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities and has so evaluated the merits and risks of such investment. The Purchaser is capable of protecting its own interests in connection with this investment and has experience as an investor in securities of companies like the Company. The Purchaser is able to hold the Securities indefinitely if required, is able to bear the economic risk of an investment in the Securities, and, at the present time, is able to afford a complete loss of such investment. Further, Purchaser understands that no representation is being made as to the future trading value or trading volume of the Securities.

(i) **Access to Information**. The Purchaser is sufficiently aware of the Company's business affairs and financial condition to reach an informed and knowledgeable decision to acquire the Securities. The Purchaser acknowledges that it has had the opportunity to review the Disclosure Materials and has been afforded (i) the opportunity to ask such questions as it has deemed necessary of, and to receive answers from, management and representatives of the Company concerning the terms and conditions of the offering of the Securities and the merits and risks of investing in the Securities and any such questions have been answered to the Purchaser's reasonable satisfaction; (ii) access to information about the Company and the Subsidiaries and their respective financial condition, results of operations, business, properties, management, and prospects sufficient to enable it to evaluate its investment; and (iii) the opportunity to obtain such additional information that the Company possesses or can acquire without unreasonable effort or expense that is necessary to make an informed investment decision with respect to the investment. The Purchaser has received all information it deems appropriate for assessing the risk of an investment in the Securities. Neither such inquiries nor any other investigation conducted by or on behalf of the Purchaser or its representatives or counsel shall modify, amend, or affect the Purchaser's right to rely on the truth, accuracy, and completeness of the Disclosure Materials provided to the Purchaser and the Company's representations and warranties contained in the Transaction Documents. The Purchaser has sought such accounting, legal, and tax advice as it has considered necessary to make an informed decision with respect to its acquisition of the Securities. The Purchaser acknowledges that neither the Company nor the Placement Agent have made any representation, express or implied, with respect to the accuracy, completeness, or adequacy of any available information except that the Company has made the express representations and warranties contained in Section 3.1 of this Agreement.

(j) **Brokers and Finders**. No Person will have, as a result of the transactions contemplated by this Agreement, any valid right, interest, or claim against or upon the Company or the Purchaser for any commission, fee, or other compensation pursuant to any agreement, arrangement, or understanding entered into by or on behalf of the Purchaser.

(k) **Independent Investment Decision**. The Purchaser has independently evaluated the merits of its decision to purchase Securities pursuant to the Transaction Documents, and the Purchaser confirms that it has not relied on the advice of the Company or the Placement Agent (or any of their respective agents, counsel, or Affiliates) or any Other Investor or Other Investor's business and/or legal counsel in making such decision. The Purchaser understands that nothing in this Agreement or any other materials presented by or on behalf of the Company (including, without limitation, by the Placement Agent) to the Purchaser in connection with the purchase of the Securities constitutes legal, regulatory, tax, or investment advice. The Purchaser has consulted such legal, tax, and investment advisors as it, in its sole discretion, has deemed necessary or appropriate in connection with its purchase of the Securities. The Purchaser understands that the Placement Agent has acted solely as the agent of the Company in this placement of the Securities and the Purchaser has not relied on the business, legal, or regulatory advice of the Placement Agent or any of their agents, counsel, or Affiliates in making its investment decision hereunder, and confirms that none of such Persons has made any representations or warranties to the Purchaser in connection with the transactions contemplated by the Transaction Documents.

(l) **Reliance on Exemptions**. The Purchaser understands that the Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of U.S. federal and state securities laws and that the Company is relying in part upon the truth and accuracy of, and the Purchaser's compliance with, the representations, warranties, agreements, acknowledgements, and understandings of the Purchaser set forth herein in order to determine the availability of such exemptions and the eligibility of the Purchaser to acquire the Securities.

(m) **No Governmental Review**. The Purchaser understands that no U.S. federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Securities or the fairness or suitability of the investment in the Securities nor have such authorities passed upon or endorsed the merits of the offering of the Securities.

(n) **Residency**. The Purchaser's residence (if an individual) or office in which its investment decision with respect to the Securities was made (if an entity) is located at the address immediately below the Purchaser's name on its signature page hereto.

(o) **Trading**. The Purchaser acknowledges that there is a very limited trading market for the Common Stock and that there will be no trading market for the Non-Voting Common Stock.

(p) **OFAC and Anti-Money Laundering**. The Purchaser understands, acknowledges, represents, and agrees that (i) the Purchaser is not the target of any sanction, regulation, or law promulgated by the Office of Foreign Assets Control, the Financial Crimes Enforcement Network, or any other U.S. Governmental Entity ("U.S. Sanctions Laws"), (ii) the Purchaser is not owned by, controlled by, under common control with, or acting on behalf of any person that is the target of U.S. Sanctions Laws, (iii) the Purchaser is not a "foreign shell bank" and is not acting on behalf of a "foreign shell bank" under applicable anti-money laundering laws and regulations, (iv) the Purchaser's entry into this Agreement or consummation of the transactions contemplated hereby will not contravene U.S. Sanctions Laws or applicable anti-money laundering laws or regulations, (v) to the extent permitted under applicable law, the Purchaser will promptly provide to the Company or any regulatory or law enforcement authority such information or documentation as may be required to comply with U.S. Sanctions Laws or applicable anti-money laundering laws or regulations, and (vi) the Company may provide to any regulatory or law enforcement authority information or documentation regarding, or provided by, the Purchaser for the purposes of complying with U.S. Sanctions Laws or applicable anti-money laundering laws or regulations.

(q) **Knowledge as to Conditions**. The Purchaser does not know of any reason why any regulatory approvals and, to the extent necessary, any other approvals, authorizations, filings, registrations, and notices required or otherwise a condition to the consummation by it of the transactions contemplated by this Agreement will not be obtained, solely with respect to facts or circumstances related to the Purchaser.

(r) **Bank Holding Company Status**. Purchaser has not or is not acting in concert with any other Person in connection with the transactions contemplated by this Agreement, other than the Affiliates of the Purchaser identified by the Purchaser to the Company as Affiliates. Assuming the accuracy of the representations and warranties of the Company contained herein, the Purchaser, either acting alone or together with any other Person will not, directly or indirectly, own, control or have the power to vote, immediately after giving effect to its purchase of Securities pursuant to this Agreement, in excess of 9.9% of the outstanding shares of the Company's voting stock of any class or series. Without limiting the foregoing, assuming the accuracy of the representations and warranties of the Company contained herein, the Purchaser represents and warrants that it does not and will not as a result of its

purchase or holding of the purchased Securities or any other securities of the Company have "control" of the Company or the Bank, and has no present intention of acquiring "control" of the Company or the Bank, for purposes of the BHCA or the CIBC Act.

(s) **Antitrust and Other Consents, Filings, Etc**. Assuming the accuracy of the Company's representations and warranties regarding its capitalization, no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Entity or authority or any other person or entity in respect of any law or regulation, including the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder, is necessary or required to be obtained or made by the Purchaser, and no lapse of a waiting period under law applicable to the Purchaser is necessary or required, in each case in connection with the execution, delivery, or performance by the Purchaser of this Agreement or the purchase of the Securities contemplated hereby or the Securities contemplated to be purchased under the Stock Purchase Agreements.

(t) **Section 382 Representations**. The Purchaser acknowledges that the Company has valuable NOL carry-forwards the use of which would be limited if the Company were to experience an "ownership change" under Section 382 of the Code, and accordingly, the Purchaser hereby represents and warrants that, with respect to the offering: (i) it has reached its own decision to invest in the Company independently from any Other Investor and from any advisor to the Company; (ii) it has not entered into any agreement or understanding with any Other Investor to act in concert for the purpose of exercising a controlling influence over the Company, including any agreements or understandings regarding the voting or transfer of shares of the Company; (iii) it has not shared with any Other Investor proprietary due diligence materials with respect to the Company prepared by it or its investment manager or any of its other advisors or representatives (acting in their capacity as such); (iv) it has not received proprietary due diligence materials with respect to the Company prepared by any Other Investor or any of their advisors or representatives; (v) it has not been induced by any Other Investor to enter into the offering; (vi) it has not been influenced in its decision to invest by the identity of any Other Investor; (vii) it has not entered into any agreement with any Other Investor with respect to the offering; (viii) it is not affiliated with any Other Investor; (ix) it is not advised or managed by an advisor or manager that advises or manages any Other Investor; (x) it has not been notified of or provided the opportunity to enter into the offering pursuant to the terms of any agreement or informal understanding with any Other Investor and was not required by the terms of any agreement or informal understanding to so notify any Other Investor; (xi) it has not been induced by any Other Investor to enter into any agreement with respect to the offering or to consummate the offering; (xii) it has not induced any Other Investor to enter into any agreement; (xiii) it has not engaged as part of a group consisting of substantially the same entities as any Other Investor, in substantially the same combination of interests, in any additional banking or non-banking activities or ventures in the United States; (xiv) it has not paid, and will not pay, any fees to any Other Investor in connection with the offering; (xv) to the extent that it files a Schedule 13D or 13G with the Commission with respect to Securities owned by it and the Other Investors, it will not expressly affirm the existence of a "group," but rather will disclaim the existence of a "group" by checking row 2(b) of such Schedule 13D or 13G; (xvi) the amount of Securities that it acquires in the offering will not be based on the amount of Securities acquired by any Other Investor; (xvii) it reached its decision to invest in the Company without regard to the identity of any particular party that will have the right to nominate a board representative and without regard to the identity of any member of the Company's board of directors, and to the extent a member of management (or any existing member of the Company's board of directors) influenced its decision to invest, the influence was because of such individual's (i) professional competence, and (ii) activities in marketing the Company to potential investors, not because such individual(s) represented any particular group of management as compared to any other potential management group; and (xviii) none of the investors are aware of any plan or arrangement among the proposed members of the Company's board of directors to vote in any particular manner with respect to the future governance of the Company.

3.3 **No Additional Representations**. The Company and the Purchaser acknowledge and agree that no party to this Agreement has made or makes any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in this Article III and the Transaction Documents.

ARTICLE IV
OTHER AGREEMENTS OF THE PARTIES

4.1. **Transfer Restrictions**.

(a) **Compliance with Laws**. Notwithstanding any other provision of this Article IV, the Purchaser covenants that the Securities may be disposed of only pursuant to an effective registration statement under, and in compliance with the requirements of, the Securities Act, or pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and in compliance with any applicable state, federal or foreign securities laws. In connection with any transfer of the Securities other than (i) pursuant to an effective registration statement, (ii) to the Company, or (iii) pursuant to Rule 144 (provided that the transferor provides the Company with reasonable assurances (in the form of a seller representation letter and, if applicable, a broker representation letter) that such securities may be sold pursuant to such rule), the Company may require the transferor thereof to provide to the Company and the Transfer Agent, at the transferor's expense, an opinion of counsel selected by the transferor and reasonably acceptable to the Company and the Transfer Agent, the form and substance of which opinion shall be reasonably satisfactory to the Company and the Transfer Agent, to the effect that such transfer does not require registration of such transferred securities under the Securities Act. As a condition of transfer (other than pursuant to clauses (i), (ii) or (iii) of the preceding sentence), any such transferee shall agree in writing to be bound by the terms of this Agreement and the Prior Notice Letter and be required to provide the Transfer Agent with the Transferee Letter and shall have the rights of the Purchaser under this Agreement and the Registration Rights Agreement, if applicable, with respect to such transferred Securities.

(b) **Legends**. Certificates evidencing the Securities shall bear any legend as required by the "blue sky" laws of any state and a restrictive legend in substantially the following form, until such time as they are not required under Section 4.1(c) or applicable law:

> THE ISSUANCE OF THESE SECURITIES HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED, OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OR (B) AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OR BLUE SKY LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY AND ITS TRANSFER AGENT OR (II) UNLESS SOLD PURSUANT TO RULE 144 UNDER THE ACT (PROVIDED THAT THE TRANSFEROR PROVIDES THE COMPANY WITH REASONABLE ASSURANCES (IN THE FORM OF A SELLER REPRESENTATION LETTER AND, IF APPLICABLE, A BROKER REPRESENTATION LETTER) THAT THE SECURITIES MAY BE SOLD PURSUANT TO SUCH RULE).

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO TRANSFER AND OTHER RESTRICTIONS SET FORTH IN A STOCK PURCHASE AGREEMENT, DATED AS OF JUNE __, COPIES OF WHICH ARE ON FILE WITH THE SECRETARY OF THE COMPANY AT THE COMPANY'S PRINCIPAL EXECUTIVE OFFICES.

(c) **Removal of Legends**. Upon the written request of the holder, the restrictive legend set forth in Section 4.1(b) above shall be removed and the Company shall issue a certificate without such restrictive legend or any other restrictive legend (other than the legend described below in Section 4.1(d)) to the holder of the applicable Securities upon which it is stamped, if (i) such Securities are registered for resale under the Securities Act, (ii) such Securities are sold or transferred pursuant to Rule 144, or (iii) such Securities are eligible for sale under Rule 144, without the requirement for the Company to be in compliance with the current public information required under Rule 144(c)(1) (or Rule 144(i)(2), if applicable) as to such securities and without volume or manner-of-sale restrictions. Following the earlier of (A) the Effective Date or (B) Rule 144 becoming available for the resale of the Securities, without the requirement for the Company to be in compliance with the current public information required under Rule 144(c)(1) (or Rule 144(i)(2), if applicable) as to the Securities and without volume or manner-of-sale restrictions, the Company, upon the written request of the holder, shall instruct the Transfer Agent to remove the legend from the Securities and shall cause its counsel to issue any legend removal opinion required by the Transfer Agent. Any fees (with respect to the Transfer Agent, Company counsel, or otherwise) associated with the issuance of such opinion or the removal of such legend shall be borne by the Company. If a legend is no longer required pursuant to the foregoing, the Company will no later than three Business Days following the delivery by the Purchaser to the Company or the Transfer Agent (with notice to the Company) of a legended certificate representing such Securities (endorsed or with stock powers attached, signatures guaranteed, and otherwise in form necessary to affect the reissuance and/or transfer) and a representation letter to the extent required by Section 4.1(a), (such third Business Day, the "Legend Removal Date") deliver or cause to be delivered to the Purchaser a certificate representing such Securities that is free from all restrictive legends. The Company may not make any notation on its records or give instructions to the Transfer Agent that enlarge the restrictions on transfer set forth in this Section 4.1(c).

(d) **Purchaser's Acknowledgement of Transfer Restrictions and Covenant to Obtain Transferee Letter Prior to, and Provide Notice of, Any Proposed Transfer of Securities**. The Purchaser hereunder acknowledges its primary responsibilities under the Securities Act and, accordingly, will not sell or otherwise transfer the Securities or any interest therein without complying with the requirements of the Securities Act and the rules and regulations promulgated thereunder. Except as otherwise provided below, to the extent applicable to the Purchaser's Securities, while the above-referenced registration statement remains effective, the Purchaser may sell the Securities in accordance with the plan of distribution contained in the registration statement, if applicable, and if it does so, it will comply therewith and with the related prospectus delivery requirements, unless an exemption therefrom is available or unless the Securities are sold pursuant to Rule 144 of the Securities Act. The Purchaser who is a party to the Registration Rights Agreement agrees that if it is notified by the Company in writing at any time that the registration statement registering the resale of the Securities is not effective or that the prospectus included in such registration statement no longer complies with the requirements of Section 10 of the Securities Act, the Purchaser will refrain from selling such Securities until such time as the Purchaser is notified by the Company that such registration statement is effective or such prospectus is compliant with Section 10 of the Securities Act, unless the Purchaser is able to, and does, sell such Securities pursuant to an available exemption from the registration requirements of Section 5 of the Securities Act, such as under Rule 144 of the Securities Act.

The Purchaser acknowledges that the Company has valuable NOL carry-forwards the use of which would be limited if the Company were to experience an "ownership change" under Section 382 of the Internal Revenue Code. Accordingly, until the third anniversary of the Closing, the Purchaser (i) agrees to consult with the Company at least 10 days prior to any proposed purchase or sale of Securities regarding the potential adverse tax impact that the purchase or sale could have on the NOLs and (ii) acknowledges that any prospective transferee of the Securities will be required to provide the Transfer Agent with a Transferee Letter. The Purchaser further acknowledges that the Company will place a legend similar to the following on each of the stock certificates issued in connection with the offering to ensure that a prospective transferee is aware of these requirements:

> UNTIL THE THIRD ANNIVERSARY OF THE ISSUANCE OF THE SHARES REPRESENTED BY THIS CERTIFICATE, THE HOLDER OF THIS CERTIFICATE MUST COMPLY WITH THE NOTICE REQUIREMENT SET FORTH IN THE APPLICABLE SUBSCRIPTION AGREEMENT PRIOR TO ANY PURCHASE OR SALE OF SHARES.
>
> UNTIL THE THIRD ANNIVERSARY OF THE ISSUANCE OF THE SHARES REPRESENTED BY THIS CERTIFICATE, PRIOR TO ANY TRANSFER OF THESE SHARES THE PROPOSED TRANSFEREE MUST EXECUTE AND DELIVERY TO THE COMPANY'S TRANSFER AGENT A PURCHASER REPRESENTATION LETTER, A COPY OF WHICH IS ON FILE WITH AND MAY BE OBTAINED FROM THE SECRETARY OF THE COMPANY AT THE COMPANY'S PRINCIPAL EXECUTIVE OFFICES.

4.2. **Form D and Blue Sky**. The Company agrees to timely file a Form D with respect to the Securities as required under Regulation D. The Purchaser agrees to timely provide Company with any and all needed information in connection with Company's preparation and filing of a Form D. The Company, on or before the Closing Date, shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for or to qualify the Securities for sale to the Purchaser at the Closing pursuant to this Agreement under applicable securities or "Blue Sky" laws of the states of the United States (or to obtain an exemption from such qualification). The Company shall make all filings and reports relating to the offer and sale of the Securities required under applicable securities or blue sky laws of the states of the United States following the Closing Date.

4.3. **Information and Confidentiality.** Each party to this Agreement will hold, and will cause its respective subsidiaries and their directors, officers, employees, agents, consultants and advisors to hold, in strict confidence, unless disclosure to a Governmental Entity is necessary or appropriate in connection with any necessary regulatory approval, or request for information or similar process, or unless compelled to disclose by judicial or administrative process or, in the written opinion of its counsel, by other requirement of law or the applicable requirements of any Governmental Entity (in which case, the party permitted to disclose such information shall, to the extent legally permissible and reasonably practicable, provide the other party with prior written notice of such permitted disclosure), all nonpublic records, books, contracts, instruments, computer data and other data and information (collectively, "Information") concerning the other party hereto furnished to it by such other party or its representatives pursuant to this Agreement (except to the extent that such information can be shown to have been (1) previously known by such party on a nonconfidential basis, (2) in the public domain through no fault of such party or (3) later lawfully acquired from other sources by the party to which it was furnished), and neither party hereto shall release or disclose such Information to any other person, except its auditors, attorneys, financial advisors, other consultants and advisors with the express understanding that such

parties will maintain the confidentiality of the Information and, to the extent permitted above, to bank and securities regulatory authorities.

4.4. **Bankruptcy Court Matters**. No later than the third Business Day immediately following the date this Agreement becomes effective, the Company shall file the Bankruptcy Case with the Bankruptcy Court. The Company further covenants and agrees that the terms of any reorganization plan submitted to the Bankruptcy Court or any other court for confirmation shall not, and the Company will not seek or support the entry by the Bankruptcy Court of any other order that would, conflict with, supersede, abrogate, nullify or restrict the terms of this Agreement, or in any way prevent or interfere with the consummation or performance of the transactions contemplated by this Agreement. If any order of the Bankruptcy Court relating to this Agreement shall be appealed by any Person (or a petition for certiorari or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or re-argument shall be filed with respect to any such order), the Company shall diligently defend against such appeal, petition or motion.

4.5. **No Integration**. The Company shall not, and shall use its commercially reasonable efforts to ensure that no Affiliate of the Company shall, sell, offer for sale, or solicit offers to buy, or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that will be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities to the Purchaser.

4.6. **Indemnification**.

(a) **Indemnification of Purchaser**. In addition to the indemnity provided in the Registration Rights Agreement, if applicable, the Company will indemnify and hold the Purchaser and its directors, officers, shareholders, members, partners, employees, agents, and investment advisors (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls the Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, shareholders, agents, members, partners, employees, agents, or investment advisors (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling person (each, a "Purchaser Party") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs, and expenses, including all judgments, amounts paid in settlements, court costs, and reasonable attorneys' fees and costs of investigation (collectively, "Losses") that any the Purchaser Party may suffer or incur as a result of (i) any breach of any of the representations, warranties, covenants, or agreements made by the Company in this Agreement or in the other Transaction Documents or (ii) any action instituted against a Purchaser Party in any capacity, or any of them or their respective affiliates, by any shareholder of the Company who is not an affiliate of the Purchaser Party, with respect to any of the transactions contemplated by this Agreement. The Company will not be liable to a Purchaser Party under this Agreement to the extent, but only to the extent that a loss, claim, damage, or liability is attributable to a Purchaser Party's breach of any of the representations, warranties, covenants, or agreements made by a Purchaser Party in this Agreement or in the other Transaction Documents or attributable to the actions or inactions of the Purchaser Party. Any indemnification payment made pursuant to this Agreement shall be treated as an adjustment to purchase price for Tax purposes, except as otherwise required by Law or deemed impermissible under GAAP.

(b) **Conduct of Indemnification Proceedings**. Promptly after receipt by a Purchaser Party of notice of any demand, claim, or circumstances which would or might give rise to a claim or the commencement of any action, proceeding, or investigation in respect of which indemnity may be sought pursuant to Section 4.6(a), the Purchaser Party shall promptly notify the Company in writing and the Company shall assume the defense thereof, including the employment of counsel reasonably satisfactory

to the Purchaser Party, and shall assume the payment of all fees and expenses; *provided, however*, that the failure of a Purchaser Party so to notify the Company shall not relieve the Company of its obligations hereunder except to the extent that the Company is actually and materially and adversely prejudiced by such failure to notify. In any such proceeding, a Purchaser Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of the Purchaser Party unless (i) the Company and the Purchaser Party shall have mutually agreed to the retention of such counsel, (ii) the Company shall have failed promptly to assume the defense of such proceeding and to employ counsel reasonably satisfactory to the Purchaser Party in such proceeding, or (iii) in the reasonable judgment of counsel to the Purchaser Party, representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. The Company shall not be liable for any settlement of any proceeding effected without its written consent, which consent shall not be unreasonably withheld, delayed or conditioned. Without the prior written consent of the Purchaser Party, the Company shall not effect any settlement of any pending or threatened proceeding in respect of which a Purchaser Party is or could have been a party and indemnity could have been sought hereunder by the Purchaser Party, unless such settlement includes an unconditional release of the Purchaser Party from all liability arising out of such proceeding.

(c) **Limitation on Amount of Company's Indemnification Liability**.

(i) Deductible. Except as provided otherwise in 4.6(c)(iii), the Company will not be liable for losses that otherwise are indemnifiable under Section 4.6(a) until the total of all losses under Section 4.6(a) incurred by the Purchaser and the Other Investors exceeds $50,000, at which point the full amount of all losses shall be recoverable.

(ii) Maximum. Except as provided otherwise in Section 4.6(c)(iii), the maximum aggregate liability of the Company for all losses under Section 4.6(a) is the aggregate Subscription Amount by the Purchaser and the Other Investors, provided however, that the maximum aggregate liability of the Company for all losses under Section 4.6(a) as to any individual Purchaser is the aggregate Subscription Amount of such individual Purchaser.

(iii) Exceptions. The provisions of Section 4.6(c)(i) and (ii) do not apply to (A) claims due to the inaccuracy of any of the representations or breach of any of the warranties of the Company in Sections 3.1(a), 3.1(b), 3.1(c), 3.1(e), 3.1(f), 3.1(g), 3.1(i), 3.1(j), 3.1(v), or 3.1(dd), or (B) indemnification claims involving fraud or knowing and intentional misconduct by the Company.

(iv) Materiality Scrape. For purposes of the indemnity contained in Section 4.6(a)(i) and Section 4.6(c), all qualifications and limitations set forth in the parties' representations and warranties as to "materiality," "Material Adverse Effect" and words of similar import shall be disregarded in determining whether there shall have been any inaccuracy in or breach of any representations and warranties in this Agreement and the Losses arising therefrom.

4.7. **Use of Proceeds**. The Company intends to use the net proceeds from the sale of the Securities hereunder and the Securities under the Stock Purchase Agreements (i) for the Trups Redemption, (ii) for the Common Stock Buyback, and (iii) to provide additional capital to Bank in order to augment its capital position, support its operations, and for general corporate purposes. In addition, a portion of the proceeds will be invested in the Bank and a portion will be retained by the Company for general corporate purposes.

4.8. **Limitation on Beneficial Ownership**. The Purchaser (and its Affiliates or any other Persons with which it is acting in concert) will not be entitled to purchase a number of Common Shares that would result in the Purchaser becoming, directly or indirectly, the beneficial owner (as determined

under Rule 13d-3 under the Exchange Act) of more than 9.9% of the number of shares of the Company's voting securities issued and outstanding.

4.9. **Certain Transactions**. The Company will not merge or consolidate into, or sell, transfer or lease all or substantially all of its property or assets to, any other party unless the successor, transferee or lessee party, as the case may be (if not the Company), expressly assumes the due and punctual performance and observance of each and every covenant and condition of this Agreement to be performed and observed by the Company.

4.10. **No Additional Issuances**. Between the date of this Agreement and the Closing Date, except for the Securities being issued pursuant to this Agreement and the Securities issued pursuant to the Stock Purchase Agreements or the TARP Exchange Agreement, the Company shall not issue or agree to issue any additional shares of Common Stock or other securities which provide the holder thereof the right to convert such securities into, or acquire, shares of Common Stock.

4.11. **Conduct of Business**. From the date hereof until the earlier of the Closing Date or the termination of this Agreement in accordance with its terms, except as contemplated by this Agreement and subject to applicable requirements under the Bankruptcy Code, the Company will, and will cause its Subsidiaries to: (i) operate their business in the ordinary course consistent with past practice; (ii) preserve intact the current business organization of the Company; (iii) use commercially reasonable efforts to retain the services of their employees, consultants, and agents; (iv) preserve the current relationships of the Company and its Subsidiaries with material customers and other Persons with whom the Company and its Subsidiaries have and intend to maintain significant relations; (v) maintain all of its operating assets in their current condition (normal wear and tear excepted); (vi) refrain from taking or omitting to take any action that would constitute a breach of Section 3.1(k); and (vii) refrain from (1) declaring, setting aside or paying any distributions or dividends on, or making any distributions (whether in cash, securities, or other property) in respect of, any of its capital stock, (2) splitting, combining or reclassifying any of its capital stock or issuing or authorizing the issuance of any other securities in respect of, in lieu of or in substitution for capital stock or any of its other securities, (3) purchasing, redeeming or otherwise acquiring any capital stock, assets or other securities or any rights, warrants or options to acquire any such capital stock, assets or other securities, other than (a) acquisitions of investment securities in the ordinary course of business, (b) the exchange or redemption of the Company's Series A Preferred Stock in accordance with this Agreement or (c) entering into one or more redemptions agreements providing for the Trups Redemption and the Common Stock Buyback.

4.12. **Avoidance of Control**.

(a) Notwithstanding anything to the contrary in this Agreement, the Purchaser (together with its Affiliates (as such term is used under the BHCA)) shall not have the ability to purchase or exercise any voting rights of any class of securities in excess of 9.9% of the total outstanding voting securities of the Company. In the event the Purchaser breaches its obligations under this Section 4.12 or believes that it is reasonably likely to breach such an obligation, it shall promptly notify the other parties hereto and shall cooperate in good faith with such parties to modify ownership or make other arrangements or take any other action, in each case, as is necessary to cure or avoid such breach.

(b) Notwithstanding anything to the contrary in this Agreement, neither the Company nor any Subsidiary shall take any action (including, without limitation, any redemption, repurchase, rescission or recapitalization of Common Stock, or securities or rights, options or warrants to purchase Common Stock, or securities of any type whatsoever that are, or may become, convertible into or exchangeable into or exercisable for Common Stock in each case, where the Purchaser is not given the right to participate in such redemption, repurchase, rescission or recapitalization to the extent of the

Purchaser's pro rata proportion), that would reasonably be expected to pose a substantial risk that (a) the Purchaser's equity of the Company (together with equity owned by the Purchaser's affiliates (as such term is used under the BHCA) to exceed 33.3% of the Company's total equity (provided that there is no ownership or control in excess of 9.9% of any class of voting securities of the Company by the Purchaser, together with the Purchaser's Affiliates) or (b) the Purchaser's ownership of any class of voting securities of the Company (together with the ownership by the Purchaser's Affiliates (as such term is used under the BHCA) of voting securities of the Company) to exceed 9.9%, in each case without the prior written consent of the Purchaser, or to increase to an amount that would constitute "control" under the BHCA, the CIBC Act, any applicable provisions of Maryland Law, or any rules or regulations promulgated thereunder (or any successor provisions) or otherwise cause the Purchaser to "control" the Company under and for purposes of the BHCA, the CIBC Act or any rules or regulations promulgated thereunder (or any successor provisions). Notwithstanding anything to the contrary in this Agreement, the Purchaser (together with its Affiliates (as such term is used under the BHCA)) shall not have the ability to purchase more than 33.3% of the Company's total equity or exercise any voting rights of any class of securities in excess of 9.9% of the total outstanding voting securities of the Company. In the event either the Company or the Purchaser breaches its obligations under this Section 4.12 or believes that it is reasonably likely to breach such an obligation, it shall promptly notify the other parties hereto and shall cooperate in good faith with such parties to modify ownership or, to the extent commercially reasonable, make other arrangements or take any other action, in each case, as is necessary to cure or avoid such breach.

4.13. **Most Favored Nation**. Except as otherwise provided by the Bidding Procedures Order and Plan of Reorganization, during the period from the date of this Agreement through the Closing Date, neither the Company nor its Subsidiaries shall enter into any additional, or modify any existing, agreements with any existing or future investors in the Company or any of its Subsidiaries that have the effect of establishing rights or otherwise benefiting the Purchaser in a manner more favorable in any material respect to the Purchaser than the rights and benefits established in favor of the Purchaser by this Agreement, unless, in any such case, the Purchaser have been provided with such rights and benefits.

4.14. **Filings; Other Actions.** The Purchaser, on the one hand, and the Company, on the other hand, will reasonably cooperate and consult with the other and use commercially reasonable efforts to provide all necessary and customary information and data, to prepare and file all necessary and customary documentation, to effect all necessary and customary applications, notices, petitions, filings and other documents, to provide evidence of non-control of the Company and the Bank, as requested by the applicable Governmental Entity, including executing and delivery to the applicable Governmental Entities customary passivity commitments, disassociation commitments, and commitments not to act in concert, with respect to the Company or the Bank, and to obtain all necessary and customary permits, consents, orders, approvals, and authorizations of, or any exemption by, all third parties and Governmental Entities, in each case, (i) necessary or advisable to consummate the transactions contemplated by this Agreement, and to perform the covenants contemplated by this Agreement, in each case required by it, and (ii) with respect to the Purchaser, to the extent typically provided by the Purchaser to such third parties or Governmental Entities, as applicable, under the Purchaser's policies consistently applied, to the extent the Purchaser has such policies, and subject to such confidentiality requests as the Purchaser may reasonably seek. Each of the parties hereto shall execute and deliver both before and after the Closing such further certificates, agreements, and other documents and take such other actions as the other parties may reasonably request to consummate or implement such transactions or to evidence such events or matters, including but not limited to acquiring all or a portion of the Common Shares pursuant to a Resale Agreement, subject, in each case, to clauses (i) and (ii) of the first sentence of this Section 4.14. The Purchaser and the Company will have the right to review in advance, and to the extent practicable each will consult with the other, in each case subject to applicable laws relating to the exchange of information and confidential information related to the Purchaser, all the information (other than confidential information) relating to such other parties, and any of their respective Affiliates, which appears in any

filing made with, or written materials submitted to, any third party or any Governmental Entity in connection with the transactions to which it will be party contemplated by this Agreement; provided that (i) for the avoidance of doubt, no Purchaser shall have the right to review any such information relating to any Other Investor and (ii) the Purchaser shall not be required to disclose to the Company or any Other Investor any information that is confidential and proprietary to the Purchaser, its Affiliates, its investment advisors, or its or their control persons or equity holders. In exercising the foregoing right, each of the parties hereto agrees to act reasonably and as promptly as practicable. The Purchaser, on the one hand, and the Company, on the other hand, agrees to keep the other reasonably apprised of the status of matters referred to in this Section 4.14. The Purchaser and the Company shall promptly furnish the other with copies of written communications received by it or its Affiliates from, or delivered by any of the foregoing to, any Governmental Entity in respect of the transactions contemplated by this Agreement; *provided, that* the party delivering any such document may redact any confidential information contained therein. Notwithstanding anything in this Section 4.14 or elsewhere in this Agreement to the contrary, the Purchaser shall not be required to provide to any person pursuant to this Agreement any of its, its Affiliates', its investment advisors' or its or their control persons' or equity holders' nonpublic, proprietary, personal, or otherwise confidential information including the identities or financial condition of limited partners, shareholders, or non-managing members of the Purchaser or its Affiliates or their investment advisors. The Company shall file the Form D timely with the Commission and other jurisdictions' securities and blue sky officials and, to the extent applicable, shall cause the Placement Agent to timely file with FINRA all offering materials required by FINRA Rule 5123. As soon as practicable after the consummation of the transactions contemplated herein and subject to shareholder approval, if required, the Company contemplates filing an amendment to the Articles of Incorporation to conduct a reverse stock split of its Common Stock and Non-Voting Common Stock.

4.15. **Gross-Up Rights.**

(a) **Sale of New Securities**. For so long as the Purchaser, together with its Affiliates and, for purposes of this Section 4.15, persons who share a common discretionary investment advisor with the Purchaser, owns 4.9% or more of all of the outstanding shares of Common Stock (provided that, in making such calculation, (i) all shares of Common Stock into or for which shares of any securities owned by the Purchaser are directly or indirectly convertible or exercisable shall be included in the numerator, (ii) the shares described in clause (i) and all such shares owned by or attributed to the Purchaser and the Other Investors shall be included in the denominator, and (iii) all securities issued by the Company after the Closing Date other than in connection with an issuance in which the Purchaser was offered the right to purchase its pro rata portion of such securities in accordance with this Section 4.15 shall be excluded from the denominator) (before giving effect to any issuances triggering provisions of this Section 4.15), if at any time after the date hereof the Company makes any public or nonpublic offering or sale of any equity (including Common Stock, Non-Voting Common Stock or restricted stock), or any securities, options or debt that is convertible or exchangeable into equity or that includes an equity component (such as, an "equity kicker") (including any hybrid security) (any such security, a "New Security") (other than (i) any Common Stock or other securities issuable upon the exercise or conversion of any securities of the Company issued or agreed or contemplated (and disclosed to the Purchaser in writing) to be issued as of the date hereof; (ii) pursuant to the granting or exercise of employee stock options, restricted stock or other stock incentives pursuant to the Company's stock incentive plans approved by the Board of Directors or the issuance of stock pursuant to the Company's employee stock purchase plan approved by the Board of Directors or similar plan where stock is being issued or offered to a trust, other entity or otherwise, for the benefit of any employees, officers or directors of the Company, in each case in the ordinary course of providing incentive compensation; or (iii) issuances of capital stock as full or partial consideration for a merger, acquisition, joint venture, strategic alliance, license agreement or other similar nonfinancing transaction), the Purchaser shall be afforded the opportunity (provided, that in the case of an offering that is not a registered public offering, that the Purchaser satisfied any applicable "accredited

investor," "qualified institutional buyer," or other investor criteria applicable to such offering) to acquire from the Company for the same price and on the same terms as such New Securities are proposed to be offered to others. The amount of New Securities that the Purchaser shall be entitled to purchase in the aggregate shall be determined by multiplying (x) the total number or principal amount of such offered New Securities by (y) a fraction, the numerator of which is the total number of shares of Common Stock then held by the Purchaser (counting for such purposes all shares of Common Stock into or for which any securities owned by the Purchaser are directly or indirectly convertible or exercisable, including the Non-Voting Common Stock), if any, and the denominator of which is the total number of shares of Common Stock then outstanding (counting for such purposes all shares of Common Stock into or for which any securities owned by the Purchaser are directly or indirectly convertible or exercisable, including the Non-Voting Common Stock). Notwithstanding anything herein to the contrary, in no event shall the Purchaser have the right to purchase New Securities hereunder to the extent such purchase would result in the Purchaser, together with any other person whose Company securities would be aggregated with the Purchaser's Company securities for purposes of any bank regulation or law, to collectively be deemed to own, control or have the power to vote securities which (assuming, for this purpose only, full conversion and/or exercise of such securities by the Purchaser) would represent more than 9.9% of the voting securities or more than 33.3% of the Company's total equity outstanding.

(b) **Limitation on Voting Securities**. Notwithstanding anything in this Section 4.15 to the contrary, upon the request of the Purchaser that the Purchaser not be issued voting securities in whole or in part upon the exercise of its rights to purchase New Securities, the Company shall cooperate with the Purchaser to modify the proposed issuance of New Securities to the Purchaser to provide for the issuance of Non-Voting Common Stock or other non-voting securities in lieu of voting securities; provided, however, that to the extent, following such reasonable cooperation, such modification would cause any Other Investor to exceed its respective ownership limitation set forth in the applicable other securities purchase agreement, the Company shall, and shall only be obligated to, issue and sell to the Purchaser such number of voting securities and nonvoting securities as will not cause any Other Investor to exceed its respective ownership limitation set forth in the applicable subscription agreement and that the Purchaser has indicated it is willing to hold following consummation of such Offering (as defined in Section 4.15(c) below), and any remaining securities may be offered, sold or otherwise transferred to any other person or persons in accordance with Section 4.15(e).

(c) **Notice**. In the event the Company proposes to offer or sell New Securities (the "Offering"), it shall give the Purchaser written notice of its intention, describing the price (or range of prices), anticipated amount of New Securities, timing, and other terms upon which the Company proposes to offer the same (including, in the case of a registered public offering and to the extent possible, a copy of the prospectus included in the registration statement filed with respect to such offering), no later than 15 Business Days, as the case may be, after the initial filing of a registration statement with the SEC with respect to an underwritten public Offering or after the commencement of marketing with respect to a Rule 144A Offering or an Offering pursuant to Section 4(2) of the Securities Act or Regulation D promulgated thereunder. If the information contained in the notice constitutes material non-public information (as defined under the applicable securities laws), the Company shall deliver such notice only to the individuals identified (with respect to the Purchaser) in Section 5.3 hereof, and shall not communicate the information to anyone else acting on behalf of the Purchaser without the consent of one of the designated individuals. The Purchaser shall have 15 Business Days from the date of receipt of such a notice to notify the Company in writing that it intends to exercise its rights provided in this Section 4.15 and as to the amount of New Securities the Purchaser desires to purchase, up to the maximum amount calculated pursuant to Section 4.15. Such notice shall constitute a nonbinding indication of interest of the Purchaser to purchase the amount of New Securities so specified at the price and other terms set forth in the Company's notice to it. The failure of the Purchaser to respond within such 15 Business Day period shall

be deemed to be a waiver of the Purchaser's rights under this Section 4.15 only with respect to the Offering described in the applicable notice.

(d) **Purchase Mechanism**. If the Purchaser exercises its rights provided in this Section 4.15, the closing of the purchase of the New Securities in connection with the closing of the Offering with respect to which such right has been exercised shall take place within 30 calendar days after the giving of notice of such exercise, which period of time shall be extended for a maximum of 180 days in order to comply with applicable laws and regulations (including receipt of any applicable regulatory or shareholder approvals). Notwithstanding anything to the contrary herein, the closing of the purchase of the New Securities by the Purchaser will occur no earlier than the closing of the Offering triggering the right being exercised by the Purchaser. Each of the Company and the Purchaser agrees to use its commercially reasonable efforts to secure any regulatory or shareholder approvals or other consents, and to comply with any law or regulation necessary in connection with the offer, sale and purchase of, such New Securities.

(e) **Failure of Purchase**. In the event the Purchaser fails to exercise its rights provided in this Section 4.15 within this 15 Business Day period or, if so exercised, the Purchaser is unable to consummate such purchase within the time period specified in Section 4.15(d) above because of its failure to obtain any required regulatory or shareholder consent or approval, the Company shall thereafter be entitled (during the period of 60 days following the conclusion of the applicable period) to sell or enter into an agreement (pursuant to which the sale of the New Securities covered thereby shall be consummated, if at all, within 90 days from the date of such agreement) to sell the New Securities not elected to be purchased pursuant to this Section 4.15 by the Purchaser or which the Purchaser is unable to purchase because of such failure to obtain any such consent or approval, at a price and upon terms no more favorable in the aggregate to the Purchaser of such New Securities than were specified in the Company's notice to the Purchaser. Notwithstanding the foregoing, if such sale is subject to the receipt of any regulatory or shareholder approval or consent or the expiration of any waiting period, the time period during which such sale may be consummated shall be extended until the expiration of five Business Days after all such approvals or consents have been obtained or waiting periods expired, but in no event shall such time period exceed 180 days from the date of the applicable agreement with respect to such sale. In the event the Company has not sold the New Securities or entered into an agreement to sell the New Securities within such 60-day period (or sold and issued New Securities in accordance with the foregoing within 90 days from the date of such agreement (as such period may be extended in the manner described above for a period not to exceed 180 days from the date of such agreement)), the Company shall not thereafter offer, issue or sell such New Securities without first offering such New Securities to the Purchaser in the manner provided above.

(f) **Expedited Issuance; Regulatory Directive**. Notwithstanding the foregoing provisions of this Section 4.15, if a majority of the directors of the board of directors determines that the Company must issue equity or debt securities on an expedited basis, then the Company may consummate the proposed issuance or sale of such securities ("Expedited Issuance") and then comply with the provisions of this Section 4.15 provided that (i) the Purchaser of such New Securities has consented in writing to the issuance of additional New Securities in accordance with the provisions of this Section 4.15, and (ii) the sale of any such additional New Securities under this Section 4.15(f) to the Purchaser, and certain Other Investors pursuant to this Section 4.15 and similar provisions in the other securities purchase agreements shall be consummated as promptly as is practicable but in any event no later than 90 days subsequent to the date on which the Company consummates the Expedited Issuance under this Section 4.15(f). Notwithstanding anything to the contrary herein, the provisions of this Section 4.15(f) (other than as provided in subclause (ii) of this Section 4.15(f)) shall not be applicable and the consent of the purchasers of such New Securities shall not be required in connection with any Expedited Issuance

undertaken at the written direction of the applicable federal regulator of the Company or the Bank. Notwithstanding anything to the contrary in this Agreement, no rights of the Purchaser under this Agreement will be adversely affected solely as the result of the temporary dilution of its percentage ownership of Common Stock due to an Expedited Issuance under this Section 4.15(f); *provided*, *however*, that such rights may be adversely affected from and after such time, if any, that the Purchaser declines to purchase Common Stock offered to the Purchaser under this Section 4.15.

(g) **Non-Cash Consideration**. In the case of the offering of securities for a consideration in whole or in part other than cash, including securities acquired in exchange therefor (other than securities by their terms so exchangeable), the consideration other than cash shall be deemed to be the fair value thereof as determined by the board of directors; *provided*, *however*, that such fair value as determined by the board of directors shall not exceed the aggregate market price of the securities being offered as of the date the board of directors authorizes the offering of such securities.

(h) **Cooperation**. The Company and the Purchaser shall cooperate in good faith to facilitate the exercise of the Purchaser's rights under this Section 4.15, including to secure any required approvals or consents.

4.16. **Notice of Certain Events**. Each party hereto shall promptly notify the other party hereto of (a) any event, condition, fact, circumstance, occurrence, transaction or other item of which such party becomes aware prior to the Closing that would constitute a violation or breach of the Transaction Documents (or a breach of any representation or warranty contained herein or therein) or, if the same were to continue to exist as of the Closing Date, would constitute the non-satisfaction of any of the conditions set forth in Section 2.2 hereof, and (b) any event, condition, fact, circumstance, occurrence, transaction or other item of which such party becomes aware that would have been required to have been disclosed pursuant to the terms of this Agreement had such event, condition, fact, circumstance, occurrence, transaction or other item existed as of the date hereof; provided that delivery of any notice pursuant to this Section 4.16 shall not modify the representations, warranties, covenants, agreements or obligations of the parties (or remedies with respect thereto) or the conditions to the obligations of the parties under this Agreement. Notwithstanding the foregoing, neither party shall be required to take any action that would jeopardize such party's attorney-client privilege.

4.17. **Shareholder Litigation**. The Company shall promptly inform the Purchaser of any claim, action, suit, arbitration, mediation, demand, hearing, investigation or proceeding ("Shareholder Litigation") against the Company, any Company Subsidiary or any of the past or present executive officers or directors of the Company or any Company Subsidiary that is threatened in writing or initiated by or on behalf of any shareholder of the Company in connection with or relating to the transactions contemplated hereby or by the Transaction Documents. The Company shall consult with the Purchaser and keep the Purchaser informed of all material filings and developments relating to any such Shareholder Litigation.

4.18. **Acquisition Proposals.** Other than in accordance with the Bidding Procedures Order, the Company shall notify the Purchaser orally and in writing promptly (but in no event later than one Business Day) after receipt by the Company of any proposal or offer from any Person to effect an Acquisition Proposal or any request in connection with a prospective Acquisition Proposal for non-public information relating to the Company or for access to the properties, books or records of the Company by any Person other than the Purchaser, indicating in such notice the material terms and conditions of any such proposal or offer and the identity of the Person making the proposal or offer, and thereafter shall keep the Purchaser reasonably informed with respect to the status of such proposal or offer.

4.19. **Company Employment Matters**. Within ten days following the Closing Date (which the parties hereby agree that the consummation of the transactions contemplated herein will be a "change in ownership or effective control" of the Company under Treasury Regulation 1.409A-3(i)(5), issued under Internal Revenue Code Section 409A ("Section 409A")), the Company shall take all actions necessary to irrevocably terminate and liquidate, in accordance with Section 409A and in connection with the Change in Control of the Company, the Change in Control Agreement by and between the Company and the Bank and Terrie G. Spiro dated November 6, 2013, as amended November 14, 2014 and June 24, 2015 (the "Double Trigger CIC Agreement") (and any other agreements required to be terminated under Treasury Regulation 1.409A-3(j)(4)(ix)(B), if any, including any other agreements with Ms. Spiro that provide for a change in control benefit) and pay to Ms. Spiro, subject to receipt of any required non-objection from the applicable federal Governmental Entity, the aggregate amount of $550,000, payable in 8,750,000 shares of restricted stock of the Company with a vesting term of not more than six (6) months following the Change in Control (subject to accelerated vesting upon an involuntary termination of Ms. Spiro's employment by the Company prior to such vesting date) and a cash payment of $200,000 (which amount represents the amount of income tax obligations owed in connection with the grant of such restricted stock which Ms. Spiro will elect to pay pursuant to Section 83(b) of the Code), less income tax withholdings, together representing the full value of all benefits that would have been due to Ms. Spiro pursuant to the Double-Trigger CIC Agreement had Ms. Spiro's employment been terminated under the circumstances described in Section 2(a) of the Double-Trigger CIC Agreement. At Closing, the Company anticipates terminating the Employment Agreement with Terrie G. Spiro dated October 1, 2013, as amended, and entering into a new employment agreement with Ms. Spiro on terms reasonably acceptable to the Company.

4.20. **Company's Chapter 11 Bankruptcy Case**.

(a) Stalking-Horse Bidder Fee

(i) In consideration for the Purchaser together with the Other Investors serving as the Stalking-Horse bidder, and this Agreement and the Stock Purchase Agreements being subject to termination in the event that the Company receives a higher and better bid consistent with the Bidding Procedures, provided this Agreement and the Stock Purchase Agreements are not terminated prior to the Closing due to either Purchaser's or any Other Investor's uncured breach and regardless of whether or not Purchaser with the Other Investors makes any matching or competing bids, Company shall pay to the Purchaser and the Other Investors on a pro-rata basis a Stalking-Horse bidder fee in an aggregate amount equal to Two Hundred Fifty Thousand and 00/100 Dollars ($250,000.00) (the "Stalking-Horse Bidder Fee") on the first Business Day following the date of consummation of an Alternative Transaction.

(ii) The parties intend that the Stalking-Horse Bidder Fee shall be treated as an administrative expense in the Bankruptcy Case; provided that, in no event will the Stalking-Horse Bidder Fee be paid in the absence of the entry of an order approving an Alternative Transaction and the payment to the Company of the stated consideration under the Alternative Transaction. Company acknowledges and agrees that: (i) the approval of the Stalking-Horse Bidder Fee is an integral part of the transactions contemplated by this Agreement and the Stock Purchase Agreements; (ii) in the absence of Company's obligation to pay the Stalking-Horse Bidder Fee, Purchaser and the Other Investors would not have entered into this Agreement and the Stock Purchase Agreements; (iii) the entry of Purchaser into this Agreement and the Other Investors into the Stock Purchase Agreements is necessary for preservation of the estate of Company and Bank and is beneficial to Company because, in Company's business judgment, it will enhance Company's ability to maximize the value of its assets for the benefit of its creditors; (iv) the Stalking-Horse Bidder Fee is reasonable in relation to each of the Purchaser's and the Other Investor's

efforts and to the magnitude of the contemplated transactions and each of Purchaser's and the Other Investor's lost opportunities resulting from the time spent pursuing the contemplated transactions; and (v) time is of the essence with respect to the entry of the Bidding Procedures Order by the Bankruptcy Court, approving, among other things, the process by which bids may be solicited in connection with the sale of the Common Stock or Bank Shares (the "Bidding Procedures"). Company's agreement to pay the Stalking-Horse Bidder Fee is subject to Bankruptcy Court approval of this Agreement, including without limitation approval of payment of the Stalking-Horse Bidder Fee, which approval shall be granted in the Bidding Procedures Order.

(b) Debtor in Possession. Prior to the entry of the Confirmation Order, during the pendency of the Bankruptcy Case, Company shall continue to operate its business as a debtor in possession pursuant to the Bankruptcy Code.

(c) The Bidding Procedures Motion. On or within two (2) Business Days following the Petition Date, Company shall file a motion with the Bankruptcy Court (the "Bidding Procedures Motion"), and such additional pleadings as may be necessary to support the Bidding Procedures Motion, requesting expedited relief and seeking the entry of an order providing the following relief from the Bankruptcy Court in a form and substance reasonably acceptable to Purchaser and the Other Investors:

(i) Approval of the conduct of a combined hearing on confirmation of the Plan of Reorganization and adequacy of the Disclosure Statement;

(ii) Approval of the conduct of an auction process for the Bank Shares or Common Stock immediately prior to a hearing on confirmation of the Plan of Reorganization, and subject to the entry of the Confirmation Order;

(iii) The entry of the relief set forth in 4.19(c)(i) and 4.19(c)(ii) and the Bidding Procedures Order no later than fifteen (15) days following the Petition Date;

(iv) Scheduling a hearing on confirmation of the Plan of Reorganization and approval of the auction results (the "Confirmation Hearing") to take place not later than fifty-five (55) days following the entry of the Bidding Procedures Order;

(v) Subject to the Bidding Procedures, approval of the proposed purchase agreement between Company and the Successful Bidder, as that term shall be defined in the Confirmation Order, including the sale of the Common Stock or Bank Shares to such Successful Bidder contemplated thereby;

(vi) Confirmation that the sale of the Common Stock or Bank Shares to the Successful Bidder shall be free and clear of all Liens;

(vii) Confirmation that Company may assume any tax sharing agreements, and promptly transfer to Bank any amounts of tax refunds received from any Governmental Entity;

(viii) Confirmation that Company may assume any proceeds related to any assumed Bank related contracts (including any such proceeds from any insurance claims to the extent relating to Bank), and promptly transfer to Bank any such proceeds;

(ix) Confirmation that the Successful Bidder and Company may cause the Closing to occur as soon as practicable after the entry of the Confirmation Order; and

(x) Approval of findings of fact and conclusions of law in the Confirmation Order that cause title to the Common Stock to be delivered to the Purchaser free and clear of all Liens.

(d) The Bidding Procedures

(i) The Bidding Procedures and the Bidding Procedures Order shall be in a form and substance acceptable to Purchaser and the Other Investors and shall include the provisions and the terms set forth in Section 4.19(a).

(ii) In order to be qualified to receive any confidential information from Company or Bank to submit an Initial Overbid, as that term is hereinafter defined, and to participate in the Auction, a potential bidder other than the Purchaser and the Other Investors (an "Overbidder") must submit each of the following to Company on a timely basis:

(A) An executed confidentiality agreement which shall inure to the benefit of the Successful Bidder, in a form and substance acceptable to Company;

(B) Current audited financial statements and the latest unaudited financial statements of the Overbidder or, if the Overbidder is an entity formed for the purpose of acquiring the Common Stock or Bank Shares, current audited financial statements and the latest unaudited financial statements of the equity holders or sponsors of the Overbidder who will guarantee the obligations of the Overbidder, or such other form of financial disclosure and/or credit quality support or enhancement satisfactory to Company, if any, that will allow Company to make a reasonable determination as to the Overbidder's financial and other capabilities to consummate the acquisition of the Common Stock or Bank Shares (including, but not limited to, the ability to obtain all necessary regulatory approvals with respect to the ownership of the Common Stock and operation of Bank on a timely basis);

(iii) Neither Company, nor Bank, nor any of their employees, officers, directors, affiliates, subsidiaries, representatives, agents, advisors, or professionals are responsible for, and shall bear no liability with respect to, any information obtained by potential bidders in connection with the sale of the Common Stock. Company and/or Bank shall not be obligated to furnish any due diligence information after the Bid Deadline;

(iv) In order to participate at the Auction, an Overbidder must submit the following to Company at least five (5) days prior to the Auction (the "Bid Deadline"):

(A) a proposed purchase agreement (the "Competing Purchase Agreement"), executed by the Overbidder, that:

a. provides for a purchase price to be paid by the Overbidder that exceeds the sum of the Total Consideration and the Stalking-Horse Bidder Fee by at least Two Hundred Fifty Thousand and 00/100 Dollars ($250,000.00) (the total amount of the minimum purchase price contemplated by this Subsection is referred to as the "Initial Minimum Overbid");

b. provides for the recapitalization of Bank through an equity contribution on terms not less favorable to Bank than the Common Stock Offering on terms acceptable to Governmental Authorities as evidenced by written authorization or affidavit;

c. remains irrevocable until one Business Day after the Closing;

d. waives any right of Overbidder to receive a fee analogous to the Stalking-Horse Bidder Fee or to compensation under Bankruptcy Code Section 503(b) for making a substantial contribution; and

e. contains a proposed closing date that is not later than the Outside Date hereunder;

(B) a cashier's check made payable to the order of Company in an amount equal to the Initial Minimum Overbid less the Total Consideration (the "Overbidder's Deposit") which, if the Overbidder is the Successful Bidder, will be retained by Company as a nonrefundable deposit for application as contemplated by the Bidding Procedures at the closing of the transaction, or, if the Overbidder is not the Successful Bidder, returned to the Overbidder within three (3) Business Days of the Closing, in the event that the Bankruptcy Court does not approve a sale of the Common Stock to the Overbidder. The Overbidder's Deposit provided by each Overbidder shall not earn interest;

(C) evidence in the form of affidavits or declarations, acceptable to Company, establishing that the Overbidder has the financial ability to pay the Total Consideration, or to otherwise satisfy the requirements of Section 4.19(d)(iv)(A)(c), set forth in the Competing Purchase Agreement;

(D) a bid:

a. containing terms and conditions that are higher and better than the terms and conditions of the this Agreement;

b. providing for a purchase price that is at least equal to the Initial Minimum Overbid; and

c. that does not contain any due diligence, financing, or regulatory contingencies (other than, with respect to a bid by an Overbidder that Company determines is otherwise eligible and qualified to receive such approval, those necessary regulatory approvals with respect to the ownership of the Common Stock and operation of Bank) of any kind;

(E) admissible evidence in the form of affidavits or declarations, acceptable to Company, establishing the Overbidder's good faith, within the meaning of Section 363(m) of the Bankruptcy Code;

(F) admissible evidence in the form of affidavits or declarations, acceptable to Company, establishing that the Overbidder is capable and qualified, financially, legally, and otherwise, of unconditionally performing all obligations under the Competing Purchase Agreement;

(G) admissible evidence, acceptable to Company, in the form of affidavits or declarations establishing that the Overbidder has or is capable of obtaining all required regulatory approvals to perform all of its obligations under the Competing Purchase Agreement and to close the transaction not later than the Outside Date;

(H) a written waiver, acceptable to Company, of any right of the Overbidder to receive a fee analogous to the Stalking-Horse Bidder Fee or to compensation under Bankruptcy Code Section 503(b) for making a substantial contribution;

(I) admissible evidence, acceptable to Company, of authorization and approval from the Overbidder's board of directors (or comparable governing body) with respect to the execution, delivery, and closing of the submitted Competing Purchase Agreement;

(J) sufficient financial or other information (the "Adequate Assurance Information") to establish adequate assurance of future performance with respect to any lease or contract to be assumed and assigned to the bidder in connection with the proposed transaction. The bid shall also identify a contact person (with relevant contact information) that counterparties to any executory contract can contact to obtain additional Adequate Assurance Information; and

(K) a statement indicating that the Overbidder consents to the core jurisdiction of the Bankruptcy Court for all disputes relating to the Acquisition, and has waived any right to a jury trial in connection with any disputes relating to the Auction or the Acquisition.

(v) A "Qualified Overbidder" is a potential Overbidder that both:

(A) delivers to Company a timely, conforming Competing Purchase Agreement, an Overbidder's Deposit, and the other materials set forth in section "(d)" above (an "Initial Overbid"); and

(B) Company has determined is reasonably likely (based on information submitted by the Overbidder) to be able to consummate a sale if selected as the Successful Bidder. Each Overbidder shall comply with all reasonable requests for additional information and due diligence by Company or its advisors regarding the Overbidder and its proposed transaction. Failure by an Overbidder to comply with requests for information and due diligence access shall be a basis for Company to determine that such Overbidder is not a Qualified Overbidder. Not later than five (5) Business Days after an Overbidder delivers all of the materials required in "(d)" above, Company shall determine and notify an Overbidder if it is a Qualified Overbidder. In the event that any Overbidder is not a Qualified Overbidder, Company shall refund that Overbidder's Deposit within five (5) Business Days after the Bid Deadline or as soon as reasonably practicable thereafter. Any bid submitted by a Qualified Overbidder shall be a "Qualified Bid." Each Qualified Overbidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Acquisition prior to submitting any bids; and that it did not rely on any written or oral statements, representations, promises, warranties or guaranties of Company or its professionals, advisors, and agents and/or employees whatsoever, whether express, implied, by operation of law, or otherwise.

(vi) The Purchaser together with the Other Investors shall automatically be deemed a Qualified Overbidder.

(vii) If, on the Bid Deadline, the Purchaser and the Other Investors are the only Qualified Overbidder, Company shall not conduct an Auction and shall request at the Confirmation Hearing that the Bankruptcy Court approve this Agreement and the Stock Purchase Agreements, including the sale of the Common Stock to the Purchaser, and request that the Confirmation Order shall be immediately effective upon entry, notwithstanding the provisions of Rule 6004(h) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 62(g) of the Federal Rules of Civil Procedure.

(viii) If, on the Bid Deadline, there is more than one Qualified Overbidder, Company shall conduct an auction of the Common Stock or Bank Shares (the "Auction"), subject to approval of the Bankruptcy Court, in which the Purchaser, the Other Investors and all other Qualified Overbidders may participate. The Auction shall be governed by the following procedures:

(A) Company and its professionals shall direct and preside over the Auction. The auction shall be conducted at the offices of Nelson Mullins Riley & Scarborough LLP, 101 Constitution Avenue, NW, Washington, D.C. 20001 on that date determined after entry of the Bidding Procedures Order by the Bankruptcy Court, or at such other place and time as Company shall notify all Qualified Overbidders who have submitted Qualified Bids and expressed an interest in participating in the Auction. Company shall maintain a transcript of all bids made and announced at the Auction;

(B) bidding will commence at the amount of the highest bid submitted by a Qualified Overbidder, as determined by Company. Company, at the start of the Auction, will describe the terms of the opening bid. The Purchaser together with the Other Investors shall be entitled to credit bid the amount of the Stalking-Horse Bidder Fee at the Auction;

(C) each subsequent bid, after the Initial Minimum Overbid, shall be in increments of no less than Two Hundred Fifty Thousand and 00/100 Dollars ($250,000);

(D) each Qualified Overbidder must certify to Company, prior to the start of the Auction, that it has not engaged in any undisclosed group bidding or collusion with respect to the Auction or the Acquisition;

(E) the Purchaser together with the Other Investors shall have the right, but not the obligation, in each of its sole and absolute discretion, to match bids made by any Qualified Overbidder and, in such event, the Purchaser's and Other Investor's matching bid shall be deemed the highest and best bid for the Common Stock;

(F) the Auction shall continue until there is only one Qualified Bid that Company determines in its reasonable business judgment, after consultation with its advisors, is the winning bid. In making this decision, Company, in consultation with its legal and financial advisors, may consider, among other things: (a) the number, type and nature of changes to the acquisition agreement requested by each Qualified Overbidder; (b) the extent to which such modifications are likely to delay closing of the transactions and the cost to Company of such modifications or delay; (c) the total consideration to be provided by the Qualified Overbidder; (d) the Qualified Overbidder's ability to close a transaction and the timing thereof; (e) the net benefit to the estate, taking into account each of the Purchaser's and Other Investor's rights to the Stalking-Horse Bidder Fee, and the equity contribution offered by the Qualified Bidder;

(G) if, upon conclusion of the Auction, and consistent with the terms of the Bidding Procedures, Purchaser's together with the Other Investor's final bid matches or is greater than the highest bid made by any Qualified Overbidder, Company shall request Bankruptcy Court approval of the Agreement, including the sale of the Common Stock to Purchaser, and request Bankruptcy Court authorization for Company to sell the Common Stock to Purchaser and the Other Investors, and the amount of Purchaser's together with the Other Investor's final bid shall constitute the total consideration under the Agreement; and

(H) Company may, with Bankruptcy Court approval, elect to deem Purchaser's together with the Other Investor's final bid to be the highest bid, notwithstanding the receipt of an apparently higher bid from another Qualified Overbidder, if Company reasonably concludes that the Qualified Overbidder may not be able to close on a timely basis, or for any other reason.

(ix) The Purchaser and the Other Investors have standing and is deemed to be a party in interest with standing to be heard on any motion, hearing or other matter related to this Agreement or any Overbid, or other sale of assets subject to this Agreement.

(x) These Bidding Procedures may be modified by Company as required by the terms of the Bidding Procedures Order.

(e) Bankruptcy Efforts. The Purchaser, the Other Investors, and Company shall use their commercially reasonable best efforts to cause the Bankruptcy Court to (i) enter the Bidding Procedures Order and the Confirmation Order, and (ii) approve the Stalking-Horse Bidder Fee.

ARTICLE V

MISCELLANEOUS

5.1. **Fees and Expenses**. The parties hereto shall be responsible for the payment of all expenses incurred by them in connection with the preparation and negotiation of the Transaction Documents and the consummation of the transactions contemplated hereby. The Company shall pay all amounts owed to the Placement Agent relating to or arising out of the transactions contemplated hereby. The Company shall pay all Transfer Agent fees, stamp taxes and other taxes and duties levied in connection with the sale and issuance of the Securities to the Purchaser.

5.2. **Entire Agreement**. The Transaction Documents, together with the Exhibits and Schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements, understandings, discussions, and representations, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits, and schedules. At or after the Closing, and without further consideration, the Company and the Purchaser will execute and deliver to the other such further documents as may be reasonably requested in order to give practical effect to the intention of the parties under the Transaction Documents.

5.3. **Notices**. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of (a) the date of transmission, if such notice or communication is delivered via facsimile or e-mail (provided the sender receives a machine-generated confirmation of successful facsimile transmission or e-mail notification or confirmation of receipt of an e-mail transmission) at the facsimile number or e-mail address specified in this Section prior to 5:00 p.m., Eastern time, on a Business Day, (b) the next Business Day after the date of transmission, if such notice or communication is delivered via facsimile or e-mail at the facsimile number or e-mail address specified in this Section on a day that is not a Business Day or later than 5:00 p.m., Eastern time, on any Business Day, (c) if sent by U.S. nationally recognized overnight courier service with next day delivery specified (receipt requested) the Business Day following delivery to such courier service, or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as follows:

If to the Company:

Cecil Bancorp, Inc.
118 North Street
P.O. Box 469
Elkton, MD 21921
Attention: President and Chief Executive Officer
Telephone: 410-392-8370
Facsimile: 410-392-9091
Email: tspiro@cecilbank.com

Cecil Bancorp, Inc.
118 North Street
P.O. Box 469
Elkton, MD 21921
Attention: Chief Financial Officer
Telephone: 410-392-8375
Facsimile: 410-392-8350
Email: lwhitehead@cecilbank.com

With a copy to:

Nelson Mullins Riley & Scarborough LLP
Atlantic Station
201 17th Street NW, Suite 1700
Atlanta, GA 30363
Attn: Brennan Ryan
Telephone: 404.322.6218
Email: brennan.ryan@nelsonmullins.com

Nelson Mullins Riley & Scarborough, LLP
One Post Office Square
30th Floor
Boston, MA 02109
Attn: Peter J. Haley
Telephone: 617.217.4714
Email: peter.haley@nelsonmullins.com

If to the Purchaser: To the address set forth under the Purchaser's name on the signature page hereof; or such other address as may be designated in writing hereafter, in the same manner, by such Person.

or such other address as may be designated in writing hereafter, in the same manner, by such Person.

5.4. **Amendments; Waivers; No Additional Consideration**. No amendment or waiver of any provision of this Agreement will be effective with respect to any party unless made in writing and signed by a duly authorized representative of such party. No waiver of any default with respect to any provision, condition, or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition, or requirement hereof, nor shall any delay or omission of either party to exercise any right hereunder in any manner impair the exercise of any such right. No consideration shall be offered or paid to the Purchaser to amend or consent to a waiver or modification of any provision of any Transaction Document unless the same consideration is also offered to all Other Investors who then hold Securities.

5.5. **Construction**. The headings herein are for convenience only, do not constitute a part of this Agreement, and shall not be deemed to limit or affect any of the provisions hereof. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party. This Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement or any of the Transaction Documents.

5.6. **Successors and Assigns**. The provisions of this Agreement shall inure to the benefit of and be binding upon the parties and their successors and permitted assigns. This Agreement, or any rights or obligations hereunder, may not be assigned by the Company without the prior written consent of the Purchaser. The Purchaser may assign its rights hereunder in whole or in part to any Person to whom the Purchaser assigns or transfers any Securities in compliance with the Transaction Documents and applicable law, provided such transferee shall agree in writing to be bound, with respect to the transferred Securities, by the terms and conditions of this Agreement that apply to the "Purchaser."

5.7. **No Third-Party Beneficiaries**. This Agreement is intended for the benefit of the parties hereto, their respective successors and permitted assigns, and the Placement Agent and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, other than, solely with respect to the provisions of Section 4.6, the Purchaser Parties.

5.8. **Governing Law**. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all Proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective Affiliates, employees or agents) may be commenced on a non-exclusive basis in the New York Courts. Each party hereto hereby irrevocably submits to the non-exclusive jurisdiction of the New York Courts for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any Proceeding, any claim that it is not personally subject to the jurisdiction of any such New York Court, or that such Proceeding has been commenced in an improper or inconvenient forum. Each party hereto hereby irrevocably waives personal service of process and consents to process being served in any such Proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law; provided that, during the pendency of the Bankruptcy Case, any suit or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby will be tried exclusively in the Bankruptcy Court. **EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

5.9. **Survival**. The representations, warranties, agreements, and covenants contained herein shall survive the Closing and the delivery of the Securities as follows: (i) the representations and warranties of the Company set forth in Sections 3.1(a), 3.1(b), 3.1(c), 3.1(e), 3.1(f), 3.1(g), 3.1(i), 3.1 (v) and 3.1(cc), and shall survive indefinitely, (ii) the representations and warranties of the Company set forth in Sections 3.1(j), 3.1(l), 3.1(rr) shall survive for the applicable statute of limitations, (iii) all other

representations and warranties of the Company set forth in Sections 3.1 shall survive for a period of 24 months following the Closing and the delivery of the Securities, and (iv) all representations and warranties of the Purchaser set forth in Section 3.2 shall survive for a period of 12 months following the Closing and the delivery of the Securities.

5.10. **Execution**. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission, or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile signature page were an original thereof.

5.11. **Severability**. If any provision of this Agreement is held to be invalid or unenforceable in any respect, the validity and enforceability of the remaining terms and provisions of this Agreement shall not in any way be affected or impaired thereby and the parties will attempt to agree upon a valid and enforceable provision that is a reasonable substitute therefor, and upon so agreeing, shall incorporate such substitute provision in this Agreement.

5.12. **Replacement of Securities**. If any certificate or instrument evidencing any Securities is mutilated, lost, stolen, or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof, or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company and the Transfer Agent of such loss, theft, or destruction and the execution by the holder thereof of a customary lost certificate affidavit of that fact and an agreement to indemnify and hold harmless the Company and the Transfer Agent for any losses in connection therewith or, if required by the Transfer Agent, a bond in such form and amount as is required by the Transfer Agent. The applicants for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs associated with the issuance of such replacement Securities. If a replacement certificate or instrument evidencing any Securities is requested due to a mutilation thereof, the Company may require delivery of such mutilated certificate or instrument as a condition precedent to any issuance of a replacement.

5.13. **Remedies**. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, the Purchaser and the Company will be entitled to seek specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations described in the foregoing sentence and hereby agree to waive in any action for specific performance of any such obligation (other than in connection with any action for a temporary restraining order) the defense that a remedy at law would be adequate.

5.14. **Payment Set Aside**. To the extent that the Company makes a payment or payments to the Purchaser pursuant to any Transaction Document or the Purchaser enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by, or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver, or any other person under any law (including, without limitation, any bankruptcy law, state, or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

5.15. **Independent Nature of Purchaser's Obligations and Rights**. The obligations of the Purchaser under any Transaction Document are several and not joint with the obligations of any Other Investor, and the Purchaser shall not be responsible in any way for the performance of the obligations of any Other Investor under any Transaction Document. The decision of the Purchaser to purchase Securities pursuant to the Transaction Documents has been made by the Purchaser independently of any Other Investor and independently of any information, materials, statements, or opinions as to the business, affairs, operations, assets, properties, liabilities, results of operations, condition (financial or otherwise), or prospects of the Company or any Subsidiary which may have been made or given by any Other Investor or by any agent or employee of any Other Investor, and neitherthe Purchaser nor any of its agents or employees shall have any liability to any Other Investor (or any other Person) relating to or arising from any such information, materials, statements, or opinions. Nothing contained herein or in any Transaction Document, and no action taken by the Purchaser pursuant thereto, shall be deemed to constitute the Purchaser and the Other Investors as a partnership, an association, a joint venture, or any other kind of entity, or create a presumption that the Purchaser and the Other Investors are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. The Purchaser acknowledges that no Other Investor has acted as agent for the Purchaser in connection with making its investment hereunder and that no Other Investor will be acting as agent of the Purchaser in connection with monitoring its investment in the Securities or enforcing its rights under the Transaction Documents. The Purchaser shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any Other Investor to be joined as an additional party in any proceeding for such purpose. It is expressly understood and agreed that each provision contained in this Agreement is between the Company and the Purchaser, solely, and not between the Company and the Purchaser and Other Investors collectively and not between and among the Purchaser and Other Investors

5.16. **Termination**.

(a) This Agreement may be terminated and the sale and purchase of the Securities abandoned at any time prior to the Closing:

(i) by the written consent of the Company and the Purchaser;

(ii) by either the Company or the Purchaser upon written notice to the other, if the Closing has not been consummated on or prior to 5:00 p.m., Eastern time, on the Outside Date; *provided, however*, that the right to terminate this Agreement under this Section 5.16(a)(ii) shall not be available to any Person whose failure to comply with its obligations under this Agreement has been the cause of or resulted in the failure of the Closing to occur on or before such time;

(iii) by the Company or the Purchaser, upon written notice to the other parties, in the event that any Governmental Entity or the Bankruptcy Court shall have issued any order, decree or injunction or taken any other action restraining, enjoining or prohibiting any of the transactions contemplated by this Agreement, and such order, decree, injunction or other action shall have become final and nonappealable;

(iv) by the Purchaser, upon written notice to the Company, if there has been a breach of any representation, warranty, covenant or agreement made by the Company in this Agreement, or any such representation or warranty shall have become untrue after the date of this Agreement, in each case such that a closing condition in Section 2.2(b)(i) or (ii) would not be satisfied;

(v) by the Company, upon written notice to the Purchaser, if there has been a breach of any representation, warranty, covenant or agreement made by the Purchaser in this Agreement, or any such representation or warranty shall have become untrue after the date of this Agreement, in each case such that a closing condition in Section 2.2(c)(i) or (ii) would not be satisfied;

(vi) by the Company or the Purchaser, upon written notice to the other, if any of the conditions to Closing set forth in Section 2.2 are not capable of being satisfied on or before 5:00 p.m., Eastern time, on the Outside Date; *provided*, *however*, that the right to terminate this Agreement under this Section 5.16(a)(vi) shall not be available to any Person whose failure to comply with its obligations under this Agreement has been the cause of or resulted in the failure of the conditions to Closing set forth in Section 2.2 to occur on or before such time; or

(vii) by the Purchaser, upon written notice to the Company, if the Purchaser or any of its Affiliates receives written notice from or is otherwise advised by the Federal Reserve or the OCFR that the Federal Reserve or the OCFR, as applicable, will not grant (or intends to rescind if previously granted) any of the approval confirmations or determinations referred to in Section 2.2(a)(ii);

(viii) by the Purchaser if the Company directly or indirectly effects or causes to be effected any transaction with a third party (1) with respect to an Acquisition Proposal or that would reasonably be expected to result in a Change in Control and (2) such transaction has a purchase price per share of Common Stock that is less than the Purchase Price.

(b) This Agreement shall terminate automatically without further action by the Company or the Purchaser if during the pendency of the Bankruptcy Case an order shall be entered by the Bankruptcy Court (a) appointing a trustee under Chapter 7 or Chapter 11 of the Bankruptcy Code in the Bankruptcy Case, (b) appointing an examiner with enlarged powers (beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code) relating to the operation of the business under Section 1106(b) of the Bankruptcy Code in the Bankruptcy Case, or (c) dismissing (under Section 1112 of the Bankruptcy Code or otherwise) or converting the Bankruptcy Case to a Chapter 7 case.

(c) Nothing in this Section 5.16 shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement or the other Transaction Documents or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement or the other Transaction Documents. In the event of a termination pursuant to this Section, the Company shall promptly notify the Purchaser and all non-terminating Other Investors. Upon a termination in accordance with this Section, the Company and the Purchaser(s) shall not have any further obligation or liability (including arising from such termination) to the other, and the Purchaser will not have any liability to any Other Investor under the Transaction Documents as a result therefrom.

5.17. **Rescission and Withdrawal Right**. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) the Transaction Documents, whenever the Purchaser exercises a right, election, demand, or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then the Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights.

5.18. **Adjustments in Common Stock Numbers and Prices**. In the event of any stock split, subdivision, dividend, or distribution payable in shares of Common Stock (or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly shares of Common Stock),

combination, or other similar recapitalization or event occurring after the date of this Agreement and prior to the Closing, each reference in any Transaction Document to a number of shares or a price per share shall be deemed to be amended to appropriately account for such event.

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IN WITNESS WHEREOF, the parties hereto have caused this Stock Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

CECIL BANCORP, INC.

By: _____
Name: Terrie Spiro
Title: President and Chief Executive Officer

NAME OF PURCHASER:

_____

By: _____
Name: _____
Title: _____

Aggregate Purchase Price
(Subscription Amount): $_____

No. of Common Shares to be Acquired at $0.04 per share: _____

No. of Shares of Non-Voting Common Stock to be Acquired at $0.04 per share: _____

Tax ID No.:_____

Address for Notice:

_____
_____
_____
_____

Telephone: _____
Facsimile: _____
Email: _____

Attention: _____

Delivery Instructions:
(if different than above)

_____
_____
_____
_____

EXHIBITS

A	Form of Registration Rights Agreement
B	Accredited Investor Questionnaire
C	Form of Opinion of Company Counsel
D	Form of Tax Opinion
E	Form of Secretary's Certificate
F	Form of Officer's Certificate
G	Form of Articles of Amendment
H	Form of Transferee Letter
I	Form of Prior Notice Letter

EXHIBIT A
Form of Registration Rights Agreement

See attached.

EXHIBIT A

CECIL BANCORP, INC.

FORM OF REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") is effective as of _____ (the "Effective Date"), by and among Cecil Bancorp, Inc., a Maryland corporation (the "Company"), and the purchaser identified on the signature page hereto (individually, "Purchaser" and collectively, the "Purchasers").

R E C I T A L S

A. Pursuant to that certain Stock Purchase Agreement (the "Stock Purchase Agreement"), dated as of _____, by and among the Company and the Purchasers identified on the signature pages thereto, the Purchasers are purchasing the Company's common stock, par value $0.01 per share (the "Common Stock"), and the Company's non-voting common stock, par value $0.01 per share (the "Non-Voting Common Stock").

B. A condition to such Purchasers' obligations under the Stock Purchase Agreement is that the Company and the Purchasers enter into this Agreement in order to provide such Purchasers with the rights set forth in this Agreement.

C. Capitalized terms not otherwise defined in this Agreement shall have the meanings assigned to them in the Stock Purchase Agreement.

ARTICLE I

REGISTRATION RIGHTS

1.1 Definitions. For purposes of this Agreement:

(a) The term "Form S-3" means such form under the Securities Act as in effect on the Effective Date or any successor form under the Securities Act.

(b) The term "Holder" means any person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 1.11 of this Agreement.

(c) The term "Initiating Holder" means the Holders of no less than 25% of the Common Stock (including shares of Common Stock issuable upon conversion of Non-Voting Common Stock) originally purchased under the Stock Purchase Agreements at the Closing.

(d) The term "Issuer Free Writing Prospectus" means an Issuer Free Writing Prospectus, as defined in Rule 433 under the Securities Act, relating to an offer of the Registrable Securities.

(e) The term "Prospectus" means the prospectus included in any Registration Statement (including a prospectus that discloses information previously omitted from a prospectus filed as part of an effective Registration Statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by such Registration Statement, any Issuer Free Writing Prospectus related thereto, and all other amendments and supplements to such prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such prospectus.

(f) The term "Registrable Securities" means (i) the shares of Common Stock acquired by any Purchaser pursuant to the terms of the Stock Purchase Agreement, (ii) the shares of Non-Voting Common Stock acquired by any Purchaser pursuant to the terms of the Stock Purchase Agreement, (iii) the shares of Common Stock issuable or issued upon conversion of the Non-Voting Common Stock and (iv) any other shares of Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the shares described in clauses (i), (ii) and (iii); provided that the Securities shall cease to be Registrable Securities upon the earliest to occur of the following: (A) a sale pursuant to a Registration Statement or Rule 144 under the Securities Act (in which case, only such securities sold shall cease to be a Registrable Security); (B) becoming eligible for sale without volume or manner of sale restrictions by the Holders under Rule 144; (C) if such Securities have ceased to be outstanding; (D) the date a Registration Statement becomes effective including such Securities; or (E) if such Securities have been sold in a private transaction in which the Holder's rights under this Agreement have not been assigned to the transferee.

(g) The number of shares of "Registrable Securities then outstanding" shall be determined by the number of shares of Common Stock, together with the number of shares of Non-Voting Common Stock.

(h) The terms "register," "registered," and "registration" refer to a registration effected by preparing and filing a Registration Statement in compliance with the Securities Act of 1933, as amended (the "Securities Act"), and the declaration or ordering of effectiveness of such Registration Statement.

(i) The term "Registration Statement" means any registration statement of the Company under the Securities Act which permits the public offering of any of the Registrable Securities pursuant to the provisions of this Agreement, including amendments and supplements to such registration statement, including post-effective amendments, all exhibits and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

(j) The term "Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any successor rule thereto.

(k) The term "SEC" means the Securities and Exchange Commission, or any other Federal agency at the time administering the Securities Act.

1.2 Demand Registration.

(a) At any time subsequent to the first anniversary of the Effective Date, the Initiating Holder may demand that the Company file a Registration Statement under the Securities Act covering the registration of such shares of Registrable Securities held by such Initiating Holder as the Initiating Holder may specify (a "Demand Registration"). Upon receipt of a Demand Registration, then the Company shall, within ten (10) days of the receipt thereof, give written notice of such request to all Holders and shall, subject to the limitations of subsection 1.2(b), use its commercially reasonable best efforts to file as soon as practicable, and in any event within ninety (90) days of the receipt of such request, a Registration Statement relating to the registration under the Securities Act of all Registrable Securities which the Initiating Holder and any other Holders request to be registered and shall use its commercially reasonable best efforts to cause such Registration Statement to be declared effective under the Securities Act as promptly as practicable after the filing thereof. A Holder other than the Initiating Holder must notify the Company within twenty-five (25) days of the mailing of the notice referred to above of the amount, if any, of the Registrable Securities owned by such Holder to be included in the registration. Any such notice must be given in accordance with Section 2.3.

(b) If the Initiating Holder intends to distribute the Registrable Securities by means of an underwriting, they shall so advise the Company, as applicable (the Company is hereinafter referred to in the alternative as the "Issuer") pursuant to a notice given in accordance with Section 2.3, and the Issuer shall include such information in a written notice referred to in subsection 1.2(a). The underwriter shall be selected by the Initiating Holder, and shall be reasonably acceptable to the Issuer, as applicable. In such event, the right of any other Holder to include its, his or her Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by the Initiating Holder and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Issuer as provided in subsection 1.5(e)) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Initiating Holder. Notwithstanding any other provision of this Section 1.2, if the underwriter advises the Initiating Holder and the Issuer in writing that marketing factors require a limitation of the number of shares of Holders to be underwritten, then the Issuer shall so advise all Holders of Registrable Securities which would otherwise be underwritten pursuant hereto, and the number of shares of Registrable Securities of Holders other than the Initiating Holder that may be included in the underwriting shall be allocated among all such Holders, in proportion (as nearly as practicable) to the amount of Registrable Securities owned by each such Holder.

(c) Notwithstanding the foregoing, if the Issuer shall furnish to the Initiating Holder submitting Demand Registration, as applicable, pursuant to this Section 1.2, a certificate signed by the President or Chief Executive Officer of the Issuer stating that in the good faith

judgment of the Board of Directors, it would be seriously detrimental to the Issuer and its stockholders for such registration statement to be filed and it is therefore essential to defer the Initiating Holder's rights under this Section 1.2, the Issuer shall have the right to defer the commencement of such filing of a registration statement , as applicable, for a period of not more than ninety (90) days after receipt of the request or the demand; provided, however, that the Issuer may not utilize this right (or the similar right granted pursuant to Section 1.4(c)) more than once in any twelve-month period.

(d) In addition, the Issuer shall not be obligated to effect, or to take any action to effect, any registration pursuant to this Section 1.2:

(i) After the Issuer has effected three (3) demand registrations, as applicable, pursuant to this Section 1.2; or

(ii) During the period starting with the date sixty (60) days prior to the Company's good faith estimate of the date of filing of a Registration Statement, and ending on a date ninety (90) days after the effective date of, a Registration Statement subject to Section 1.3 hereof (or such longer period, not to exceed 180 days, as the Company may be required to keep such registration effective pursuant to Section 1.5(a)), provided that the Company is actively employing in good faith its commercially reasonable best efforts to cause such Registration Statement to become effective.

1.3 Company Registration.

(a) If (but without any obligation to do so) the Company proposes to register (including any registration effected by the Company for stockholders other than the Holders) any of its Common Stock under the Securities Act in connection with the public offering of Common Stock solely for cash (other than a registration relating solely to the sale of Common Stock to participants in a Company employee benefit plan or a corporate reorganization or other transaction covered by Rule 145 under the Securities Act, or any registration on any form not available for registering the Registrable Securities for sale to the public), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within twenty-five (25) days after mailing of such notice by the Company in accordance with Section 2.3, the Company shall, subject to the provisions of Section 1.8. and Section 1.9, cause to be registered under the Securities Act (or if such registration is not required, include in such public offering) all of the Registrable Securities that each such Holder has requested to be registered.

(b) If the managing underwriter(s) of such offering advise the Issuer in writing that it is their opinion that the total number or dollar amount of the Registrable Securities proposed to be sold in such offering exceeds the total number or dollar amount of shares of Common Stock that can be sold in such offering without having an adverse effect on the price, timing or distribution of the shares of Common Stock to be sold in such offering by the Issuer, the Issuer may limit, to the extent so advised by such managing underwriter(s), the amount of securities (including Registrable Securities) to be included in the registration by the stockholders (including the Holders), or may exclude, to the extent so advised by such managing

underwriter(s), such underwritten securities entirely from such registration (provided that all other stockholders shall be excluded first from such offering).

(c) The Issuer shall so advise all holders of securities requesting registration, and the number of securities that are entitled to be included in the registration, and underwriting shall be allocated first to the Issuer for securities being sold for its own account, second to the selling Holders pro rata according to the amount of Registrable Securities requested by each such Holder to be included in the offering and thereafter pro rata amongst the Company's stockholders participating in such offering. For purposes of the preceding sentence concerning apportionment, for any selling Holder of Registrable Securities which is a partnership or corporation, the partners, retired partners and stockholders of such Holder, or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing Persons shall be deemed to be a single "selling Holder" and any pro rata reduction with respect to such "selling Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "selling Holder," as defined in this sentence. If any person does not agree to the terms of any such underwriting, such person shall be excluded therefrom by written notice from the Issuer or the underwriter. Any securities excluded or withdrawn from such underwriting shall be withdrawn from such registration. To facilitate the allocation of securities in accordance with the above provisions, the underwriter(s) may round the number of securities allocated to any Holder to the nearest 100 shares.

1.4 Form S-3 Registration.

(a) If the Company receives from the Initiating Holder at any time after the earlier of (A) the fourth anniversary of the Effective Date, and (B) ninety (90) calendar days following such date as the Company otherwise becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Act, a written request that the Company effect a registration on Form S-3 with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will:

(i) promptly give written notice of the proposed registration to all other Holders; and

(ii) as soon as practicable, effect such registration and all such qualifications as are required to facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder's or Holders' joining in such request.

(b) Other Holders wishing to include their Registrable Securities in any registration to be effected pursuant to this Section 1.4 must notify the Company of the number of Registrable Securities owned by them that are to be included in such registration within twenty-five (25) days after receipt of the written notice from the Company referred to in Section 1.4(a)(i).

(c) The foregoing notwithstanding, the Company shall not be obligated to effect any such registration or qualification pursuant to this Section 1.4: (i) if Form S-3 is not available for such offering by the Holders; (ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public (before any underwriters' discounts or commissions) of less than $5,000,000; (iii) if the Company shall furnish to the Holders a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such Form S-3 Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than ninety (90) days after receipt of the request of the Holder or Holders under this Section 1.4; provided, however, that the Company shall not utilize this right more than once in any twelve month period; (iv) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two (2) registrations on Form S-3 for the Holders pursuant to this Section 1.4; (v) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance; or (vi) during the period ending ninety (90) days after the effective date of a Registration Statement subject to Section 1.3 (or such longer period, not to exceed 180 days from the effective date of such Registration Statement, as the Company may be required to keep such registration effective pursuant to Section 1.5(a)).

(d) Subject to the foregoing, the Company shall file a Registration Statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders and in any event within 30 days of the receipt of such request. Registrations effected pursuant to this Section 1.4 shall not be counted as demands for registration or registrations effected pursuant to Sections 1.2 or 1.3, respectively.

1.5 Obligations of the Company. Whenever required under this Article I to effect the registration of any Registrable Securities, the Issuer shall, as expeditiously as reasonably possible, as applicable:

(a) Prepare and file with the SEC a Registration Statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such Registration Statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such Registration Statement effective for up to one hundred eighty (180) days or such shorter period until the Registrable Securities are sold, provided, however, that such 180-day period shall be extended for a period of time equal to the period the Holder refrains from selling any securities included in such registration at the request of an underwriter of Common Stock (or other securities) of the Company; provided, further, that before filing such Registration Statement or a Prospectus (including any Issuer Free Writing Prospectus related thereto) or any amendments or supplements thereto, the Issuer will furnish to each selling Holder, the counsel for the Initiating Holder and the managing underwriter(s), if any, copies of all such documents proposed to be filed or distributed with an opportunity for counsel for the Initiating Holder to review and comment on such filing.

(b) Prepare and file with the SEC such amendments, post-effective amendments and supplements to such Registration Statement and the Prospectus used in connection with such Registration Statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Securities covered by such Registration Statement for up to one hundred eighty (180) days and cause the related Prospectus to be supplemented by any prospectus supplement, Issuer Free Writing Prospectus or "sticker" supplement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of the securities covered by such Registration Statement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provision then in force) under the Securities Act.

(c) Furnish without charge to each Holder and each underwriter, if any, of the securities being sold by such Holder such number of conformed copies of such Registration Statement and of each amendment, post-effective amendment and supplement thereto, including financial statements (in each case including all exhibits), such number of copies of the Prospectus (including each preliminary Prospectus), such number of copies of any and all transmittal letters or other correspondence with the SEC or any other governmental entity relating to such offering and such other documents as such Holder or underwriter, if any, may reasonably request.

(d) Prior to any public offering of the Registrable Securities, use its best efforts to register and qualify the securities covered by such Registration Statement or otherwise being offered for sale under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders and to keep each such registration or qualification (or exemption therefrom) effective during the period that such Registration Statement is required to be kept effective and to take any other action that may be necessary or advisable to enable such Holder or underwriter to consummate the disposition in such jurisdictions of the Registrable Securities, provided that the Issuer shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions unless the Issuer is already subject to service in such jurisdiction and except as may be required by the Exchange Act.

(e) In the event of an underwritten offering, enter into such customary agreements (including underwriting and lock-up agreements in form, scope and substance as is customary in underwritten offerings), and in connection therewith, (A) make such representations and warranties to the selling Holders and the managing underwriter(s), if any, with respect to the Issuer's business, and the Registration Statement, Prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in form, substance and scope as are customarily made by issuers in underwritten offerings, (B) use its commercially reasonable best efforts to furnish to the managing underwriters, if any, 10b-5 statements and opinions of counsel to the Company and updates thereof, addressed to the managing underwriter(s), if any, covering the matters customarily covered by 10b-5 statements and in opinions requested in underwritten offerings, as the case may be, (C) use its commercially reasonable best efforts to obtain "comfort" letters and updates thereof from the independent certified public accountants of the Issuer who have certified the financial statements included in such Registration Statement or Prospectus, addressed to each selling Holder (unless such accountants shall be prohibited from so addressing such letters by applicable standards of the accounting profession, in which case an "agreed-upon procedures" letter may be required) and

each of the managing underwriter(s), if any, such letters to be in customary form and covering matters of the type customarily covered in "comfort" letters in connection with underwritten offerings, (D) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures substantially to the effect set forth in Section 1.9 hereof with respect to all parties to be indemnified pursuant to said Section, except as otherwise agreed by the Initiating Holder and the managing underwriter(s), and (E) deliver such documents and certificates as may be reasonably requested by the Initiating Holder, its counsel and the managing underwriter(s), if any, to evidence the continued validity of the representations and warranties made pursuant to clause (A) above and to evidence compliance with any customary conditions contained in the underwriting agreement. The above clauses (A) through (E) shall be done at each closing under such underwriting agreement.

(f) If requested by the managing underwriter(s), if any, or the Holders being sold in connection with an underwritten offering, promptly include in a Prospectus supplement, post-effective amendment or Issuer Free Writing Prospectus such information as the managing underwriter(s), if any, or such Holders may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such Prospectus supplement, such post-effective amendment or Issuer Free Writing Prospectus as soon as practicable after the Company has received such request.

(g) Promptly notify in writing each Holder and the underwriters, if any, of the following events: (A) the filing of the Registration Statement, the Prospectus or any prospectus supplement related thereto, any Issuer Free Writing Prospectus, or any post-effective amendment to the Registration Statement and, with respect to the Registration Statement or any post-effective amendment thereto, when the same has become effective; (B) any request by the SEC or any other governmental entity for amendments or supplements to the Registration Statement or Prospectus or Issuer Free Writing Prospectus or for additional information; (C) the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings by any Person for that purpose; (D) the receipt by the Company of any notification with respect to the suspension of the qualification or exception from qualification of any Registrable Securities for sale in any jurisdiction or the initiation or threat of any proceeding for such purpose; and (E) any event that makes any statement made in such Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference or any Issuer Free Writing Prospectus related thereto untrue in any material respect or that requires the making of any changes in such Registration Statement, Prospectus, documents or Issuer Free Writing Prospectus so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, not misleading, and that in the case of any Prospectus or Issuer Free Writing Prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(h) Upon the occurrence of any event described in Section 1.5(g)(B) or (E) hereof, (A) promptly prepare a supplement or post-effective amendment to the Registration Statement or a supplement to the Prospectus or any document incorporated or deemed to be incorporated therein by reference or an Issuer Free Writing Prospectus related thereto, or file any

other required document, as requested by the SEC or governmental entity (in the case of an occurrence of an event described in Section 1.5(g)(B)) or so that, as thereafter delivered to the selling Holders, such Registration Statement, Prospectus or Issuer Free Writing Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (in the case of an occurrence of an event described in Section 1.5(g)(E)) and (B) furnish and deliver to each Holder of Registrable Securities covered by such Registration Statement or otherwise being offered for sale a reasonable number of copies of such supplement or post-effective amendment to the Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference or an Issuer Free Writing Prospectus related thereto so that, as thereafter delivered to the purchasers of such Registrable Securities , such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, such obligation to continue for one hundred eighty (180) days from the effective date of such Registration Statement or any post-effective amendment thereto.

(i) Use its commercially reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of such Registration Statement, or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction at the reasonably earliest practical date.

(j) Cooperate with the Holders and the managing underwriter(s), if any, to facilitate the timely preparation and delivery of certificates (which shall not bear any restrictive legends) representing Registrable Securities to be sold under any Registration Statement, and enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriter(s) or selling Holders may request and keep available and make available to the Company's transfer agent prior to the effectiveness of such Registration Statement a supply of such certificates, unless such Registrable Securities are in book-entry form.

(k) Cause all such Registrable Securities registered pursuant hereunder to be listed on a national securities exchange and on each other securities exchange on which similar securities issued by the Issuer are then listed.

(l) Provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

(m) Furnish, at the request of any Holder requesting registration or sale of Registrable Securities pursuant to this Article I, on the date that such Registrable Securities are delivered to the underwriters for sale in connection with a registration pursuant to this Article I, if such securities are being sold through underwriters, or, if such Securities are not being sold through underwriters, on the date that the Registration Statement with respect to such securities becomes effective, (i) 10b-5 statements and opinions of counsel to the Issuer, dated such date, and updates thereof, addressed to the managing underwriter(s), if any, and to the Holders requesting registration of Registrable Securities covering the matters customarily covered by

10b-5 statements and in opinions requested in underwritten offerings, as the case may be, and (ii) "comfort" letters, dated such date, and updates thereof from the independent certified public accountants of the Company who have certified the financial statements included in such Registration Statement, addressed to each selling Holder (unless such accountants shall be prohibited from so addressing such letters by applicable standards of the accounting profession, in which case an "agreed-upon procedures" letter may be required) and each of the managing underwriter(s), if any, such letters to be in customary form and covering matters of the type customarily covered in "comfort" letters in connection with underwritten offerings.

1.6 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Article I with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Issuer such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the registration of such Holder's Registrable Securities. The Issuer shall have no obligation with respect to any registration requested pursuant to Section 1.2 or Section 1.4 of this Agreement if, as a result of the application of the preceding sentence, the number of shares or the anticipated aggregate offering price of the Registrable Securities to be included in the registration does not equal or exceed the number of shares or the anticipated aggregate offering price required to originally trigger the Company's obligation to initiate such registration as specified in subsection 1.2(a), or subsection 1.4(c)(ii), whichever is applicable.

1.7 Expenses of Registration.

(a) **Demand Registration and Registration on Form S-3.** All expenses other than underwriting discounts and commissions incurred in connection with registrations, filings or qualifications pursuant to Section 1.2 or 1.4, including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Issuer, and the reasonable fees and disbursements of one counsel for the selling Holders selected by them in an amount not to exceed $50,000 with respect to each registration shall be borne by the Issuer; provided, however, that the Issuer shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 1.2 or 1.4 if the request is subsequently withdrawn at the request of the Initiating Holder in the case of a request or demand pursuant to Section 1.2 (in which case such Initiating Holder shall bear such expenses pro rata according to the number of Registrable Securities proposed to be included by them in such registration) or the Holders of a majority of the Registrable Securities to be registered in the case of a registration pursuant to Section 1.4 (in which case all participating Holders shall bear such expenses pro rata according to the number of Registrable Securities proposed to be included by them in such registration), unless the Holders requesting such withdrawal agree to forfeit their right to one such registration; provided further, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Issuer that was not known to the Holders at the time of their request and have withdrawn the request with reasonable promptness following disclosure by the Issuer of such material adverse change, then the Holders shall not be required to pay any of such expenses and shall retain their rights.

(b) **Company Registration.** All expenses other than underwriting discounts and commissions incurred in connection with registrations, filings or qualifications of Registrable Securities pursuant to Section 1.3 for each Holder, including (without limitation) all registration,

filing, and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Issuer and the reasonable fees and disbursements of one counsel for the selling Holder or Holders selected by them in an amount not to exceed $50,000 with respect to each registration or shall be borne by the Issuer.

1.8 Delays, Withdrawals and Conversion.

(a) No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Article I.

(b) If, at any time after giving written notice pursuant to Section 1.3 of its intention to register any equity securities and prior to the effective date of the Registration Statement filed in connection with such registration, the Issuer shall determine for any reason not to register or to delay registration of such equity securities, the Issuer may, at its election, give written notice of such determination to all Holders and, in the case of a determination not to register, shall be relieved of its obligation to register any Registrable Securities or include any Registrable Securities in such public offering in connection with such abandoned registration, without prejudice, however, to the rights of Holders under Sections 1.2, 1.4 and 1.7.

(c) If, at any time after having requested the Issuer to file a Registration Statement of Registrable Securities pursuant to Section 1.2, the Initiating Holder shall determine for any reason to withdraw such registration, such Initiating Holder, at its election, shall give notice of such determination to the Issuer. On receipt of such notice the Issuer shall be relieved of its obligation to effect such registration. Subject to the second proviso of Section 1.7(a), the expenses of such registration incurred by the Issuer shall be borne by the Initiating Holder unless the Initiating Holder agrees to forfeit its respective right to its demand registration so provided in Section 1.7(a) (in which case such expenses shall be paid by the Issuer). Any notice of withdrawal given by the Initiating Holder pursuant to this Section 1.8(c) shall be irrevocable.

(d) The Issuer may at any time within ten (10) days of its receipt of a notice from an Initiating Holder requesting a registration pursuant to Section 1.2 elect to convert the demand registration into a Company registration subject to Section 1.3 by notifying the Initiating Holder in writing. Upon making any such election, the Company shall notify all Holders (including the Initiating Holder) of its intent to file a Registration Statement in accordance with Section 1.3 and such Holders shall have the right (subject to the provisions of this Article I) to request that some or all of their Registrable Securities be included in such registration. Anything in this Agreement to the contrary notwithstanding, the Company shall use its best efforts to effect as soon as practicable, and in any event within sixty (60) days after making such election, such registration.

(e) Any Holder (other than an Initiating Holder) shall have the right to withdraw its request for inclusion of its Registrable Securities in any Registration Statement filed pursuant to this Article I by giving written notice to the Issuer of its request to withdraw; provided, that (i) such request must be made in writing prior to the earlier of the execution of the underwriting agreement or the execution of the custody agreement with respect to such registration and (ii) such withdrawal shall be irrevocable and, after making such withdrawal, a Holder shall no

longer have any right to include Registrable Securities in the registration as to which such withdrawal was made.

1.9 Indemnification. In the event any Registrable Securities are included in a Registration Statement under this Article I:

(a) The Issuer will indemnify and hold harmless each Holder and, as applicable, each of its affiliates, officers, directors, employees, representatives, agents and partners, any underwriter (as defined in the Securities Act) for such Holder and each person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), against any losses, claims, actions, judgments, damages, or liabilities (joint or several) (collectively, "Losses") to which they may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "Violation"): (i) any untrue statement or alleged untrue statement of a material fact contained in such Registration Statement, any preliminary Prospectus or final Prospectus or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Issuer of the Securities Act, the Exchange Act, any federal or state securities or other law or any rule or regulation promulgated under any of the foregoing laws; and the Issuer will pay to each such Holder, and each of its officers, directors, and partners, underwriter or controlling person, as incurred, any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this subsection 1.9(a) shall not apply to amounts paid in settlement of any such Loss if such settlement is effected without the consent of the Issuer (which consent shall not be unreasonably withheld or delayed), nor shall the Issuer be liable to any Holder, underwriter or controlling person for any such Loss to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter or controlling person.

(b) Each selling Holder will, severally and not jointly, indemnify and hold harmless the Issuer, each of its directors, each of its officers who has signed the Registration Statement, each person, if any, who controls the Issuer within the meaning of the Securities Act, any underwriter, any other Holder selling Securities in such Registration Statement and any controlling person of any such underwriter or other Holder, against any Losses to which any of the foregoing persons may become subject, under the Securities Act, the Exchange Act or other federal or state law, insofar as such Losses (or actions in respect thereof) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will pay, as incurred, any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to this subsection 1.9(b), in connection with investigating or defending any such Loss; provided, however, that the indemnity agreement contained in this subsection 1.9(b) shall not apply to amounts paid in settlement of any such Loss if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld or delayed); provided, however,

that each Holder's indemnification obligation hereunder shall, to the extent more than one Holder is subject to the same indemnification obligation, be apportioned between each Holder based upon the net amount received by each Holder from the sale of the Registrable Securities , as compared to the total net amount received by all of the Holders holding Registrable Securities sold pursuant to such Registration Statement. Notwithstanding the foregoing, no Holder shall be liable to the Issuer for amounts in excess of the lesser of (x) such apportionment and (y) the net proceeds received by such Holder in the offering (after deducting the applicable underwriting discounts and commissions) giving rise to such liability.

(c) Promptly after receipt by an indemnified party under this Section 1.9 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 1.9, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the reasonable fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of liability to the indemnified party under this Section 1.9 only to the extent such liability is caused by a failure to give such notice, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 1.9.

(d) If the indemnification provided for in this Section 1.9 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any Loss or expense referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such Loss or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or omission that resulted in such Loss or expense as well as any other relevant equitable considerations; provided, that in no event shall any contribution by a Holder under this subsection 1.9(d) exceed the net proceeds from the offering received by such Holder. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) The obligations of the Issuer and Holders under this Section 1.9 shall survive the completion of any offering of Registrable Securities under this Article I.

1.10 Reports Under Securities Exchange Act 1934. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Securities Act and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in SEC Rule 144, at all times after ninety (90) days after the effective date of the first Registration Statement filed by the Company for the offering of its securities to the general public;

(b) take such action, including the voluntary registration of its Common Stock under Section 12 of the Exchange Act, as is necessary to enable the Holders to utilize Form S-3 for the sale of their Registrable Securities, such action to be taken as soon as practicable after the end of the fiscal year in which the Company's Registration Statement for its initial public offering is declared effective;

(c) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(d) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the first Registration Statement filed by the Company), the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC which permits the selling of any such securities without registration or pursuant to such form.

1.11 Assignment of Registration Rights. The rights to cause the Issuer to register Registrable Securities pursuant to this Article I may be assigned (but only with all related obligations) by a Holder to a transferee or assignee of at least 1,320,000 shares of Registrable Securities (as adjusted for stock splits, stock dividends, recapitalizations and the like effected after the date hereof), provided the Issuer is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; and provided, further still, that the right to demand a registration pursuant to Section 1.2 may only be assigned to a transferee or assignee acquiring all shares of Registrable Securities then held by a Holder entitled to exercise rights under Section 1.2. For the purposes of determining the number of shares of Registrable Securities held by a transferee or assignee, the holdings of transferees and assignees of a partnership who are partners or retired partners of such partnership (including spouses and ancestors, lineal descendants and siblings of such partners or spouses who acquire Registrable Securities by gift, will or intestate succession) shall be aggregated together and with the partnership; provided that all assignees and transferees who would not qualify individually for

assignment of registration rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices or taking any action under Article I.

1.12 "Market Stand-Off" Agreement. Each Holder hereby agrees that, during the period of duration (up to, but not exceeding, 180 days) specified by the Issuer and an underwriter of Common Stock or other securities of the Issuer, following the date of the final Prospectus distributed in connection with a public offering, it shall not, to the extent requested by the Issuer and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any Registrable Securities held by it at any time during such period except Registrable Securities included in such registration; provided, however, that:

(a) such agreement shall be applicable only with respect to the Issuer's initial public offering;

(b) all officers and directors of the Issuer, all one-percent securityholders, and all other Persons with registration rights (whether or not pursuant to this Agreement) enter into similar agreements; and

(c) any waiver or termination of the prohibition set forth in this Section 1.12 by the Issuer or any underwriter shall apply to all Persons who are subject hereto or any similar such obligation on a pro rata basis.

In order to enforce the foregoing covenant, the Issuer may impose stop transfer instructions with respect to the Registrable Securities of each Holder (and the shares or securities of every other Person subject to the foregoing restriction) until the end of such period, and each Holder agrees that, if so requested, such Holder will execute an agreement in the form provided by the underwriter containing terms which are consistent with the provisions of this Section 1.12.

Notwithstanding the foregoing, the obligations described in this Section 1.12 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms which may be promulgated in the future, or a registration relating solely to an SEC Rule 145 transaction on Form S-4 or similar forms which may be promulgated in the future.

1.13 Termination of Registration Rights. The terms and conditions set forth in this Agreement shall terminate only when all Registrable Securities held by the Holders have ceased to be Registrable Securities.

ARTICLE II
MISCELLANEOUS

2.1 Successors and Assigns. Except as otherwise provided in this Agreement, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties (including transferees of any Registrable Securities). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies,

obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

2.2 Amendments and Waivers. Any term of this Agreement may be amended or waived in writing and only with the written consent of the Issuer and the holders of a majority of the Registrable Securities (including any amendment to the definition thereof); provided, however that if any such amendment or waiver would adversely affect any individual Holder, or group of Holders, in a manner which is materially different than its effect on any other Holder or group of Holders, such written instrument shall also be executed by such individual Holder (or in the case of any group of Holders, Holders of a majority of the outstanding Registrable Securities held by such group of Holders). Any amendment or waiver effected in accordance with this Section 2.2 shall be binding upon each Holder of any Registrable Securities then outstanding, each future Holder of all such Registrable Securities, and the Issuer.

2.3 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or: (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their email addresses, facsimile numbers or addresses as set forth on the signature pages hereto, or to such email address, facsimile number or address as subsequently modified by written notice given in accordance with this Section 2.3. If notice is given to the Issuer, it shall be sent to Cecil Bancorp, Inc., 118 North Street, PO Box 469, Elkton, MD 21922-0469; and a copy (which shall not constitute notice) shall also be sent to Nelson Mullins Riley & Scarborough, LLP, Atlantic Station, 201 17th Street NW, Suite 1700, Atlanta, GA 30363, Attn: Brennan Ryan.

2.4 Severability. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

2.5 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

2.6 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

2.7 Aggregation of Stock. All Registrable Securities held or acquired by Affiliated Entities or Persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement. For purposes of this Agreement, "Affiliated Entity or Person" means, with respect to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person, and (i) with respect to any Person that is an individual, his or her spouse, parent, grandparent, child, stepchild or grandchild, or the spouse thereof (each, an "Immediate Family Member"), or any trust, (or

other estate planning vehicle) or similar entity of which there are no principal beneficiaries other than any one or more of such individuals, or any of the Immediate Family Members of such individual, and (ii) with respect to any partnership, the general or limited partners thereof and the record owners of equity securities of such general or limited partners. Notwithstanding the foregoing, neither the Issuer nor any Person controlled by the Issuer shall be deemed to be an Affiliate of any Purchaser for purposes of this Agreement. For purposes of this definition, "control" of a Person means having 50% or more of the voting control of that Person or holding equity securities representing 50% or more of the economic interests in such Person. For these purposes, "Person" means any individual, company, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

2.8 Dispute Resolution. This Agreement will be governed by and construed in accordance with the Laws of the State of New York applicable to contracts made and to be performed entirely within such State. The parties hereby agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in the United States District Court for the Southern District of New York sitting in the borough of Manhattan, New York, New York, so long as such court shall have subject matter jurisdiction over such suit, action or proceeding or, if it does not have subject matter jurisdiction, in any New York State court sitting in the borough of Manhattan, New York, New York, and each of the parties hereby irrevocably consents to the jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by Law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding which is brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 2.8 shall be deemed effective service of process on such party. The parties hereby irrevocably and unconditionally consent to submit to the exclusive jurisdiction of the state and federal courts referred to above for any actions, suits or proceedings arising out of or relating to this Agreement and the transactions contemplated hereby.

WAIVER OF JURY TRIAL: EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND

VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

The parties have executed this Registration Rights Agreement as of the date first above written.

ISSUER:

CECIL BANCORP, INC.

By: _____

Terrie G. Spiro
President Chief Executive Officer

Address: 118 North Street
PO Box 469
Elkton, MD 21922-0469

With a copy (which shall not constitute notice) to:

Nelson Mullins Riley & Scarborough, LLP
Atlantic Station
201 17th Street NW, Suite 1700
Atlanta, GA 30363
Attn: Brennan Ryan

The parties have executed this Registration Rights Agreement as of the date first above written.

PURCHASER:

_____

By: _____

Name: _____

Title: _____

Address: _____

_____

_____

With a copy (which shall not constitute notice) to:

EXHIBIT B
ACCREDITED INVESTOR QUESTIONNAIRE
(ALL INFORMATION WILL BE TREATED CONFIDENTIALLY)

To: Cecil Bancorp, Inc.

This Accredited Investor Questionnaire ("**Questionnaire**") must be completed by each potential investor in connection with the offer and sale by Cecil Bancorp, Inc., a Maryland corporation (the "**Company**"), of its shares of (i) common stock, $0.01 par value per share (the "**Common Shares**") and (ii) non-voting common stock, par value $0.01 per share (the "**Non-Voting Common Stock**"). The Common Shares and the Non-Voting Common Stock shall be collectively referred herein to as the "**Shares**". The Shares are being offered and sold by the Company without registration under the Securities Act of 1933, as amended (the "**Act**"), and the securities laws of certain states, in reliance on the exemptions contained in Section 4(a)(2) of the Act and on Regulation D promulgated thereunder and in reliance on similar exemptions under applicable state laws. The Company must determine that a potential investor meets certain suitability requirements before offering or selling Shares to such investor. The purpose of this Questionnaire is to assure the Company that each investor will meet the applicable suitability requirements. The information supplied by you will be used in determining whether you meet such criteria, and reliance upon the private offering exemptions from registration is based in part on the information herein supplied.

This Questionnaire does not constitute an offer to sell or a solicitation of an offer to buy any security. Your answers will be kept strictly confidential. However, by signing this Questionnaire, you will be authorizing the Company to provide a completed copy of this Questionnaire to such parties as the Company deems appropriate in order to ensure that the offer and sale of the Shares will not result in a violation of the Act or the securities laws of any state and that you otherwise satisfy the suitability standards applicable to purchasers of the Shares. All potential investors must answer all applicable questions and complete, date and sign this Questionnaire. Please print or type your responses and attach additional sheets of paper if necessary to complete your answers to any item.

PART A. **BACKGROUND INFORMATION**

Name of Beneficial Owner of the Shares: _____

Business Address: _____
(Number and Street)

_____
(City) (State) (Zip Code)

Telephone Number: ( ) _____

_____

If a corporation, partnership, limited liability company, trust or other entity:

Type of entity: _____

Were you formed for the purpose of investing in the securities being offered?
Yes ☐ No ☐

Taxpayer Identification No. _____

***If an individual**:*

Residence Address: _____
(Number and Street)

_____
(City) (State) (Zip Code)

Telephone Number: ( ) _____
_____

Date of Birth: _____ Citizenship: _____ State Where registered to vote: _____

Marital Status: _____ Number of Dependents: _____

State of Issuance of Driver's License: _____

Social Security Number: _____

Set forth in the space provided below the state(s), if any, in the United States in which you maintained your residence during the past two years and the dates during which you resided in each state: _____
_____
_____

Are you a director or executive officer of the Company?
Yes ☐ No ☐

Employer Name: _____

Nature of Business: _____

Position and Nature of Duties: _____

_____

Business Address: _____
(Number and Street)

_____
(City) (State) (Zip Code)

Business
Telephone Number: ( ) _____

Your employment, positions or occupations during the past 5 years (and the inclusive dates of each) are as follows (what is sought is a sufficient description to enable the Company to determine the extent of vocationally related experience in financial and business matters):

Employment, Position or Occupation	*Nature of Duties*	*From*	*To*

Your general, business or professional education, and the degrees received, are as follows:

School	*Degree*	*Year Received*

In your most recently filed federal income tax return, check which of the following tax tables you used:

Married Individuals Filing Joint Returns ☐

Heads of Household ☐

Unmarried Individuals ☐

Married Individuals Filing Separate Returns ☐

PART B. **ACCREDITED INVESTOR QUESTIONNAIRE**

In order for the Company to offer and sell the Shares in conformance with state and federal securities laws, the following information must be obtained regarding your investor status. Please **initial each category** applicable to you as a Purchaser of Shares.

☐ 1. A bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act whether acting in its

individual or fiduciary capacity;

☐ 2. A broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934;

☐ 3. An insurance company as defined in Section 2(a)(13) of the Securities Act;

☐ 4. An investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act;

☐ 5. A Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958;

☐ 6. A plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000;

☐ 7. An employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

☐ 8. A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;

☐ 9. An organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the Shares, with total assets in excess of $5,000,000;

☐ 10. A trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the Shares, whose purchase is directed by a sophisticated person who has such knowledge and experience in financial and business matters that such person is capable of evaluating the merits and risks of investing in the Company;

☐ 11. A natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his or her purchase exceeds $1,000,000 (*see **Note 11** below*);

☐ 12. A natural person who had an individual income in excess of $200,000 in each of the two most recent years, or joint income with that person's spouse in excess of $300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year;

☐ 13. An executive officer or director of the Company; and

☐ 14. An entity in which all of the equity owners qualify under any of the above subparagraphs. If the undersigned belongs to this investor category only, list the equity owners of the undersigned, and the investor category which each such equity owner satisfies.

Note 11. For purposes of calculating net worth under paragraph (11):

(A) The person's primary residence shall not be included as an asset;

(B) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

(C) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability.

If an individual:

Investment experience:

(a) Indicate the frequency of your investment in "marketable" securities, i.e. securities that trade on an organized exchange or NASDAQ:

☐ often; ☐ occasionally; ☐ seldom; ☐ never.

(b) (i) Indicate the frequency of your investment in "unmarketable" securities:

☐ often; ☐ more than once; ☐ once; ☐ never.

(ii) Indicate any previously purchased securities which were sold to you in reliance on the private offering exemption from registration under the Securities Act of 1933.

Year	*Type of Securities*	*Issuer*	*Business of Issuer*	*Total Amount Invested*

Investment objectives, financial situation, and attitude towards investment**:**

(a) This investment will be (check one):

☐ Less than 10% of my financial portfolio
☐ Roughly 20% of my financial portfolio
☐ More than 20% of my financial portfolio

(b) The purpose of this investment is the following (check all that apply):

☐ Generate income for current or future expenses
☐ Partially fund my retirement
☐ Wholly fund my retirement
☐ Steadily accumulate wealth over the long term
☐ Preserve wealth and pass it on to my heirs
☐ Pay for education
☐ Market Speculation
☐ Other: _____

(c) When is the earliest you expect to need the funds represented by your contemplated investment?

☐ Under 3 years ☐ 3–5 years ☐ 6–10 years ☐ Over 10 years

(d) I have made one or more investments in non-publicly-traded securities within the last 5 years?

☐ Yes ☐ No

(e) My purchase of these securities is in accordance with my investment goals and objectives, which investment goals and objectives include assuming a degree of risk in connection with investments in startup companies or companies with limited operating histories?

☐ Yes ☐ No

(f) My marginal federal income tax rate (the highest rate at which any of my income is taxed) for my most recently filled federal income tax return was (check one that applies)?

☐ 33% or higher ☐ 28% or higher ☐ less than 28%

Have you engaged an advisor to help you evaluate your prospective investment in the Company? If so, please state the advisor's name and qualifications:

_____

_____

_____

_____

Indicate in the space provided below any additional information which you think may be helpful in enabling the Company to determine that your knowledge and experience in financial and business matters is sufficient to enable you to evaluate the merits and risks of this investment.

_____

_____

_____

A. **FOR EXECUTION BY AN INDIVIDUAL**:

Date: _____

By: _____
Print Name:

B. **FOR EXECUTION BY AN ENTITY**:

Entity Name: _____

Date: _____

By: _____
Print Name:
Title:

C. **ADDITIONAL SIGNATURES** (if required by partnership, corporation or trust document):

Entity Name: _____

Date: _____

By: _____
Print Name:
Title:

Entity Name: _____

Date: _____

By: _____
Print Name:
Title:

EXHIBIT C
Form of Opinion of Company Counsel

[Company Counsel to add Preamble and Carveouts]

1. The Company validly exists as a corporation in good standing under the laws of the State of Maryland.

2. The Company has the corporate power and authority to execute and deliver and to perform its obligations under the Transaction Documents, including, without limitation, to issue the Securities.

3. The Company is a registered bank holding company under the Bank Holding Company Act of 1956, as amended.

4. The deposit accounts of the Bank are insured by the Federal Deposit Insurance Corporation under the provisions of the Federal Deposit Insurance Act.

5. Each of the Transaction Documents has been duly authorized, executed, and delivered by the Company and, assuming due authorization, execution, and delivery by the Purchaser (to the extent they are a party), each of the Transaction Documents constitutes a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms.

6. The execution and delivery by the Company of each of the Transaction Documents and the performance by the Company of its obligations under such agreements, including its issuance and sale of the Securities, do not and will not: (a) require any consent, approval, license or exemption by, order or authorization of, or filing, recording, or registration by the Company with any federal or state governmental authority, except (1) as may be required by federal securities laws with respect to the Company's obligations under the Registration Rights Agreement, (2) the filing of Form D pursuant to Securities and Exchange Commission Regulation D, and (3) the filings required in accordance with Section 3.1(e) of the Stock Purchase Agreement, (b) violate any federal or state statute, rule, or regulation, or any rule or regulation of the OTC Pink, or any court order, judgment, or decree, if any, listed in Exhibit A hereto, which exhibit lists all court orders, judgments, and decrees that the Company has certified to us are applicable to it, (c) result in any violation of the Articles of Incorporation or Bylaws of the Company, or (d) result in a breach of, or constitute a default under, any contract listed on Schedule 3.1(yy) hereto.

7. Assuming the accuracy of the representations, warranties, and compliance with the covenants and agreements of the Purchaser and the Company contained in the Stock Purchase Agreement, it is not necessary, in connection with the offer, sale, and delivery of the Securities to the Purchaser to register the Securities under the Securities Act.

8. The Securities being delivered to the Purchaser pursuant to the Stock Purchase Agreement have been duly and validly authorized and, when issued, delivered, and paid for as contemplated in the Stock Purchase Agreement, will be duly and validly issued, fully paid and non-assessable, and free of any preemptive right or similar rights contained in the Company's Articles of Incorporation or Bylaws.

EXHIBIT D

Form of Tax Opinion

KPMG LLP (the "Accounting Firm") shall deliver to the Company an opinion, in the Accounting Firm's customary form and otherwise reasonably satisfactory to the Company, and on which the Company is expressly permitted to rely, to the effect that, based on the most current information available prior to the Closing Date as provided by the Company to the Accounting Firm, the consummation of the private placement offering contemplated by that certain Stock Purchase Agreement between the Company and the Purchaser identified on the signature page thereto (the "Offering"), should not cause an "ownership change" within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, the Accounting Firm shall deliver to the Purchaser an opinion as described in the preceding sentence, in the Accounting Firm's customary form and otherwise reasonably satisfactory to Purchaser, and on which Purchaser is expressly permitted to rely, subject to the Purchaser's execution of a reliance letter with the Accounting Firm pursuant to which Purchaser shall agree to the Accounting Firm's standard terms and conditions, forms of which have been previously provided to Purchaser.

EXHIBIT E
Form of Secretary's Certificate

The undersigned hereby certifies that he is the duly elected, qualified, and acting Secretary of Cecil Bancorp, Inc., a Maryland corporation (the "Company"), and that as such he is authorized to execute and deliver this certificate in the name and on behalf of the Company in connection with the Stock Purchase Agreement, dated as of [•], by and among the Company and the investors party thereto (the "Stock Purchase Agreement"), and further certifies in his official capacity, in the name and on behalf of the Company, the items set forth below. Capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Stock Purchase Agreement.

1. Attached hereto as Exhibit A is a true, correct and complete copy of the resolutions duly adopted by the Board of Directors of the Company at a meeting held on [•]. Such resolutions have not in any way been amended, modified, revoked, or rescinded, have been in full force and effect since their adoption to and including the date hereof and are now in full force and effect.

2. Attached hereto as Exhibit B is a copy of the Company's Articles of Incorporation, as amended. Such Articles of Incorporation, as amended, constitute true, correct, and complete copies of the Articles of Incorporation, as amended, of the Company as in effect on the date hereof.

3. Attached hereto as Exhibit C is a copy of the Company's bylaws. Such bylaws constitute true, correct, and complete copies of the bylaws of the Company as in effect on the date hereof.

4. Each person listed below has been duly elected or appointed to the position(s) indicated opposite his name and is duly authorized to sign the Stock Purchase Agreement and each of the Transaction Documents on behalf of the Company, and the signature appearing opposite such person's name below is such person's genuine signature.

Name	**Position**	**Signature**
		_____
		_____

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of this [•] day of [•], 2017.

_____
[ ]
Secretary

I, [_____],[President and Chief Executive Officer], hereby certify that [_____] is the duly elected, qualified, and acting Secretary of the Company and that the signature set forth above is his true signature.

_____
[ ]
President and Chief Executive Officer

EXHIBIT F
Form of Officer's Certificate

The undersigned, the President and Chief Executive Officer of Cecil Bancorp, Inc., a Maryland corporation (the "Company"), pursuant to Section 2.2(b)(iii) of the Stock Purchase Agreement, dated as of [•], by and among the Company and the investors signatory thereto (the "Stock Purchase Agreement"), hereby represents, warrants, and certifies as follows (capitalized terms used but not otherwise defined herein shall have the meaning set forth in the Agreement):

1. The representations and warranties of the Company contained in the Stock Purchase Agreement are true and correct as of the date when made and as of the Closing Date, as though made on and as of such date, except for such representations and warranties that speak as of a specific date.

2. The Company has performed, satisfied and complied in all material respects with all covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by it at or prior to the Closing.

3. Since the date of the Agreement, there has not occurred any circumstance, event, change, development or effect that, individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect on the Company or the Bank.

IN WITNESS WHEREOF, the undersigned has executed this certificate this [•] day of [•], 2017.

_____
[ ]
President and Chief Executive Officer

EXHIBIT G
Form of Articles of Amendment

ARTICLES OF AMENDMENT
OF
ARTCLES OF INCORPORATION
OF
CECIL BANCORP, INC.

FIRST: Cecil Bancorp, Inc., a Maryland corporation, having its principal office in the town of Elkton, Cecil County, Maryland (the "Corporation") hereby certifies to the State Department of Assessments and Taxation that:

A. The Corporation desires to amend its Articles of Incorporation ("Charter") as provided herein.

B. The amendment of the Charter was advised by the Board of Directors and approved on the Approval Date by the United States Bankruptcy Court for the District of Maryland.

C. The first two sentences of the first paragraph of Article VI of the Charter of the Corporation are hereby amended to read as follows:

> The aggregate number of shares of all classes of capital stock which the Corporation has the authority to issue is [•], of which 1,000,000,000 are to be shares of voting common stock, $.01 par value per share, of which [•] are to be shares of non-voting common stock, $.01 par value per share, having the powers, rights, and preferences, and the qualifications, limitations, and restrictions thereof as set forth in Exhibit A attached hereto, and of which 1,000,000 are to be shares of serial preferred stock, $.01 par value per share. The aggregate par value of all shares of capital stock is $[•].

SECOND: The total number of shares of stock which the Corporation is authorized to issue immediately prior to the amendment is 1,001,000,000, of which 1,000,000,0000 are shares of common stock, $.01 par value per share, and of which 1,000,000 are shares of serial preferred stock, $.01 par value per share. The aggregate par value of all shares of capital stock immediately prior to the amendment is $10,010,000.

THIRD: The total number of shares of stock which the Corporation will be authorized to issue immediately following the amendment of the Charter is [•], of which 1,000,000,000 are shares of voting common stock, $.01 par value per share, of which [•] are shares of non-voting common stock, $.01 par value per share, and of which 1,000,000 are shares of serial preferred stock, $.01 par value per shares. The aggregate par value of all shares of capital stock immediately following the amendment of the Charter is $[•].

FOURTH: The preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption of the common stock and the serial preferred stock were not changed by the amendment.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to be executed in its name and on its behalf by its President and Chief Executive Officer and attested to by its Secretary on this __ day of _____, 2017

ATTEST:

_____
Name:
Title: Secretary

CECIL BANCORP, INC.

_____
Name: Terrie G. Spiro
Title: President and Chief Executive Officer

Exhibit A

ARTICLES OF AMENDMENT
TO THE
ARTICLES OF INCORPORATION
OF
CECIL BANCORP, INC.

NON-VOTING COMMON STOCK

1. Definitions.

(a) "Affiliate" has the meaning set forth in 12 C.F.R. § 225.2(a) or any successor provision.

(b) "Approval Date" means the date the United States Bankruptcy Court for the District of Maryland approves the plan of reorganization, including approval of an amendment to the Articles of Incorporation authorizing a class of Non-Voting Common Stock in an amount of shares sufficient to permit the full conversion of the Common Stock into shares of Non-Voting Common Stock.

(c) "Articles of Incorporation" means the Articles of Incorporation of the Corporation, as amended and in effect from time and time.

(d) "Board of Directors" means the board of directors of the Corporation.

(e) A "business day" means any day other than a Saturday or a Sunday or a day on which banks in New York are authorized or required by law, executive order or regulation to close.

(f) "Certificate" means a certificate representing one (1) or more shares of Non-Voting Common Stock.

(g) "Common Stock" means the voting common stock of the Corporation, $.01 par value per share.

(h) "Conversion" has the meaning set forth in Section 5.

(i) "Conversion Date" means the date that a share of Non-Voting Common Stock is converted into Common Stock in accordance with Section 5.

(j) "Corporation" means Cecil Bancorp, Inc., a Maryland corporation.

(k) "Dividends" has the meaning set forth in Section 3.

(l) "Exchange Agent" means Computershare Limited solely in its capacity as transfer and exchange agent for the Corporation, or any successor transfer and exchange agent for the Corporation.

(m) "Liquidation Distribution" has the meaning set forth in Section 4.

(n) "Non-Voting Common Stock" has the meaning set forth in Section 2.

(o) "Permissible Transfer" means a transfer by the holder of Non-Voting Common Stock (i) to the Corporation; (ii) in a widely distributed public offering of Common Stock or Non-Voting Common Stock; (iii) that is part of an offering that is not a widely distributed public offering of Common Stock or Non-Voting Common Stock but is one in which no one transferee (or group of associated transferees) acquires the rights to receive two percent (2%) or more of any class of the Voting Securities of the Corporation then outstanding (including pursuant to a related series of transfers); (iv) that is part of a transfer of Common Stock or Non-Voting Common Stock to an underwriter for the purpose of conducting a widely distributed public offering; (v) to a transferee that controls more than 50 percent (50%) of the Voting Securities of the Corporation without giving effect to such transfer; or (vi) that is part of a transaction approved by the Board of Governors of the Federal Reserve System (the "Federal Reserve").

(p) "Person" means an individual, corporation, partnership, limited liability company, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated organization, or any other form of entity not specifically listed herein.

(q) "Voting Security" has the meaning set forth in 12 C.F.R. § 225.2(q) or any successor provision.

2. Designation; Number of Shares. The class of shares of capital stock hereby authorized shall be designated as "Non-Voting Common Stock" (the "Non-Voting Common Stock"). The number of authorized shares of the Non-Voting Common Stock shall be [•] shares. The Non-Voting Common Stock shall have a $.01 par value per share. Each share of Non-Voting Common Stock has the designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or terms or conditions of redemption as described herein. Each share of Non-Voting Common Stock is identical in all respects to every other share of Non-Voting Common Stock.

3. Dividends. The Non-Voting Common Stock will rank *pari passu* with the Common Stock with respect to the payment of dividends or distributions, whether payable in cash, securities, options or other property, and with respect to issuance, grant or sale of any rights to purchase stock, warrants, securities or other property (collectively, the "Dividends"). Accordingly, the holders of record of Non-Voting Common Stock will be entitled to receive as, when, and if declared by the Board of Directors, Dividends in the same per share amount as paid on the Common Stock, and no Dividends will be payable on the Common Stock or any other class or series of capital stock ranking with respect to Dividends *pari passu* with the Common Stock unless a Dividend identical to that paid on the Common Stock is payable at the same time on the Non-Voting Common Stock in an amount per share of Non-Voting Common Stock equal to the product of (i) the per share Dividend declared and paid in respect of each share of Common Stock and (ii) the number of shares of Common Stock into which such share of Non-Voting Common Stock is then convertible (without regard to any limitations on conversion of the Non-Voting Common Stock); *provided however*, that if a stock Dividend is declared on Common Stock payable solely in Common Stock, the holders of Non-Voting Common Stock will be entitled to a stock Dividend payable solely in shares of Non-Voting Common Stock. Dividends that are payable on Non-Voting Common Stock will be payable to the holders of record of Non-Voting Common Stock as they appear on the stock register of the Corporation on the applicable record date, as determined by the Board of Directors, which record date will be the same as the record date for the equivalent Dividend of the Common Stock. In the event that the Board of Directors does not declare or pay any Dividends with respect to shares of Common Stock, then the holders of Non-Voting Common Stock will have no right to receive any Dividends.

4. Liquidation.

(a) Rank. The Non-Voting Common Stock will, with respect to rights upon liquidation, winding up and dissolution, rank (i) subordinate and junior in right of payment to all other securities of the Corporation which, by their respective terms, are senior to the Non-Voting Common Stock or the Common Stock, and (ii) *pari passu* with the Common Stock. Not in limitation of anything contained herein, and for purposes of clarity, the Non-Voting Common Stock is subordinated to the general creditors and subordinated debt holders of the Company, and the depositors of the Company's bank subsidiaries, in any receivership, insolvency, liquidation or similar proceeding.

(b) Liquidation Distributions. In the event of any liquidation, dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, holders of Non-Voting Common Stock will be entitled to receive, for each share of Non-Voting Common Stock, out of the assets of the Corporation or proceeds thereof (whether capital or surplus) available for distribution to stockholders of the Corporation, subject to the rights of any Persons to whom the Non-Voting Common Stock is subordinate, a distribution ("Liquidation Distribution") equal to (i) any authorized and declared, but unpaid, Dividends with respect to such share of Non-Voting Common Stock at the time of such liquidation, dissolution or winding up, and (ii) the amount the holder of such share of Non-Voting Common Stock would receive in respect of such share if such share had been converted into shares of Common Stock at the then applicable conversion rate at the time of such liquidation, dissolution or winding up (assuming the conversion of all shares of Non-Voting Common Stock at such time, without regard to any limitations on conversion of the Non-Voting Common Stock). All Liquidating Distributions to the holders of the Non-Voting Common Stock and Common Stock set forth in clause (ii) above will be made pro rata to the holders thereof.

(c) Merger, Consolidation and Sale of Assets Not Liquidation. For purposes of this Section 4, the merger or consolidation of the Corporation with any other corporation or other entity, including a merger or consolidation in which the holders of Non-Voting Common Stock receive cash, securities or other property for their shares, or the sale, lease or exchange (for cash, securities or property) of all or substantially all of the assets of the Corporation, will not constitute a liquidation, dissolution or winding up of the Corporation.

5. Conversion.

(a) General.

(i) A holder of Non-Voting Common Stock shall be permitted to convert, or upon the written request of the Corporation shall convert, shares of Non-Voting Common Stock into shares of Common Stock at any time or from time to time, provided that upon such conversion the holder, together with all Affiliates of the holder, will not own or control in the aggregate more than 9.9% of the Common Stock (or of any class of Voting Securities issued by the Corporation), excluding for the purpose of this calculation any reduction in ownership resulting from transfers by such holder of Voting Securities of the Corporation (which, for the avoidance of doubt, does not include Non-Voting Common Stock). In any such conversion, each share of Non-Voting Common Stock will convert initially into one (1) share of Common Stock, subject to adjustment as provided in Section 6 below.

(ii) Each share of Non-Voting Common Stock will automatically convert into one (1) share of Common Stock, without any further action on the part of any holder, subject to adjustment as provided in

Section 6 below, on the date a holder of Non-Voting Common Stock transfers any shares of Non-Voting Common Stock to a non-affiliate of the holder in a Permissible Transfer.

(iii) To effect any permitted conversion under Section 5(a)(i) or Section 5(a)(ii), the holder shall surrender the certificate or certificates evidencing such shares of Non-Voting Common Stock, duly endorsed, at the registered office of the Corporation, and provide written instructions to the Corporation as to the number of whole shares for which such conversion shall be effected, together with any appropriate documentation that may be reasonably required by the Corporation. Upon the surrender of such certificate(s), the Corporation will issue and deliver to such holder (in the case of a conversion under Section 5(a)(i)) or such holder's transferee (in the case of a conversion under Section 5(a)(ii)) a certificate or certificates for the number of shares of Common Stock into which the Non-Voting Common Stock has been converted and, in the event that such conversion is with respect to some, but not all, of the holder's shares of Non-Voting Common Stock, the Corporation shall deliver to such holder a certificate or certificate(s) representing the number of shares of Non-Voting Common Stock that were not converted to Common Stock.

(iv) All shares of Common Stock delivered upon conversion of the Non-Voting Common Stock shall be duly authorized, validly issued, fully paid and non- assessable, free and clear of all liens, claims, security interests, charges and other encumbrances.

(b) Reservation of Shares Issuable Upon Conversion. The Corporation will at all times reserve and keep available out of its authorized but unissued Common Stock solely for the purpose of effecting the conversion of the Non-Voting Common Stock such number of shares of Common Stock as will from time to time be sufficient to effect the conversion of all outstanding Non-Voting Common Stock; and if at any time the number of shares of authorized but unissued Common Stock will not be sufficient to effect the conversion of all then outstanding Non-Voting Common Stock, the Corporation will take such action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued Common Stock to such number of shares as will be sufficient for such purpose.

(c) No Impairment. The Corporation will not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 5 and in the taking of all such actions as may be necessary or appropriate in order to protect the conversion rights of the holders of the Non-Voting Common Stock against impairment.

6. Adjustments.

(a) Combinations or Divisions of Common Stock. In the event that the Corporation at any time or from time to time will effect a division of the Common Stock into a greater number of shares (by stock split, reclassification or otherwise other than by payment of a Dividend in Common Stock or in any right to acquire the Common Stock), or in the event the outstanding Common Stock will be combined or consolidated, by reclassification, reverse stock split or otherwise, into a lesser number of shares of the Common Stock, then the dividend, liquidation, and conversion rights of each share of Non-Voting Common Stock in effect immediately prior to such event will, concurrently with the effectiveness of such event, be proportionately decreased or increased, as appropriate.

(b) Reclassification, Exchange or Substitution. If the Common Stock is changed into the same or a different number of shares of any other class or classes of stock, whether by capital reorganization, reclassification or otherwise (other than a division or combination of shares provided for in 6(a) above),

(1) the conversion ratio then in effect will, concurrently with the effectiveness of such transaction, be adjusted so that each share of the Non-Voting Common Stock will be convertible into, in lieu of the number of shares of Common Stock which the holders of the Non-Voting Common Stock would otherwise have been entitled to receive, a number of shares of such other class or classes of stock equal to the product of (i) the number of shares of such other class or classes of stock that a holder of a share of Common Stock would be entitled to receive in such transaction and (ii) the number of shares of Common Stock into which such share of Non-Voting Common Stock is then convertible (without regard to any limitations on conversion of the Non-Voting Common Stock) immediately before that transaction and (2) the Dividend and Liquidation Distribution rights then in effect will, concurrently with the effectiveness of such transaction, be adjusted so that each share of Non-Voting Common Stock will be entitled to a Dividend and Liquidation Distribution right, in lieu of with respect to the number of shares of Common Stock which the holders of the Non-Voting Common Stock would otherwise have been entitled to receive, with respect to a number of shares of such other class or classes of stock equal to the product of (i) the number of shares of such other class or classes of stock that a holder of a share of Common Stock would be entitled to receive in such transaction and (ii) the number of shares of Common Stock into which such share of Non-Voting Common Stock is then convertible (without regard to any limitations on conversion of the Non-Voting Common Stock) immediately before that transaction.

(c) Certificates as to Adjustments. Upon the occurrence of each adjustment or readjustment pursuant to this Section 6, the Corporation at its expense will promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Non-Voting Common Stock a certificate executed by the Corporation's President (or other appropriate officer) setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation will, upon the written request at any time of any holder of Non-Voting Common Stock, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, and (ii) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of the Non-Voting Common Stock.

7. Reorganization, Mergers, Consolidations or Sales of Assets. If at any time or from time to time there will be a capital reorganization of the Common Stock (other than a subdivision, combination, reclassification or exchange of shares otherwise provided for in Section 6) or a merger or consolidation of the Corporation with or into another corporation, or the sale of all or substantially all the Corporation's properties and assets to any other Person, then, as a part of such reorganization, merger, consolidation or sale, provision will be made so that the holders of the Non-Voting Common Stock will thereafter be entitled to receive upon conversion of the Non-Voting Common Stock, the number of shares of stock or other securities or property of the Corporation, or of the successor company resulting from such merger or consolidation or sale, to which a holder of that number of shares of Common Stock deliverable upon conversion of the Non-Voting Common Stock would have been entitled to receive on such capital reorganization, merger, consolidation or sale (without regard to any limitations on conversion of the Non-Voting Common Stock).

8. Redemption. Except to the extent a liquidation under Section 4 may be deemed to be a redemption, the Non-Voting Common Stock will not be redeemable at the option of the Corporation or any holder of Non-Voting Common Stock at any time. Notwithstanding the foregoing, the Corporation will not be prohibited from repurchasing or otherwise acquiring shares of Non-Voting Common Stock in voluntary transactions with the holders thereof, subject to compliance with any applicable legal or regulatory requirements, including applicable regulatory capital requirements. Any shares of Non-Voting Common Stock repurchased or otherwise acquired may be reissued as additional shares of Non-Voting Common Stock.

9. Voting Rights. The holders of Non-Voting Common Stock will not have any voting rights, except as may otherwise from time to time be required by law.

10. Protective Provisions. So long as any shares of Non-Voting Common Stock are issued and outstanding, the Corporation will not (including by means of merger, consolidation or otherwise), without obtaining the approval (by vote or written consent) of the holders of a majority of the issued and outstanding shares of Non-Voting Common Stock, (i) alter or change the rights, preferences, privileges or restrictions provided for the benefit of the holders of the Non-Voting Common Stock, (ii) increase or decrease the authorized number of shares of Non-Voting Common Stock or (iii) enter into any agreement, merger or business consolidation, or engage in any other transaction, or take any action that would have the effect of changing any preference or any relative or other right provided for the benefit of the holders of the Non-Voting Common Stock. In the event that the Corporation offers to repurchase shares of Common Stock, the Corporation shall offer to repurchase shares of Non-Voting Common Stock pro rata based upon the number of shares of Common Stock such holders would be entitled to receive if such shares were converted into shares of Common Stock immediately prior to such repurchase.

11. Notices. All notices required or permitted to be given by the Corporation with respect to the Non-Voting Common Stock shall be in writing, and if delivered by first class United States mail, postage prepaid, to the holders of the Non-Voting Common Stock at their last addresses as they shall appear upon the books of the Corporation, shall be conclusively presumed to have been duly given, whether or not the holder actually receives such notice; provided, however, that failure to duly give such notice by mail, or any defect in such notice, to the holders of any stock designated for repurchase, shall not affect the validity of the proceedings for the repurchase of any other shares of Non-Voting Common Stock, or of any other matter required to be presented for the approval of the holders of the Non-Voting Common Stock.

12. Record Holders. To the fullest extent permitted by law, the Corporation will be entitled to recognize the record holder of any share of Non-Voting Common Stock as the true and lawful owner thereof for all purposes and will not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other Person, whether or not it will have express or other notice thereof.

13. Term. The Non-Voting Common Stock shall have perpetual term unless converted in accordance with Section 5.

14. No Preemptive Rights. The holders of Non-Voting Common Stock are not entitled to any preemptive or preferential right to purchase or subscribe for any capital stock, obligations, warrants or other securities or rights of the Corporation, except for any such rights that may be granted by way of separate contract or agreement to one or more holders of Non-Voting Common Stock.

15. Replacement Certificates. In the event that any Certificate will have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Corporation, the posting by such Person of a bond in such amount as the Corporation may determine is necessary as indemnity against any claim that may be made against it with respect to such Certificate, the Corporation or the Exchange Agent, as applicable, will deliver in exchange for such lost, stolen or destroyed Certificate a replacement Certificate.

16. Other Rights. The shares of Non-Voting Common Stock have no preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or rights, other than as set forth herein or as provided by applicable law.

EXHIBIT H
Form of Transferee Letter

[●]

Cecil Bancorp, Inc.
118 North Street
Elkton, MD 21921
Attention: President and Chief Executive Officer

RE: Purchase of _____ shares of Common Stock of Cecil Bancorp, Inc. (the "Purchased Shares")

Ladies and Gentlemen:

I acknowledge that Cecil Bancorp, Inc. (the "Company") has valuable NOL carry-forwards the use of which would be limited if the Company were to experience an "ownership change" under Section 382 of the Internal Revenue Code, and accordingly, I hereby certify that, following this purchase of the Purchased Shares, either:

_____ I will not be a 5% Shareholder of the Company;

_____ I am or pursuant to this transfer will become a 5% Shareholder of the Company, but the Company has delivered a letter to the Transfer Agent stating that my attainment of 5% Shareholder status will not jeopardize or endanger the Company's utilization of the Tax Benefits or is otherwise in the best interests of the Company; or

_____ I do not meet either of the foregoing qualifications, and I acknowledge that my acquisition of the Purchased Shares may cause a material and irreparable economic harm to the Company and the value of the Purchased Shares that I am acquiring.

For purposes of this letter, the following definitions shall apply:

"5% Shareholder" means (i) a Person or group of Persons that is a "5-percent shareholder" of the Company pursuant to Treasury Regulation Section 1.382-2T(g) or (ii) a Person that is a "first tier entity" or "higher tier entity" (as such terms are defined in Treasury Regulation Section 1.382-2T(f)) of the Company if that Person has a "public group" or individual, or a "higher tier entity" of that Person has a "public group" or individual, that is treated as a "5-percent shareholder" of the Company pursuant to Treasury Regulation Section 1.382-2T(g).

"Person" means any individual, firm, corporation, partnership, trust association, limited liability company, limited liability partnership, governmental entity, or other entity, or any group of Persons making a "coordinated acquisition" of shares or otherwise treated as an entity within the meaning of Treasury Regulation Section 1.382-3(a)(1)(i) and shall include any successor (by merger or otherwise) of any such entity.

"Section 382" means Section 382 of the Code, or any comparable successor provision.

"Subsidiary" of any Person means any other Person of which securities or other ownership interests having ordinary voting power, in the absence of contingencies, to elect a majority of the board of

directors or other Persons performing similar functions are at the time directly or indirectly owned by such first Person.

"Tax Benefits" means the net operating loss carryovers, capital loss carryovers, general business credit carryovers, alternative minimum tax credit carryovers and foreign tax credit carryovers, as well as any loss or deduction attributable to a "net unrealized built-in loss" within the meaning of Section 382, of the Company or any of its Subsidiaries.

"Treasury Regulation" means any final, proposed or temporary regulation of the Department of Treasury under the Code and any successor regulation.

In connection with the matters described above, I acknowledge that the Company is relying on the statements made herein.

Very truly yours,

By:_____
Name: _____
Title: _____

EXHIBIT I
Form of Prior Notice Letter

Cecil Bancorp, Inc.
118 North Street
Elkton, MD 21921
Attention: President and Chief Executive Officer

_____, 2017

To Purchaser Named Below

Ladies and Gentlemen:

Reference is made to that certain Stock Purchase Agreement, dated as [•] (the "Purchase Agreement"), between Cecil Bancorp, Inc., a Maryland corporation (the "Company"), and the Purchaser identified on the signature page thereto (the "Purchaser"). In connection with the execution and delivery of the Purchase Agreement, the Company and the Purchaser are contemporaneously entering into this agreement (the "Prior Notice Letter Agreement") and, as such, the parties hereto acknowledge and agree that this Prior Notice Letter Agreement shall remain in full force and effect until the third anniversary of the Closing, notwithstanding the execution and delivery of the Purchase Agreement. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase Agreement.

The Company and the undersigned Purchaser hereby agree as follows:

1. The Company has valuable NOL carry-forwards the use of which would be limited if the Company were to experience an "ownership change" under Section 382 of the Internal Revenue Code. Accordingly, until the third anniversary of the Closing, the undersigned Purchaser agrees to consult with the Company at least 10 days prior to any proposed purchase or sale of Shares regarding the potential adverse tax impact that the purchase or sale could have on the NOLs and, if requested by the Company, to provide to the other party to the proposed purchase or sale any disclosure prepared by the Company describing the potential adverse tax impact.

2. The undersigned Purchaser further acknowledges that the Company will place a legend similar to the following on each of the stock certificates issued in connection with the offering to ensure that a prospective transferee is aware of this notice requirement:

> UNTIL THE THIRD ANNIVERSARY OF THE ISSUANCE OF THE SHARES REPRESENTED BY THIS CERTIFICATE, THE HOLDER OF THIS CERTIFICATE MUST COMPLY WITH THE NOTICE REQUIREMENT SET FORTH IN THE APPLICABLE SUBSCRIPTION AGREEMENT PRIOR TO ANY PURCHASE OR SALE OF SHARES.

3. The undersigned Purchaser further acknowledges that any attempted transfer in violation of the notice requirement set forth in Section 4.1(d) of the Purchase Agreement and otherwise acknowledged herein shall not be valid and binding upon the Company, and the Company shall be entitled to refuse to register the name of any transferee of such Shares as a shareholder of the Company on its records if the transfer of such Shares was effected without compliance with these provisions. Notwithstanding the foregoing, the Company shall have the right to waive this prior notice requirement for any reason in its sole discretion.

4. This Prior Notice Letter Agreement and all acts and transactions pursuant hereto shall be governed, construed and interpreted in accordance with the laws of the State of New York without giving effect to principles of conflicts of laws.

5. This Prior Notice Letter Agreement constitutes a valid and binding agreement of the Company and the undersigned Purchaser and shall survive the execution and delivery of the Purchase Agreement. In the event of any conflict between the provisions of this Prior Notice Letter Agreement and the provisions of the Purchase Agreement, the provisions of this Prior Notice Letter Agreement shall prevail and be given effect.

6. This Prior Notice Letter Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, with the same effect as if all parties had signed the same document. All such counterparts will be deemed an original, will be construed together and will constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Prior Notice Letter as of the date first above written.

CECIL BANCORP, INC.

By:_____
Name: _____
Title: _____

Agreed and acknowledged as of the date first above written:

_____

By:_____
Name: _____
Title: _____

CERTIFICATE OF SERVICE

I, Peter J. Haley, certify that this document filed through the ECF system will be sent electronically to the registered participants as identified on the Notice of Electronic Filing (NEF) on this date.

Dated: July 24, 2017 */s/ Peter J. Haley*