

BASSWOOD CAPITAL MANAGEMENT, LLC

July 10, 2017

VIA FEDEX AND EMAIL

Adam M. Drimer
Assistant Vice President
Federal Reserve Bank of Richmond
FRBR Warehouse
2050 Magnolia Street
Richmond, VA 23223

Email: adam.drimer@rich.frb.org


Re: Delmarva Bancshares, Inc. ("DLMV")

Dear Mr. Drimer:

On behalf of Basswood Capital Management, LLC and its subsidiaries and affiliates (collectively, "BCM"), please find enclosed an Interagency Notice of Change in Control – FR 2081a (the "Notice"), pursuant to the Change in Bank Control Act, as amended. The Notice is being submitted with respect to the proposed acquisition of up to 24.9% of the outstanding voting stock of DLMV.

We have enclosed the original signed Notice and six conformed copies. We kindly request your acknowledgement of receipt of this Notice by contacting me directly either by phone at (212) 521-9500 or email at jcannizzaro@basswoodpartners.com.

Thank you for your time and attention to this matter.

Sincerely,


Justin M. Cannizzaro
Chief Compliance Officer
Basswood Capital Management, LLC

Enclosures

cc: David S. Katz
Willkie Farr & Gallagher LLP

Board of Governors of the Federal Reserve System



Interagency Notice of Change in Control—FR 2081a

An organization or a person is not required to respond to a collection of information unless it displays a currently valid OMB control number.

General Information and Instructions

Preparation and Use

This form is used to file notice to acquire control of a depository institution or a holding company, pursuant to the Change in Bank Control Act, as amended (12 U.S.C. § 1817(j)). As used in this form, "holding company" means a bank holding company, a savings and loan holding company, or other company that controls a depository institution. The information must be submitted to the appropriate regulatory agency of the institution whose shares are to be acquired. All inquiries on preparation of the notice should be directed to that agency which, in some circumstances, may modify the information requested.

The regulatory agency will review the submitted notice to determine if it is complete. If the submitted notice is not complete, the regulatory agency may either request additional information or it may return the notice. If the required information is not available, please explain. When the notice is complete, the regulatory agency will confirm its determination in writing. The questions are not intended to duplicate information supplied on another form or in an exhibit; a cross-reference to the information is acceptable. *Any cross-reference must be made to a specific location in the documents, so the information can be found easily.* If additional space is needed to provide complete answers, please attach additional sheets or exhibits.

For additional information regarding the processing procedures and guidelines, and any supplemental information that may be required, refer to the appropriate regulatory agency's procedural guidelines (that is, *Comptroller's Licensing Manual*, the FDIC's Rules and Regulations (12 C.F.R. Part 303) and relevant policy statements), contact the agency directly for specific instruction, or visit its Website at www.occ.treas.gov, www.fdic.gov, or www.federalreserve.gov.

Biographical and Financial Report

To assist the regulatory agencies in evaluating the factors specified in the Change in Bank Control Act, an *Interagency Biographical and Financial Report* must be submitted for each person named in the notice.

Supporting Information

The formal questions in the notice are not intended to limit the acquirer's presentation, and the regulatory agency may request additional necessary information. If any information furnished in the

notice changes materially during the processing of the notice or prior to consummation, such changes should be communicated promptly to the regulatory agency with which the notice was filed.

Compliance

The proposed acquirer is expected to comply with all representations and commitments made in this notice.

Transactions subject to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (15 U.S.C. § 18a), which applies to certain very large transactions, require a pre-merger filing with the Federal Trade Commission and the Department of Justice.

Notice of Publication

An acquirer must publish an announcement of the proposed acquisition in a newspaper of general circulation in the community in which the head office of the depository institution or holding company is located. In the case of a bank holding company, an announcement also must be published in each community in which the head office of a bank subsidiary of the holding company is located. A copy of the affidavit(s) of publication should be submitted to the appropriate regulatory agency. Contact the appropriate regulatory agency for the specific requirements of the notice of publication.

Confidentiality

Any acquirer desiring confidential treatment of specific portions of the notice must submit a request in writing with the submission of the notice. The request must discuss the justification for the requested treatment. An acquirer's reasons for requesting confidentiality should specifically demonstrate the harm (for example, loss of competitive position, invasion of privacy) that would result from public release of information (5 U.S.C. § 552). Information for which confidential treatment is requested should be (1) specifically identified in the public portion of the notice (by reference to the confidential section); (2) separately bound; and (3) labeled "Confidential." An acquirer should follow the same procedure for a request for confidential treatment for the subsequent filing of supplemental information to the notice.

An acquirer should contact the appropriate regulatory agency for specific instructions regarding requests for confidential treatment. The appropriate regulatory agency will determine whether the information will be treated as confidential and will advise the acquirer of any decision to publicly release information labeled as "Confidential."

Interagency Notice of Change in Control—Continued

1. Identify:

- a. Name and address of proposed acquirer(s):
 (If an individual, provide last name, first name, and middle name)
 (If a corporation or other entity, provide the full legal name and the type of organization, for example, ABC Company, a corporation, or ABC, a partnership)

Basswood Capital Management, LLC (See Exhibit A for additional acquirers)

Name

645 Madison Avenue, 10th Floor

Street Address

New York

NY

10022

City

State

Zip Code

- b. Name and address of depository institution or holding company whose shares are to be acquired:

Delmarva Bancshares, Inc.

Name

304 High Street

Street Address

Cambridge

MD

21613

City

State

Zip Code

- c. Name, title, employer, address, telephone number, fax number, and e-mail address of the person to whom inquiries concerning this notice may be directed:

David Katz

Name

Partner

Title

Willkie Farr & Gallagher LLP

Employer

1875 K Street, NW

Street Address

Washington

DC

20006

City

State

Zip Code

202-303-1149

202-303-2149

dkatz@willkie.com

Area Code / Phone Number

Area Code / FAX Number

E-mail Address

2. Is this notice being filed prior to the acquisition of control? Yes No

If the response is no, state the nature of the exception upon which the acquirer is relying for an exception to the prior notice requirement. If no exception is available, please discuss the reason(s) that prior notice was not given and modify the wording of the form as appropriate to provide all necessary information related to the transaction.

3. For each class of voting securities of the depository institution or holding company to be acquired, provide the total number of voting shares:

a. Authorized 10,000,000
Shares

b. Currently outstanding 3,872,168
Shares

c. Pro forma outstanding _____ N/A
Shares

Interagency Notice of Change in Control—Continued

4. Provide the following information. For any shares registered or to be registered in another name (such as a trust, corporation, or partnership), indicate the names of registered parties, beneficial owners and trustees, as applicable.

Full name of each acquirer or transferee	Number of shares per class of securities now owned, controlled, or held	Number of shares per class of securities to be purchased by or transferred to the acquirer or transferee	Number of shares per class of securities after completion of acquisition
See Exhibit B			
TOTAL			
Total as percent of shares outstanding per class of securities			

5. Indicate:

- a. The purchase price(s) per share of shares to be acquired \$ _____ At market prices from time to time
- b. Total purchase price for the entire proposed transaction \$ 3,449,957.75 Based on current market value per share
- c. The current book value per share \$ 6.06 as of 3/31/17 per DLMV's earnings release for 1Q17
- d. The current market value per share \$ 5.95 (Bloomberg 7/7/2017)
(including date and source of information, if available)

6. Discuss the proposal, including the purpose, terms, and conditions of the acquisition, and the manner in which the acquisition will be made. Summarize and attach copies of all pertinent documents, such as purchase and sale agreements, shareholder agreements, non-compete agreements, employment contracts, and trust agreements.

The proposed acquirers are proposing to acquire up to 24.9% of the outstanding voting shares of Delmarva Bancshares, Inc. ("DLMV") common stock. The purchases will be executed in open market transactions at prices to be determined at the time the trades are executed. The open market acquisition of shares will not involve a purchase and sale agreement, shareholder agreement or any other agreement between proposed acquirers and DLMV or its subsidiaries. Currently, the proposed acquirers and a proprietary account own 9.9% of the outstanding voting shares of DLMV common stock. They also hold convertible preferred shares of DLMV which have no-voting rights. Together, the proposed acquirers and the proprietary account currently own 10.76% of the total outstanding shares of DLMV including both voting shares of common stock and non-voting shares of convertible preferred stock of DLMV. The non-voting convertible preferred stock of DLMV is convertible to common stock only if, after such conversion, the shareholder does not own more than 9.9% of the outstanding voting shares of DLMV common stock.

All convertible preferred stock of DLMV and a majority of the DLMV common stock owned by the proposed acquirers and a proprietary account were acquired in a private placement in July 2015.

Interagency Notice of Change in Control—Continued

7. Provide the following information.

Name of each acquirer or transferee	Total purchase price	Source of funds	Amount of funds
(Please see Rider for 7 and 7.a.-7.c.)	\$		
TOTAL	\$		

a. If cash funds will be used, provide copies of checking, savings, or money market account statements. If assets will be liquidated, list those assets and provide a copy of the documents that can verify the timing of such transaction and the amount of the anticipated proceeds.

(Please see Rider for 7 and 7.a.-7.c.)

b. If any portion of the funds (or other consideration) for the acquisition will be borrowed, indicate the name of each borrower, name and address of each lender, amount financed, collateral to be pledged, and terms of the transaction, including interest rates, amortization requirements, guarantors, endorsers, co-makers, and any other arrangements, agreements, and understandings between and among the parties. If applicable, submit a copy of any loan commitment letter.

(Please see Rider for 7 and 7.a.-7.c.)

c. Indicate the means through which the borrowed funds will be repaid. Provide details if the acquirer will rely on salaries, dividends, fees, or other funds from the depository institution or holding company to be acquired.

(Please see Rider for 7 and 7.a.-7.c.)

8. Provide the following information.

Name of each seller or transferor	Number of shares per class of voting securities now held	Number of shares per class of voting securities to be sold or transferred	Number of shares per class of voting securities after completion of acquisition
N/A (acquiring in the open market)			
TOTAL			
Total as percent of total shares outstanding per class of securities			

Interagency Notice of Change in Control—Continued

9. Identify any person or parties employed, retained, or to be compensated by any acquirer, or by any person on behalf of any acquirer, to make solicitations or recommendations to stockholders and thereby assist in the acquisition. Include a description of the terms of such employment, retainer, or arrangement for compensation, and provide a copy of any such agreement or contract.
The proposed acquirers have not employed, retained or agreed to any similar agreements with any specific party with respect to the acquisition of shares. The shares will be purchased in open market transactions through one or more registered broker/dealers. When executing trades through a broker/dealer, the broker/dealer will generally charge a commission between \$0.01 to \$0.04 per share.
10. List and provide copies of all invitations, tenders, or advertisements making a tender offer to stockholders for purchase of their stock in connection with the proposed acquisition.
N/A
11. Describe in detail any plans or proposals that any acquirer may have to: (a) liquidate the depository institution or holding company to be acquired, (b) sell its assets, (c) merge it with any company, or (d) make any other significant change in its business strategy or corporate structure.
N/A
12. If changes are contemplated in the board of directors or senior executive officers of the depository institution or holding company to be acquired, provide a current and pro forma list of officers and directors. The regulatory agency with which this notice has been filed should be contacted to determine the filing or other information requirements associated with changes to the board of directors or senior executive officers, pursuant to Section 32 of the Federal Deposit Insurance Act (12 U.S.C. § 1831i).
N/A
13. For each acquirer, indicate any positions currently held (director, officer, or employee) in any other depository institution or holding company. Also indicate if any acquirer directly or indirectly (such as through personal trusts, corporations, or similar arrangements) owns, controls, or has power to vote 10 percent or more of any class of voting securities or other voting equity interests of any other depository institution or holding company.

Name of each acquirer or transferee	Name and address of each depository institution or holding company	Position and Date appointed	Percent ownership of institution
See Exhibit C			

Interagency Notice of Change in Control—Continued

14. If any office of any depository institution or holding company with which the acquirer is currently associated is located in the same geographic market as the subject institution, provide the name and location of each office of such other organization.

N/A

15. If the proposed acquirer is not an individual (or a group of individuals acting in concert) and the acquirer is engaged, directly or indirectly (including through a subsidiary), in insurance activities that are supervised by a state insurance regulator, provide:

- a. The name of the company.

N/A

- b. A description of the insurance activity that the company is engaged in and has plans to conduct.

N/A

- c. A list of each state and the lines of business in that state in which the company holds, or will hold, an insurance license. Indicate the state where the company holds a resident license or charter, as applicable.

State	Line of Business
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N/A

Interagency Notice of Change in Control—Continued

Privacy Act Notice

A copy of this document is provided to the appropriate regulatory agency as required under 12 U.S.C. § 1817(j) and implementing regulations. This notice, including supporting material, is available to the public upon request under the provisions of the Freedom of Information Act (5 U.S.C. § 552). Contact the appropriate regulatory agency for the specific procedures under which the notice would be disclosed to the public. To the extent that it contains personal and financial information concerning individual acquirers of depository institutions and holding companies, the information may be subject to the Privacy Act of 1974 (5 U.S.C. § 552a), which provides safeguards for personal information. The applicability of the Privacy Act to the information provided on this document will depend on the manner in which the appropriate federal banking agency maintains such information.

This form solicits information that will enable the regulatory agencies to evaluate and make a decision on each proposed change in control under the standards prescribed by the Change in Bank Control Act. Failure to provide information requested in connection with the processing of this notice could result in disapproval of a proposed acquisition or a determination that complete notice has not been submitted. Any person acquiring control of a depository institution or holding company without filing a notice prior to the proposed acquisition may be subject to substantial civil money penalties. The Change in Bank Control Act requires the regulatory agencies processing this notice to furnish copies of this information to other federal and state banking authorities. Where possible violations of laws or regulations are disclosed, relevant information may be made available to other regulatory agencies or other law enforcement or governmental agencies. Identification of parties to a proposed transaction and details of that transaction, to the extent material to the regulatory agency's determination, may be incorporated in orders and notices issued under the Change in Bank Control Act or otherwise made public.

Certification

This notice must be signed by each acquiring party, or by at least two directors, officers, partners, or others authorized to sign on behalf of an acquiring party that is not an individual.

I certify that the information contained in this notice has been examined carefully by me and is true, correct, and complete, and is current as of the date of this submission. I acknowledge that any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject me to legal sanctions provided by 18 U.S.C. §§ 1001 and 1007.

I acknowledge that final action on this notice is in the discretion of the appropriate federal banking agency. Actions or communications, whether oral, written, or electronic, by an agency or its employees in connection with this filing do not constitute a contract, either express or implied, or any other obligation binding upon the agency, other federal banking agencies, the United States, any other agency or entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of any federal banking agency to exercise its supervisory, regulatory, or examination powers under applicable law and regulations. I further acknowledge that the foregoing may not be waived or modified by any employee or agent of a federal banking agency or of the United States.

Signed this 10th day of July, 2017.
Day Month Year

Signature

Matthew Lindenbaum

Print or type name

Principal

Title (if applicable)

Signature

Print or type name

Title (if applicable)

Basswood Interagency Notice of Change in Control Riders

RIDER 7

The proposed acquirers (the "Funds") expended an aggregate of \$3,008,113 (including commissions, if any) to acquire the 501,000 total shares of Common Stock and Convertible Preferred Stock currently owned by them. Since the additional shares will be purchased in open market transactions at various times and at various prices, it is not possible currently to determine the total purchase price and total amount of funds that will be used to acquire the additional shares.

RIDER 7.a. – 7.c.

The proposed acquirers (the "Funds") are private investment funds with a primary objective of investing in securities on a long basis and short basis (or long-only in the case of certain Funds). In the ordinary course of business, the Funds regularly effect purchases and sales of securities. A majority of the investments held for each of the Funds are liquid common stock of publicly traded companies.

The Funds trade and hold securities primarily through margin accounts maintained for them with each of J.P. Morgan Securities LLC, Morgan Stanley & Co., and BNP Paribas Prime Brokerage (the "Prime Brokers"). When purchasing securities, the Funds may pay for the securities in full or the Prime Brokers may extend margin credit to the Funds to pay for part of the purchase price, subject to applicable Federal margin regulations, stock exchange rules and the Prime Brokers' credit policies. In such instances, the securities and/or cash held in the margin accounts are pledged as collateral to the applicable Prime Broker. If the net equity in a margin account falls below the maintenance margin requirements, the Funds may be required to provide additional funds and/or sell securities. Interest rates are charged on the net debit balances and vary among each margin account.

EXHIBIT A

1. a. Name and address of proposed acquirer(s) (continued):

Basswood Opportunity Partners, LP <ul style="list-style-type: none">• General Partner: Basswood Partners, LLC• Investment Manager: Basswood Capital Management, LLC
Basswood Opportunity Fund, Inc. <ul style="list-style-type: none">• Investment Manager: Basswood Capital Management, LLC
Basswood Financial Fund, LP <ul style="list-style-type: none">• General Partner: Basswood Partners, LLC• Investment Manager: Basswood Capital Management, LLC
Basswood Financial Fund, Inc. <ul style="list-style-type: none">• Investment Manager: Basswood Capital Management, LLC
Basswood Financial Long Only Fund, LP <ul style="list-style-type: none">• General Partner: Basswood Partners, LLC• Investment Manager: Basswood Capital Management, LLC
Matthew Lindenbaum
Bennett Lindenbaum

* Matthew Lindenbaum and Bennett Lindenbaum are the Managing Members of Basswood Partners, LLC and Basswood Capital Management, LLC, but they will not own any shares in their individual capacity.

b. Address (for all)

c/o Basswood Capital Management, LLC
645 Madison Avenue, 10th Floor
New York, NY 10022

EXHIBIT B

Entities	Current Shares Owned			Shares to be Purchased*	Proforma Shares after Purchases		
	Common Shares (Voting)	Convertible Preferred Shares (Non-Voting)	Total Shares (Voting and Non-Voting)	Common Shares (Voting)	Common Shares (Voting)	Convertible Preferred Shares (Non-Voting)	Total Shares (Voting and Non-Voting)
Basswood Opportunity Partners, LP <ul style="list-style-type: none"> General Partner: Basswood Partners, LLC Investment Manager: Basswood Capital Management, LLC 	164,603	108,759	273,362	136,681	301,284	108,759	410,043
Basswood Opportunity Fund, Inc. <ul style="list-style-type: none"> Investment Manager: Basswood Capital Management, LLC 	119,628	79,024	198,652	99,326	218,954	79,024	297,978
Basswood Financial Fund, LP <ul style="list-style-type: none"> General Partner: Basswood Partners, LLC Investment Manager: Basswood Capital Management, LLC 	0	0	0	276,352	276,352	0	276,352
Basswood Financial Fund, Inc. <ul style="list-style-type: none"> Investment Manager: Basswood Capital Management, LLC 	1,239	821	2,060	6,945	8,184	821	9,005
Basswood Financial Long Only Fund, LP <ul style="list-style-type: none"> General Partner: Basswood Partners, LLC Investment Manager: Basswood Capital Management, LLC 	16,193	10,733	26,926	60,521	76,714	10,733	87,447
MGS Partners, LLC <ul style="list-style-type: none"> Managing Member: Nathan Lindenbaum 	82,682	54,818	137,500	0	82,682	54,818	137,500
Total Basswood Shares	384,345	254,155	638,500	579,825	964,170	254,155	1,218,325
Shares Outstanding	3,872,168	2,059,713	5,931,881	3,872,168	3,872,168	2,059,713	5,931,881
% of Ben Ownership	9.93%		10.76%	14.97%	24.90%		20.54%

*Shares to be purchased are estimates and may vary between entities listed or potentially other entities managed by Basswood Capital Management, LLC.

EXHIBIT C

1. None of the acquirers currently hold any positions (director, officer, or employee) in any other depository institution or holding company.
2. Certain of the proposed acquirers, Matthew Lindenbaum, Bennett Lindenbaum and various other Lindenbaum family members and related accounts (the "Basswood/Lindenbaum Group") together own 12.52% of outstanding voting shares of Bridge Bancorp, Inc. ("BDGE").

Name and address of the holding company:

Bridge Bancorp, Inc.
2200 Montauk Highway
Bridgehampton, NY 11932

Date Approved:

The Basswood/Lindenbaum Group submitted a Notice of Change in Bank Control in February 2015 requesting to own up to 15% of BDGE. In July 2015, the Federal Reserve Bank of New York confirmed they have no objection to this request.

The following is the current ownership per Basswood/Lindenbaum Group entity and individuals:

Entities	BDGE Shares
Basswood Opportunity Partners, LP	245,618
Basswood Opportunity Fund, Inc.	139,955
Basswood Financial Fund, LP	128,031
Basswood Financial Fund, Inc.	80,746
Basswood Enhanced Long Short Fund, LP	765,799
Basswood Financial Long Only Fund, LP	30,523
managed accounts in which Basswood Capital Management, LLC serves as the investment adviser	304,869
Matthew Lindenbaum	161,015
Bennett Lindenbaum	138,282
MGS Partners, LLC	81,000
Abigail Tambor 2012 Children's Trust	97,202
Nathan Lindenbaum	3,889
Nathan J Lindenbaum 2015 Trust	50,197
Naftali Asher Investments LLC	60,834
Victoria & Benjamin Feder 2012 Children's Trust	9,875
Victoria L Feder 2012 GST Trust	87,327
Marcel Lindenbaum	68,937
Shari A. Lindenbaum 2014 Trust	12,211
Total Basswood/Lindenbaum Group Shares	2,466,310
Shares Outstanding	19,703,865
% of Ben Ownership	12.52%

3. Certain of the proposed acquirers together currently own 9.92% of outstanding voting shares of CommerceWest Bank ("CWBK").

Name and address of the holding company:

CommerceWest Bank
 2111 Business Center Drive
 Irvine, CA 92612

Date Approved:

The proposed acquirers submitted a Notice of Change in Bank Control in May 2017 requesting to own up to 24.9% of CWBK. On July 7, 2017, the Federal Reserve Bank of San Francisco confirmed they have no objection to this request.

The following is the current ownership of CWBK per the proposed acquirers:

Entities	CWBK Shares
Basswood Opportunity Partners, LP	61,102
Basswood Opportunity Fund, Inc.	47,297
Basswood Financial Fund, LP	85,484
Basswood Financial Fund, Inc.	23,299
Basswood Financial Long Only Fund, LP	23,589
managed accounts in which Basswood Capital Management, LLC serves as the investment adviser	143,497
Total Basswood/Lindenbaum Group Shares	384,268
Shares Outstanding	3,871,852
% of Ben Ownership	9.92%