



CECIL BANCORP, INC.

February 27, 2009

Office of the Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Ave., N.W., Suite 1064
Washington, D.C. 20220

Dear Sirs:

Cecil Bancorp, Inc., holding company for Cecil Bank, headquartered in Elkton, Maryland received TARP funds under the CPP program in the amount of \$11,560,000 on December 23, 2009. Cecil Bancorp, Inc. applied for and obtained these funds primarily for the purpose of lending funds within our community. With the information we have provided below, we will assure you we have done just that.

Cecil Bank is a community bank located in the northeastern portion of Maryland with assets totaling \$485,000,000. Cecil Bank services customers in Maryland, Delaware and Pennsylvania. Over the course of the previous few years, Cecil Bank has been a leading real estate lender within its market area. In 2006, Cecil Bank lent an aggregate total of funds in the amount of \$108,000,000. In 2007, Cecil Bank lent an aggregate of \$95,000,000. In 2008, Cecil Bank lent an aggregate total of \$84,000,000. The numbers indicate a steady decline in originated loans.

During the second quarter of 2008, Cecil Bank had to tighten up on lending due to liquidity constraints. We have enclosed a copy of our internal liquidity report (attached Schedule E) for the previous three quarters for your review. As a result of our position, total loans granted in 2008 versus 2007 decreased by \$10,723,767. Upon receipt of the TARP funds, Cecil Bank had enhanced its liquidity position enough to begin lending again. During the fourth quarter of 2008, Cecil Bank lent a total of \$5,545,000. In January of 2009, Cecil Bank lent a total of \$4,424,600. This amount almost exceeded the total funds lent during the entire fourth quarter of 2008. So far, Cecil Bank has lent an additional \$5,545,900 during February, 2009 and has commitments to lend an additional \$7,010,000 prior to the end of the first quarter of 2009.

As you can see, Cecil Bank has made almost \$17,000,000 in new loans since the receipt of the TARP money. Without receipts of the funds, Cecil Bank would not have had the additional funds to lend. We have included copies of our internal lending reports (attached schedules A and B).

Cecil Bancorp, Inc. has conducted a complete review of its executive compensation program. Please see Attachment C, which are the minutes of a recent Compensation Committee meeting that addresses the requirements set forth by the Department of the Treasury.

We have enclosed an advertisement (Attachment D) that was run in our local newspaper, The Cecil Whig, during the period of February 10th through February 20th, 2009. This advertisement was done to promote the fact that Cecil Bank does have money to lend.

Cecil Bank is a small, local institution and we do not have sophisticated reporting systems. We plan to continue lending within our local market area to help stimulate the economy. If you find after review of our enclosed information, you should require additional information, please contact us.

I, Mary Beyer Halsey, President and CEO of Cecil Bancorp, Inc. and Cecil Bank, do certify that all of the above representations, statements and supporting information provided, is accurate and correct and subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.

Sincerely,

Cecil Bancorp, Inc.



Mary Beyer Halsey
President and CEO

Enclosures:

TARP Summary	2007	2008	2007 vs. 2008	January-09	February 2009 MTD	2009 YTD	Approved not yet Settled
Residential/New	190,000.00	417,000.00	(227,000.00)	187,600.00	0.00	187,600.00	0.00
Residential/Lived In	6,904,000.00	7,929,375.00	(1,025,375.00)	177,000.00	0.00	177,000.00	1,384,000.00
Construction Loans	11,650,650.00	5,960,000.00	5,690,650.00	0.00	0.00	0.00	0.00
Construction to Perm Loans	3,382,000.00	374,800.00	3,007,200.00	0.00	0.00	0.00	230,000.00
Refinances	11,011,100.00	19,773,485.06	(8,762,385.06)	2,060,000.00	2,945,900.00	5,005,900.00	0.00
Land Only	11,141,300.00	4,955,300.00	6,186,000.00	0.00	0.00	0.00	3,200,000.00
Commercial Loans	43,138,700.00	41,475,200.00	1,663,500.00	2,000,000.00	2,600,000.00	4,600,000.00	
Other Loans	7,208,351.94	3,017,174.48	4,191,177.46	0.00	0.00	0.00	0.00
Total	94,626,101.94	83,902,334.54	10,723,767.40	4,424,600.00	5,545,900.00	9,970,500.00	7,010,000.00
							16,980,500.00

Schedule A

Cecil Bank
31-Dec-08

LOAN BREAKDOWN SHEET

Res/New	Res/LivedIn	Construction	Const. Perm	Ref	Land	Commercial	Other	Total	Quarter End Totals	Year to Date
Jan	\$0.00	\$300,000.00	\$0.00	\$0.00	\$435,000.00	\$0.00	\$465,000.00	\$1,889,000.00	\$3,089,000.00	
Feb	\$0.00	\$610,000.00	\$0.00	\$0.00	\$1,106,000.00	\$0.00	\$2,450,000.00	\$0.00	\$4,166,000.00	
Mar	\$0.00	\$563,500.00	\$1,800,000.00	\$0.00	\$3,560,900.00	\$2,050,000.00	\$10,230,200.00	\$151,000.00	\$18,355,600.00	\$25,610,600.00
Apr	\$0.00	\$585,950.00	\$961,500.00	\$0.00	\$4,793,800.00	\$0.00	\$9,285,000.00	\$118,200.00	\$15,744,450.00	
May	\$0.00	\$360,000.00	\$762,000.00	\$0.00	\$1,812,000.00	\$0.00	\$175,000.00	\$0.00	\$3,369,000.00	
June	\$0.00	\$1,318,500.00	\$1,175,000.00	\$0.00	\$1,436,573.95	\$2,155,300.00	\$11,275,000.00	\$0.00	\$17,360,373.95	\$36,473,823.95
July	\$0.00	\$1,664,525.00	\$190,000.00	\$0.00	\$2,016,411.11	\$135,000.00	\$400,000.00	\$0.00	\$4,405,936.11	
Aug	\$0.00	\$919,900.00	\$0.00	\$0.00	\$920,000.00	\$120,000.00	\$1,510,000.00	\$0.00	\$3,469,900.00	
Sept	\$0.00	\$856,000.00	\$881,500.00	\$260,800.00	\$2,231,800.00	\$85,000.00	\$3,490,000.00	\$851,250.00	\$8,656,350.00	\$78,616,610.06
Oct	\$0.00	\$506,000.00	\$0.00	\$114,000.00	\$655,000.00	\$275,000.00	\$1,220,000.00	\$0.00	\$2,770,000.00	
Nov	\$417,000.00	\$145,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$525,000.00	\$7,724.48	\$1,094,724.48	
Dec	\$0.00	\$100,000.00	\$190,000.00	\$0.00	\$806,000.00	\$135,000.00	\$450,000.00	\$0.00	\$1,681,000.00	\$5,545,724.48
YTD	\$417,000.00	\$7,929,375.00	\$5,960,000.00	\$374,800.00	\$19,773,485.06	\$4,955,300.00	\$41,475,200.00	\$3,017,174.48	\$84,162,334.54	\$84,162,334.54

Schedule B

CECIL BANCORP, INC.
COMPENSATION COMMITTEE MEETING
February 2, 2009

b(4)

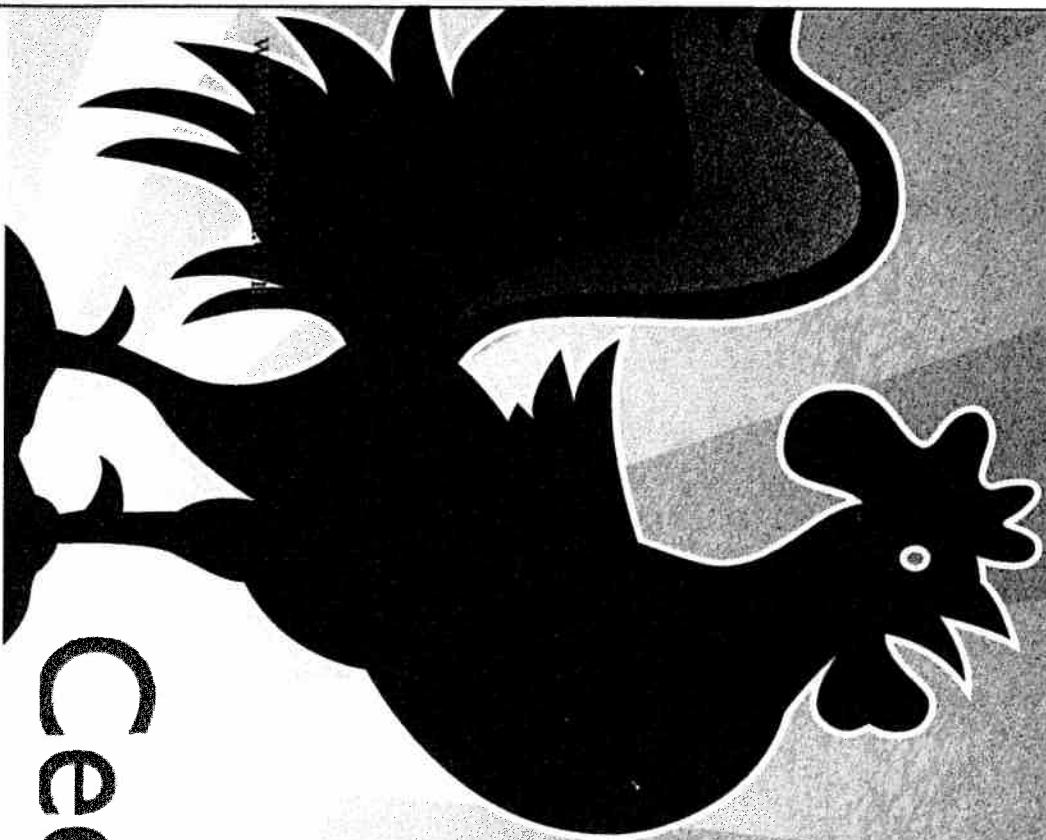
We've Got Something to Crow About!

**We're your
LOCAL Bank.**

We're Safe.

We're Secure.

**We have
\$ Money \$
to lend.**



CALL US TODAY

CecilBANK

www.cecilbank.com

Aberdeen
410-272-6500

Cecilton
410-275-8800

Conowingo
410-378-3500

Elkton-Crossroads
410-398-2966

Elkton - North St.
410-398-1650

Fair Hill
410-392-4747

Have de Grace
410-642-3400

North East
410-287-2443



Stock Symbol: **CECB**

FDIC

Rising Sun
410-658-3330

Turkey Point
410-287-9422

Schedule D

**Cecil Bank
Monthly Liquidity Report**

b(4)