



DISCLOSURE STATEMENT

For an Automatic Rollover “Safe Harbor” Individual Retirement Account (“IRA”) Established Under Section 657 (c) of the Economic Growth and Tax Relief Reconciliation Act of 2001.

This Disclosure Statement describes the rules of your Automatic Rollover “Safe Harbor” Traditional Individual Retirement Account (IRA) as well as legal and federal tax information you should know about. In case there is a discrepancy between this Disclosure Statement and your Trust Agreement (Form 5305), the Trust Agreement is the primary document governing your Safe Harbor IRA.

Information on Federal Tax Law for Traditional Individual Retirement Accounts

This Disclosure Statement summarizes the requirements for The Bancorp Bank (“Bancorp,” “Trustee,” “we,” “us,” or “our”) Automatic Rollover “Safe Harbor” Traditional Individual Retirement Account (the “Account” or “Safe Harbor IRA”), pursuant to Internal Revenue Service (“IRS”) regulations that require that this information be given to individuals for whom such an IRA account is established.

The Safe Harbor IRA established on your (“Grantor,” “you,” or “your”) behalf is a limited purpose, non-transactional account. It was established by contribution of all or a portion of your vested benefit from your former employer’s eligible retirement plan or your terminated retirement plan (the “Distributing Plan”), representing a distribution and direct rollover from the Distributing Plan. You are not permitted to make additional contributions to the Account and the Account is invested in an FDIC-insured money market account or other “stable value” investment designated by Bancorp.

Before you can transfer, close, terminate or otherwise assert ownership or exercise control over the Account, you must complete the Safe Harbor IRA Application, Adoption Agreement, and Distribution Form (“Adoption Agreement”) and comply with all requirements of the USA PATRIOT Act and the rules of the Bancorp Customer Identification Program (CIP), which include providing Bancorp with your name, current address, and confirmation of your Social Security number. Return the Adoption Agreement and any additional documents to us online; using the postage-paid return envelope included in your Welcome Kit or otherwise mail to The Bancorp Bank, 409 Silverside Road, Suite 105, Wilmington, DE 19809, Attention: Safe Harbor IRA, or by facsimile. By executing the Adoption Agreement, you acknowledge receipt of this Disclosure Statement.

ARTICLE 1 – YOUR RIGHT TO REVOKE THE ACCOUNT

This Safe Harbor IRA may be revoked within seven (7) days of the date of its establishment (“Opening Date”) or ten (10) days from the date The Bancorp Bank mailed the original Welcome Kit to you, whichever is later. For purposes of your revocation right, your Account was established on the Opening Date set forth in the letter included in your Welcome Kit accompanying this Disclosure Statement or, alternatively, it can be determined by contacting Bancorp at 866.540.9364. The Welcome Kit and this Disclosure Statement were mailed to you on that Opening Date.

If you exercise your revocation right, the amount contributed to the Account will be returned to you by check without penalty, service charge or administrative expense. If you do not exercise this right in the applicable timeframe, it is assumed that you have accepted the terms and conditions of the Account.

To revoke the Account, you must, within the applicable timeframe described in this ARTICLE 1, comply with all requirements of the USA PATRIOT Act and Bancorp’s CIP rules, described above, and timely notify the Trustee in writing using the postage-paid return envelope included in your Welcome Kit or otherwise mail to The Bancorp Bank, 409 Silverside Road, Suite 105, Wilmington, DE 19809, Attention: Safe Harbor IRA. Any written notices you send, including, but not limited to, your completed Adoption Agreement (including your designation of one or more beneficiaries), must be sent by first-class mail.

For important information about the how the Account is invested, see ARTICLE 7. The fees and expenses charged by Bancorp with respect to the Account are described in ARTICLE 8. For additional information about the Account, see ARTICLE 15 – Safe Harbor IRA Regulations.

ARTICLE 2 – PROVISIONS REGARDING LIMITATIONS AND RESTRICTIONS ON DEDUCTIONS OF IRA CONTRIBUTIONS

IMPORTANT NOTE: The following disclosures regarding restrictions on the deduction of contributions you make to a Traditional IRA are legally required. **You should be aware, however, that the only contributions permitted to your Safe Harbor Account are the direct rollover contribution or contributions made by your former employer’s Distributing Plan. You cannot make additional contributions to your Safe Harbor Account.**

(a.) Except in the case of a rollover contribution described in Sections 402(c), 403(a)(4), 408(d)(3), or 457(e)(16) of the Internal Revenue Code (“IRC”), the amount allowable as a contribution for an individual annual limit or an amount equal to the compensation includible in the individual’s gross income for such taxable year. The annual contribution limit for 2017 is \$5,500. Additional contributions may be made to reflect Cost of Living Adjustments (“COLA”), subject to certain adjustments. Contact Bancorp for details. Compensation includes salaries, wages, tips, commissions, bonuses, taxable alimony, royalties, and “earned income” in the

case of self-employed individuals. Contributions to any existing IRA must be postmarked no later than the due date of the individual's income tax filing deadline, excluding extensions (generally April 15th) for the year for which the contribution will be made.

(b.) In the case of the individual who would otherwise qualify for an IRA, who files a joint return for the taxable year, and whose spouse has no compensation for such taxable year, or elects to be treated as having no compensation, the amount allowable for a contribution may not exceed the lesser of \$6,000, or the entire amount of taxable compensation the individual earned, minus any contribution to an individual retirement plan to which the individual may have contributed. Contributions to a spousal IRA need not be equally divided between spouses, but no contribution will be allowed for annual contributions on behalf of either spouse that exceed \$3,000. Separate IRAs must be established for each individual.

(c.) No contribution shall be allowed under the IRA with respect to any qualified retirement contribution that is made for a taxable year of an individual if such individual has attained age 70 ½ before the close of such taxable year.

(d.) Under the law, if neither you nor your spouse is an active participant in a qualified retirement plan at your place of employment, you may make a contribution of up to the lesser of \$5,500 (or \$11,000 in the case of a Spousal IRA) or 100% of compensation and take a deduction for the entire amount contributed. If, for 2017 you were covered by a retirement plan at work, your deduction for contributions to a Traditional IRA is reduced (phased out) if your modified adjusted gross income ("MAGI") is:

- More than \$99,000 but less than \$119,000 for a married couple filing a joint return or a qualifying widow(er);
- More than \$62,000 but less than \$72,000 for a single individual or head of household; or
- Less than \$10,000 for a married individual filing a separate return.

(e.) If you either live with your spouse or file a joint return, and your spouse is covered by a retirement plan at work, but you are not, your deduction is phased out if your MAGI is more than \$186,000 but less than \$196,000. If your MAGI is \$196,000 or more, you cannot take a deduction for contributions to a Traditional IRA.

(f.) For taxable years beginning in 2010 and thereafter, an eligible participant who has turned age 50 before the close of the taxable year may contribute an additional \$1,000 to their IRA.

Active Participant

You are considered an active participant if you participate in your employer's qualified pension, profit-sharing, or stock bonus plan qualified under Section 401(a) of the IRC, qualified annuity under Section 403(a) of the IRC, a simplified employee pension plan ("SEP"), a Savings Incentive Match Plan for Employees ("SIMPLE"), a retirement plan established by a government for its employees (not including Section 457 plans), tax-sheltered annuities or custodial accounts under Section 403(b) of the IRC, and pre-1959 pension trusts under Section 501(c)(18) of the IRC. If you are not sure whether you are covered by an employer-sponsored retirement plan, check with your employer or check your form W-2 for the year in question.

You are not considered an active participant if you are covered in a plan only because of your service as (1) an Armed Forces Reservist, for less than ninety (90) days of active service, or (2) a volunteer firefighter covered for firefighting service by a government plan. If you are covered in any other plan, these exceptions do not apply. If you are married, file a separate tax return and live apart from your spouse at all times during the taxable year, your spouse's active participation does not affect your ability to make deductible contributions.

ARTICLE 3 – IRA DISTRIBUTIONS

Any amount you receive from your Safe Harbor IRA is called a distribution. You can request the distribution of your Account at any time by contacting Bancorp and completing a distribution form. **You may only request the distribution, transfer or rollover of your entire Account. Partial distributions, partial outgoing rollovers or partial outgoing transfers from the Account are prohibited.**

In most cases, the contribution made by your Distributing Plan to your Safe Harbor IRA consists of monies (your and the employer's contributions, adjusted by investment gain and loss) that were not previously taxed (for federal income tax purposes). Consequently, the distribution of your Account will be taxable income to you (unless you choose to postpone taxation by means of an eligible rollover or transfer).

If any portion of the Distributing Plan's direct rollover contribution to your Account has already been taxed (*i.e.*, that portion consisting of your after-tax contributions to the Distributing Plan), that amount will not be taxed again when received by you. In such event, each distribution from your IRA will consist of a non-taxable portion (return of non-deductible contributions) and a taxable portion (return of before-tax contributions, if any, and account earnings). Thus, your distribution may not be entirely tax-free.

Minimum Required Payments After Age 70½

IMPORTANT NOTE: These disclosures regarding minimum required distributions are legally required for a Traditional IRA. **You should be aware, however, the only form of distribution you are permitted to take from your Safe Harbor IRA is a full-balance distribution (or full-balance transfer or rollover). Partial distributions (and partial-balance transfers or rollovers) are prohibited. Hence, if you are required to take a minimum required distribution, you must take the complete distribution of your Account.**

After you reach age 70½, minimum distributions are required from your IRA each year. The distribution for the year in which you reach age 70½ must be made no later than April 1 of the following year (*i.e.*, the required beginning date). Distributions for subsequent years must be taken by December 31 of each year. Unless you elect to withdraw from the entire balance by April 1 of the year after you reach age 70½, you must elect to take the distributions in a manner which distributes the funds at least as rapidly as the minimum required distributions. Unless you elect otherwise, the minimum required distribution for each year is determined by dividing your ending balance for the previous year (adjusted by any outstanding rollovers) by your joint life expectancy with the appropriate beneficiary. If no beneficiary exists or a beneficiary other than a natural person is named (except certain trusts), your single life expectancy must be used for this calculation.

You will be responsible for withdrawing the minimum required distribution each year. If you fail to withdraw the required minimum for a year, you will have to pay a tax penalty. Bancorp will provide you a notice, to your address of record, in advance of the date in which a minimum distribution is required to be withdrawn, which will include Bancorp's calculation of your required minimum distribution based on information in Bancorp's account records regarding your Account. You must take distribution of your entire Account (that portion which is not a minimum required distribution may be eligible for rollover).

ARTICLE 4 – ROLLOVER IRA RULES

IMPORTANT NOTE: The following information regarding rollovers is legally required for a Traditional IRA. If you take distributions from your Safe Harbor IRA, you may be able to defer the taxation of the distribution, in whole or in part, by rolling it over to another IRA or eligible retirement plan. **Please note that the only contributions or rollovers permitted to your Safe Harbor Plan are the contribution or contributions made to the Account by the Distributing Plan. You cannot contribute (including by means of rollover or transfer) additional amounts to your Safe Harbor IRA.**

(a.) *Rollover contribution from a Traditional IRA to another Traditional IRA*

A rollover from another IRA is any amount you receive from one IRA and roll some or all of it over into another IRA. You are not required to roll over the entire amount received from the first IRA. However, any amount you do not roll over will be taxed at ordinary income tax rates for federal income tax purposes. Rollovers between IRAs may not be made more frequently than once during a twelve-month period regardless of the number of IRAs you own. Such rollover to an IRA must be made within sixty (60) days of receipt of the distribution. The same property you receive in a distribution must be the same property you roll over into the second IRA. You are required to make an irrevocable election indicating that the transaction will be treated as a rollover contribution. You must satisfy the minimum distribution requirement for the year if you are over age 70 ½ prior to the rollover. Inherited IRAs do not qualify for rollover unless you are the spouse of the decedent. Rollovers from a SEP or an Employer IRA follow the IRA-to-IRA rollover rules since your contribution under these types of plans are funded directly into your own IRA. However, as of 2015, you can continue to make unlimited trustee-to-trustee transfers between IRAs because such a transfer is not considered a rollover.

(b.) *Rollovers to Roth IRA Conversions*

You are eligible to convert all or a portion of your Traditional IRA to a Roth IRA. Beginning in 2010, the modified adjusted gross income ("MAGI") and filing status requirements for converting a Traditional IRA to a Roth IRA were eliminated. If you are age 70 ½ or older, you must remove your required minimum distribution ("RMD") prior to converting your Traditional IRA.

(c.) *Rollovers from Employer-Sponsored Plans*

If you receive a lump-sum distribution, qualifying partial distribution or termination distribution from a qualified retirement plan (e.g., pension, 401(k), profit-sharing, HR-10, or Tax-Sheltered Annuity program), you may roll over all or part of the amount received to an IRA. Contributions to such rollover accounts will not be applied against the annual contribution limits described in ARTICLE 2. Likewise, the proceeds from the Account may be used as a rollover contribution to establish another IRA. However, rollovers between IRAs may not be made more frequently than once during a twelve-month period. Such rollover to an IRA must be made within sixty (60) days of receipt of the distribution. The minimum distribution for the year must be taken if you are over age 70 ½ prior to the rollover. If your distribution consists of money that was non-deductible employee contributions, these amounts may not be rolled over to an IRA. Rollovers from employer-sponsored plans may be made by rolling the same property into the IRA, or liquidating the property and rolling over the proceeds. Due to the complex nature of the legal definitions of lump-sum distribution, qualifying partial distribution or termination distribution, if you wish to take advantage of rollover rules, you should seek advice from your tax advisor. Rollover elections are irrevocable.

(d.) *Conduit IRA (Rollover)*

A conduit IRA is an IRA that contains only qualified total distributions from qualified plans, annuities, and 403(b) plans. The IRA is then used as a holding account until you roll that IRA back into another qualified plan, annuity or 403(b) plan. In order to take advantage of this conduit treatment, you must establish a separate IRA into which only the qualified total distribution will be rolled over. When you decide to roll the conduit IRA back into a qualified plan or 403(b) plan, the entire balance in the IRA plan must be rolled. Any amounts not rolled back into a qualified plan will be taxed at ordinary income tax rates. Surviving spouses are eligible to utilize the conduit IRA.

Rollover treatment must be elected by you in writing and is irrevocable once deposited.

ARTICLE 5 – PROVISIONS REGARDING FINANCIAL DISCLOSURE AND INCOME TAX TREATMENT

As long as your Safe Harbor IRA continues to qualify, interest earned on your Distributing Plan's contribution will accumulate on a tax-deferred basis until payment is made to you or your beneficiary. Some of the actions or events which could result in full or partial loss of this tax deferral appear in ARTICLE 6.

Each year the Trustee will provide you with a statement of account that will give the amount of the contribution to the Account, distributions from the Account, fees charged against the Account and the total value of the Account at year end. Information relating to contributions and distributions must be reported annually to the Internal Revenue Service by you, or, in the case of a joint IRA arrangement, by your working spouse. You (or your working spouse) must also file Form 5329 (Return for Individual Retirement Savings Arrangement) with the Internal Revenue Service for each taxable year during which you are assessed any penalty as discussed in ARTICLE 6.

ARTICLE 6 – PROVISIONS AFFECTING TAX STATUS OF ALL OR PART OF THE INDIVIDUAL RETIREMENT ACCOUNT AND CERTAIN DISTRIBUTIONS FROM IT

IRAs that are established as described in ARTICLE 2 provide for the deduction of contributions made to them if such contributions are made within the limitations described. Additional provisions relating to Traditional IRAs that affect their tax status, include:

(a.) *Penalty for Excess Contributions*

IMPORTANT NOTE: The following information is legally required to be disclosed to you. However, the only contributions permitted to be made to your Safe Harbor IRA is the contribution or contributions establishing the Account made by the Distributing Plan.

Contributions to the IRA in excess of the limits stated in ARTICLE 2 will be assessed a 6% non-deductible penalty tax (IRC Section 4973). This tax is payable by the Grantor (or working spouse) for each year the excess is permitted to remain in the IRA. However, if the excess plus attributable earnings are returned before the due date for filing the income tax return for the year in which the excess contribution was made, the 6% penalty tax will not be assessed. If the interest earned on such excess contribution is paid to you, it is taxable as income and will be deemed to have been earned and receivable in the taxable year during which the excess contribution was made. Such interest paid to you will be subject to the 10% premature withdrawal penalty. The 6% penalty tax on excess contributions can be avoided by withdrawing the excess from the IRA before the due date for filing the tax return for the year or by under-contributing for that year by an amount equal to the excess contribution. The excess contribution being returned will not be subject to income tax (ARTICLE 6(b)) nor will the 10% premature withdrawal penalty discussed in ARTICLE 6(d) be assessed, provided the contribution for the year during which the excess contribution was made did not exceed \$2,000 and no deduction was allowed for the excess contribution. The \$2,000 limit can be exceeded only to the extent such amount is attributable to a rollover or a SEP contribution.

(b.) Income Tax Status of Distributions

All distributions from the IRA, except as discussed under ARTICLE 6(a) relating to the return of excess contributions, are taxable as income to the Grantor or the beneficiary as they are received. A lump-sum distribution of the entire IRA does not qualify for five- or ten-year forward averaging available to lump-sum distributions from certain pension or profit-sharing plans (IRC Section 402(e)). Furthermore, the balance of an IRA is includible in the gross estate of the decedent at the time of death and subject to estate tax, as applicable.

(c.) Tax on Unrelated Business Income

IMPORTANT NOTE: The following information is legally required to be disclosed to you. However, investment of your Safe Harbor IRA is limited to qualified investments that preserve principal and does not include investments that could generate unrelated business taxable income.

Generally, an IRA is exempt from federal income tax. Thus, investment income earned by the IRA will not be taxed until distributed by the individual. However, any unrelated business income of the IRA is subject to taxes imposed on the unrelated business income of charitable and other tax-exempt organizations by IRC Section 511. Unrelated business taxable income includes gross income received from the unrelated trade or business by the IRA, less those deductions allowed under the IRC, such as the trade or business expense of Section 162 or depreciation under Section 167 which is directly connected with the carrying on of such trade or business, together with the exceptions, additions and limitations allowed by Section 512(b). It is the Grantor's responsibility to file the appropriate tax form and to instruct the Trustee to pay the tax due.

(d.) Penalty for Premature Distribution

In addition to any regular tax that may be payable, distributions from the IRA that occur before you reach age 59 ½ (except in event of disability, death, rollover, as a qualifying distribution of an excess contribution or other limited circumstances), will be assessed a 10% non-deductible excise tax on the amount. Loans from the IRA or prohibited transactions will also be considered premature distributions if they occur before you reach age 59 ½. You must file IRS Form 5329 with your tax return for each tax year during which a premature distribution takes place or less than the required minimum amount is distributed.

The premature distribution penalty tax will be waived for participants under age 59 ½ for certain medical or educational expenses and first-time home purchases. Please consult with your tax advisor regarding specific exemptions from penalty.

(e.) Penalty for Pledging the Accounts as Security

IMPORTANT NOTE: The following information is legally required to be disclosed to you. You may not borrow from your Safe Harbor IRA or pledge your Account as security for a loan.

If you borrow any money from an IRA or pledge an IRA as security for a loan, the IRA will lose its exemption from tax. The entire IRA will be deemed distributed to you in the taxable year in which you borrow from or pledge your IRA, and such amount will be included in your taxable gross income for that year and subject to a 10% penalty tax for early withdrawals (unless you are exempt). See ARTICLE 6(d) for more information. In addition to any regular income tax that may be payable on the distribution, the premature distribution penalty as discussed in ARTICLE 6(d) is also applicable (IRC Section 408(e)(4)). Accordingly, if you invest in securities, you may not sell short or execute purchases in an amount greater than available cash (margin accounts are prohibited).

(f.) Penalty for Prohibited Transactions

If you (or the designated beneficiary) engage in a prohibited transaction, as described in IRC Section 4975 with respect to the IRA, the IRA loses its exemption from tax and you must include the fair market value of the IRA in gross income for the year during which the prohibited transaction occurred. In addition to any regular income tax that may be payable, the premature distribution penalty as discussed in ARTICLE 6(d) is also applicable.

(g.) Penalty for Insufficient or Late Distribution

In addition to the regular income tax that may be payable on distributions from IRAs, you will be assessed penalties on certain accumulations if funds in the IRA are not distributed in accordance with Treasury Department Regulations as summarized under ARTICLE 3 of this Disclosure Statement. If the amount distributed from the IRA during the taxable year is less than the minimum required during such year, an excise tax will be imposed on you. The tax imposed is equal to 50% of the amount by which the minimum required distribution exceeds the amount actually distributed during the year (IRC Section 4974).

(h.) Penalty for Excess Distributions or Accumulations

You may also be subject to a 15% penalty tax on any amounts includible in income that you receive from IRAs, qualified plans, and tax sheltered annuities during a calendar year in excess of the current excess distribution limitation of IRC Section 4981A. Certain exceptions may apply. Consult your tax advisor regarding this penalty and the exceptions to the penalty.

Your estate may also be subject to an additional 15% federal estate tax if, at the time of your death, the value of all of your interest in all IRAs, qualified plans, and tax-sheltered annuities exceeds the present value of an annuity with annual payments that exceed the current excess distribution limitation of IRC Section 4981A, payable over your life expectancy immediately before your death.

ARTICLE 7 – INVESTMENT OF THE IRA AND FINANCIAL DISCLOSURE

The assets in your Account will only be invested in a qualified investment as provided by Department of Labor final regulations governing a Safe Harbor IRA established pursuant to Department of Labor Regulations 2550.404a-2(c)(3)(i)(ii) and (iii). Your IRA is invested in an FDIC-insured Bancorp money market account and the following constitutes a Regulation DD disclosure covering these investments:

Terms of Account – Your funds are invested in a limited purpose, non-transactional money market account (“Bank Money Market Account”). The name of the Bank Money Market Account is Premium Money Market Account.

Account Limitations – Additional contributions to your Account, with the exception of those from rollovers of residual funds from the same Distributing Plan that established the Account, are prohibited. Partial distributions, partial outgoing rollovers or partial outgoing transfers from the Account are prohibited as well. Only full balance distributions, full balance rollovers or full balance transfers are allowed from this Account. Distributions may be subject to taxes, withholding and penalties.

Rate Information – Your interest rate and Annual Percentage Yield (APY) may change. The interest rate and APY on this Account at the time of its opening can be found on the Welcome Letter that was mailed to you on the Opening Date. The current interest rate and APY in effect can be obtained on our website at <https://thebancorp.mybankingservices.com/personal/safe-harbor-ira/> or by calling 866.540.9364.

Frequency of Rate Change – At our discretion and at any time, we may change the interest rate and Annual Percentage Yield on your Account.

Compounding and Crediting Frequency – Interest will be compounded and credited to the Account monthly.

Effect of Closing Account – If you close the Account before interest is credited, you will receive the accrued interest. If you wish to close this Account, you agree to notify us in writing using the closure and distribution forms we make available for this purpose. All related closing fees, as described below in ARTICLE 8 of this Disclosure Statement, will be deducted from the final balance.

Minimum Balance to Open the Account – There is no minimum balance requirement.

Minimum Balance to Avoid Imposition of Fees – There are no fees beyond those disclosed below in ARTICLE 8 of this Disclosure Statement.

Minimum Balance to Obtain the Annual Percentage Yield Disclosed – There is no minimum balance requirement to earn interest.

Daily Balance Computation Method – Bancorp uses the daily balance method to calculate interest on the Account. The method applies a daily periodic rate to the principal in the Account each day.

Accrual of Interest on Non-Cash Deposits – Interest begins to accrue on the first business day after the banking day non-cash items are deposited to the Account (for example, checks).

ARTICLE 8 – FEES AND EXPENSES

As of November 16, 2017, fees charged for the Account are:

- A Maintenance Fee of \$35.00 applies if your notice of revocation of the Account is not timely received within the revocation period described in ARTICLE 1 above. This is a one-time fee.
- An Annual Fee of \$35.00 is charged on each one-year anniversary date. The Annual Fee is not prorated if the Account or the IRA is closed for any reason prior to the next anniversary date.
- An Account Closing Fee of \$25.00 is charged if the Account is closed any time after the expiration of the revocation period described in ARTICLE 1 above. As described below, an additional fee may apply depending on which method of distribution or rollover of funds you choose and/or delivery option you select.
- The following fees apply for specific methods of distribution or rollover of funds and expedited delivery: fee for electronic funds transfer (ACH): \$5.00; fee for treasurer’s check made payable to another financial institution: \$12.00 (*costs of transfer paperwork, if required by receiving institution are included*); and fee for expedited overnight U.S. delivery: \$50.00. There is no fee when the distribution is provided by check made payable to you and sent by first-class mail.
- A Legal Processing Fee of \$100.00 applies if Bancorp receives and processes any legal service of process with respect to the Account, such as a subpoena, garnishment, levy or citation to discover assets.

Once the Account has been established, all fees can be changed from time to time without notice to you. Current fees applicable to the Account are available at <https://thebancorp.mybankingservices.com/personal/safe-harbor-ira/>.

ARTICLE 9 – GOVERNING LAW

The provisions of the IRA and the Trust Agreement (Form 5305) shall be construed and interpreted under the laws of the State of Delaware.

ARTICLE 10 – TAX ADVICE

This Disclosure Statement together with the Trust Agreement (Form 5305) should answer most questions concerning your Safe Harbor IRA. However, you should note that IRA state laws vary. If you have additional questions regarding your Safe Harbor IRA, or IRAs in general, you should consult a tax advisor. Also, you may obtain additional information regarding IRAs from any District Office of the IRS. See in particular IRS Publication 590-A (“*Contributions to Individual Retirement Arrangements (IRAs)*”) or IRS Publication 590-B (“*Distributions from Individual Retirement Arrangements (IRAs)*”).

ARTICLE 11 – ACCOUNT LIMITATIONS; OPTIONS FOR TRANSFER OF ACCOUNT

The Account is a limited purpose, non-transactional Safe Harbor IRA established on your behalf by means of the contribution made by the Distributing Plan. You are not permitted to make additional contributions to the Account and the investment options available to you are limited. Please contact Bancorp at 866.540.9364 to learn more about your options, which include rolling over the Account balance to an IRA at another financial institution or IRA custodial firm or taking a distribution.

ARTICLE 12 – ACCOUNT STATEMENTS

You will be provided with an annual account statement to be mailed to the address on file with Bancorp as provided by the plan sponsor or administrator of the Distributing Plan at the time of establishment of your Account. Bancorp reserves the right to discontinue sending your Account statements if multiple consecutive statements or other mailings sent to your last known address are returned as undeliverable. It is your responsibility to ensure Bancorp has a current mailing address for your Account.

ARTICLE 13 – COMPLIANCE WITH USA PATRIOT ACT AND CIP RULES

Before you can transfer, close, terminate or otherwise assert ownership or exercise control over the Account, you must comply with all requirements of the USA PATRIOT Act and the rules of the Bancorp Customer Identification Program (CIP), which include providing the Trustee with your name, current address, and confirmation of your Social Security number.

ARTICLE 14 – MISCELLANEOUS

Qualified Reservist Distributions – If you are a qualified reservist called to active duty, you may be eligible to take a penalty-free distribution from this Account. Generally, you can redeposit these amounts within a two-year period from the date of your return from active duty. For detailed information, see IRS Publication 590-B (*Distributions from Individual Retirement Arrangements (IRAs)*).

ARTICLE 15 – SAFE HARBOR IRA REGULATIONS

The Account was established on your behalf with a contribution of all or a portion of your vested benefit from your former employer's eligible retirement plan or small balance of a terminated plan by the Distributing Plan pursuant to the provisions of Section 657(c) of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"), and the final regulations issued thereunder by the Department of Labor on September 28, 2004. How those regulations affect the Account were disclosed to you in either a Summary Plan Description ("SPD") or Summary of Material Modifications ("SMM") provided to you by your former employer, or the Distributing Plan's custodian.

The Bancorp Bank's Automatic Rollover Safe Harbor Traditional Individual Retirement Trust Account has been approved as to form by the Internal Revenue Service. Approval by the IRS is a determination as to the form, not the merits, of your Safe Harbor IRA.

You must identify yourself to the Trustee to claim, i.e., assert, ownership and control over the Account.

The money contributed by the Distributing Plan to the Account has been invested in a FDIC-insured, interest-bearing money market account pending your assertion of ownership and control and investment direction. If you do not give directions to the Trustee regarding the distribution or transfer of your Account, you will be deemed to have directed the Trustee to continue to hold and invest your Safe Harbor IRA in the FDIC-insured, interest-bearing money market account or other qualified investment designated by Trustee with respect to the Account. **This investment may or may not be consistent with your investment goals. You are advised to consult your tax and investment advisors, and if you conclude that the Account is not invested consistent with your goals, you may direct the Trustee to distribute your Account, or transfer your Account to another eligible retirement plan or IRA maintained by another IRA provider.**

In addition, the final Department of Labor regulations require that any prior beneficiary designation(s) you previously established for the Distributing Plan were cancelled when the Account was established with Bancorp by means of the contribution from your Distributing Plan.

You must complete the Adoption Agreement and provide the required documentation described in the Adoption Agreement to assert ownership and control over the Account. The Adoption Agreement was included with your original Welcome Kit or is otherwise available by request by calling 866.540.9364. Once you have asserted ownership and control over the Account, you may designate one or more beneficiaries in the event of your death. If the Trustee does not have a proper designation on file at the time of your death, the Account will be paid as described in Article XII of the Automatic Rollover Traditional Individual Retirement Trust Account Agreement (Form 5305). Such payment may or may not be consistent with your overall estate plan. You are advised to consult your tax and legal advisors, assert ownership and control over the Account, and then make beneficiary decisions and designate beneficiaries to ensure your IRA proceeds are paid to the beneficiary of your choice at your death.

Any action by you to assert ownership and control over the Account shall represent your acknowledgement of receipt of this Disclosure Statement. Until such time as you take such action, you will be deemed to be bound by its terms upon the Bancorp's mailing of this Disclosure Statement to you at the last known address provided to Bancorp by the plan sponsor who established the Account on your behalf.

Terms defined in the Trust Agreement (Form 5305) have the same meaning in this Disclosure Statement.

If you have questions about the disclosures in the Trust Agreement (Form 5305) or this Disclosure Statement, you may contact Bancorp by telephone at 866.540.9364 and request further explanation.