

The Community
Financial Corporation 

April 8, 2016

Dear Stockholder:

Enclosed is a supplement to our Proxy Statement that was made available to you on or about March 23, 2016. These materials supplement the Proxy Statement in the following respects:

1. It adds Item 4 – Election of Director to reflect the nomination of Mr. Eric Goldberg for election as a director of the Company at the Company’s 2016 Annual Meeting of Stockholders, to be placed in the class of directors with a term ending at the Company’s 2017 Annual Meeting of Stockholders.

We have also enclosed with the Supplement a revised Proxy Card. Please use this revised Proxy Card to have your shares represented and voted at the 2016 Annual Meeting of Stockholders. If you have not yet voted, or if you have already voted and wish to change your vote, you may cast your vote via the Internet, by telephone or by mailing your signed proxy card immediately in the enclosed postage-paid envelope and your votes will be counted as you instructed. However, if you do not return a revised proxy card or recast your vote via the Internet or by telephone, your vote will not be counted with respect to the nomination of Mr. Goldberg. You may revoke your proxy at any time prior to or at the 2016 Annual Meeting of Stockholders by written notice to the Company, by executing a proxy bearing a later date, or by attending the meeting and voting in person.

As always, we appreciate your commitment to and support of, the Company.

Sincerely,



Michael L. Middleton
Executive Chairman of the Board

THE COMMUNITY FINANCIAL CORPORATION
SUPPLEMENT TO PROXY MATERIALS DATED MARCH 23, 2016

The following supplemental information is provided with respect to the Notice of the 2016 Annual Meeting of Stockholders and Proxy Statement (the “Original Proxy Materials”) of The Community Financial Corporation (the “Company”), dated March 23, 2016. Unless otherwise indicated, all defined terms used in this Supplement have the meanings assigned to them in the Original Proxy Materials.

EXPLANATORY NOTE

On March 25, 2016, the Company entered into an Agreement (the “Agreement”) with Basswood Capital Management, L.L.C., a Delaware limited liability company, as a representative of certain related funds and managed accounts (“Basswood”). Basswood owns approximately 9.8% of the outstanding shares of the Company’s common stock. Among other things, the Agreement provides that the Company will nominate Eric Goldberg, a Basswood nominee, for election as a director of the Company at the Company’s 2016 Annual Meeting, to be placed in the class of directors with a term expiring at the Company’s 2017 Annual Meeting of Stockholders and that the Company will solicit proxies for the election of Mr. Goldberg as a director to the same extent as for the election or re-election of any other Company nominee for election to the Company’s Board of Directors at the 2016 Annual Meeting. Accordingly, the Company has prepared these supplemental proxy materials to revise the Original Proxy Materials to provide for the nomination of Mr. Goldberg for election as a director of the Company for a term expiring at the Company’s 2017 Annual Meeting of Stockholders. Therefore, at the 2016 Annual Meeting of Stockholders, stockholders will consider and elect four directors, three to serve for a term of three years and one to serve for a term of one year. The portions of the Original Proxy Materials, as hereby revised and supplemented, are set forth below.

ITEMS TO BE VOTED ON BY STOCKHOLDERS

Item 4 – Election of Director.

The Company’s Board of Directors currently consists of nine members, but on March 25, 2016, the Board voted to increase the size of the Board to ten members to create a vacant seat which Mr. Goldberg has been nominated to fill. The Board of Directors has nominated Mr. Goldberg to serve for a one-year term and until his successor is elected and qualified. Mr. Goldberg is a nominee of Basswood and has been deemed independent under the listing requirements of The NASDAQ Stock Market.

It is intended that the persons named in the proxies solicited by the Board will vote for the election of the named nominee. If the nominee is unable to serve, the shares represented by all valid proxies will be voted for the election of such substitute nominee as the Board of Directors

may recommend. At this time, the Board knows of no reason why the nominee might be unable to serve.

The Board of Directors recommends a vote “FOR” the election of the nominee.

Information regarding the nominee is provided below. Unless otherwise stated, the nominee has held his current occupation for the last five years. The age indicated in the nominee’s biography is as of December 31, 2015. There are no family relationships among the nominee or executive officers.

Board Nominee with a Term Ending in 2017

Eric Goldberg is a senior analyst with Basswood, an alternative asset manager with over \$1.3 billion of assets under management. Mr. Goldberg joined Basswood as a summer associate in 2005 and became an analyst in 2008. In his current role as a senior analyst, Mr. Goldberg is responsible for the research and investment analysis of companies in the financial sector, with a focus on small and regional banks. Mr. Goldberg graduated magna cum laude, with honors, from New York University’s Stern School of Business in 2008 with a B.S. in Finance and International Business and a minor in East Asian Studies. Mr. Goldberg has also served on the board of directors of Florida-based Regent Bancorp, Inc. and Regent Bank as a director since 2015. Age 29.

Mr. Goldberg was nominated pursuant to an Agreement dated March 25, 2016, by and between the Company and Basswood. The Agreement provides that the Company will nominate Mr. Goldberg, a Basswood nominee, for election as a director of the Company at the Company’s 2016 Annual Meeting, to be placed in the class of directors with a term ending at the Company’s 2017 Annual Meeting of Stockholders. Under the Agreement, at or prior to the time Mr. Goldberg is elected as a director of the Company, the Company will cause Community Bank of the Chesapeake (the “Bank”) to take the steps necessary to add Mr. Goldberg to the Board of Directors of the Bank. In addition, Basswood agreed not to nominate any person for election to the Company’s Board of Directors, or to propose any business to be presented to the Company’s stockholders at the Company’s 2016 Annual Meeting of Stockholders.

Mr. Goldberg’s extensive experience in the capital markets and financial services industry make him a valuable member of the board of directors. In addition, as the representative of one of the Company’s institutional shareholders, Mr. Goldberg provides valuable insight related to the Company’s institutional shareholder base and methods for further building shareholder value.

The Board of Directors recommends that stockholders vote “FOR” the nominee for director.

PRINCIPAL HOLDERS OF VOTING SECURITIES

Had Mr. Goldberg been a nominee for director at March 3, 2016, the amounts included under the line item titled “All Directors, Executive Officers and Nominees as a Group” in the ownership table on page 11 of the Original Proxy Materials would not have changed as Mr. Goldberg does not own any Company stock. The following table sets forth, as of March 25, 2016, certain ownership information as to Mr. Goldberg and Basswood.

Name of Beneficial Owners	Number of Shares Owned (Excluding Options)	Number of Shares That May be Acquired within 60 Days by Exercising Options	Percent of Shares of Common Stock Outstanding(1)
<i>Director Nominee</i>			
Eric Goldberg ⁽²⁾	—	—	*
<i>5% Owners:</i>			
Basswood Capital Management, L.L.C. Matthew Lindenbaum Bennett Lindenbaum 645 Madison Avenue, 10 th Floor New York, New York 10022	456,209 ⁽³⁾		9.8

*Less than 1% of the shares outstanding

(1) Based upon 4,652,292 shares of Company common stock outstanding, plus, for each individual or group, the number of shares of Company common stock that each individual or group may acquire through the exercise of options within 60 days of March 3, 2016.

(2) Mr. Goldberg is a senior analyst with Basswood.

(3) Based on information contained in a Schedule 13D filed with the U.S. Securities and Exchange Commission on March 25, 2016. The Schedule 13D was filed on behalf of: (i) Basswood Capital Management, L.L.C., Basswood Partners, L.L.C., Basswood Enhanced Long Short GP, LLC, each a Delaware limited liability company; (ii) Basswood Financial Fund, LP, Basswood Enhanced Long Short Fund, LP, Basswood Financial Long Only Fund, LP, Basswood Opportunity Partners, LP, each a Delaware limited partnership, Basswood Financial Fund, Inc., Basswood Opportunity Fund, Inc., BCM Select Equity I Master, Ltd., each a Cayman Islands corporation; and (iii) Matthew Lindenbaum and Bennett Lindenbaum.