



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Maryland Financial Bank

Person to be contacted regarding this report:	Glenn W. Kirchner	RSSD: (For Bank Holding Companies)	
UST Sequence Number:	1047	Holding Company Docket Number: (For Thrift Holding Companies)	
CPP Funds Received:	1,700,000	FDIC Certificate Number: (For Depository Institutions)	57821
CPP Funds Repaid to Date:	0	City:	Towson
Date Funded (first funding):	Mar 27, 2009	State:	Maryland
Date Repaid ¹ :	N/A		

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	We have increased lending.
<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Commercial Mortgage Loans and Direct Loans
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	

<input type="checkbox"/>	Make other investments	
<input checked="" type="checkbox"/>	Increase reserves for non-performing assets	This use of the CPP was unintended and arose only because of the flow of the recession has caused so much difficulty for borrowers.
<input type="checkbox"/>	Reduce borrowings	
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

We were able to keep the loans we own. Had we not received the CPP, because we were at our minimum capital requirement, we would have had to sell loans to remain well capitalized.

We avoided having our lending come to a complete halt as the infusion allowed us to remain well capitalized as we grew. By increasing our loans outstanding, our operations has moved from a break even point to a profitable point, although , because of additions to Allowance for Loan Losses, we have still not made a profit.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Had we not gotten the infusion, we would have had to cease lending. The infusion gave us options. While preparing our budget we were able to look at several different growth assumptions since the CPP restored our ability to lend.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

We are a small Community Bank with limited outreach. Lending through participations is our main activity. We will eventually under