

CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION
(Include Holding Company Where Applicable)

Maryland Financial Bank

Point of Contact:	Glenn W. Kirchner	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	1047	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	1,700,000	FDIC Certificate Number: (For Depository Institutions)	57821
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	March 27, 2009	City:	Towson
Date Repaid ¹ :	N/A	State:	Maryland

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) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI 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/CDCI investment was deployed or how many CPP/CDCI 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/CDCI 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/CDCI funds were outstanding).

Increase lending or reduce lending less than otherwise would have occurred.

We increased lending during 2009, but in 2010 we reduced lending to insure our capital levels remain sufficient.

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.).

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Increase securities purchased (ABS, MBS, etc.).

Empty response box for 'Increase securities purchased (ABS, MBS, etc.).'

Make other investments.

Empty response box for 'Make other investments.'

Increase reserves for non-performing assets.

This use of the CPP was unintended and arose because of the continuing economic difficulties. The Bank suffered its first charge-off during the year.

Empty response box for 'Increase reserves for non-performing assets.'

Reduce borrowings.

Empty response box for 'Reduce borrowings.'

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Increase charge-offs.

Purchase another financial institution or purchase assets from another financial institution.

Held as non-leveraged increase to total capital.

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

We were able to keep more of the loans we portfolio. Had we not received the CPP, we would have had to sell them to keep our capital levels as high as management and our regulators believed they should be.

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

We were able to continue growing for part of the year, until we reached what management believed was the minimum capital required for our particular position.

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

We are a small community bank with limited outreach. Lending through participations is our main activity. We will eventually undertake other ventures, but in 2010 we continued to try to get through the current difficulty.