



MARYLAND FINANCIAL BANK

*Your Partner In Correspondent Banking*

March 31, 2009

Dear Fellow Shareholder

We are pleased to enclose Maryland Financial Bank's unaudited and preliminary financial highlights for the year ending December 31, 2008. We posted a net loss of \$237,000 for the year after adding \$372,000 to our allowance for loan losses. While we did not have any charge offs this past year, we felt it was prudent to add additional reserve based on current economic conditions. Our deposits and loans increased 34% and 21% respectively. Non-performing Assets were 1.38% and our Loan Loss Reserve was 1.48% of gross loans outstanding at year end.

We would also like to update you on two additional issues; the Treasury Capital Program and future shareholder communication.

### **Treasury Capital Program**

The U.S. Treasury purchased \$1.7 million of our Bank's preferred stock on March 27, 2009. These funds will be used to leverage our balance sheet to purchase loan participations from local community banks. While we remained well capitalized at year end, the Bank required additional capital to grow our loan portfolio.

### **Shareholder Communication**

We would like to improve communication with our shareholders and ask that you provide us with an email address. Please email Jennifer Kopajtic at [jkopajtic@mdfinbank.com](mailto:jkopajtic@mdfinbank.com) with your email address. If you represent several shareholders, please include their names.

Our 2008 Annual Report and Proxy Notice will be mailed shortly and the Annual Meeting is scheduled for May 26, 2009 at 2:00 p.m. in our Towson office.

We thank you for your support and your business. Please call us if you have any questions.

Sincerely,

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