Maryland
DEPARTMENT OF LABOR
Office of Financial Regulation

OFFICE OF FINANCIAL REGULATION
Maryland Department of Labor

ANNUAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2023

PRESENTED TO:

Wes Moore, *Governor*
Aruna Miller, *Lt. Governor*

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LIST OF ABBREVIATIONS

AARMR	American Association of Residential Mortgage Regulators
ASI	American Share Insurance
BTFP	Bank Term Funding Program
CECL	Current expected credit losses
CSBS	Conference of State Bank Supervisors
CSU	Consumer Services Unit
DHCD	Department of Housing and Community Development (Maryland)
FDIC	Federal Deposit Insurance Corporation
FFIEC	Federal Financial Institutions Examination Council
FOMC	Federal Open Market Committee
FPR	Foreclosed Property Registration
FY or FYE	Fiscal Year or Fiscal Year End
HAF	Homeowner Assistance Fund
LID	Low-Income Designation
LMI	Low-to-moderate income
MMC	Multistate Mortgage Committee
MMLA	Multistate Money Service Businesses Licensing Agreement
MSCCS	Money Services and Consumer Credit Supervision
MTRA	Money Transmitter Regulatory Association
NACARA	North American Collection Agency Regulatory Association
NCUA	National Credit Union Administration
NMLS	Nationwide Multistate Licensing System
NOF	Notice of Foreclosure
NOI	Notice of Intent to Foreclose
OCC	Office of the Comptroller of the Currency
OFR	Office of Financial Regulation
PPP	Payroll Protection Program
ROA	Return on assets
SES	State Examination System

OUR OFFICE

We protect Marylanders through the operation of a modern financial regulatory system that promotes respect for consumers, safety and compliance, fair competition, responsible business innovation, and a strong state economy.

ABOUT THE OFFICE

The Office of Financial Regulation (OFR or the "Office") in the Maryland Department of Labor is Maryland's consumer financial protection agency and financial services regulator. The Office ensures that the financial services industry treats Maryland consumers fairly, follows applicable state laws and regulations, and operates in a fiscally sound manner.

The Office of Financial Regulation is Maryland's consumer financial protection agency and financial services regulator.

The industries regulated by OFR include:

- Lenders that issue or service mortgage loans, personal loans, vehicle loans, or installment loans.
- Check cashing and money transmission services.
- Collection agencies and consumer credit reporting agencies.
- Debt management and credit repair businesses.
- Sales financing companies and student loan servicing companies.
- Banks, credit unions, and trust companies chartered in Maryland.[1]

To fulfill its consumer protection and regulatory responsibilities, OFR:

- Charters Maryland financial institutions and licenses or registers companies or individuals that provide financial services to Maryland consumers (collectively referred to as "financial service providers").
- Supervises financial institutions and financial service providers by conducting examinations or investigations to ensure compliance with state laws and regulations.
- Receives and investigates complaints from Maryland consumers and others involving regulated financial institutions and financial service providers, including reports of fraud or other illegal activity.

Maryland law gives OFR enforcement authority over regulated industries providing financial services or undertaking consumer collection activities in the state, specifically including the state-chartered, licensed, and supervised institutions. The Office possesses its own investigative resources with which to enforce state law and support the State Collection Agency Licensing Board. When appropriate, OFR works cooperatively with other state and federal regulatory organizations and law enforcement agencies to investigate and prosecute violations of law.

To improve compliance with Maryland law, OFR provides information, guidance, and assistance to regulated companies and individuals through advisories, webinars, and other means that emphasize industry's responsibilities. Office leadership and staff are in ongoing contact with interested federal, state and local government and nonprofit agencies to keep them informed of issues and trends affecting Maryland consumers and financial service businesses. The Office and the Maryland Student Loan Ombudsman (designated by the Commissioner of Financial Regulation) conduct outreach on issues under OFR's jurisdiction, with a focus on foreclosure and mortgage delinquencies in the state and student loan issues. Additionally, OFR strives to educate Maryland consumers about their rights and legal protections.

The Commissioner provides support and information about financial regulatory matters to the Governor, Secretary of the Maryland Department of Labor, other state agencies, and the Maryland General Assembly.

[1] For a more exhaustive list and exceptions, see the "Regulated Financial Industries and Activities" page on OFR's website at **labor.maryland.gov/finance/industry/frregulatedind.shtml**.

FISCAL YEAR 2023

SENIOR MANAGEMENT

Commissioner of Financial Regulation
Antonio “Tony” Salazar

Deputy Commissioner of Financial Regulation
Vacant

Assistant Commissioner - Depository Supervision
Teresa Louro

Assistant Commissioner - Financial Services Licensing and Supervision
Shereefat Balogun

Assistant Commissioner - Consumer Services, Outreach and Trend Analysis
Sean McEvoy

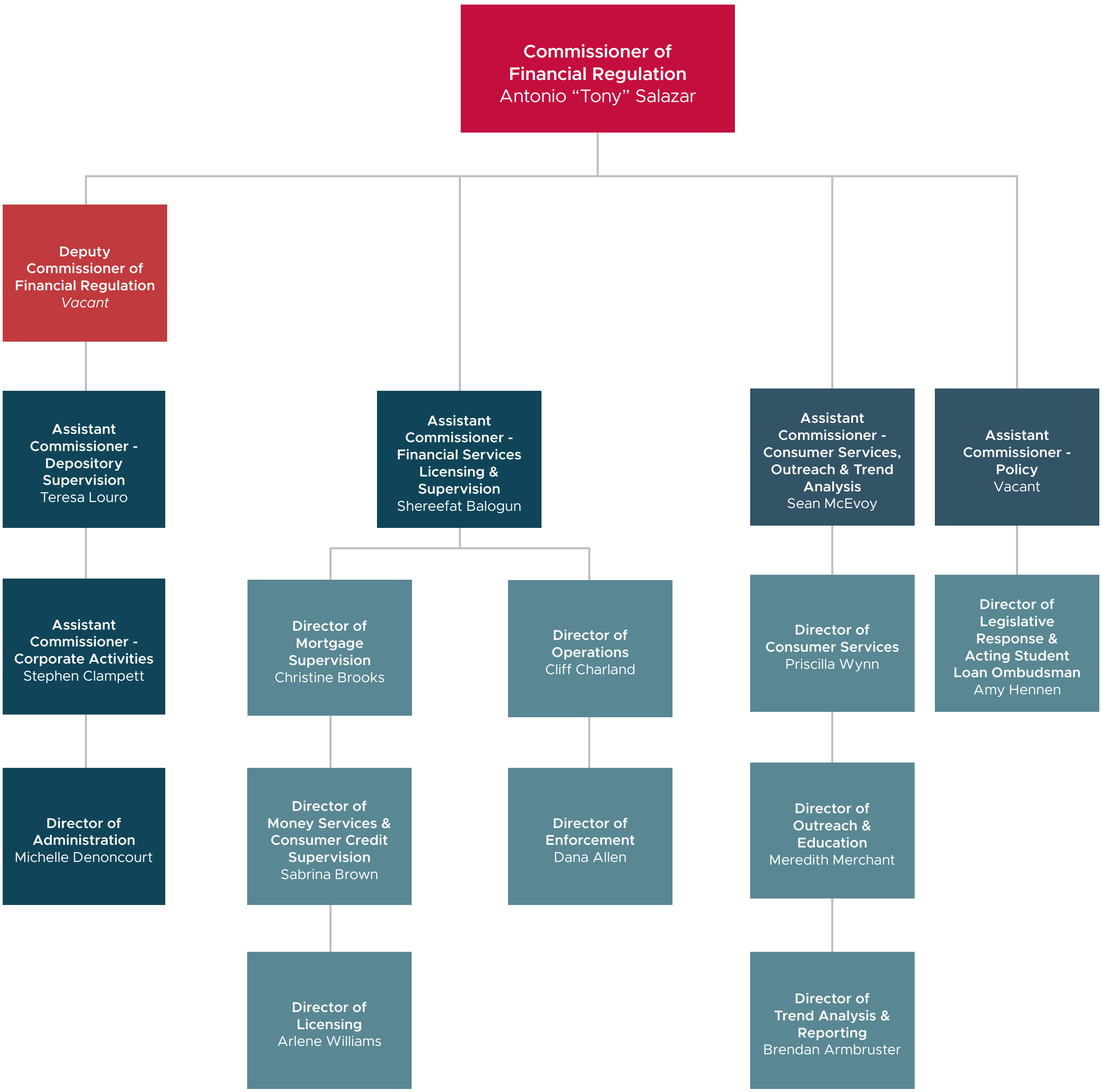
Assistant Commissioner - Corporate Activities
Stephen Clampett

Director of Administration
Michelle Denoncourt

Assistant Commissioner - Policy
Vacant

MANAGEMENT

ORGANIZATIONAL CHART



ACCREDITATION, INNOVATION AND REGULATORY HARMONIZATION

High-Quality Standards, Evolving Financial Technologies and Coordinated Supervision

Accreditation

The Office has been accredited by the Conference of State Bank Supervisors (CSBS) for its regulation of state-chartered banks since July 13, 1992. State bank regulatory agencies must undergo a re-accreditation examination and audit every five years and submit annual assessment updates to retain certification. The CSBS Accreditation Program is designed to encourage the standardization of state-chartered bank supervision, identify weaknesses, and capitalize on the strengths of state banking agencies. The process assists OFR in effectively carrying out its responsibilities in supervising Maryland-chartered financial institutions, of ensuring that institutions operate in a safe and sound manner, legal and regulatory compliance, and providing responsive services.

The Office has been accredited for its mortgage supervision by CSBS and the American Association of Residential Mortgage Regulators (AARMR) through their joint accreditation program since August 31, 2016. Mortgage accreditation serves the same purpose as banking accreditation but it applies to the supervision of non-depository mortgage brokers, lenders, and servicers, and it requires, among other things, that OFR's policies and procedures in licensing, examination, enforcement, and consumer complaint response meet high standards and follow best practices.

The Office received its initial money services businesses accreditation from CSBS and the Money Transmitter Regulators Association on June 28, 2022. Maryland is the seventh state financial regulatory agency (out of all the U.S. states and territories) to apply for money services businesses accreditation. The money services businesses program is responsible for supervising the activities of financial service providers that offer check cashing or money transmission services to Maryland residents. The Office conducts examinations and investigates complaints from Maryland consumers about these businesses.

Fintech Innovation Contact

Significant changes continue to occur in the financial services sector. The Office is committed to fostering a regulatory environment that supports a robust, accessible, and equitable financial system that features responsible innovation and fair competition. The Office's designated Innovation Contact continued to support innovation efforts in the financial services sector and to facilitate communication between OFR, entrepreneurs, and financial technology ("fintech") companies.

The Innovation Contact is the Office's point of contact for entrepreneurs, fintech officials, and new fintech companies who need assistance in navigating the licensing process, reviewing business concepts, evaluating risk management and compliance management systems, and providing feedback on business plans. Additionally, the Innovation Contact is available to provide information about doing business in Maryland and to answer questions about Maryland's financial laws, rules, and regulations as they might affect financial products in fields such as money transmission, virtual currencies, payments, or lending.

Assistant Commissioner Shereefat Balogun assumed the role of Innovation Contact in FY 2023 following the departure of Deputy Commissioner Greg Thoreson. Throughout FY 2023, the Innovation Contact regularly received and, with the assistance of the newly formed

Innovation and Emerging Issues Committee, responded to inquiries regarding how Maryland's financial regulatory system impacted current and prospective fintech companies operating or seeking to operate within the State.

Having been informally created in FY 2022 and established under a formal charter in FY 2023, OFR's Innovation and Emerging Issues Committee is an internal cross-functional committee composed of OFR managers that exists to: (1) support the Innovation Contact as they seek to foster responsible innovation in the financial services sector; (2) facilitate communication between OFR staff and entities offering financial services, (3) ensure the regulatory and supervisory mandates of OFR are addressed on an intra-agency basis, and (4) facilitate intra-agency and inter-agency communication regarding emerging issues.

Networked Supervision

The Office maintains its active participation in multistate coordination efforts with CSBS and sister state financial regulators to foster innovation and the achievement of a modern, efficient regulatory system. These multistate coordination efforts, referred to as "networked supervision", provide a more streamlined experience for industry and regulators through the recognition of standards and the coordination of activities across state lines.

The Office remains engaged in a multi-year effort to leverage technology solutions and harmonize laws across states in order to more effectively supervise financial service providers through a networked approach with other financial regulators. These efforts will enable regulated financial service providers to more fully engage in national-scale activities while protecting consumers and the financial system in each state. Examples of OFR's participation include the following:

- Leading negotiations, along with two other states, as part of a multistate enforcement action against a payment processing company for negligent customer data management practices in processing mortgage payments.
- Continuing participation in the development and deployment of next-generation technology platforms to streamline licensing, supervision, and enforcement.
- Participation in the pilot program "One Company One Exam" for mortgage examinations.
- Continuing participation in multistate mortgage and money service business examinations.
- Participating as a Phase 1 state under the Multistate Money Services Businesses Licensing Agreement, responsible for reviewing elements of money transmitter licensing applications common to all states.
- Coordinating with other state regulators to harmonize licensing and supervisory practices.

Office personnel continue to serve in key roles impacting networked supervision. In FY 2023, the Director of Operations for the Financial Services Licensing and Supervision Unit served as the President and as a member of the Board of Directors of AARMR and was recently re-elected to serve another term. The Office's Director of Mortgage Supervision is currently serving on the AARMR/CSBS Multistate Mortgage Committee which oversees large multistate mortgage supervision, and the Office's Director of Money Service Business and Consumer Credit Supervision serves on the Education Steering Committee of the Money Transmitter Regulatory Association which establishes national standards for examiner education. The Office also participates in the ongoing efforts to modernize the Nationwide Multistate Licensing System and the State Examination System.

The Office continues to actively support multistate efforts to establish new standards and laws designed to harmonize, where appropriate, the practices of state financial regulators. In FY 2023, OFR proposed changes to Maryland's Money Transmission regulations. The proposed changes, which are intended to implement the Uniform Money Transmission Modernization Act ("Uniform Act") model law, will further harmonize Maryland law with that of other states and foster uniformity and coordination in states' regulation of money transmitters. The proposed changes received a number of comments during the notice and comment period. In response to the comments received, OFR issued a statement addressing the significant and relevant issues raised in the public comments. The Office also modified the proposed rule to provide greater clarity on certain issues and address some substantive concerns. The modified proposal is expected to be finalized and a final rule issued in FY 2024. The Office, through Commissioner Salazar, is taking a lead role in the national efforts to encourage and assist states in adopting the Uniform Act.

ACHIEVEMENTS & PRIORITIES

Annual message from the Commissioner, fiscal year highlights, promoting equity and access, monetary recoveries and penalties, and legislative and regulatory summaries.

MESSAGE FROM THE COMMISSIONER

Antonio P. "Tony" Salazar has been the Maryland Commissioner of Financial Regulation since July 5, 2017.

I have the honor of presenting this Fiscal Year's (FY) Annual Report to Governor Moore under the Office's new name: "Office of Financial Regulation". After 113 years of being known as "The Office of the Commissioner of Financial Regulation", the Office's new name became effective on July 1, 2023. Though the Office's name has changed, its mission of serving as Maryland's consumer financial protection agency has not.

During FY 2023, OFR continued to uphold its tradition of strong consumer protection while also engaging in effective and impactful regulatory and supervisory activities, strengthening its capabilities, and securing significant legislative results. In that regard, and as discussed below, the Office broached the topics of climate change and equitable access to financial services, it gave public notice of its enforcement priorities, and it continued to seek and implement innovative ways to carry out its mission. These are topics and trends that will be continued in FY 2024 and beyond.

Last year the Office laid out six goals for FY 2023. The goals revolved around the following topics and I am happy to report that the Office made significant advances in each of these areas:

1. Continuing the Office's tradition of strong consumer protection actions.
2. Engaging in effective and impactful regulatory and supervisory activities.
3. Enhancing community and industry engagement and education.
4. Enhancing investment in staff.
5. Understanding data availability, needs and usage.
6. Collaborating with sister state regulators.

Many of the Office's activities advanced one or more of its goals. For example, OFR continued pursuit of several ongoing enforcement actions and commenced new investigations and cases. Some of the existing cases involve complex legal issues surrounding the rules to be followed by non-banking companies who partner with out-of-state banks to lend in our state at rates that would not be permitted by Maryland law. The Office initiated 52 new investigations involving violations of Maryland consumer financial laws and issued an Order to shutter the operations of an entity operating a non-licensed financial institution. The Office's licensing, supervisory and consumer service units each identified and took steps to remedy illegal, unlicensed, and other harmful activities resulting in changes in the business practices and consumer restitution. Of note was the Office's leadership role in concluding a multistate settlement agreement with ACI Worldwide, Inc. where OFR and other state and federal regulators responded to the company's transmission of more than 1.4 million erroneous mortgage payment debit instructions affecting over 478,000 consumers nationwide and approximately 14,000 consumers in Maryland. These and other actions detailed below illustrate the Office's continued commitment to strong consumer protection and impactful regulatory activities.

During FY 2023, the Office issued a revised set of enforcement priorities to improve the allocation of its investigative and legal resources. In particular, the list of enforcement priorities is intended to identify the types of behaviors and practices OFR determines to be the most abusive and harmful to Maryland consumers and the financial services industry. The priorities are described below and topically cover: new or innovative products or services, bank-fintech partnerships, recidivism, systemic issues resulting in widespread consumer harm, and redlining and discrimination in lending.

Legislation pursued and supported by OFR during the Maryland Legislature's 2023 session was consequential as it ranged from bills that changed the Office's name and, notably, the manner in which it collects revenue from non-depository entities, to important advances for consumers in the realms of equity and mortgage lending.

Working with the Administration, the Office helped ensure the passage of Governor Moore's groundbreaking Access to Banking Act (House Bill 548). The Act represents an innovative approach to the objective of ensuring that all Marylanders and their respective communities have access to financial services. The Act seeks to improve communities' access to physical branches of depository institutions by providing depository institutions with incentives to open and maintain their branches in low-to-moderate income (LMI) communities, while also authorizing the Commissioner to utilize funds from the Depository Special Fund to seed a public/private venture fund that will have a mission of seeking financial technology products and companies that can be instrumental in increasing lending to small businesses in such communities.

The Office obtained passage of a bill that helps it meet its goal of operating a modern regulatory system. The new law puts Maryland at the forefront of the movement to improve the licensing of non-depository entities by eliminating the concept of "branch" licenses, and the paperwork, costs, and other administrative efforts that are associated with issuing such licenses. It replaced the current licensing and fee structure with a modern structure, one that involves the issuance of one license per entity (instead of licensing each branch location) and permits OFR to issue annual assessments in order to fund its operations. The law created a reinstatement process allowing licensees to renew their expired licenses rather than reapplying, and it clarified requirements pertaining to the use of trade names. The changes will guarantee the funding of OFR's future non-depository activities and are anticipated to reduce the burdens on regulated industries while also streamlining the Office's administrative workflow.

With the passage of House Bill 1150, which was sought by OFR, the Legislature modified Maryland's mortgage lending laws to clearly provide that shared appreciation arrangements are to be governed by Maryland's mortgage laws. While OFR believed that such products were covered by the State's mortgage laws, it sought the clarification to avoid litigation and in response to products that market participants argued were not covered by such laws. The new law is intended to protect consumers from the risks inherent in these complex transactions and OFR anticipates that the new law will protect and benefit consumers by establishing a clear licensing and regulatory framework for oversight of transactions that are sometimes structured to avoid disclosure and other consumer protection requirements.

The Office was also active on the regulatory front as it publicly pursued two new regulations and commenced work on two others. The publicly issued regulations dealt with foreclosure procedures and, importantly, changes to the money transmitter regulations that are designed to complete Maryland's adoption of the Conference of State Bank Supervisors' (CSBS) Model Money Transmission Act. In FY 2024, the Office intends to issue regulations on shared appreciation mortgages and on the Office's use and sharing of other states' mortgage examinations.

I, and other members of OFR, remained active in leadership positions in multistate regulatory organizations. These positions enhance our Office's capabilities, enable OFR staff participation in the development of national standards and policy and, overall, strengthen our Office's ability to protect consumers and reach our goals. For example, I have been active in the Conference of State Bank Supervisors, serving as the Vice Chair of the Non-Depository Supervisory Committee. At the CSBS 2023 annual meeting, I was elected to serve as the group's Vice Chair. As a member of the Federal Deposit Insurance Corporation's (FDIC) Advisory Committee of State Regulators, I directly provided advice and information to the Chairman and Board of the FDIC. I also assumed a post as a representative of the National Association of State Credit Union Supervisors (NASCUS) to the FBIIC (Financial and Banking Infrastructure Information Committee). It is a post that keeps me, and through me the Office, connected with technology and cyber issues at the highest levels of government. Other OFR staff, including Directors Charland, Allen, Brooks, and Brown, regularly participate in interstate discussions and also serve as officers of multistate organizations. Student Loan Ombudsman McEvoy announced his departure from OFR in FY 2023 and would be replaced by Director of Legislation Amy Hennen who assumed the role as acting Student Loan Ombudsman. As Student Loan Ombudsman she engaged in significant outreach and discussions with other state and federal student loan organizations, agencies and ombuds offices. All in all, OFR staff increases the Office's effectiveness when they participate in and coordinate with other state and federal agencies and organizations.

The State Collection Agency Licensing Board again operated with full membership as it gained two new members in Ms. Traci Rezvani who joined the Board in the role of a consumer representative and Mr. Shawn Kennedy who joined the Board in the role of an industry representative.

The Office took a number of steps to meet our engagement goal including, continuing to meet with consumer advocates in large and small group settings, holding over 40 outreach events, issuing 15 advisories on various topics, and adding the foreclosure information that we make available on our website to the State's Open Data Portal. The Office continued to be supportive of and worked closely with the Maryland Department of Housing and Community Development on its Homeowner Assistance Fund, and ongoing foreclosure prevention initiatives. The Office held its third annual "Regulatory Highlights" webinar, a live-streamed event for regulated industries and interested consumer groups, during which OFR staff and leadership provided legislative, supervisory, and enforcement updates. As noted above and in her separate report, Ombudsman McEvoy and Acting Student Loan Ombudsman Hennen also undertook a number of meetings and actions, including providing consumers with the opportunity for video meetings and engaging with the Maryland Center for Collegiate Financial

Wellness to inform borrowers of changes to federal payment and waiver programs. In sum, those actions and the others detailed in this report are all part of OFR's commitment to stay connected to and engaged with the public and key constituents. Finally, I continued to be a member of the Maryland Financial Education and Capability Commission.

The Office's Licensing Unit again processed over 20,000 license applications during the fiscal year. That accomplishment was made possible by the hard work and dedication of the Licensing Unit staff.

Mortgage lenders/servicers, money service business, and consumer credit companies that are licensed by the Office are subject to periodic examinations to ensure that they are sound and operating according to law. Those examinations are carried out by OFR's examiners from the Mortgage Supervision and Money Services and Consumer Credit Supervision Units. Members of these staffs distinguished themselves not only by the volume of their work, having completed over 200 examinations of licensed entities, but also by the quality of their work as leaders and/or participated in multiple multi-state examinations, and some examiners lent their expertise to the state system by providing training and or IT knowledge.

The Office's Consumer Services Unit continued to resolve consumer complaints and finalized the implementation of the new State Examination System (SES). The SES, which is also used by the financial services supervisory unit to conduct examinations, is an integral piece of state financial regulators' networked supervisory strategy. While it saw a 19% increase in complaint volume, OFR's Consumer Services staff was able to successfully recover $125,425 for Maryland consumers.

The States' banks and credit unions performed well during the fiscal year despite the headwinds caused by the continuing increase in interest rates and the liquidity scare that arose in the early Spring of 2023. As in recent past years, the vast majority of Maryland's state-chartered institutions were controlling risks, were well managed, capable of withstanding business fluctuations, and operating in substantial compliance with applicable laws and regulations. However, as explained in the Depository Supervision section of this report, that conclusion was not one that would've been anticipated in the Spring of 2023 when the confidence in the nation's banking system suffered a serious blow upon the sudden failure of two large, regional banks from California and New York. Those failures caused significant distress to the country's banking system and OFR and other state and federal regulators worked diligently during that period to continuously monitor institutions' and market conditions, implement new programs to enhance institutions' liquidity, and review the circumstances that lead to the failures to guide future policy. Fortunately, Maryland and its consumers, businesses and financial institutions avoided serious repercussions from the failures. Maryland's financial institutions continued providing uninterrupted financial services to their customers and by and large they experienced satisfactory financial results, ending the fiscal year in a fundamentally sound condition. Overall, it was a stressful time. I would like to commend OFR's depository staff for their hard work during long days and thank the Maryland Bankers Association,the MD|DC Credit Union Association, and their receptive members for their cooperation and the coordination they provided to OFR and other regulators.

Internally, OFR worked diligently to fill vacancies and to provide its staff with the modern technology they need to ensure that the Office operates efficiently and effectively and remains a leader among state regulators. The Office increased the amount of its budget allocated to employee training and development and saw employees take advantage of the opportunities that were offered.

Looking to FY 2024, the Office again undertook a structured strategic planning process that saw it following Governor Moore's directive to be a State agency that supports the goal of "leaving no Marylander behind." To that end, and working with Labor Secretary Wu, the Office adopted FY 2024 goals that are as follows:

1. Protect Maryland consumers from financial harm and educate them to make informed financial decisions.
2. Modernize Maryland's financial regulatory system to adapt to rapid change and to be efficient and effective for all stakeholders through the use of technology and data.
3. Promote an equitable and inclusive financial system that leaves no Marylander behind and fosters broader participation by low to moderate income communities and small businesses in the financial system and state economy.
4. Enhance employee engagement and empower employees to execute with excellence.
5. Strengthen the Office's collaboration with sister state regulators and other Maryland agencies, to create a system that is networked, transparent, and excellent.

In closing, I am honored to have had the privilege of serving as Maryland's Commissioner of Financial Regulation for the past six years. I am thankful to Governor Moore and Labor Secretary Wu for giving me the opportunity to continue serving in that capacity and look forward to working with them, Maryland's legislators, OFR's staff, and its stakeholders as we all strive to protect Maryland's consumers and generally improve its consumer financial services sector.

Antonio P. Salazar

Antonio P. "Tony" Salazar

Commissioner of Financial Regulation,
State of Maryland
Annual Report
Fiscal Year Ended
June 30, 2023

FISCAL YEAR 2023 HIGHLIGHTS

Consumer Recoveries and Penalties Assessed: The Office collected a total of $358,539 in combined monetary recoveries for Maryland consumers and civil penalties against companies and/or individuals that were identified to have violated various State laws and/or regulations.

Equity and Access: The Office collaborated with Governor Moore to gain passage of the Access to Banking Act, a new law that seeks to encourage financial institutions to retain and grow access to banking services in low-to-moderate income communities.

Legislation: Three bills initiated by the Office in the 2023 General Assembly session became law.

Regulation: The Office finalized changes to the regulations for Foreclosure Procedures for Residential Property. The new regulations provide clarity regarding the Commissioner's authority to address violations of law or regulation, the rights of homeowners, and the responsibilities of mortgage services.

Depository Institutions: Maryland-chartered banks' total assets increased by 5.38% to $49.7 billion and Maryland-chartered credit unions' total assets increased by 2.5% to $8 billion.

Licensing: The Office licensed or registered 20,313 individuals and businesses, and collected $40,300 in penalties due to prior unlicensed activity.

Financial Services Supervision: The Office completed 184 examinations of mortgage and money transmission business. Mortgage Supervision assessed $208,375 in monetary recoveries for Maryland consumers from violations identified during mortgage examinations.

Consumer Services: The Office was successful in recovering restitution payments of $125,425 for Maryland consumers through the investigation and resolution of consumer complaints.

Enforcement: The Office assessed $27,840 in monetary recoveries for Maryland consumers and collected $40,162 in penalties from a credit service business for unlawful practices associated with mortgage loan modification consulting services.

Outreach and Education: The Office's Outreach Unit organized or participated in 42 events, conferences, and stakeholder meetings.

Data and Reporting: The Office implemented a process for monthly postings of foreclosure data on the Maryland Open Data Portal.

Student Loan Ombudsman: The Ombudsman began offering video chat appointments for student loan borrowers and presented to four different stakeholder groups.

EQUITY AND ACCESS TO FINANCIAL SERVICES

As part of the Office's consumer protection and regulatory mandate, OFR seeks to promote principles and practices that are designed to ensure that Maryland's financial services sector operates equitably and that all Marylanders have access to safe and well-regulated financial services.

Use of Data

In FY 2023, the Office started to utilize data and statistics in new ways to better understand the demographics of banking, lending and foreclosure in Maryland and to identify patterns indicating potential disparities or inequities. For example, mortgage and foreclosure data may reveal redlining, reverse redlining, or other discriminatory or disparate lending practices.

Sources of data include the FDIC's Unbanked and Underbanked Survey, Federal Financial Institutions Examination Council (FFIEC) branch location data, Home Mortgage Disclosure Act lending data, Mortgage Bankers Association mortgage lending and default data (obtained through the Conference of State Bank Supervisors), and call reports from supervised companies. The Office also analyzes consumer complaint data from its own Consumer Services Unit, as well as from federal agencies, including the Consumer Financial Protection Bureau, Federal Trade Commission, and Office of Federal Student Aid in the U.S. Department of Education. Additionally, OFR conducts routine analyses of address-level data from the Maryland Foreclosure Registration System, with a focus on geographic and demographic data obtained from the U.S. Census Bureau and the Maryland Department of Information Technology.

The Office's analyses are primarily used for decision-making, strategic planning, policy development, and for various supervisory activities, such as examinations and investigations. The Office shares statewide foreclosure data publicly on the Foreclosure Data Tracker page of OFR's website and data aggregated by county and zip code is shared on the Maryland Open Data Portal. In FY 2024, OFR will explore if additional aggregated data or reports can be made available to a wider audience in an effort to improve transparency and better inform the public and interested stakeholders, including policymakers and researchers.

Planning and Policy

The Office's FY 2024 strategic plan, developed in the last quarter of FY 2023, included several objectives and tactics focused around issues of equity and access. As an example, one of OFR's goals in the next fiscal year is to "promote an equitable and inclusive financial system that leaves no Marylander behind and fosters broader participation by low-to-moderate income (LMI) communities and small businesses in the financial system and state economy."

The 2021 FDIC National Survey of Unbanked and Underbanked Households shows the importance of policies that promote equitable access to safe and affordable deposit accounts at insured institutions.

- Approximately 5.9 million or 4.5% of U.S. households identified as "unbanked", meaning that no one in the household had a checking or savings account at a bank or credit union. In Maryland, 5% of households were unbanked.
- Differences in unbanked rates between Black and White households and between Hispanic and White households were present at every income level. In Maryland, 10.6% of Black households were unbanked as opposed to 1.8% of White households.
- The most cited reason from survey respondents for why they do not have a bank account was "Don't have enough money to meet minimum balance requirements".

The Office is exploring strategies to improve accessibility of banking services in Maryland's LMI communities and expanding outreach efforts, particularly to vulnerable populations who often face systemic discrimination or may not have the opportunity to access financial education resources.

Additionally, enforcement priorities were revised in FY 2023 to explicitly state that ensuring equal access to lending opportunities, particularly mortgage lending, for everyone regardless of race or national origin is a focus for the Office. This includes investigations of complaints alleging violations of the Equal Credit Opportunity Act, Fair Housing Act, and other anti-discrimination laws. Enforcement priorities are described in greater detail in the Enforcement section of this report.

In the FY 2023 General Assembly Session, OFR assisted with passage of Governor Moore's Access to Banking Act. The Act promotes the growth of financial services in LMI communities through the use of assessment credits to Maryland state-chartered banks and credit unions that operate branches in LMI communities; and through the establishment of a venture fund to invest in financial innovations that develop opportunities for banking institutions and credit unions to better serve the needs of LMI communities. More information about this Act is in the Message from the Commissioner, Legislative Summary, and Depository Supervision sections of this report.

MONETARY RECOVERIES FOR CONSUMERS AND

PENALTIES ASSESSED

Consumer Recoveries

Total Consumer Recoveries FY 2023

$174,663

Monetary recoveries for consumers result from OFR's commitment to protect the public from economic harm caused by companies or individuals providing financial services in Maryland. During FY 2023, the Office recovered and provided $174,663 in restitution to consumers across all Units.

Total Consumer Recoveries Fiscal Year 2023

$174,663

Penalties Assessed

Total Penalties Assessed FY 2023

$183,876

During FY 2023, OFR investigated or examined companies and/or individuals that were identified to have violated various State laws and/or regulations, and as a result of those investigations and examinations, collected assessed penalties of $183,876.

Total Penalties Assessed Fiscal Year 2023

$183,876

TOTAL

$358,539

MONETARY RECOVERIES

Below is a breakout of the number of penalties assessed and instances of restitution by type of license during FY 2023.

License No.	License Type	No. of Penalties	Instances of Restitution
1	Sales Finance		3
2	Consumer Loan	1	2
3	Installment Loan		
4	Collection Agency	11	4
6	Mortgage Lender	74	23
8	Credit Reporting Agency		1
9	Check Casher		
10	Bank		3
11	Credit Union		16
12	Money Transmitter		12
14	Debt Management Service Provider		
15	Debt Settlement Service Provider		
19	Licensed Check Casher		
26	Mortgage Originators		
28	Credit Services Business	1	1
29	Check Casher Registration		
34	Registered Exempt Collection Agency		
36	Exempt Mortgage Lender - Registered		
N/A	Other	2	28
	TOTAL	**89**	**93**

LEGISLATIVE AND REGULATORY SUMMARY

Changing Legal Environment and Innovative Regulatory Advancements

Legislative Summary

The Maryland 2023 General Assembly adjourned on April 10th, concluding a successful legislative session. The Office proposed three bills, worked closely with the Governor's Office on another bill, and provided technical support on other legislation focused on improving the Office's efficiency, clarifying Maryland laws under its jurisdiction, enhancing consumer protections, and promoting a safe and healthy financial services industry. Those bills and other notable legislation that passed during the 2023 session of the Maryland legislature are described below.

HB 379/SB 929: Commissioner of Financial Regulation - Name and Organization of Office
Effective date: July 1, 2023
This law, initiated by the Commissioner, changes the name of the Office under the Commissioner of Financial Regulation in the Maryland Department of Labor to the "Office of Financial Regulation". The law also establishes a new Deputy Commissioner position that is for financial services licensing and supervision (aka, non-depository activities).

HB 686: Financial Regulation - Modernizing Licensing of Non-Depository Institutions and Elimination of Branch License Requirements
Effective date: July 1, 2023
This law, initiated by the Commissioner, eliminates the requirements for collection agencies and certain non-depository financial institutions to maintain separate licenses for their branch locations. It authorizes them to conduct business at multiple licensed locations under a single license. Financial service businesses will pay one licensing fee that will include all branches plus an assessment the amount of which is determined by the Commissioner each year. The assessment will be based on actual costs to regulate the business, including risk and size. All licensed locations will be covered under a business's bonding requirements to ensure consumer protection. The Office intends to draft and issue appropriate implementing regulations.

HB 1150: Commercial Law and Financial Institutions - Credit Regulation - Shared Appreciation Agreements
Effective date: July 1, 2023
This law, initiated by the Commissioner, makes certain that shared appreciation agreements are subject to the Maryland Mortgage Lender Law and other provisions of law that regulate certain loans of single extensions of closed end credit and revolving credit plans. The Office will adopt regulations regarding the enforcement of and compliance with provisions of law that regulate shared appreciation agreements.

HB 548/SB 550: Financial Regulation - Maryland Community Investment Venture Fund - Establishment (Access to Banking Act)
Effective date: July 1, 2023
This law, initiated by the Governor, establishes the Maryland Community Investment Venture Fund. The Fund is to be established by the Commissioner with seed money from the Depository Special Fund. Under the new law, Maryland-chartered banks and credit unions with branches in LMI census tracts will be able to apply for credits toward the annual assessment amount. The law encourages banks and credit unions to deposit the value of the credit into the venture fund and permits the Commissioner to match some or all these funds. The Venture Fund will be used to provide seed funding to small businesses developing new access to capital for under-resourced small businesses located in LMI communities.

SB 516: Cannabis Reform
Effective date: upon enactment
This law establishes a regulatory and licensing system for adult-use cannabis and requires the Administration, by July 1 2023, to convert medical cannabis licenses to licenses to operate a medical and adult-use cannabis business. The Office will monitor the banking sector for any issues with banks and credit unions that chose to provide banking services to licensed cannabis businesses.

HB 384: Income Tax - Student Loan Debt Relief Tax Credit - Alterations
Effective date: July 1, 2023
This law increases the total amount of credits against the State income tax that the Maryland Higher Education Commission may approve in a taxable year for student loan debts. Additionally, it extends from two years to three years, the period of time that an individual who claims the credit has to prove that they used the credit to repay the individual's student loan debt. The Student Loan Ombudsman within OFR will monitor and advise Marylanders on this issue.

HB 680: Institutions of Higher Education - Transcripts - Prohibition on Punitive Measures Related to Student Debt
Effective date: July 1, 2023
This law prohibits an institution of higher education from refusing to provide a current or former student with a transcript or taking other punitive measures regarding a student's transcript request because the student owes a debt to the institution of higher education. The Student Loan Ombudsman within OFR will monitor this issue.

Commissioner Salazar and Director of Legislative Response at the bill signing for HB379/SB 929; with Maryland's Senate President, Governor Moore, Secretary Wu, and Speaker of the House of Delegates.

LEGISLATIVE & REGULATORY ADVANCEMENTS

HB 913: Financial Institutions - Student Financing Companies - Required Registration and Reporting
Effective date: October 1, 2023
This law requires student financing companies to register with the Commissioner of Financial Regulation before providing services in the State; requires a student financing company to renew its registration on an annual basis; authorizes the Commissioner to adopt registration procedures for student financing companies, which may include certain fees; and requires student financing companies to annually report certain information, to be made publicly accessible on a certain website, to the Commissioner beginning March 15, 2024. The Office will create a registry with NMLS for student financing companies to register and a portal for these companies to provide the required information. The Office will post this information on its website and report it in the Student Loan Ombudsman Annual Report.

SB 106: Courts - Judgments - Exemptions From Execution
Effective date: October 1, 2023
This law exempts up to $500 in a deposit account or other account of a judgment debtor held by a depository institution from execution on the judgment without an election by the debtor to exempt the money. Further, it establishes procedures a depository institution is required to follow on receipt of a writ of garnishment or other levy or attachment under certain circumstances. The Office will monitor licensees who may be impacted by this legislation.

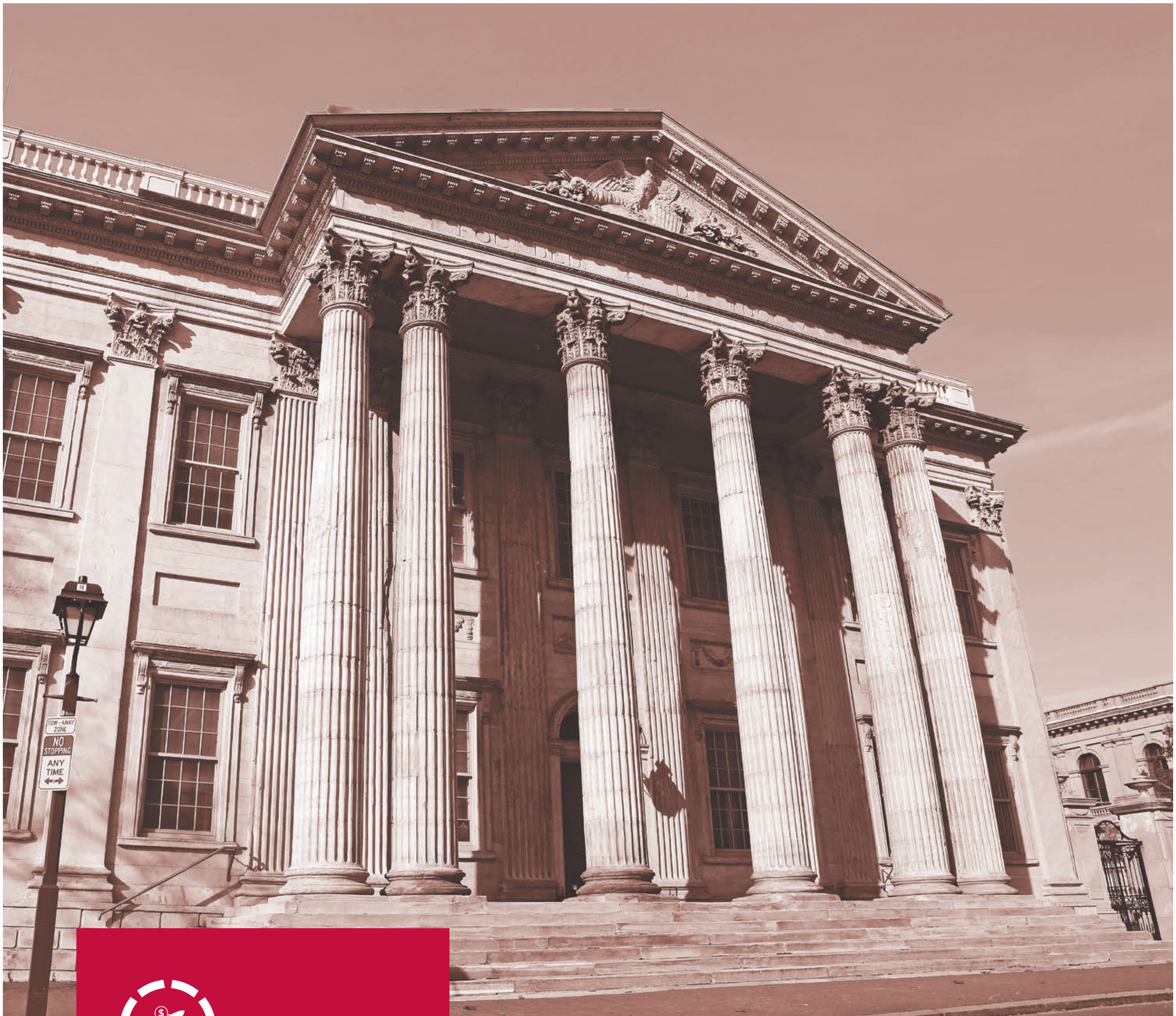
HB 127: District Court - Small Claims - Enforcement of Money Judgments
Effective date: October 1, 2023
This law prohibits the District Court, in aid of enforcement or execution of a money judgment resulting from a certain small claim action, from ordering the appearance of an individual for an examination or ordering an individual to answer interrogatories. The Office will monitor licensees who may be impacted by this legislation.

Regulatory Summary

The Office successfully pursued two noteworthy regulatory initiatives during the fiscal year:

Foreclosure Procedures for Residential Property
Effective date: March 1, 2023
On December 16, 2022, the Commissioner adopted amendments to Regulations in COMAR 09.03.12 Foreclosure Procedures for Residential Property. The changes to the regulation were made final in 49:26 Md. R. 1078-1079 (December 16, 2023). The amendments were issued in order to harmonize certain regulations that are inconsistent or contradictory as a result of recent changes within the Maryland Annotated Code, update and generally improve existing requirements and forms within the mediation process, and update provisions regarding the Commissioner's authority to address violations of law or regulation. The changes are intended to reduce procedural gaps within the foreclosure mediation process and to provide greater clarity regarding the rights and responsibilities of mortgage servicers and consumers.

Money Transmission
Effective date: FY 2024
On February 24, 2023, the Commissioner proposed amendments to Regulations in COMAR 09.03.14 Money Transmitters. The proposed changes implement provisions of the CSBS Model Money Transmission Modernization Act and are intended to further harmonize Maryland law with other states and provide clarity and certainty regarding the responsibilities of money transmitters and the rights of consumers. The changes are anticipated to be effective in FY 2024.



INDUSTRY SUPERVISION & CONSUMER PROTECTION

Updates on the Office's regulatory and consumer-focused activities over the past fiscal year.

DEPOSITORY
SUPERVISION

Supervising Maryland State-Chartered Banks, Credit Unions, and Trust Companies

The Office's Depository Unit regulates and supervises a total of 33 Maryland state-chartered institutions as of the end of FY 2023. Of those institutions, 22 are banks, seven are credit unions, and four are non-depository trust companies. The Depository Unit also supervised the American Share Insurance Corporation (ASI), an Ohio-based, private provider of deposit insurance for credit unions.

The Depository Unit is overseen by the Assistant Commissioner for Depository Supervision and as of the end of FY 2023, the Unit had 14 bank examiners on staff, of which five are examiners-in-charge.

Overall, Maryland-chartered financial institutions performed well in FY 2023. Maryland's banks and credit unions reported solid financial condition, sound asset quality, ample capital augmentation, and sufficient liquidity in the face of challenging market conditions.

In the Spring of 2023, liquidity became a focus for all regulatory agencies because of two large regional bank failures in California and New York. In response to the upheaval in the banking sector precipitated by the failures, OFR risk-assessed its chartered institutions and began focusing specifically on institutions' immediate liquidity sources, uninsured deposits exposure, non-bank financial institution deposits concentrations, and investment portfolios. The Office implemented daily liquidity monitoring of high-risk institutions, as well as daily meetings with management of the institutions, and it maintained regular contact with federal bank regulators. The Federal Reserve created the Bank Term Funding Program (BTFP) which offered loans of up to one year in length to banks and credit unions pledging collateral eligible for purchase by the Federal Reserve Banks in open market operations such as U.S. Treasuries, U.S. agency securities, and U.S. agency mortgage-backed securities. The BTFP served as an additional source of immediate liquidity at reasonable terms. The Office contacted all Maryland-chartered institutions and strongly encouraged them to establish a funding line with the Federal Reserve discount window so they could have an alternative funding source should the need arise. While Maryland's financial institutions did not face the liquidity pressures that affected many of the nation's financial institutions in the Spring, the majority of the State's banks and some credit unions took advantage of the program and established BTFP funding lines, and some even used their new funding line due to the attractive rates that were offered. Overall, Maryland-chartered banks and credit unions strengthened their liquidity positions and enhanced internal monitoring of liquidity following the turmoil of Spring 2023.

Facing moderate loan demand throughout FY 2023, Maryland-chartered institutions were fortunate to enjoy excess liquidity which was primarily reallocated to securities investment portfolios that generated higher returns given the increasing rate environment. FY 2023 saw Maryland state-chartered banks and credit unions adopting the "current expected credit losses" (CECL) methodology for estimating their allowances for credit losses. The adoption of CECL led to higher provision expenses despite asset quality generally remaining good.

In April 2023, OFR gave a "Climate Change Risks and Maryland Financial Institutions" presentation to the management teams and Boards of Directors of the State's banks and credit unions. The purpose of the presentation was to provide guidance about OFR's current expectations regarding the management of the various risks posed by climate change and on the establishment of governance structures to manage those risks. The Office's climate change presentation was well attended and banks and credit unions were provided with learning and discussion points regarding the effects of climate change risk on Maryland financial institutions. The Office continues to participate in the CSBS District I Task Force, led by the New York Department of Finance, on climate change risk to community banks.

The Office continued its practice of issuing regulatory advisories and guidance, responding to inquiries from bankers, and monitoring loan activity, concentrations, liquidity, information technology and cybersecurity oversight, and compliance with the Bank Secrecy Act/Anti-Money Laundering.

DEPOSITORY SUPERVISION

Supervising Maryland State-Chartered Banks, Credit Unions, and Trust Companies

Bank Supervision

In FY 2023, only one Maryland-chartered bank was acquired by an out-of-state bank. The reduction in the number of banks supervised by OFR, from FY 2022 to FY 2023, is a considerable improvement from the loss of five banks over FY 2021 to FY 2022. Management at many Maryland-chartered banks remained focused on reevaluating their resources, maintaining sound asset quality, and enhancing earning performance during challenging economic times. Despite the loss of one bank, total assets held by the remaining 22 banks under OFR's supervision grew by $2.5 billion, or 5.38%, from $47.1 billion to $49.7 billion in FY 2023.

Aggregate capital in Maryland-chartered banks increased approximately 6.10% from $5.1 billion to $5.4 billion over FY 2023. The capital increased despite a slight decline in earnings caused by an increase in provisions for loan and lease losses and reduced noninterest income. Bank holding companies continued to be successful in raising capital during FY 2023 and downstreamed equity into their bank subsidiaries. The combined reported capital leverage ratio of 10.77% represented a modest increase and can be generally attributed to capital accretion outpacing asset growth. All Maryland-chartered banks ended FY 2023 well-capitalized.

Even with the loss of one bank, Maryland-chartered banks' aggregate level of net loans and leases increased by 8.40%, from $33.8 billion to $36.7 billion. Their level of investment securities also increased by $403 million, or 5.38%, to $7.9 billion in FY 2023. Maryland-chartered banks continued to serve their commercial customers with the Small Business Administration's Paycheck Protection Program (PPP) loans, loan forgiveness, and loan modifications.

Asset quality performance indices for Maryland-chartered banks were again positive in FY 2023. With most institutions experiencing loan growth, the level of non-performing assets to total assets increased from the multi-year low of 0.37% reported at FYE 2022 to a higher level of 0.59% in FY 2023. That level represents a continued historically low level of non-performing assets, and of the non-performing assets, other real estate owned assets decreased significantly by 35.29% to $11.0 million over the same period as banks were able to liquidate the properties they held in the face of the increasing interest rate environment. Net charge-offs to total loans and leases increased but ended the fiscal year at a manageable, and also extremely low level, of 0.12%, representing an increase over the historically low 0.02% reported at FYE 2022. The overall level of banks' allowance for loan and lease losses increased by 24.46%, to $450.8 million, which is commensurate with the growth in loan portfolios and the adoption of the CECL allowance calculation methodology. Based upon these asset quality performance indices, Maryland-chartered banks entered FY 2024 poised to focus on asset growth and net operating income.

Toward the end of FY 2022, the Federal Reserve's Federal Open Market Committee (FOMC) began raising interest rates in an effort to curtail inflation. Maryland's banks retained good liquidity and they took advantage of the higher interest rates by growing their investment portfolios. The increased rates enabled Maryland banks to generate increased interest income on their loan portfolios and invested funds. The FOMC continued its increasing interest rate strategy throughout FY 2023 and into FY 2024.

For the State's banks, earnings performance experienced a continuing negative trend during FY 2023. The banks' average return on assets (ROA) decreased from 1.49% ending FY 2022 to 1.35% at the end of FY 2023. As described above, much of the decrease is attributed to increased provisions for loan and lease losses over FY 2022, which outweighed the increase in the banks' collective net interest margin. Specifically, Maryland-chartered banks' net interest income was bolstered by the increasing interest rate environment which improved their collective net interest margin to 3.66% at the end of FY 2023, from 3.53% at the end of FY 2022.

Safety and soundness examinations continued to be full scope although examination activities were modified in FY 2023 to accommodate remotely conducted examinations and to reduce the burden on Maryland bankers. During examinations and off-site monitoring, OFR assessed banks' capital levels, asset quality performance indices and trends, management oversight, earnings levels and trends, liquidity and funds management, sensitivity to interest rate risk, and risk management practices, with an emphasis on liquidity levels, liquidity risk management, liquidity concentrations, uninsured deposits and fundings sources, commercial real estate lending, and lending concentrations. Information technology, cybersecurity, and the Bank Secrecy Act/Anti-Money Laundering reviews and assessments also continued as essential components of examinations.

Worthy of note is the fact that OFR issued only one formal enforcement action due to Bank Secrecy Act concerns during FY 2023. To the extent that OFR had other concerns with a small number of specific institutions, it addressed them through enhanced regulatory supervision and oversight, employing a variety of means including regular teleconference calls, visitations and targeted examinations, meetings with management and Boards of Directors, off-site reviews and monitoring, and informal enforcement actions.

As a result of their organic growth, Maryland has two state-chartered banks each with over $10 billion in total assets and another four banks each with assets over $1 billion. Banks over $10 billion in total assets are required to comply with a variety of federal regulations that are applicable to large, complex banking organizations. In addition, those banks are subject to the examination and supervision authority of the Consumer Financial Protection Bureau which examines institutions for compliance with federal consumer financial laws.

Topics in the forefront of OFR's work to continue into FY 2024 include closely monitoring banks' liquidity positions, asset quality, and servicing practices related to information technology oversight, financial elder abuse monitoring and prevention, and succession planning for both management and Boards of Directors. Interest rate risk and liquidity risk management will also continue to receive thorough attention throughout FY 2024 as will compliance with the CECL reserve methodology and the Bank Secrecy Act. Cannabis-related banking, which involves banking related to marijuana and hemp products, gained attention in FY 2023, and it is expected to remain a topic of interest as adult use marijuana became legal in Maryland on July 1, 2023. The Office anticipates more state-chartered banks will begin servicing cannabis-related businesses in FY 2024.

Maryland-chartered banks have always had a significant impact on the regional economy and they proved their significance during the COVID-19 pandemic. The banking industry in Maryland continues to serve its customers more efficiently; improve products, services, and processes; and grow assets, and in some cases have partnered with fintech companies to help in those efforts. Recognizing, however, that there are gaps in the delivery and accessibility of banking services in the State, and consistent with Governor Moore's goal of establishing Maryland as a state that leaves no one behind, in FY 2023 OFR began planning implementation of the Access to Banking Act (House Bill 548) in order to support and encourage industry efforts to ensure that banking services and credit are offered equitably to all communities in the State. The Office will remain in active dialogue with bank management teams throughout the state and regularly seek out and participate in outreach events sponsored by the Maryland Bankers Association, the Federal Deposit Insurance Corporation, and Federal Reserve Bank. And, OFR has and will continue to issue regulatory guidance when necessary, as well as address institution-specific situations when they arise as part of its mission to protect Marylanders through the operation of a modern financial regulatory system that promotes respect for consumers, safety and compliance, fair competition, responsible business innovation, and a strong state economy.

Credit Union Supervision

The Office regulates and supervises seven Maryland-chartered credit unions. Of the seven credit unions, the deposits of six are federally insured through the National Credit Union Share Insurance Fund with the deposits of the remaining credit union being privately insured by ASI. Each of the credit unions received full scope safety and soundness examinations during FY 2023. Those examinations were frequently conducted via a hybrid approach with some work conducted remotely and some work conducted onsite at the institution. As with the bank examinations, some examination activities were modified to accommodate remote examination activity and to reduce the burden on credit union management and staff. The Office supplemented the examinations with quarterly, off-site monitoring and targeted examinations as deemed necessary.

Overall, in FY 2023, the level of total assets held by Maryland-chartered credit unions increased by 2.5% from $7.8 billion ending FY 2022 to $8.0 billion ending FY 2023. Over the same period, total loan receivables increased to $5.6 billion from $5.3 billion, investment and securities declined from $1.7 billion to $1.4 billion, shares and deposits decreased negligibly to $6.7 billion from $6.8 billion, and total capital increased to $811.8 million from $757.5 million. Throughout FY 2023, Maryland-chartered credit unions continued to serve their business members with PPP loans, loan forgiveness, and loan modifications. Additionally, the credit unions' net worth increased from 9.70% of total assets to 10.21% of total assets, as capital accretion outpaced asset growth, while their combined ROA increased considerably from 0.33% to 0.75%. Much of the increase in their ROA was driven by the higher interest rate environment that considerably improved their interest income.

Much as with the bank supervisory program, the focus of OFR's work in FY 2024 insofar as credit union supervision is concerned is to continue close monitoring of credit unions' liquidity, asset quality, cybersecurity oversight, financial elder abuse monitoring and prevention, and succession planning for management, directors, and Supervisory Committee members. Interest rate risk, the CECL reserve methodology, the Bank Secrecy Act/Anti-Money Laundering, and cannabis-related banking, which includes banking related to marijuana and hemp products, will also continue to receive attention throughout the 2024 fiscal year. Finally, OFR will be conducting follow-up on its 2023 climate change presentation and engaging with the state's credit unions to ensure they benefit from the Access to Banking Act (House Bill 548) and that they participate in efforts to ensure that financial services are offered equitably to all communities in the State.

Like Maryland's banks, Maryland state-chartered credit unions also benefited from a strong economy despite the Federal Reserve Bank increasing interest rates, primarily in FY 2023 and continuing into FY 2024, in an effort to curtail inflation. Credit unions continued to serve their membership and focused on increasing membership and generating profitable assets. The Office continues to be committed to assisting credit union management with leading their institutions while meeting the needs of their membership. The Office has and will continue to issue regulatory guidance when necessary, and the Commissioner and staff will remain in active dialogue with credit union management and their Boards of Directors. Also, OFR will continue to seek out and participate in outreach events sponsored by the MD|DC Credit Union Association and the National Credit Union Administration (NCUA).

Commissioner Salazaar and Secretary Wu at Financial Regulation meeting April 2023.

Non-Depository Trust Company Supervision

Maryland's four state-chartered non-depository trust companies continued to perform effectively throughout FY 2023. Trust company management worked diligently to meet the needs of their clients during uncertain domestic and global times. Managed and non-managed assets experienced strong growth with total assets-under-management increasing to $596.2 billion ending FY 2023 from $530.6 billion ending FY 2022. Trust companies generated net income of $75.1 million during the first half of calendar year 2023, which is up moderately from $73.9 million in net income generated during the first half of calendar year 2022.

The trust companies anticipate additional growth in FY 2024 and management will continue to monitor volatility and economic conditions in national and international bond and equity markets, interest rates, and real estate markets.

Safety and soundness examinations of non-depository trust companies are full scope and have been conducted remotely since the pandemic. The Office expects to conduct hybrid examinations during FY 2024. Examiners' focus will remain on asset management, earnings, capital, management, operations, internal controls and audit, compliance, Bank Secrecy Act/Anti-Money Laundering compliance, information technology/cybersecurity oversight, and succession planning.

DEPOSITORY

CORPORATE ACTIVITIES

Asset Growth and Consolidation Among Maryland State-Chartered Institutions Persist

The Office began FY 2023 with regulatory responsibility for 23 banks with $47.142 billion in total assets, and ended FY 2023 with responsibility for 22 banks with $49.677 billion in total assets, resulting in an annual asset growth rate of 5.38%. While asset growth remained steady over the past five years, the number of Maryland-chartered banks has continued its decline. The 22 Maryland-chartered banks in FY 2023 represent a 37.14% decrease from the 35 Maryland state-chartered banks in FY 2018. The decrease from 23 to 22 Maryland-chartered banks was due to the merger of a Maryland-chartered bank into a bank chartered in West Virginia. Additionally, in FY 2023 OFR approved the merger of a Maryland-chartered bank into a national bank headquartered in Maryland, however this merger did not become effective until July 1, 2023. The completion of this merger at the start of FY 2024 further reduces the number of Maryland-chartered banks to 21.

While the number of Maryland-chartered banks continues to decrease, the percentage of total bank assets held nationally as compared to total bank assets held by Maryland-chartered banks continues to increase, and bank consolidation has not adversely impacted the asset growth for Maryland-chartered banks. Despite asset growth remaining steady, OFR continues to monitor the possible effects that consolidation and the resulting reduction in the number of Maryland-chartered banks may have on local industry practices and control.

The Office also maintains regulatory responsibility for the seven Maryland-chartered credit unions. Combined assets of these seven institutions totaled $7.952 billion on June 30, 2023, which represented annual asset growth of 1.78% for FY 2023. While total asset growth slowed in FY 2023 for Maryland-chartered credit unions, total asset growth over the past five years for Maryland-chartered credit unions is 34.84%.

The consolidation and relocation of branches by Maryland-chartered banks and credit unions remained robust in FY 2023. This trend is a result of industry consolidation and a response to consumers increasingly favoring the usage of electronic services to traditional brick-and-mortar branch services. In FY 2023, a Maryland-chartered credit union opened a new branch in Baltimore, Maryland, a Maryland-chartered bank opened a new location in Cambridge, Maryland, and (as of the date of this report) another Maryland-chartered bank will be opening a new branch in Ocean City, Maryland, approved by OFR in FY 2023.

As of the end of FY 2023, the State of Maryland is served by 77 banks with 1,214 bank branches, down by 41 branches from the previous year. While the number of bank branches continues to decrease, JP Morgan Chase Bank, a large national bank, notably expanded from 26 to 32 branches in Maryland in FY 2023. Out-of-state banks continue to apply to open or relocate branches and offer financial services in Maryland. Several branch applications submitted by an out-of-state bank and approved by OFR in FY 2023 are scheduled to open in FY 2024.

Furthermore, as of the end of FY 2023, there are forty branches operated by Maryland-chartered banks in LMI neighborhoods in Maryland and there are fourteen branches operated by Maryland-chartered credit unions in LMI neighborhoods. Of particular note, on January 10, 2023, SECU, Maryland's largest credit union, earned the Low-Income Designation (LID) from the NCUA. To qualify as an LID credit union, a majority of SECU's membership met certain low-income thresholds. The LID status comes with certain benefits for SECU and its membership. These benefits include an exception from the statutory cap on member business lending, which may expand access to capital for small businesses, eligibility for grants and low-interest loans from the Community Development Loan Fund, the ability to accept non-member deposits, and the authority to obtain supplemental capital. With the addition of SECU's LID status in 2023, five of seven Maryland state-chartered credit unions now possess a Low-Income Designation.

The Office maintains partnerships with Maryland counterparts at the Office of the Comptroller and the State Department of Assessments and Taxation to improve the experience of financial institutions doing business in Maryland. Successful coordination with these agencies ensures that applications are processed timely and records are accurate.

The number of merger applications also remained steady in FY 2023 as the industry continues to consolidate. OFR does not anticipate this trend subsiding. As noted above, OFR approved two applications in FY 2023 that resulted in the merger of a Maryland-chartered bank into another institution. Provident State Bank, a Maryland-chartered bank headquartered in Preston, Maryland, was acquired by Summit Community Bank, a West Virginia-chartered bank headquartered in Moorefield, WV. Additionally, Community Bank of the Chesapeake, a Maryland-chartered bank headquartered in Waldorf, Maryland, was acquired by Shore United Bank, a national bank headquartered in Easton, Maryland. The merger of Community Bank of the Chesapeake into Shore United Bank did not become effective until July 1, 2023.

The Office also approved the acquisition of Partners Bancorp, a Maryland incorporated bank holding company for both The Bank of Delmarva, a Delaware-chartered bank, and Virginia Partners Bank, a Virginia-chartered bank, by LINKBANCORP, Inc., the Pennsylvania incorporated bank holding company for LINKBANK, a Pennsylvania-chartered bank. The merger did not impact the number of Maryland-chartered banks, however both The Bank of Delmarva and Virginia Partners Bank maintain branches in Maryland. And, while the merger is still awaiting final federal regulatory approvals, it is further illustration of the strong trend toward consolidation within the industry.

Throughout FY 2023, OFR continued to intake, review, and process applications from Maryland state-chartered and out-of-state institutions needing OFR's approval to effectuate certain changes to these institutions' corporate operations. Among these submissions, OFR processed fourteen representation as a bank or trust company applications from out-of-state institutions; four applications to amend the bylaws of a Maryland-chartered institution; two Maryland Affordable Housing Trust applications, and one application submitted by a Maryland-chartered bank (BayVanguard Bank) to convert from a savings bank to a commercial bank.

For additional facts and figures, see Appendix A: State-Chartered and Depository Institutions on page 50.

LICENSING

Opening Doors for Business

The Licensing Unit is responsible for the licensing and registration of financial service providers under OFR's jurisdiction. This includes the processing of original, renewal, and relicensing of applications. The license categories under OFR's jurisdiction include mortgage lenders, brokers, and servicers; money transmitters; check cashers; debt management service providers; debt settlement service providers; collection agencies; consumer lenders; installment lenders; sales finance companies; credit service businesses; and consumer credit reporting agencies. The Unit also licenses individuals as mortgage loan originators.

By the end of FY 2023, the Unit issued and managed 20,313[2] licenses to individuals and businesses, representing a decline of 18% from the previous year. A large portion of the decline was due to the economic environment in which rising interest rates saw the mortgage industry experiencing a slowdown late in FY 2022 continuing into FY 2023. As a result, the Unit saw a significant reduction in the number of licensed mortgage lenders and loan originators. The tightening interest rates did not significantly impact the licensure of other industry participants as there was a significant increase in the non-mortgage space. In particular, sales finance companies in Maryland increased from 843 in FY 2022 licensed entities to 1,060 in FY 2023.

When reviewing new license applications, the Unit ascertains whether the applicant may have improperly engaged in licensable activities prior to the application. During FY 2023, the Unit collected $40,300 in penalties due to prior unlicensed activity.

Streamlining the Licensing Process

The Unit furthered its efforts to streamline licensing processes in FY 2023. During its 2023 session, Maryland's General Assembly passed, and Governor Wes Moore signed, House Bill 686. The new law, which takes effect in FY 2024, makes significant changes to the Maryland statutes governing the licensure of financial service providers. Starting July 1, 2023 OFR will cease issuing, maintaining, and renewing individual licenses for branch locations, and there will be no license fee associated with those locations. This change will apply to all business types licensed by OFR or by the State Collection Agency Licensing Board. Each business will need only a single Maryland license for a given business activity as that license will serve for all locations properly disclosed to OFR at which the licensee conducts business.

In addition to the elimination of branch licensing, the new law allows OFR to levy a variable, annual assessment proportionate to each business. When determining the amount of an assessment, OFR may utilize a number of factors, including a licensee's volume of business conducted in Maryland and the risks posed by its operations. The new law does not impact other requirements for licensure, such as bond requirements and the disclosure of all branch locations and trade names.

[2] This number refers to licenses in active status.

The Unit continued its participation in the Multistate Money Services Businesses Licensing Agreement (MMLA) which was established to create a more efficient money service business licensing process among state regulators. The MMLA allows applicants to apply for licensure in multiple states without submitting multiple applications. Rather, one lead state reviews the core application requirements and the other (non-lead) states will rely on the lead state's review during their own approval process. The other states only need to review their own state-specific requirements, if any. Utilizing the MMLA helps make the licensing process more consistent and efficient for all parties. The Office's Licensing Unit processed three multistate applications as the lead state in FY 2023.

New Business Licensees and Total Business Licensees, by Category
Fiscal Years 2023 and 2022

License Category	New Licensees FY 2023	Total Licensees FY 2023	New Licensees FY 2022	Total Licensees FY 2022
Check Casher	33	246	64	247
Collection Agency	136	1,561	107	1,547
Consumer Loan	31	234	25	223
Credit Service Business	19	70	22	62
Debt Management	3	25	0	16
Installment Loan	13	186	22	182
Money Transmitter	62	274	53	278
Mortgage Lender	832	3257	917	3,531
Mortgage Loan Originator	2,721	13,294	6,359	17,801
Registered Exempt Mortgage Lender	3	17	2	7
Sales Finance	223	1060	148	843
TOTAL	**4,076**	**20,224**	**7,719**	**24,737**

New Business Registrants and Total Business Registrants, by Category
Fiscal Years 2023 and 2022

Registrant Category	New Registrants FY 2023	Total Registrants FY 2023	New Registrants FY 2022	Total Registrants FY 2022
Credit Reporting Agencies	7	55	10	75
Debt Settlement Services	9	38	5	48
TOTAL	**16**	**93**	**15**	**123**

FINANCIAL SERVICES SUPERVISION

Supervising Mortgage, Consumer Credit, and Money Services Businesses

The Financial Services Licensing and Supervision Unit changed its name in FY 2023 from "Non-Depository Supervision" to better reflect the activities of the Unit and the types of institutions it supervises. The Unit supervises the individuals and businesses that are licensed or registered to provide credit and other financial services to Maryland consumers. These financial service providers include mortgage lenders, brokers, servicers, and originators, money transmitters, debt management services providers, debt settlement services providers, collection agencies, credit reporting agencies, check cashers, consumer lenders, sales finance companies, credit service businesses, and installment loan companies. In FY 2023, the Unit had regulatory oversight of more than 15,700 individuals and more than 3,800 businesses.

The Unit maintains a regular examination program for mortgage service providers, money transmitters, and debt management service providers. During examinations, Unit staff members ("financial examiners") assess the operations of these licensees to ensure that they are complying with applicable laws and regulations and operating in a safe and sound manner, minimizing risks to Maryland consumers. Violations identified by examiners may result in restitution to Maryland consumers or in civil penalties. In FY 2023, the Unit assessed approximately $86,500 in penalties relating to violations identified during examinations.

As part of the Office's efforts to work cooperatively with fellow regulators in other states, share information, and leverage each other's resources, the Unit continued to conduct examinations through the State Examination System (SES) during FY 2023. The SES is a comprehensive system for examination and regulatory investigation management that: simplifies communication between regulators and licensees during examinations or investigations, allows for customized information requests from regulators to licensees, provides for secure transmission of electronic documents from licensees to regulators, allows for storage of examination and investigative records, and aids in the sharing of examinations and regulatory investigations among states. During FY 2023, the Unit's Assistant Director of Mortgage Supervision served on a working group which developed a proposal to streamline the conduct of examinations through SES by eliminating duplicative or extraneous "information requests" sent through the system to businesses being examined.

The Unit continued to provide representation on various national boards and committees during FY 2023. The Unit is represented on the Multistate Mortgage Committee, the Board of Directors of the American Association of Residential Mortgage Regulators, the Education Steering Committee of the Money Transmitter Regulators Association, and the NMLS Money Services Business Call Report Subcommittee.

Mortgage Supervision

Mortgage Supervision supervises the business activities of licensed mortgage brokers, lenders, servicers, and loan originators conducting business in Maryland. Companies that maintain a Maryland Mortgage Lender License are licensed to conduct mortgage brokering, lending, and servicing activities with respect to Maryland residential mortgage loans. Individuals that maintain a Maryland Mortgage Loan Originator License are employees of a mortgage lender licensee and are licensed to take mortgage loan applications from Maryland residents and negotiate loan terms.

Mortgage Supervision is responsible for conducting examinations of licensed mortgage brokers, lenders, servicers, and loan originators. Through its examinations, Mortgage Supervision ensures that licensees comply with applicable federal and state laws and regulations in providing financial services to Maryland residents.

A statutory enactment during FY 2021 changed the examination scheduling requirement for each licensee under the responsibility of Mortgage Supervision from once during any 36-month period to once during any 60-month period. Maryland law retained the requirement that new licensees be examined within 18 months of initial licensure. This change was made to provide Unit staff with greater flexibility to conduct risk-based examinations. A risk-based approach allows OFR to examine well-managed, compliant businesses less frequently than those deemed risky, so the examination staff can place greater emphasis and resources on businesses that pose a heightened risk to Maryland consumers.

In FY 2023, Mortgage Supervision commenced examinations of 253 licensed businesses and completed examinations of 138 licensed entities (some of the completed examinations having commenced prior to the start of the fiscal year). Mortgage Supervision assessed $208,375 in monetary recoveries for consumers from violations identified during mortgage examinations.

Mortgage Supervision staff continues to take an active role in multistate examinations of mortgage lenders, brokers, and servicers. These multistate examinations benefit both consumers and industry – states benefit as the use of a large, multistate team of examiners results in a more robust, more detailed examination than a single state could perform on its own. Businesses also benefit in their ability to manage one comprehensive examination, rather than a series of individual state examinations, thereby reducing regulatory burden. In FY 2023, the Unit participated in four joint examinations with other states under the auspices of AARMR/CSBS Multistate Mortgage Committee (MMC). As of the end of FY 2023, two of these examinations are still in progress.

Employees of the Unit continue to maintain their professional competence through continuing education. During FY 2023, Mortgage Supervision staff members attended training on subjects including corporate governance and cybersecurity risks. Staff members were also trained on a new baseline cybersecurity examination program. Mortgage Supervision's more tenured examiners continue to maintain Certified Mortgage Examiner or Certified Senior Mortgage Examiner certifications issued by CSBS. In addition, three examiners hold the Certified Fraud Examiner designation and attended training sponsored by the Association of Certified Fraud Examiners.

In FY 2023, Mortgage Supervision continued to have an employee appointee on the MMC, and had an employee re-elected to another term as an officer and member of the Board of Directors of AARMR. This representation, along with the continued participation in MMC examinations, ensures that Mortgage Supervision staff have an active role within the state regulatory community and provides meaningful input into coordinated mortgage supervision nationwide.

Money Services and Consumer Credit Supervision

Money transmitters, also known as remittance companies, are financial organizations that specialize in providing fast and reliable cross-border money transfer services. They offer a range of services, such as receiving and transmitting funds, issuing money orders and travelers' checks, and providing prepaid stored value cards. In addition, many money transmitters offer innovative technologies such as mobile apps and online platforms to enhance consumer access to financial services.

Looking ahead, the Office plans to sustain its emphasis on oversight of money transmitters. This will involve ongoing collaboration with industry stakeholders, regulatory bodies, and other parties to ensure that the industry remains secure, transparent, and compliant with established regulations. During FY 2023, the money

transmission industry continued to witness a swift pace of technological innovation, coupled with an increase in the number of new business models that involved the transfer of virtual currencies. Some of these technological innovations include mobile money services, neobanks, and payment gateways. Recognizing the evolving risks that come with innovation in this space, particularly to Maryland consumers and the Maryland financial services industry, the Office continues to strengthen its oversight of money transmitters. For example, in FY 2023, the Office chartered the Innovation and Emerging Issues Committee. The main responsibility of this committee is to support innovation in the financial services sector under the jurisdiction of the Commissioner and ensure the regulatory and supervisory mandates of OFR are addressed on an intra-agency basis.

Money transmitters fall under the classification of money service businesses as per federal law. As such, they are required to comply with the regulations governing Anti-Money Laundering and the Bank Secrecy Act. To ensure consistency with these regulations, Money Services and Consumer Credit Supervision (MSCCS) examiners participate in programs with the U.S. Internal Revenue Service and the U.S. Treasury Department's Financial Crimes Enforcement Network. The primary objective of these programs is to prevent money laundering and promote financial transparency.

During FY 2023, the MSCCS Unit conducted examinations of 61 licensed entities. Out of those, 22 were full examinations, while 39 were desk reviews. In desk reviews, staff members review examination reports from other states' regulators and supplement that information with a review for compliance with Maryland laws and regulations. This risk-based approach to examinations allows the Office to examine licensees in an efficient and timely manner while still maintaining minimum standards and the Office's commitment to protecting consumers. The 61 entities that underwent examination offer services through a total of 734 authorized delegates located throughout the State.

During FY 2023, the MSCCS Unit participated in 22 multistate examinations, with 16 of these examinations being conducted under the "One Company, One Exam" program. This initiative streamlines the examination process for large money transmitters that operate in at least 40 states. Under this program, these entities are subjected to only one examination per year, which is conducted jointly by multiple state regulators. States that do not participate in the examination process are required to either accept the report of the joint examination or abstain from examining the company for at least 12 months. This approach aims to reduce the regulatory burden on the company and promote a cooperative network approach to regulation by the states.

The employees working in the MSCCS Unit ensure that they keep themselves updated with the latest industry developments and receive regular training to maintain their professional development. Last fall, the examiners attended the Money Transmitter Regulators Association's (MTRA) Intermediate and Advanced Examiner Schools, and the MSCCS staff also attended other relevant training sessions. MCCCS's senior examiners hold the Certified Money Service Examiners certification issued by CSBS. Furthermore, with the advancements in cryptocurrency, in FY 2023 the MSCCS Unit continued to deepen its expertise in this evolving area. For example, the Unit received training on the fundamentals of cryptocurrency, including attending a "Crypto Risk and Regulations" course offered by CSBS and obtaining the "Cryptocurrency Fundamentals Certification" offered by Chainalysis. Staff also attended the Cybersecurity Audit School offered by CSBS to enhance their skills and knowledge in IT and cybersecurity.

In FY 2023, the MSCCS Unit had staff representing OFR on two key committees: the Education Steering Committee of the MTRA, which is responsible for establishing national standards for examiner education; and the Money Service Business Call Report Sub Committee, a State Regulatory Registry Committee, which sets the standards for money service business financial reporting to the National Multistate Licensing System (NMLS). In addition, MSCCS staff participated in the pilot program for the State Examination System Training for MSB Examiners to provide feedback on the functionality of the multistate system. The participation of MSCCS staff on these committees and the pilot program highlights OFR's and the Unit's support of and commitment to a strong and coordinated state regulatory system. It also demonstrates the Unit's dedication to learning and development by staying abreast of national standards and best practices in the field of financial regulation and examination.

CONSUMER SERVICES

Protecting and Supporting Maryland Consumers

The Consumer Services Unit (CSU) investigates complaints from Maryland consumers about financial service providers that are licensed, registered, or chartered in Maryland or that are engaged in financial service activities regulated by OFR. Consumer complaints play a vital role in helping OFR enforce consumer protection laws and monitor trends in the financial services industry. In FY 2023, CSU received 1,317 complaints, a 19% increase over the prior fiscal year.

Complaint investigations are typically resolved within 60 days. In FY 2023, the average amount of time for complaint resolution ranged from 31 to 58 days (as calculated monthly). When determining an appropriate resolution to a complaint, CSU considers issues of harm or potential harm to the general public as well as specific to the individual complainant. If the investigation reveals that violations of law have occurred, further action may be taken by OFR, including requiring the reimbursement of fees, interest, or other consumer restitution. In FY 2023, CSU was successful in recovering restitution payments of $125,425 for Maryland consumers through its investigative and complaint resolution activity. Over the last five fiscal years, CSU has recovered a total of $846,573 for Maryland consumers.

Consumer Complaints: FY 2023 Summary

Complaint Category	Number
Mortgage	283
Consumer Loans	118
Collection Agencies	136
Credit Reporting Company	98
Maryland Banks & Credit Unions	132
Miscellaneous	88
Student Loans	49
Non-Jurisdictional*	413
Total Annual Complaints	1,317

* Complaints received against national banks, federal thrifts, federal credit unions and out-of-state banks.

The Unit assists consumers with a range of complaint issues involving the financial service industries and activities regulated by OFR, and responds to consumer inquiries over the phone and via email. The Unit also supports the Maryland Student Loan Ombudsman with student loan complaint intake and resolution. Consistent with trends from prior fiscal years, the largest proportion of consumer complaints received by CSU involved issues related to mortgages and foreclosures, representing approximately 21% of all complaints in FY 2023.

From FY 2022 to FY 2023, there was a 47% increase in complaints involving Maryland banks and credit unions, and a 62% increase in non-jurisdictional complaints. The subjects of "non-jurisdictional complaints" are national banks and federal credit unions (which are supervised by a federal agency) or out-of-state banks and credit unions (which are supervised by the financial regulator in the state where the institution is chartered). The significant share of non-jurisdictional complaints in FY 2022 was attributed to changes in OFR's electronic consumer complaint form. The increasing share of consumer complaints in FY 2023 that are categorized as non-jurisdictional could be a result of national or state economic trends, such as the growing number of banks and credit unions operating in Maryland that are not chartered by OFR. Further analysis will be done to understand this trend in the complaint data.

The Unit maintains strong working relationships with other state and federal regulatory agencies, including the U.S. Consumer Financial Protection Bureau and the Office of the Comptroller of the Currency (OCC). With these relationships, CSU is able to send non-jurisdictional complaints directly to the proper state or federal agency, providing consumers with a seamless transition. The Unit coordinates access to the OCC's electronic portal for the efficient and expeditious referral of complaints involving national banks not under OFR's jurisdiction. The portal allows CSU to send and confirm the receipt of complaints directly with the OCC, thereby eliminating the need to transfer complaints by mail.

The Unit continues to utilize SES for complaint case management, which is the same system utilized by OFR's Financial Services Supervision Unit for examinations of mortgage and non-mortgage licensees. The SES was developed by the State Regulatory Registry, the CSBS subsidiary that operates the NMLS. The Assistant Director of CSU remains a member of the SES Consumer Complaints Subcommittee and continues to monitor for any new features or improvements to the system, however, CSBS has stated that it's focusing its efforts on NMLS upgrades in the near future.

ENFORCEMENT

Ensuring Industry Accountability through Investigation and Action

The Enforcement Unit is the investigatory and enforcement arm of the Office. The Unit investigates fraud-related issues and conducts special investigations involving banks, credit unions, licensed financial service providers and unlicensed business entities, with the goal of uncovering and addressing violations of law, predatory and illicit behavior, improper business practices, unlicensed financial services activity and other misconduct by regulated entities subject to the jurisdiction of OFR. The Unit is also tasked with coordinating the enforcement activities brought by the Commissioner, including determining whether action is warranted, referring matters to litigation counsel, and managing the process when action may be taken.

Enhancing Operational Processes

In FY 2023, the Enforcement Unit continued to identify areas where it could improve its operations to more efficiently and effectively deploy resources to meet OFR's mission of protecting consumers and regulating the financial services industry in Maryland. To that end it continued evaluating, improving, and streamlining systems used as a part of the investigative process and refining the Unit's policies and procedures. The Unit's onboarding and training processes were reevaluated to improve effectiveness and efficiencies as new staff was hired. An emphasis was placed on offering continuing education courses to fraud examiners to improve their existing skill sets and to develop in new areas. Members of the Unit traveled to a multi-day training conference to learn more about the emerging risks and regulatory issues surrounding cryptocurrencies and how to investigate virtual currency. Examiners and Unit leadership enhanced their financial fraud investigation skills by taking part in an in-depth training program covering financial transactions, fraud schemes, law, investigation, and fraud prevention and deterrence.

Collaborations with Industry Partners

Enforcement Unit staff collaborated with multiple industry partners throughout FY 2023. The Unit worked with CSBS via the Enforcement Protocol Workgroup to develop processes and standards for multistate enforcement actions. The purpose of this workgroup was to establish governance and a formalized framework for the administration of multistate enforcement matters brought by state regulators, from identification to closure. The Director of Enforcement participated in the Non-Depository Supervisory Committee Multistate Enforcement Protocol Workgroup which met for eight drafting sessions and delivered an initial document for review by the Committee in May 2023. The Protocol itself establishes an important milestone in multistate supervision achieved through engagement with the State of Maryland and fellow state regulators. These efforts are an achievement for the state system, particularly for midsize and small states, and will aid in a more cohesive approach to networked enforcement investigations and actions.
In addition, the Director of Enforcement collaborated with the Consumer Financial Protection Bureau, Maryland Office of the Attorney General - Consumer Protection Division, and the Federal Housing Finance Agency throughout the fiscal year to exchange ideas, discuss new cases and novel schemes, emerging enforcement areas and technology needs.

Development of Enforcement Priorities

The Unit also developed its Enforcement Priorities to be implemented in FY 2024. These priorities identify areas posing the greatest risk of financial harm to Maryland consumers and to the integrity of the financial services industry in Maryland, articulate OFR's intent to industry and our stakeholders, and indicate where OFR will direct resources and expertise.

The Enforcement Priorities are:

- New or innovative products or services. Innovation in financial services can expand financial options and improve lives. However, it can also lead to significant harm for consumers, particularly financially vulnerable consumers. The Office will use its enforcement resources to pursue matters involving innovative or new products or services that create significant risk of consumer harm, or that involve a violation of consumer rights laws in Maryland. The Office will focus on areas that provide an opportunity to clarify or affirm its position concerning the application of existing law to the product or service.

- Bank-fintech partnerships. The Office will scrutinize and pursue bank-fintech partnerships that offer products or services that violate Maryland's usury laws.
- Recidivism. The Office will investigate and pursue cases involving repeat offenders in certain areas. Specifically, companies or individuals who violate an Order issued by OFR or a Court in connection with an OFR investigation or enforcement action, or companies or individuals who have committed the same or similar violations in other jurisdictions. The Office will prioritize pursuit of cases of recidivism involving the following businesses and activities:
  - Mortgage companies
  - Money service businesses
  - Unlicensed consumer loans
  - Debt collection and debt servicing
  - Fraud schemes or predatory lending
- Systemic issues resulting in widespread consumer harm. The Office will pursue actions against companies or individuals if an investigation suggests that a significant number of Maryland consumers were, or could have been, impacted by ongoing or repeated patterns or practice of misconduct.
- Redlining and discrimination in lending. Enforcement of fair lending and anti-discrimination laws is a priority for OFR. This priority demonstrates our commitment to ensuring equal access to lending opportunities, particularly mortgage lending, for everyone regardless of race or national origin. The Office will investigate and focus resources on complaints alleging redlining and violations of the Equal Credit Opportunity Act, Fair Housing Act, and other anti-discrimination laws.

The Office will review its list of Enforcement Priorities at least annually and may make changes to respond to new or emerging risks to Maryland consumers or regulated industries.

Foreclosure Prevention: Enforcing Servicer Participation in the Maryland Homeowner Assistance Fund

The Homeowner Assistance Fund (HAF) authorized by the American Rescue Plan Act, provided $9.961 billion to support homeowners facing financial hardship associated with COVID-19. The HAF funds were distributed to states, U.S. Territories, and Indian Tribes. Funds from HAF may be used for assistance with mortgage payments, homeowner's insurance, utility payments, and other specified purposes. The State of Maryland received HAF funds via the Maryland Department of Housing and Community Development (DHCD) in the amount of $248,588,848.

The Enforcement Unit supported OFR's efforts to improve communications with the Department, identify potential opportunities to make the HAF program run smoothly, and benefit the homeowners it intended to reach. Specifically, the Unit's examiners contacted twenty-two servicers to hear about their experiences with HAF participation. The goal was to obtain more information about what was causing delays in processing homeowner applications and breakdowns in communications. While working on their existing investigations, Unit staff researched the HAF program and conducted outreach and soft investigations in an effort to inform the agency about the rollout of the program, support the Consumer Services Unit, understand potential challenges facing industry and assist impacted Maryland consumers.

Significant Investigations and Enforcement Activities

In FY 2023, OFR served as lead investigator in a multistate examination involving ACI WorldWide, Inc., regarding the company's transmission of more than 1.4 million erroneous mortgage payment debit instructions totaling more than $2.3 billion and affecting more than 478,00 consumers nationwide and approximately 14,000 consumers in Maryland. Office staff was also part of the team negotiating the historic settlement with ACI. The settlement, which includes states' attorneys generals as well as financial regulatory agencies, was finalized in FY 2024.

The Office also participated in a multistate investigation against a mortgage loan servicer concerning allegations that three affiliated companies were involved in a major personal identifiable information data breach. The entities reported that approximately 5.8 million consumers, including 124,000 Maryland consumers, were impacted. The entities failed to notify OFR of this alleged data breach as required by regulation. The Office contributed a cyber auditor to the multistate examination to determine the scope and impact of the data breach.

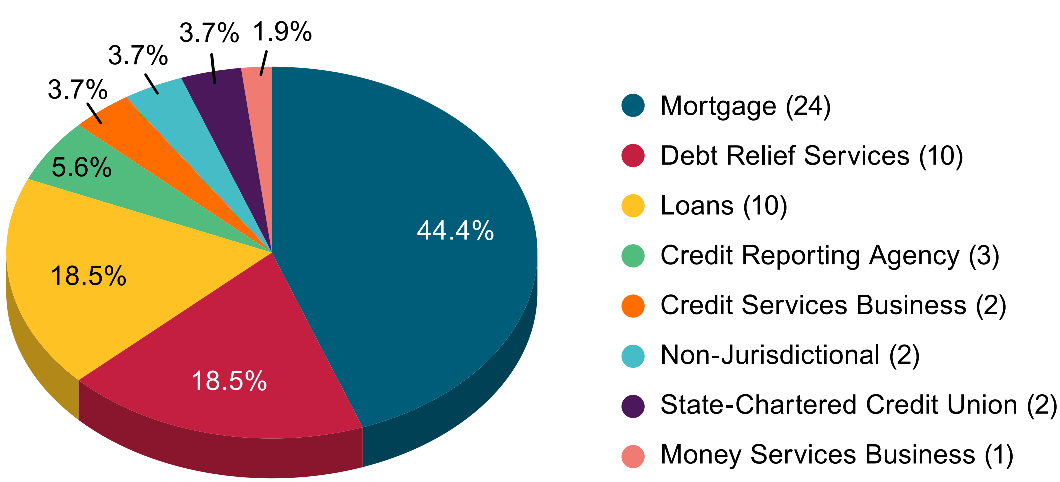
In July 2022, OFR entered into a consent order with a credit service business Phantom Ventures, Inc. ("Phantom") for unlawful practices associated with mortgage loan modification consulting services offered in Maryland. The consent order cited Phantom's violations of the Protection of Homeowners in Foreclosure Act for collecting compensation from consumers prior to fully performing contracted services in violation of Real Property (RP) § 7-307(2), failing to provide Notice of Rescission to consumers in violation of RP § 7-305, and for failing to provide a signed and dated copy of the written agreement to consumers in violation of RP § 7-306; as well as violating the Maryland Mortgage Assistance Relief Services Act (MARS) for requesting and/or receiving payment of any fee or consideration prior to consumers obtaining a mortgage loan modification in violation of RP § 7-502 & CFR 1015.5(a), failing to provide proper disclosures in commercial communications with consumers in violation of RP § 7-502 (MARS) & CFR 1015.4(b), failing to provide proper disclosures when advising consumers to stop making mortgage payments in violation of RP § 7-502 & CFR 1015.4(c), and for failing to investigate consumer complaints in violation of RP § 7-502 & CFR 1015.9(b)(iii)(2). Pursuant to the settlement, Phantom agreed to cease and desist from originating, making or otherwise offering mortgage assistance relief services and/or foreclosure consulting activities with Maryland consumers, either directly or indirectly through a third-party, pay a penalty of $10,000 to the Commissioner, and make payments to the 15 consumers identified by OFR during its investigation in the cumulative amount of $27,840.

In the matter of Bangladesh Christian Cooperative Society, LLC (BCCS), OFR issued a Summary Order to Cease and Desist and Order to Produce after finding grounds to allege BCCS's activities constituted the unauthorized operations of a credit union in violation of Maryland law and unlicensed lending to Maryland consumers in violation of Maryland Consumer Lending Laws. The Office found that it was in the public interest that BCCS cease and desist from continuing operation as a credit union and making loans or otherwise engaging in lending activities with Maryland consumers. The Office prohibited BCCS from making loans or advances of money or credit of any nature whatsoever, renewing any loans, modifying the terms of any loans, collecting payments on or otherwise servicing loans, discharging loans, selling, transferring or assigning any loans, taking possession of any collateral associated with any loans and making any payments to vendors, salaries, dividends and interest.

Enforcement: FY 2023 Monetary Recoveries

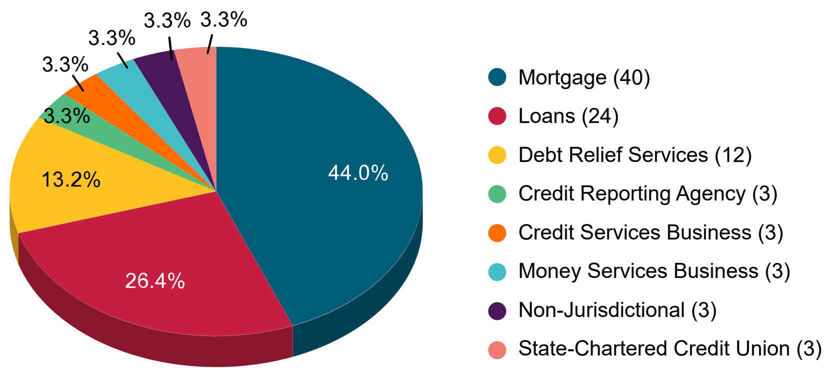
Type	Amount
Consumer Restitution (assessed)	$27,840
Civil Penalties (collected)	$40,162
Total	$68,002

FY23 New Enforcement Investigations (52 Total New Investigations)

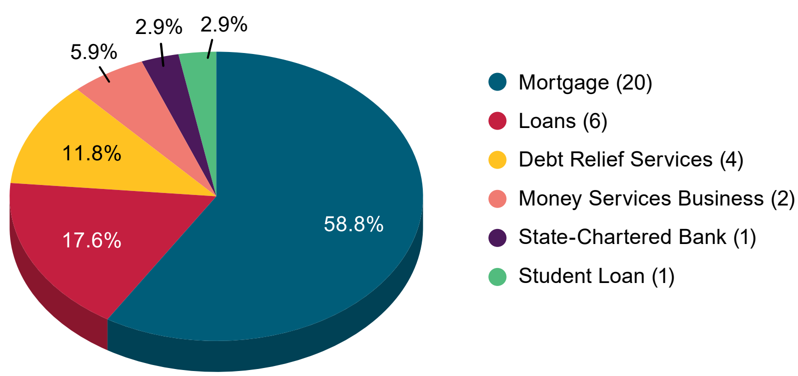


Due to a coding error in case management software, the number of new investigations reported in fiscal years 2020 through 2022 were inaccurate. The Office is providing revised pie charts for those three fiscal years below.

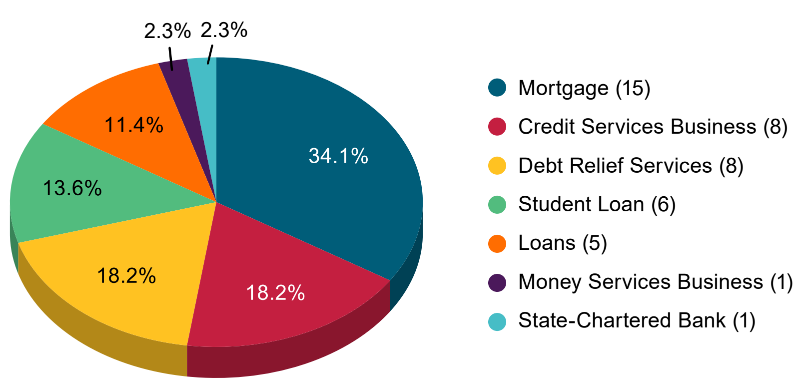
FY22 New Enforcement Investigations (91 Total New Investigations)



FY21 New Enforcement Investigations (34 Total New Investigations)



FY20 New Enforcement Investigations (44 Total New Investigations)



FORECLOSURE SYSTEMS ADMINISTRATION

Oversight of the Electronic Reporting System for Foreclosure Notices and Registrations

Three residential foreclosure-related reporting mandates fall under the authority of the Office: Notices of Intent to Foreclose (NOI), Notices of Foreclosure (NOF), and Foreclosed Property Registrations (FPR). All three notices/registrations must be submitted to OFR electronically through a secure online interface.

Office staff are responsible for oversight of the reporting process and, with support from the Maryland Department of Labor's Office of Information Technology, the development and maintenance of the electronic system and databases.

An NOI is mailed by the secured party of the mortgage in default to the borrower at least 45 days prior to the foreclosure action being filed in court, and a copy of the NOI is required to be electronically submitted to OFR. The NOI provides crucial information about the mortgage and instructions to the borrower for pursuing an alternative to foreclosure. Copies of all NOIs must be submitted to OFR through the electronic system. The data received by OFR is used to facilitate its various supervisory responsibilities and outreach activities.

An NOF is an electronic registration submitted to OFR within seven days of the filing of the Order to Docket or Complaint to Foreclose (the initial court filing that starts the legal foreclosure process) by the party authorized to foreclose. The NOF provides ownership information about properties in the beginning stages of the foreclosure process and is used by Maryland county and municipal officials to better facilitate code enforcement, nuisance abatement, law enforcement, public health, and other related activities that fall under the purview of local governments.

An FPR is an electronic registration submitted to OFR within 30 days of the foreclosure sale by the party purchasing the property. The FPR provides ownership information about foreclosed properties near the end of the foreclosure process. Like the NOF, the FPR is used by Maryland county and municipal officials to better facilitate code enforcement, nuisance abatement, law enforcement, public health, and other related activities that fall under the purview of local governments.

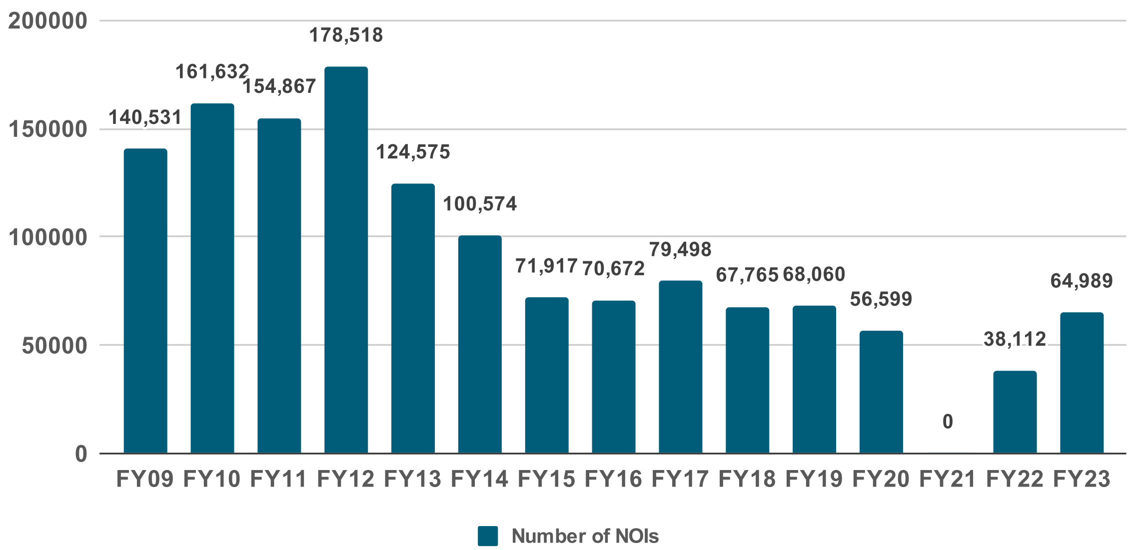
In April 2020, in response to the COVID-19 pandemic, OFR closed the electronic NOI system in accordance with an executive order. The system remained closed through FY 2021. The closure of the NOI system virtually halted the initiation of residential foreclosures in Maryland. With the reopening of the NOI system at the start of FY 2022, foreclosure activity resumed, and during FY 2023 NOIs returned to pre-pandemic levels. However, NOFs and FPRs remained below pre-pandemic levels throughout FY 2023.

In FY 2023, OFR began posting on the Maryland Open Data Portal the number of foreclosure notices and registrations received by the Office. The numbers of NOIs, NOFs and FPRs are updated monthly and aggregated by Maryland county. An additional posting of the number of NOIs aggregated by zip code is also updated monthly. For direct links to the Open Data Portal, see the Foreclosure Data Tracker page on OFR's website at labor.maryland.gov/finance/consumers/frforeclosuredatatracker.shtml.

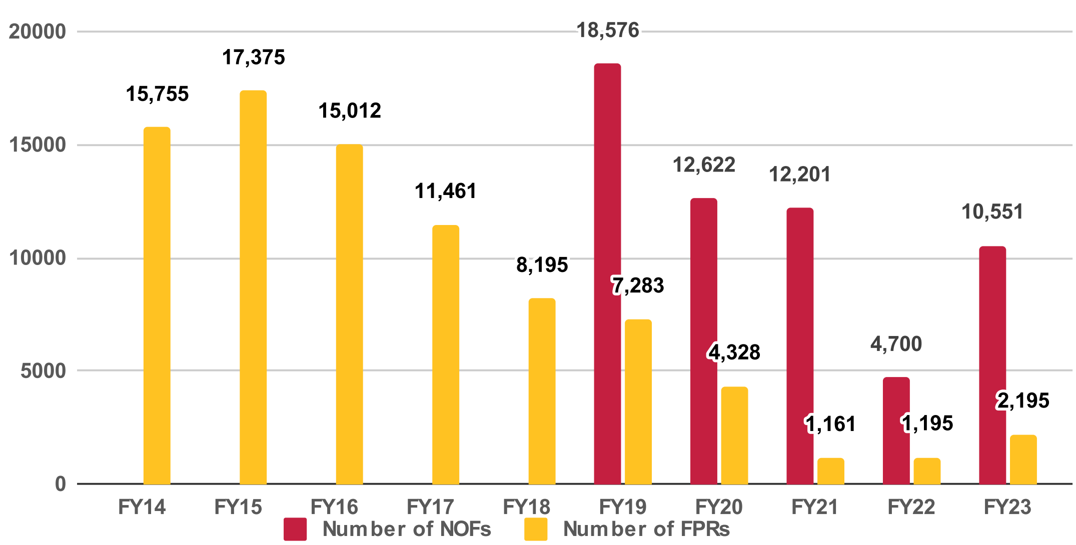
FORECLOSURE SYSTEMS
ADMINISTRATION

Oversight of the Electronic Reporting System for Foreclosure Notices and Registrations

Notices of Intent to Foreclose
Received per Fiscal Year



Notices of Foreclosure (NOFs) and Foreclosed Property Registrations (FPRs)
*Received per Fiscal Year**



* NOF requirement went into effect October 2018.

Foreclosure Systems: FY 2023 Summary Table

	Notice of Intent to Foreclose (NOI)	Notice of Foreclosure (NOF)	Foreclosed Property Registration (FPR)
Number Received by OFR	64,989	10,551	2,195
Stage of Foreclosure	Mortgage or other contractual default	Foreclosure action filed in court	Foreclosure sale/auction
Reporting Requirement	After the first missed payment and no less than 45 days prior to foreclosure action filing	Within 7 days of filing	Within 30 days of sale (initial FPR) and within 30 days of deed recordation (final FPR)
Person Submitting	Secured party (or their agent)	Person authorized to make the foreclosure sale (or their agent)	Foreclosure sale purchaser (or their agent)
Requirement Effective Date	January 2011 (for electronic submission)	October 2018	October 2012
Primary User and Purpose	Office of Financial Regulation – supervision and outreach	Maryland local or state governments – nuisance abatement and other related activities	Maryland local or state governments – nuisance abatement and other related activities

STATE COLLECTION AGENCY LICENSING BOARD

Regulating the Debt Collection Industry in Maryland

The State Collection Agency Licensing Board was established by the Maryland General Assembly in 1977 and resides within the Office. The Board has statutory responsibility for the licensing of consumer debt collection agencies operating in Maryland. The Governor, with the consent of the Senate, appoints two consumer representatives and two industry representatives to the Board. The Commissioner of Financial Regulation serves as the Board's Chairman.

Office personnel provide administrative and technical support for the Board, managing functions such as the processing of license applications, the investigation of consumer complaints, enforcement actions, and outreach activity. Staff members provide regular reports to the Board on these and other matters. Legal counsel is provided to the Board by the Assistant Attorneys General assigned to the Office.

During FY 2023, the Board met monthly to make licensing decisions and address emerging issues pertinent to its mission and responsibilities. During FY 2023, the Board approved new licenses for 89 collection agencies and an additional 57 branch locations. As of the end of FY 2023, the Board had licensed 1,103 individual collection agencies and 468 associated branch offices.

In order to remain connected to multistate activities and informed on nationwide trends, the Board continues to actively participate in the North American Collection Agency Regulatory Association (NACARA). NACARA is a trade association of regulator members with the primary purpose of ensuring fair and equitable administration and enforcement of collection agency regulatory laws. In FY 2023, a staff member was re-appointed as Chair for the NACARA Annual Conference Planning Committee. Moreover, members of the Board and Office staff attended NACARA's 2022 Annual Conference in Nashville. By participating in discussions surrounding multi-state coordination, the Board plays an active role within the state regulatory community and provides meaningful input into coordinated debt collection supervision nationwide.

During FY 2023, two vacancies on the Board were filled. Board membership as of June 30, 2023 was:

Chairman: Antonio P. Salazar
Industry Member: Sandra Holland
Industry Member: Shawn Kennedy
Consumer Member: Eric Friedman
Consumer Member: Tracy Rezvan

STUDENT LOAN
OMBUDSMAN

Monitoring the Student Loan Servicing Industry and Assisting Student Loan Borrowers

On May 15, 2018, the Financial Consumer Protection Act of 2018 (2018 Md. Laws 732) ("2018 Consumer Protection Act") was signed into law establishing a Student Loan Ombudsman to be designated by the Commissioner. The Ombudsman position was created to provide student loan borrowers with a state-level office that can assist them in resolving their complaints about student loan servicers.

The Ombudsman is also required to monitor and disseminate information about student loan servicing activity in Maryland in order to inform the public and legislature, provide pertinent analysis and any recommendations to the General Assembly and to establish, in consultation with the Commissioner, a student loan borrower education course by October 1, 2019. Finally, the Ombudsman is empowered, through subsequent legislation discussed below, to refer any violations of student loan servicing standards or instances of abusive, unfair, deceptive, or fraudulent practices to the Office's Enforcement Unit or to the Maryland Office of the Attorney General for civil enforcement or criminal prosecution.

The Office began implementation of the 2018 Consumer Protection Act in FY 2019. The Ombudsman continues to be supported by Office staff in developing OFR's capabilities to provide student loan-related information to the public and to act as a liaison between Maryland student loan borrowers and student loan servicers. In this role as a liaison, the Ombudsman seeks correction of mistakes and facilitates solutions to student loan borrowers' issues.

In 2020, the Ombudsman published a Student Loan Borrower's Bill of Rights for Maryland residents. Based on the 2018 Act and 2019 legislation that enhanced it, the Bill of Rights provides guidance to Maryland residents who are repaying student loans. The document succinctly describes, in plain language, the protections to which borrowers are entitled as well as clearly stating the standards that student loan servicers must meet related to responsiveness, payment

allocation, record retention, and reporting to credit bureaus. The Student Loan Borrower's Bill of Rights is intended to serve as a tool for student loan borrowers to use in their interactions with their loan servicers. The Student Loan Borrower's Bill of Rights is available on OFR's website at labor.maryland.gov/finance/consumers/frslbillofrights.pdf.

In FY 2023, the Ombudsman provided testimony to the Maryland Legislature on bills that would impact borrowers. The Ombudsman also began planning to implement House Bill 913 – Financial Institutions - Student Financing Companies - Required Registration and Reporting. The new law requires student financing companies to register with OFR through NMLS and to report to OFR 15 data points beginning March 15, 2024. The law goes into effect October 1, 2023. Additionally, the Ombudsman is preparing to update the website with recent law and regulatory changes from the Department of Education. Finally, the Ombudsman began planning the creation of materials that Maryland State agencies, nonprofits, and others can use to inform their staff about Public Service Loan Forgiveness.

In FY 2023, the Ombudsman began offering video chat appointments when helpful to borrowers. Throughout FY 2023, the Ombudsman continued to assist student loan borrowers with their inquiries and remained engaged with the U.S. Department of Education and counterparts in other states on developments regarding student loan account transfers, return to repayment after the pandemic-related payment pause for federal loans, and the Public Service Loan Forgiveness issues. The Ombudsman presented to four different stakeholder groups about student loans, repayment options, and the role of the Ombudsman's Office in Maryland. The stakeholder groups included legal advocates, financial aid administrators, consumer representatives, and members of the Financial Education and Capability Commission. The Ombudsman also participated in the Commissioner's quarterly listening sessions with Maryland statewide consumer advocacy leaders to keep them apprised of student loan industry developments. Complete details of the activities of the position are available in the Ombudsman's Annual Reports, which are submitted to the General Assembly each year.

OUTREACH AND EDUCATION

Informing Stakeholders and Educating Consumers

The Outreach Unit is responsible for conducting and coordinating outreach and education to consumers, industry, government, and nonprofit partners about issue areas within the jurisdiction of the Office. The Unit's outreach to stakeholder groups provides information and training about OFR's authority and new and existing laws, while also giving OFR an opportunity to solicit feedback from those same stakeholders. The Unit's consumer-focused activities educate Maryland residents of their rights under State law and provide information about the role of the Office, including OFR's authority to investigate complaints about regulated financial service providers and activities. In FY 2023, the Unit organized or participated in 42 events, conferences, and stakeholder meetings on behalf of OFR.

The Outreach Unit continues to maintain OFR's website pages and manage electronic communications. In FY 2023, the Unit created four new consumer-focused web pages on bank and credit union topics (account fees, deposit insurance, state and federal regulation, and where to submit consumer complaints). The Unit also issued 15 industry and consumer advisories and drafted social media posts and press releases throughout the year.

In the last quarter of FY 2023, the Unit began implementation of House Bill 379/Senate Bill 929 (Commissioner of Financial Regulation - Name and Organization of Office), which passed during the 2023 Maryland General Assembly session and became effective at the start of FY 2024, on July 1, 2023. The new law changes the name of the Office to the "Office of Financial Regulation'' (from the "Office of the Commissioner of Financial Regulation"). The Office's name change required revisions to the Office's official seal, and subsequently all outreach and communication materials needed to be reviewed, updated and rebranded, including webpages, factsheets and brochures, presentation and advisory templates, and event materials/giveaways.

The Unit also hired an additional staff person in FY 2023. The "Outreach and Education Associate" is a new position created to provide support and in-house technical expertise to the Director of Outreach and Education, primarily in the areas of graphic design and electronic communications.

Stakeholder Outreach

Throughout FY2023 the Outreach Unit remained engaged with a variety of industry and government partners, and was in frequent communication with leadership and staff of nonprofit consumer advocacy groups, financial education practitioners, and community organizations. The Unit provided updates to these stakeholders about the activities of the Office and shared information about the financial service industries and activities regulated by OFR and consumer complaint investigations.

The Unit's stakeholder outreach in FY 2023 included:

- Organizing and hosting an informational Q&A session for mortgage servicers about Maryland HAF. This webinar was presented in partnership with Maryland DHCD as a follow-up session to the HAF webinar hosted by OFR in FY 2022.
- Conducting OFR's third annual "Regulatory Highlights" webinar, a live-streamed event for regulated industries and interested consumer groups, during which OFR staff and leadership provided legislative, supervisory, and enforcement updates. The webinar was attended by 274 individuals and the recording has been viewed 52 times.
- Conducting two webinars on climate change risks for Maryland-chartered banks and credit unions. The webinars provided guidance from the Commissioner with respect to the financial institutions' handling of the various risks posed by climate change and on the establishment of governance structures to manage those risks.
- Conducting seven webinars for nonprofit housing counselors, financial educators, and legal service agencies about OFR's authority in the foreclosure process, consumer complaint investigations, and consumer financial protections enforced by OFR. The Unit also provided updates on foreclosure data and OFR's regulatory activities during meetings for the COVID-19 Housing Preservation Coalition and the Community Development Network of Maryland.

- Hosting four virtual "Listening Sessions with the Commissioner" with statewide consumer advocacy leaders.
- Presenting about the Foreclosure Registration System during a staff meeting for the Baltimore City Planning Department. The Foreclosure Registration System is an online reporting database for lenders and foreclosure purchasers overseen by OFR - the data available in the Foreclosure Registration System is accessible to local governments to assist with nuisance abatement and other issues that may arise from foreclosed properties in their jurisdictions.
- Participating in the Maryland Association of Counties Conference's two-day exhibitor hall to share information with Maryland's local officials about the services provided by OFR, with an emphasis on the Foreclosure Registration System.

Outreach staff and OFR leadership continued to participate in meetings of the General Assembly's Financial Education and Capability Commission, the Maryland Project SAFE ("Stop Adult Financial Exploitation") partnership, and numerous regional meetings with nonprofit housing counseling, legal service, and community development agencies.

Consumer Education

The Outreach Unit's consumer-focused activities involve direct-to-consumer education in the form of written or electronic materials, including videos, presentations, advisories and factsheets, or through engagement at public events. The Unit partners with local nonprofits and other state or federal agencies as a participant in their financial education events or public campaigns. The Outreach Unit also provides support to the Student Loan Ombudsman by assisting with outreach to Maryland student loan borrowers about their rights and responsibilities and providing information to borrowers and stakeholders on how to access additional state and federal resources.

OFR Outreach staff with hometown baseball team mascot, the Baltimore Oriole.

In FY 2023, Outreach Unit staff participated in six in-person outreach events organized by nonprofit or government agencies, and served as a panelist on a live-streamed foreclosure prevention webinar for homeowners organized by the Montgomery County Office of Consumer Protection. The Unit also manages OFR's direct outreach to homeowners at risk of foreclosure by mailing informational letters and resource factsheets to those who have received foreclosure warning notices ("Notices of Intent to Foreclose") from their lenders. Over 79,462 foreclosure outreach letters were mailed in FY 2023.

The Outreach Unit coordinated the Office's participation in 2023 Protect Week, an annual statewide public education campaign that arose out of a collaboration between federal, state, and local nonprofits and government agencies to highlight the growing problem of financial abuse of older Marylanders. During 2023 Protect Week, Commissioner Salazar spoke at a press conference with other agency leaders, including representatives from the Maryland Office of the Attorney General, Maryland Comptroller's Office, Maryland Department of Aging, Maryland Department of Human Services, AARP of Maryland, and the U.S. Department of Justice. Commissioner Salazar also participated in a live-streamed interview with AARP where he discussed smartphone apps and peer-to-peer payment services, describing the Office's role in regulating these emerging technologies and in protecting Maryland's older consumers from financial exploitation generally. Outreach Unit staff participated in two public resource fairs for older adults during Protect Week.

APPENDICES

Facts and figures for state-chartered and depository financial institutions, financial statements for the Office, and historical lists of Commissioners.

APPENDIX A:

State-Chartered and Depository Institutions – Facts & Figures

FIGURE 1. Consolidated Statement of Financial Condition – State-Chartered Banks
Fiscal Years Ended June 30th (in thousands)

ASSETS	FY 2023	FY 2022	FY 2021	% Change FY22-FY23
Non-Interest Bearing & Currency/Coin	$316,683	$423,732	$452,072	-25.26%
Interest Bearing Balances	$2,753,030	$3,414,331	$4,153,113	-19.37%
Securities	$7,903,790	$7,500,538	$5,867,990	5.38%
Federal Funds Sold and Securities Purchased Under Agreements to Sell	$32,644	$121,033	$445,109	-73.03%
Loans and Leases, Net of Unearned Income	$36,161,514	$33,411,669	$32,272,396	8.23%
(Allowance for Loan and Lease Losses)	-$450,773	-$362,170	-$391,771	24.46%
Trading Account Assets	$30,702	$18,630	$5,548	64.80%
Premises and Fixed Assets (including capitalized leases)	$397,001	$377,000	$443,404	5.31%
Other Real Estate Owned	$10,914	$16,916	$36,703	-35.48%
Intangible Assets	$630,389	$630,586	$686,711	-0.03%
Other Assets	$1,439,968	$1,227,784	$1,204,965	17.28%
Total Assets	**$49,676,635**	**$47,142,219**	**$45,568,011**	**5.38%**
LIABILITIES	FY 2023	FY 2022	FY 2021	% Change FY22-FY23
Total Deposits	$40,296,292	$40,559,095	$38,303,678	-0.65%
Federal Funds Purchased & Repurchase Agreements	$271,271	$320,198	$274,748	-15.28%
Trading Liabilities	$32,341	$17,673	$5,721	83.00%
Subordinated Debt	$ -	$ -	$30,543	-%
Other Borrowed Funds	$3,162,434	$768,473	$1,105,018	311.52%
Other Liabilities	$524,716	$387,413	$364,808	35.44%
Total Liabilities	**$44,287,054**	**$42,052,852**	**$40,084,516**	**5.31%**
EQUITY CAPITAL	FY 2023	FY 2022	FY 2021	% Change FY22-FY23
Perpetual Preferred Stock	$ -	$ -	$ -	
Common Stock	$121,681	$123,563	$138,521	-1.52%
Surplus	$3,167,020	$3,054,733	$3,043,551	3.68%
Undivided Profits and Capital Reserves	$2,100,880	$1,911,071	$2,301,423	9.93%
Total Equity Capital	**$5,389,581**	**$5,089,367**	**$5,483,495**	**5.90%**
Total Liabilities and Equity	**$49,676,635**	**$47,142,219**	**$45,568,011**	**5.38%**

SOURCE: OFR compiled using FDIC data tools

FIGURE 2. Ratios from Consolidated Statements of Financial Condition of All State-Chartered Banks
Fiscal Years Ended June 30th

Year Ended June 30th	FY 2023	FY 2022	FY 2021	FY 2020
Return on Assets	1.35%	1.49%	1.67%	0.50%
Net Interest Margin	3.66%	3.53%	3.49%	3.61%
Total Loans to Total Deposits	89.74%	82.38%	84.25%	96.39%
Total Loans to Core Deposits	115.87%	92.58%	96.31%	110.92%
Total Loans to Total Assets	72.79%	70.87%	70.82%	77.47%
ALLL* to Total Loans	1.23%	1.07%	1.20%	1.28%
Noncurrent Loans to Total Loans	0.77%	0.47%	0.88%	0.84%
Tier 1 Leverage Capital	13.38%	10.61%	10.99%	10.57%
Tier 1 Risk-Based Capital	**	**	**	**
Total Risk-Based Capital	14.31%	14.19%	15.92%	14.13%
Common Equity Tier 1 Capital	**	**	**	**

* = Allowance for Loan and Lease Losses

** As of March 2020, not available for institutions that have elected the Community Bank Leverage Ratio (CBLR) framework and not available for most standard peer groups.

SOURCE: OFR calculated

FIGURE 3. Bank Prior Period End Totals
Fiscal Years Ended June 30th (in thousands)

YEAR	TOTAL ASSETS	TOTAL LOANS	SECURITIES	TOTAL DEPOSITS	TOTAL CAPITAL
2023	$49,676,635	$36,161,414	$7,903,790	$40,296,292	$5,389,581
2022	$47,142,219	$33,411,669	$7,500,538	$40,559,095	$5,089,367
2021	$45,568,011	$32,272,467	$5,867,990	$38,303,678	$5,483,495
2020	$41,836,704	$32,387,626	$3,747,885	$33,705,264	$4,862,555
2019	$41,398,131	$32,918,168	$4,027,665	$33,083,982	$5,437,638
2018	$39,409,185	$31,067,419	$3,922,176	$30,921,037	$4,910,628
2017	$34,018,542	$26,405,546	$3,820,310	$27,478,399	$3,889,011
2016	$30,855,474	$23,696,672	$3,825,527	$25,124,361	$3,369,988

SOURCE: OFR compiled using FDIC data tools

FIGURE 4. State-Chartered Bank Growth Trends

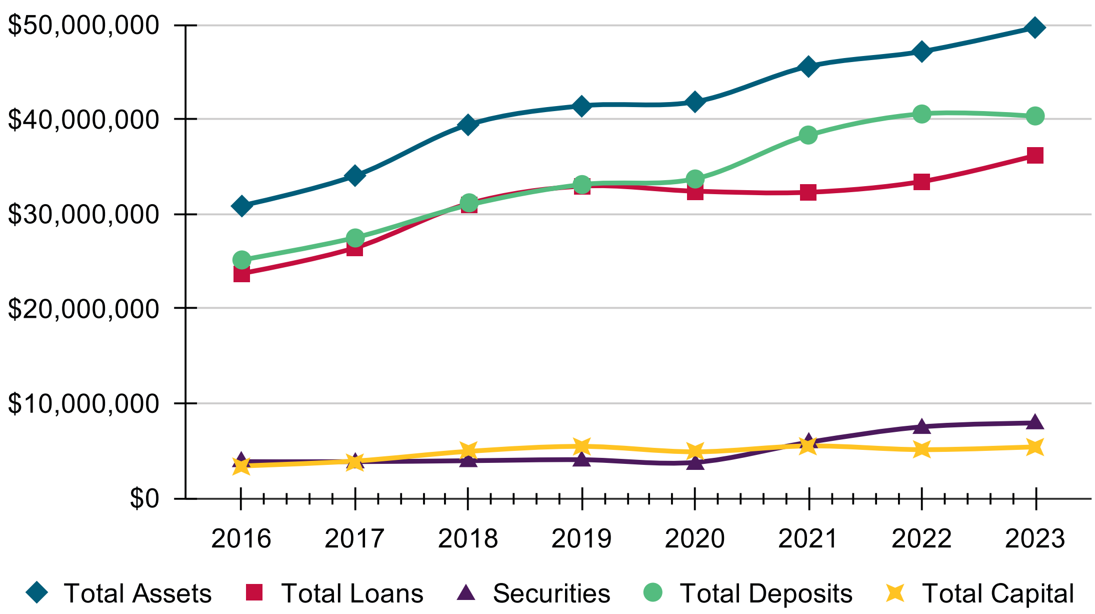


FIGURE 5. State-Chartered Commercial Banks and Savings Banks – Principal Location, Assets, and CRA Ratings
Fiscal Year Ended June 30, 2023

BANK NAME	PRINCIPAL LOCATION	TOTAL ASSETS (in thousands)	TOTAL DEPOSITS (in thousands)	TOTAL BRANCHES	NO. OF LMI BRANCHES (as % of total)*	CRA RATING
The Bank of Glen Burnie	Glen Burnie	$363,583	$329,315	8	0 (0%)	Satisfactory
Bank of Ocean City	Ocean City	$629,468	$570,544	6	0 (0%)	Satisfactory
BayVanguard Bank	Baltimore	$912,123	$730,497	15	2 (13%)	Outstanding
Calvin B. Taylor Banking Company of Berlin, Maryland	Berlin	$884,795	$784,435	13	3 (23%)	Satisfactory
Cecil Bank	Elkton	$226,591	$196,974	4	1 (25%)	Satisfactory
CFG Bank	Baltimore	$5,075,789	$4,523,257	3	0 (0%)	Satisfactory
The Chesapeake Bank and Trust Co.	Chestertown	$122,685	$99,820	3	0 (0%)	Satisfactory
Community Bank of the Chesapeake	Waldorf	$2,460,952	$2,138,028	12	2 (17%)	Satisfactory
EagleBank	Bethesda	$10,982,157	$7,754,101	15	2 (13%)	Satisfactory
Farmers and Merchants Bank	Upperco	$730,236	$633,576	8	0 (0%)	Satisfactory
The Farmers Bank of Willards	Willards	$550,015	$453,030	8	0 (0%)	Satisfactory
First United Bank & Trust	Oakland	$1,906,497	$1,594,658	26	5 (19%)	Satisfactory
Forbright Bank	Potomac	$6,612,085	$5,694,472	5	1 (20%)	Satisfactory
Glen Burnie Mutual Savings Bank	Glen Burnie	$108,477	$99,061	1	0 (0%)	Satisfactory
The Harbor Bank of Maryland	Baltimore	$372,757	$332,404	7	5 (71%)	Satisfactory
Harford Bank	Aberdeen	$626,262	$538,253	10	2 (20%)	Satisfactory
Hebron Savings Bank	Hebron	$750,974	$662,212	13	4 (31%)	Satisfactory
Middletown Valley Bank	Middletown	$974,307	$854,584	8	1 (13%)	Satisfactory
The Peoples Bank	Chestertown	$319,859	$289,314	7	1 (14%)	Satisfactory
The Queenstown Bank of Maryland	Queenstown	$676,818	$594,144	9	0 (0%)	Satisfactory
Sandy Spring Bank	Olney	$13,987,426	$11,041,547	56	8 (14%)	Satisfactory
Woodsboro Bank	Woodsboro	$402,779	$382,066	5	3 (14%)	Satisfactory
TOTAL MD CHARTERED BANKS: 22		**$49,676,635**	**$40,296,292**	**242**	**40 (17%)**	
TOTAL OTHER BANKS OPERATING IN MD: 55**			**$159,436,149**	**1,016**		

* Branch LMI designations may vary year-to-year due to annual changes in census tract income levels.
** See Figure 6 for detailed list of other banks operating in Maryland.

SOURCE: FFIEC and State-Chartered Bank websites

FIGURE 6. Other Banks Operating in Maryland – Principal Location, Deposits, and Branches
Fiscal Year Ended June 30, 2023

BANK NAME	STATE (Headquartered)	TOTAL DEPOSITS in MD (in thousands)	TOTAL BRANCHES in MD
ACNB Bank	PA	$620,338	9
Ameriserv Financial Bank	PA	$17,218	1
Arundel Federal Savings Bank	MD	$352,834	6
Atlantic Union Bank	VA	$75,258	1
Bank of America, National Association	NC	$43,478,940	127
Bank of Charles Town	WV	$33,444	1
Capital Bank, National Association	MD	$1,498,363	2
Capital One, National Association	VA	$13,663,044	43
Cathay Bank	CA	$122,988	1
CIBC National Trust Company	GA	$ -	1
Citibank, National Association	SD	$2,600,000	10
Citizens Bank, National Association	RI	$117,595	4
Clear Mountain Bank	WV	$73,259	1
CNB Bank, Inc.	WV	$139,552	3
Dollar Bank, FSB	PA	$75,600	2
Eastern Savings Bank, FSB	MD	$236,045	5
Farmers and Merchants Trust Company of Chambersburg	PA	$6,153	1
First National Bank of Pennsylvania	PA	$3,437,676	31
First Shore Federal Savings and Loan Association	MD	$254,901	5
First-Citizens Bank & Trust Company	NC	$131,870	2
Firstrust Savings Bank	PA	$33,522	1
Fulton Bank, National Association	PA	$2,187,794	25
FVCbank	VA	$91,677	3
Homewood Federal Savings Bank	MD	$45,206	1
Industrial Bank	DC	$107,001	2
Jarrettsville Federal Savings and Loan Association	MD	$129,004	1
Jefferson Security Bank	WV	$6,442	1
John Marshall Bank	VA	$92,558	1
JP Morgan Chase Bank, National Association	OH	$1,644,816	32

Continued on next page.

FIGURE 6. Other Banks Operating in Maryland – Principal Location, Deposits, and Branches *(cont.)*
Fiscal Year Ended June 30, 2023

BANK NAME	STATE (Headquartered)	TOTAL DEPOSITS in MD (in thousands)	TOTAL BRANCHES in MD
Manufacturers and Traders Trust Company	NY	$23,017,296	167
Miners & Merchants Bank	WV	$6,876	1
Orrstown Bank	PA	$469,813	5
Peoples Bank	OH	$21,946	1
Peoplesbank, A Codorus Valley Company	PA	$299,507	4
PNC Bank, National Association	DE	$18,060,853	146
Presidential Bank, FSB	MD	$501,745	4
Primis Bank	VA	$191,666	2
Rosedale Federal Savings and Loan Association	MD	$951,214	14
Shore United Bank, N.A.	MD	$2,673,454	24
Somerset Trust Company	PA	$56,110	3
Stifel Trust Company, National Association	MO	$ -	1
Summit Community Bank, Inc.	WV	$472,533	9
TD Bank, National Association	DE	$2,427,192	19
The Bank of Delmarva	DE	$442,889	9
The National Capital Bank of Washington	DC	$26,165	1
Truist Bank	NC	$22,436,868	145
Trustar Bank	VA	$13,212	1
United Bank	VA	$1,407,430	11
Univest Bank and Trust Co.	PA	$1,645	1
Virginia Partners Bank	VA	$78,908	1
Wells Fargo Bank, National Association	SD	$12,352,801	81
Wesbanco Bank, Inc.	WV	$2,146,289	29
Wilmington Trust, National Association	DE	$ -	1
Woodforest National Bank	TX	$34,247	12
Woori America Bank	NY	$72,392	1
Number of Institutions in the Market: 55		**$159,436,149**	**1,016**

SOURCE: FDIC Deposit Market Share Reports - Summary of Deposits

FIGURE 7. National Banks & Federal Savings Banks Headquartered in Maryland – Principal Location & Total Assets
Fiscal Year Ended June 30, 2023 (in thousands)

BANK	PRINCIPAL LOCATION	TYPE OF CHARTER	TOTAL ASSETS
Arundel Federal Savings Bank	Glen Burnie, MD	FSB	$445,683
Capital Bank, N.A.	Rockville, MD	NB	$2,174,128
Eastern Savings Bank, FSB	Hunt Valley, MD	FSB	$355,791
First Shore Federal Savings & Loan Assoc.	Salisbury, MD	FSB	$330,033
Homewood Federal Savings Bank	Baltimore, MD	FSB	$61,746
Jarrettsville Federal Savings & Loan Assoc.	Jarrettsville, MD	FSB	$146,715
Presidential Bank, FSB	Bethesda, MD	FSB	$846,094
Rosedale Federal Savings & Loan Assoc.	Nottingham, MD	FSB	$1,237,848
Shore United Bank, N.A.	Easton, MD	NB	$3,639,919
TOTAL: 9			**$9,237,957**

SOURCE: National Bank and Federal Savings Bank Call Reports

FIGURE 8. FDIC Insured Banks - Trend Year-Over-Year
Fiscal Years Ending June 30th ($ in thousands)

Year	Number of MD Chartered Banks	Total Assets MD Chartered Banks*	Number of FDIC Insured Banks**	Total Assets All FDIC Insured Banks	% of MD Chartered Banks to All FDIC Insured Banks	% of MD Chartered Bank Assets to All FDIC Insured Bank Assets
2023	22	$49,676,635	4,645	$23,465,090,000	0.474%	0.212%
2022	23	$47,142,219	4,771	$23,718,485,898	0.482%	0.199%
2021	26	$45,568,011	4,951	$22,789,003,236	0.525%	0.200%
2020	28	$41,836,704	5,066	$21,139,330,398	0.553%	0.198%
2019	32	$41,398,131	5,303	$18,265,870,678	0.603%	0.227%
2018	35	$39,409,185	5,542	$17,532,878,340	0.632%	0.225%
2017	40	$34,018,542	5,738	$17,242,501,094	0.697%	0.197%
2016	41	$30,855,474	6,058	$16,533,969,432	0.677%	0.187%
2015	46	$28,478,385	6,348	$15,753,630,867	0.725%	0.181%

* MD chartered banks are FDIC insured
** All U.S. FDIC insured banks

SOURCE: FDIC State Banking Performance Summary

FIGURE 9. Consolidated Statement of Financial Condition – State-Chartered Credit Unions
Comparative Figures for Fiscal Years Ended June 30th (in thousands)

ASSETS	FY 2023	FY 2022	FY 2021	% Change FY22-FY23
Cash & Balances Due From Depository Inst.	$417,797	$320,668	$1,023,274	30.29%
Investments & Securities	$1,401,021	$1,668,955	$1,830,736	-16.05%
Total Loans	$5,558,440	$5,309,748	$4,094,893	4.68%
Allowance for Loan and Lease Losses	-$52,804	-$37,419	-$50,504	41.12%
Premises and Fixed Assets	$123,430	$122,369	$79,073	0.87%
Other Assets	$386,008	$322,016	$270,066	19.87%
Total Assets	**$7,952,061**	**$7,812,560**	**$6,682,139**	**1.79%**
LIABILITIES	FY 2023	FY 2022	FY 2021	% Change FY22-FY23
Members' Shares and Deposits	$6,694,963	$6,779,447	$6,517,717	-1.25%
Borrowed Money	$439,286	$287,214	$52,143	52.95%
Other Liabilities	$161,027	$117,109	$67,641	37.50%
Total Liabilities	**$7,295,276**	**$7,183,770**	**$6,637,502**	**1.55%**
Total Net Worth	**$811,808**	**$757,461**	**$718,118**	**7.17%**
Total Liabilities and Equity	**$7,952,061**	**$7,812,560**	**$7,342,133**	**1.79%**

SOURCE: State-Chartered Credit Union Call Reports

FIGURE 10. Ratios from Consolidated Statements of Financial Condition – All State-Chartered Credit Unions
Fiscal Years Ended June 30th

Additional Information as of June 30th	2023	2022	2021	2020
Net Worth to Total Assets	10.21%	9.70%	9.78%	10.27%
Net Worth to Members' Shares & Deposits	12.13%	11.17%	11.02%	11.67%
Total Loans to Total Assets	69.90%	67.96%	55.77%	69.97%
Total Loans to Members' Shares & Deposits	83.02%	78.32%	62.83%	79.50%
ALLL* to Total Loans	0.95%	0.70%	1.23%	0.87%
Return on Assets (annualized)	0.75%	0.33%	0.48%	0.18%

* = Allowance for Loan and Lease Losses

SOURCE: OFR

FIGURE 11. Credit Union Prior Period End Totals
Fiscal Years Ended June 30th (in thousands)

YEAR	TOTAL ASSETS	TOTAL LOANS	SHARES & DEPOSITS	TOTAL CAPITAL
2023	$7,952,061	$5,558,440	$6,694,963	$811,808
2022	$7,812,560	$5,309,748	$6,779,447	$757,461
2021	$7,342,133	$4,094,893	$6,517,717	$718,118
2020	$6,682,139	$4,675,647	$5,881,260	$686,290
2019	$6,089,506	$4,655,584	$5,327,541	$649,009
2018	$5,897,917	$4,491,816	$5,148,133	$624,210
2017	$5,637,718	$4,172,460	$4,947,779	$606,295
2016	$5,343,323	$3,749,515	$4,692,960	$586,882

SOURCE: State-Chartered Credit Union Call Reports

FIGURE 12. State-Chartered Credit Union Growth Trends

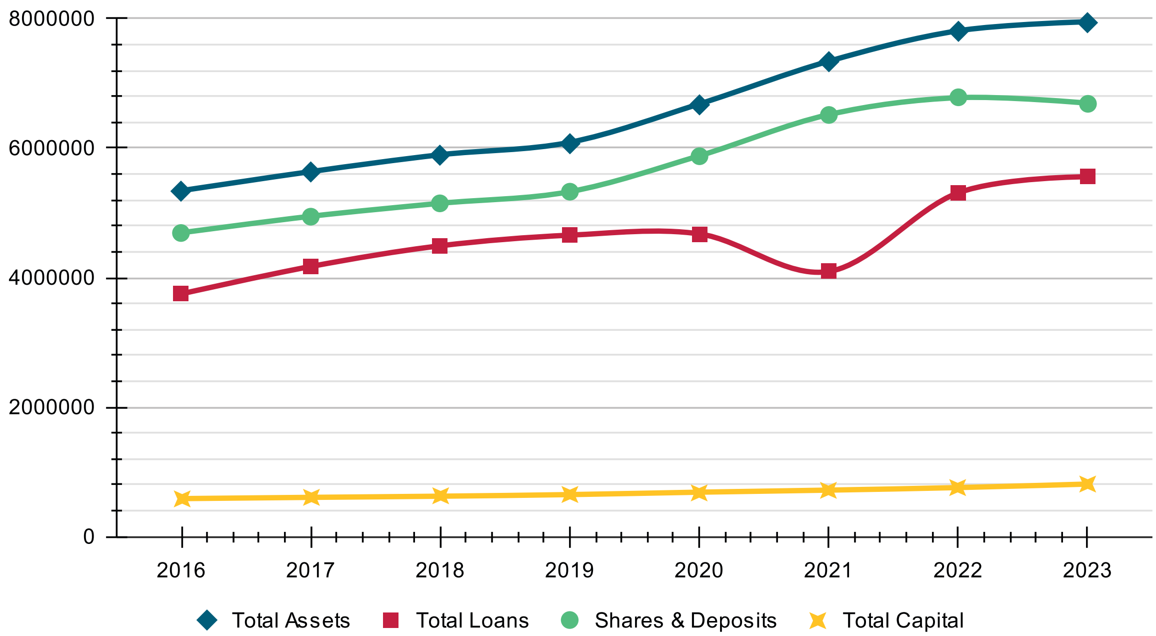


FIGURE 13. State-Chartered Credit Unions – Assets and Field of Membership Types
Fiscal Year Ended June 30, 2023

NAME	PRINCIPAL LOCATION	TOTAL ASSETS (in thousands)	TOTAL DEPOSITS (in thousands)	LOW-INCOME DESIGNATION	NO. OF BRANCHES	NO. OF LMI BRANCHES (as % of total)*	FIELD OF MEMBERSHIP TYPE
Central Credit Union of Maryland	Towson	$46,473	$41,949	Yes	2	0 (0%)	Multiple Common Bond
Destinations Credit Union	Parkville	$65,950	$58,976	Yes	2	0 (0%)	Multiple Common Bond
HAR-CO Credit Union	Bel Air	$250,155	$226,070	No	3	1 (33%)	Community Common Bond
Municipal Employees Credit Union of Baltimore (MECU)	Baltimore	$1,300,908	$1,122,904	Yes	9	7 (78%)	Multiple Common Bond
Point Breeze Credit Union	Hunt Valley	$929,078	$803,153	No	5	1 (20%)	Multiple Common Bond
Post Office Credit Union of MD, Inc.	Baltimore	$31,252	$23,651	**	1	1 (100%)	Single Common Bond
State Employees Credit Union of Maryland, Inc. (SECU)	Linthicum	$5,328,245	$4,418,260	Yes	25	4 (16%)	Multiple Common Bond
TOTAL: 7		**$7,952,061**	**$6,694,963**		**47**	**14 (30%)**	

* Branch LMI designations may vary year-to-year due to annual changes in census tract income levels

** Post Office Credit Union of MD, Inc. is privately insured by ASI. The NCUA low-income designation does not apply.

SOURCES: NCUA, FFIEC and State-Chartered Bank websites

FIGURE 14. Selected Balance Sheet Items – State-Chartered Credit Unions
Fiscal Year Ended June 30, 2023 (in thousands)

CREDIT UNION NAME	TOTAL ASSETS	TOTAL LOANS	SHARES & DEPOSITS	TOTAL CAPITAL
ASI Private Share Insurance				
Post Office Credit Union of MD, Inc.	$31,252	$7,201	$23,651	$7,488
National Credit Union Share Insurance				
Central Credit Union of MD, Inc.	$46,473	$19,173	$41,949	$4,549
Destinations Credit Union	$65,950	$31,153	$58,976	$8,744
HAR-CO Credit Union	$250,155	$168,991	$226,070	$21,394
Municipal Employees Credit Union of Baltimore, Inc.	$1,300,908	$799,227	$1,122,904	$153,787
Point Breeze Credit Union	$929,078	$574,101	$803,153	$124,565
State Employees Credit Union of MD, Inc.	$5,328,245	$3,958,594	$4,418,260	$491,281
Total All Maryland State-Chartered Credit Unions	**$7,952,061**	**$5,558,440**	**$6,694,963**	**$811,808**

SOURCE: State-Chartered Credit Union Call Reports

FIGURE 15. NCUA Insured Credit Unions - Trend Year-Over-Year
Fiscal Years Ended June 30th ($ in thousands)

Year	Number of NCUA Insured MD Chartered Credit Unions	Total Assets of NCUA Insured MD Chartered Credit Unions*	Number of NCUA Insured Credit Unions**	Total Assets All NCUA Insured Credit Unions	% of MD Chartered Credit Unions to All NCUA Insured Credit Unions	% of MD Chartered Credit Union Assets to All NCUA Insured Credit Union Assets
2023	6	$7,920,809	4,686	$2,220,000,000	0.130%	0.357%
2022	6	$7,778,355	4,853	$2,140,000,000	0.120%	0.363%
2021	6	$7,308,307	5,029	$1,980,000,000	0.120%	0.369%
2020	6	$6,649,694	5,164	$1,750,000,000	0.120%	0.380%
2019	6	$6,058,053	5,308	$1,520,000,000	0.110%	0.399%

* MD chartered Post Office Credit Union of Maryland is privately insured
** All U.S. NCUA insured credit unions

SOURCE: NCUA

FIGURE 16. Federal Credit Unions – Operating Branches in Maryland
Fiscal Year Ended June 30, 2023

NAME	PRINCIPAL LOCATION	LOW-INCOME DESIGNATION	OFFICES
Agriculture Federal Credit Union (AgFed)	Washington, DC	Yes	2
Baxter Credit Union (BCU), FCU	Vernon Hills, IL	No	1
Democracy Federal Credit Union	Alexandria, VA	Yes	1
Department of Commerce Federal Credit Union	Washington, DC	Yes	1
InFirst Federal Credit Union	Alexandria, VA	Yes	1
John Wesley AME Zion Church Federal Credit Union	Washington, DC	Yes	1
Navy Federal Credit Union	Vienna, VA	No	22
Northrop Grumman Federal Credit Union	Gardena, CA	No	3
Northwest Federal Credit Union	Herndon, VA	Yes	1
Partners 1st Federal Credit Union	Fort Wayne, IN	Yes	2
Patriot Federal Credit Union	Chambersburg, PA	Yes	3
Pentagon Federal Credit Union	McLean, VA	No	1
Spectra Federal Credit Union	Alexandria, VA	Yes	1
Treasury Department Federal Credit Union	Washington, DC	Yes	1
TOTAL: 14			**41**

SOURCE: NCUA

FIGURE 17. Federal Credit Unions – Headquartered in Maryland
Fiscal Year Ended June 30, 2023

NAME	PRINCIPAL LOCATION	TOTAL ASSETS (in thousands)	TOTAL DEPOSITS (in thousands)	LOW-INCOME DESIGNATION	OFFICES in MD
Aberdeen Proving Ground (APG) FCU	Edgewood	$2,160,702	$1,945,586	No	13
ACT 1st Federal Credit Union	Lavale	$144,739	$133,064	Yes	3
Andrews Federal Credit Union	Suitland	$2,424,418	$1,920,981	Yes	3
APL Federal Credit Union	Laurel	$631,686	$556,755	No	3
Atlantic Financial Federal Credit Union	Hunt Valley	$105,342	$96,006	No	2
Baltimore County Employees FCU	Towson	$498,107	$472,538	No	3
Baltimore Washington Federal Credit Union	Glen Burnie	$10,229	$9,424	Yes	1
BEE Federal Credit Union	Salisbury	$8,180	$6,487	Yes	1
Bulldog Federal Credit Union	Hagerstown	$225,242	$219,068	Yes	8
Capital Area Realtors Federal Credit Union	Rockville	$21,297	$19,006	Yes	1
Capital Area Taiwanese Federal Credit Union	Boyds	$13,820	$11,712	No	1
Cecil County School Employees FCU	Elkton	$28,432	$25,733	No	1
Cedar Point Federal Credit Union	Lexington Park	$749,728	$691,035	No	6
Census Federal Credit Union	Suitland	$52,278	$45,812	No	1
Chessie Federal Credit Union	Cumberland	$435,408	$390,125	Yes	8
Choptank Electric Co-Op Employees FCU	Denton	$2,915	$2,156	No	1
Delmarva Power Southern Division FCU	Salisbury	$18,254	$14,605	Yes	1
Educational Systems Federal Credit Union	Greenbelt	$1,306,486	$1,122,344	No	14
FedChoice Federal Credit Union	Lanham	$431,167	$395,252	Yes	2
FedFinancial Federal Credit Union	Silver Spring	$85,103	$78,207	No	2
FERKO Maryland Federal Credit Union	Frederick	$35,816	$31,419	No	1
First Eagle Federal Credit Union	Owings Mills	$110,920	$99,365	Yes	2
First Financial Of Maryland FCU	Sparks	$1,266,890	$997,005	No	8
First Peoples Community FCU	Cumberland	$569,778	$499,934	Yes	11
Five Star Federal Credit Union	Baltimore	$59,445	$52,217	Yes	3
Freedom Federal Credit Union	Bel Air	$437,550	$387,889	No	6
Greenbelt Federal Credit Union	Greenbelt	$37,607	$33,760	Yes	1
HEMA Federal Credit Union	Silver Spring	$18,502	$16,820	Yes	1
Howard County Education FCU	Ellicott City	$25,760	$23,332	No	1
IBEW 26 Federal Credit Union	Lanham	$31,177	$28,891	No	1
Johns Hopkins Federal Credit Union	Baltimore	$621,793	$521,106	Yes	4
Korean Catholic Federal Credit Union	Olney	$2,237	$1,989	No	1

Continued on next page.

FIGURE 17. Federal Credit Unions – Headquartered in Maryland *(cont.)*
Fiscal Year Ended June 30, 2023

NAME	PRINCIPAL LOCATION	TOTAL ASSETS (in thousands)	TOTAL DEPOSITS (in thousands)	LOW-INCOME DESIGNATION	OFFICES in MD
Lafayette Federal Credit Union	Rockville	$1,880,258	$1,564,475	Yes	4
LM Federal Credit Union	Baltimore	$55,729	$50,757	No	1
Local 355 MD Federal Credit Union	Baltimore	$6,105	$4,974	No	2
Market USA Federal Credit Union	Laurel	$140,182	$111,605	Yes	3
Masters, Mates & Pilots (MM&P) FCU	Linthicum	$3,224	$2,964	No	1
Members First of Maryland FCU	Baltimore	$26,085	$24,195	Yes	2
Mid-Atlantic Federal Credit Union	Germantown	$409,746	$370,902	Yes	4
Maryland-National Capital Park and Planning Commission (MNCPPC) Federal Credit Union	College Park	$15,131	$13,105	No	2
Money One Federal Credit Union	Largo	$119,805	$93,219	Yes	1
Mount Jezreel Federal Credit Union	Silver Spring	$297	$268	Yes	1
MVP Postal And Printing FCU	Gaithersburg	$4,078	$3,684	Yes	1
NASA Federal Credit Union	Upper Marlboro	$5,133,032	$4,088,843	No	7
National Institutes of Health (NIH) FCU	Rockville	$822,498	$760,792	No	5
None Suffer Lack Federal Credit Union	Suitland	$24,989	$20,183	Yes	1
Nymeo Federal Credit Union	Frederick	$356,071	$316,891	Yes	4
Peninsula General Hospital & Medical Center Employees Federal Credit Union	Salisbury	$45,343	$3,464	No	1
Police Federal Credit Union	Upper Marlboro	$173,593	$150,391	No	1
Prince George's Community FCU	Bowie	$253,387	$220,051	Yes	3
Securityplus Federal Credit Union	Baltimore	$557,210	$487,897	Yes	7
Self Reliance Baltimore Federal Credit Union	Baltimore	$15,911	$14,035	No	1
Signal Financial Federal Credit Union	Kensington	$420,879	$373,513	Yes	3
SkyPoint Federal Credit Union	Germantown	$211,496	$176,616	Yes	3
St. Joseph Medical Center FCU	Towson	$15,700	$13,214	No	1
Thiokol-Elkton Federal Credit Union	Elkton	$25,001	$21,956	No	1
Tower Federal Credit Union	Laurel	$4,492,750	$3,750,815	No	17
Transit Employees Federal Credit Union	Greenbelt	$98,579	$83,603	Yes	1
U.S. Postal Service Federal Credit Union	Clinton	$264,721	$233,232	Yes	1
WSSC Federal Credit Union	Laurel	$34,647	$31,920	Yes	2
Washington County Teachers FCU	Hagerstown	$85,141	$73,461	No	3
WEPCO Federal Credit Union	Bloomington	$348,395	$297,750	Yes	6
TOTAL: 62		**$28,610,991**	**$24,208,398**		**205**

SOURCE: NCUA

FIGURE 18. State-Chartered Non-Depository Trust Companies – Location and Business Type
Fiscal Year Ending June 30, 2023

TRUST COMPANY NAME	PRINCIPAL LOCATION	TRUST/FIDUCIARY BUSINESS PURPOSE
Brown Investment Advisory and Trust Co.	Baltimore	Investment Advisory Services
Chevy Chase Trust	Bethesda	Investment Management/Financial Planning
NewTower Trust Company	Bethesda	Trustee for Multi-Employer Property Trust
T. Rowe Price Trust Company	Baltimore	Investment Management
TOTAL: 4		

SOURCE: OFR

FIGURE 19. Trust Assets Reported by State-Chartered Trust Companies
Fiscal Year Ended June 30, 2023 (in thousands)

Full Service Trust Companies	Managed	Non-Managed	Custodial	Total
First United Bank & Trust	$1,022,002	$60,076	$5,309	$1,087,387
Sandy Spring Bank	$1,734,555	$155,644	$35,954	$1,926,153
Total Assets - Full Service Trust Companies	**$2,756,557**	**$215,720**	**$41,263**	**$3,013,540**
Non-Depository Trust Companies	Managed	Non-Managed	Custodial	Total
Brown Investment Advisory & Trust Co.	$7,371,597	$952,855	-	$8,324,452
Chevy Chase Trust Company	$13,765,090	$22,237,075	$3,864,056	$39,866,221
NewTower Trust Company	$11,883,188	$0	$0	$11,883,188
T. Rowe Price Trust Company	$294,562,629	$241,590,786	-	$536,153,415
Total Assets - Non-Depository Trust Companies	**$327,582,504**	**$264,780,716**	**$3,864,056**	**$596,227,276**
GRAND TOTAL: Full Service and Non-Depository Trust Companies	**$330,339,061**	**$264,996,436**	**$3,905,319**	**$599,240,816**

SOURCE: Trust Company Prepared Call Reports

FIGURE 20. State-Chartered Trust Companies Asset Growth Trends
Fiscal Years Ended June 30th (in thousands)

YEAR	Managed Assets	Non-managed Assets	Custodial Assets	Total Assets
2023	$330,339,061	$264,996,436	$3,905,319	$599,240,816
2022	$286,927,341	$246,401,053	$3,400,567	$536,728,961
2021	$310,400,970	$305,973,519	$3,647,858	$620,022,347
2020	$222,254,936	$238,704,184	$3,072,175	$464,031,295
2019	$185,084,556	$242,752,297	$2,888,167	$430,725,020
2018	$154,979,630	$229,915,987	$3,434,187	$388,329,804
2017	$117,541,968	$213,962,146	$3,269,886	$332,774,000

SOURCE: Trust Company Prepared Call Reports

FIGURE 21. Maryland Trust Companies Asset Growth Trends

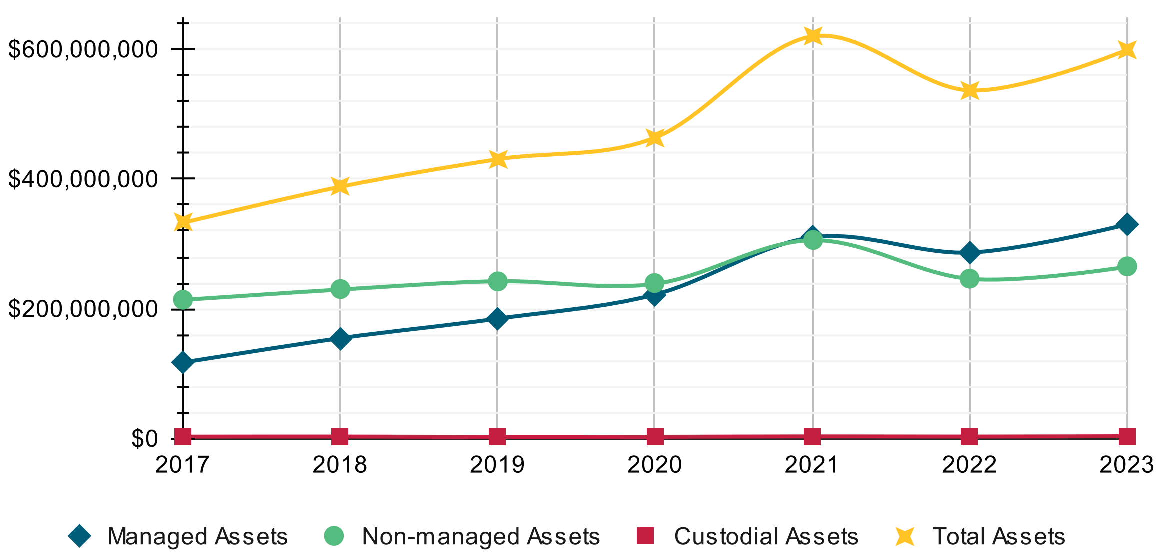


FIGURE 22. BANKS, CREDIT UNIONS, AND TRUST COMPANIES
Activity on Select Applications Fiscal Year Ending June 30, 2023

MERGERS and ACQUISITIONS Surviving Institution Main Location	Merged/Acquired Institution Main Location	Approval
Summit Community Bank Moorefield, WV	Provident State Bank Preston, MD	02/24/2023
Summit Financial Group, Inc. Moorefield, WV	PSB Holding Corp. Preston, MD	02/24/2023
Shore United Bank N.A. Easton, MD	The Community Bank of the Chesapeake Waldorf, MD	03/07/2023
Shore Bancshores, Inc. Easton, MD	The Community Financial Corporation Waldorf, MD	03/07/2023
LINKBANCORP, Inc. Camp Hill, PA	Partners Bancorp Salisbury, MD	06/16/2023
MARYLAND CHARTER CONVERSION (TO A STATE-CHARTERED COMMERCIAL BANK)		
Institution Name Main Location	Action	Approval
BayVanguard Bank Baltimore, MD	Converted from a Maryland state-chartered savings bank to a Maryland state-chartered commercial bank.	07/21/2023
BV Financial, Inc. Baltimore, MD	Merger of Bay-Vanguard, M.H.C., Inc. into BV Financial, Inc. effectuated the conversion of BayVanguard Bank's bank holding company from a mutual holding company to a stock form holding company.	Pending
AFFILIATE FORMATION Institution Name Main Location	Affiliate	Approval
First United Bank & Trust Oakland, MD	Investment Adviser Firm	01/12/2023

SOURCE: OFR Prepared Snapshot of Select Corporate Activities Applications

APPENDIX B:

Financial Statements

FS 1. Summary of All Office Revenues and Expenditures
Fiscal Years Ended June 30th

REVENUES	FY 2023	FY 2022	FY 2021
Special Funds			
Banking and Credit Union	$4,991,401	$5,049,103	$4,683,968
Non-Depository	$10,016,573	$12,151,743	$10,943,547
Subtotal	**$15,007,974**	**$17,200,846**	**$15,627,515**
Foreclosure-Related Special Funds			
Mortgage Foreclosure Mediation	$0	$0	$8,205
Foreclosed Property Registry	$155,592	$74,818	$80,923
Subtotal	**$155,592**	**$74,818**	**$89,128**
General Funds			
Licensing Fees	$0	$0	$0
Fines & Penalties	$183,876	$185,293	$152,946
Miscellaneous	$500	-$2,660	$150
Subtotal	**$184,376**	**$182,633**	**$153,096**
Total Revenue	**$15,347,942**	**$17,458,297**	**$15,869,739**

EXPENDITURES	FY 2023	FY 2022	FY 2021
Salaries and Benefits	$10,060,069	$9,072,836	$8,259,770
Technical and Special Fees	$914,180	$802,366	$775,987
Communication	$100,512	$83,184	$48,853
Travel/Training	$121,052	$41,574	$17,331
Lease Expense, Parking Facilities*	$0	$53,700	$73,536
Contractual Services	$569,371	$370,159	$281,184
Supplies and Materials	$23,937	$27,238	$26,710
Equipment	$85,285	$27,206	$47,336
Fixed Charges, Rent	$222,804	$287,642	$367,060
Administrative Expenses	$1,701,021	$1,576,861	$1,432,305
Prior year accruals/encumbrance liquidations	$35,565	$10,827	$0
Total Expenditures	**$13,833,795**	**$12,353,594**	**$11,330,071**
Net Revenue for Fiscal Year	**$1,514,146**	**$5,104,703**	**$4,539,668**

** OFR has not been charged for parking since its move to the Maryland Dept. of Labor building on Eutaw Street in February 2022.*

FS 2. Revenues and Expenditures – General Fund
Fiscal Years Ended June 30th

REVENUE	FY 2023	FY 2022	FY 2021
Non-Depository Licensing Fees	$0	$0	$0
Fines & Penalties *	$183,876	$185,293	$152,946
Miscellaneous	$500	-$2,660	$150
Total Revenue	**$184,376**	**$182,633**	**$153,096**
* All Fines & Penalties from all Programs are paid into the State's General Fund.			
EXPENDITURES	FY 2023	FY 2022	FY 2021
Salaries and Benefits	$0	$0	$0
Technical and Special Fees	$6,251	$28,361	$130,946
Communication	$0	$0	$1
Travel/Training	$0	$0	$0
Contractual Services	$0	$0	$0
Supplies and Materials	$0	$0	$0
Equipment	$0	$0	$2,748
Total Expenditures	**$6,251**	**$28,361**	**$133,695**
Net Revenue for Fiscal Year	**$178,125**	**$154,272**	**$19,402**

FS 3. Revenues and Expenditures – Bank, Credit Union and Non-Depository Trust Company Special Fund
Fiscal Years Ended June 30th

REVENUE	FY 2023	FY 2022	FY 2021
Bank and Credit Union Assessments	$4,768,597	$4,832,226	$4,465,959
Non-Depository Trust Company Assessments	$205,062	$208,537	$200,489
Depository Amendment and Filing Fees	$17,742	$8,340	$17,520
Miscellaneous Income/Other	$0	$0	$0
Total Revenue	**$4,991,401**	**$5,049,103**	**$4,683,968**
EXPENDITURES	FY 2023	FY 2022	FY 2021
Salaries and Benefits	$2,669,083	$2,662,958	$2,257,087
Technical and Special Fees	$447,080	$422,269	$371,009
Communication	$18,845	$22,385	$11,313
Travel/Training	$13,517	$14,780	$10,054
Lease Expense, Parking Facilities*	$0	$5,975	$7,884
Contractual Services	$5,819	$4,490	$5,053
Supplies and Materials	$11,691	$14,645	$12,083
Equipment	$0	$630	$64,904
Fixed Charges, Rent	$60,908	$141,133	$135,764
Administrative Expenses	$459,661	$448,103	$359,844
Prior year accruals/encumbrance liquidations	$0	-$1,979	$0
Total Expenditures	**$3,686,605**	**$3,735,390**	**$3,234,995**
Net Revenue for Fiscal Year	**$1,304,796**	**$1,313,713**	**$1,448,973**
Special Fund Balance Carried Forward	**$11,193,914**	**$9,889,117**	**$8,575,405**

** OFR has not been charged for parking since its move to the Maryland Dept. of Labor building on Eutaw Street in February 2022.*

FS 4. Revenues and Expenditures – Non-Depository Special Fund
Fiscal Years Ended June 30th

REVENUE	FY 2023	FY 2022	FY 2021
Non-Depository License Fees	$9,498,184	$11,804,183	$10,393,066
Non-Depository Examination Fees	$518,389	$303,742	$286,657
Miscellaneous Income/Other	$0	$43,818	$263,824
Total Revenue	**$10,016,573**	**$12,151,743**	**$10,943,547**
EXPENDITURES	FY 2023	FY 2022	FY 2021
Salaries and Benefits	$7,272,075	$6,355,425	$5,919,097
Technical and Special Fees	$460,812	$349,035	$325,357
Communication	$45,054	$50,056	$25,472
Travel/Training	$107,125	$28,057	$2,551
Lease Expense, Parking Facilities*	$0	$51,830	$65,238
Contractual Services	$489,284	$262,688	$21,012
Supplies and Materials	$12,226	$15,547	$12,065
Equipment	$85,285	$26,844	$45,616
Fixed Charges, Rent	$161,896	$226,734	$225,927
Administrative Expenses	$1,083,409	$1,011,388	$879,606
Prior year accruals/encumbrance liquidations	$35,565	-$4,406	$0
Total Expenditures	**$9,752,732**	**$8,373,498**	**$7,521,940**
Net Revenue for Fiscal Year	**$263,841**	**$3,778,245**	**$3,421,607**
Special Fund Balance Carried Forward	**$18,944,795**	**$18,680,954**	**$14,902,709**

** OFR has not been charged for parking since its move to the Maryland Dept. of Labor building on Eutaw Street in February 2022.*

FS 5. Revenues and Expenditures – Foreclosed Property Registry Special Fund
Fiscal Years Ended June 30th

REVENUE	FY 2023	FY 2022	FY 2021
Foreclosure Registrations	$126,550	$69,950	$76,250
Miscellaneous Income/Other	$29,042	$4,868	$4,673
Total Revenue	**$155,592**	**$74,818**	**$80,923**
EXPENDITURES	FY 2023	FY 2022	FY 2021
Salaries and Benefits	$118,910	$48,328	$83,586
Special and Technical	$37	$0	$0
Communication	$36,613	$14,283	$994
Travel/Training	$409	$0	$0
Lease Expense, Parking Facilities*	$0	$1,870	$2,323
Contractual Services	$74,268	$101,652	$255,681
Supplies and Materials	$20	$0	$0
Equipment	$0	$362	$1,090
Fixed Charges, Rent	$0	$0	$0
Administrative Expenses	$157,951	$105,513	$104,596
Prior year accruals/encumbrance	$0	$17,212	0
Total Expenditures	**$388,208**	**$289,220**	**$448,271**
Net Revenue for Fiscal Year	**-$232,616**	**-$214,402**	**-$367,348**
Special Fund Balance Carried Forward	**$787,226**	**$1,019,842**	**$1,234,243**

** OFR has not been charged for parking since its move to the Maryland Dept. of Labor building on Eutaw Street in February 2022.*

NOTE: The Foreclosed Property Registry Special Fund (FS 5) includes unreimbursed expenses from Maryland DHCD for foreclosure outreach mailings, which would have been shown in the Mortgage Foreclosure Mediation Special Fund (FS 6) for FY22 and FY23.

FS 6. Revenues and Expenditures – Mortgage Foreclosure Mediation Special Fund
Fiscal Years Ended June 30th

REVENUE	FY 2023	FY 2022	FY 2021
Miscellaneous Income/Other (Reimbursed)	$0	$0	$8,205
Accrued revenue	$0	$0	$0
Total Revenue	**$0**	**$0**	**$8,205**
EXPENDITURES	FY 2023	FY 2022	FY 2021
Communication	$0	$0	$0
Contractual Services	$0	$0	$0
Supplies and Materials	$0	$0	$0
Administrative Expenses	$0	$0	$0
Total Expenditures	**$0**	**$0**	**$0**
Net Revenue for Fiscal Year	**$0**	**$0**	**$8,205**
Special Fund Balance Carried Forward	**$0**	**$0**	**$0**

NOTE: Reimbursement from Maryland DHCD for foreclosure outreach mailings was temporarily suspended due to decreased foreclosure activity, as DHCD was not collecting filing fees during the foreclosure moratorium. OFR continued sending outreach letters to homeowners, notwithstanding the interruption in reimbursement. During FY22 and FY23 expenses related to foreclosure outreach mailings were being charged to the Foreclosed Property Registry Special Fund (FS 5). OFR expects reimbursements to resume in FY24, at which time expenses will be reported in the Mediation Special Fund.


AARP
aarp.org/md

APPENDIX C:

Historical Lists of Commissioners and Deputy Commissioners

Commissioners as of June 30, 2023

NAME	FROM	TO
Antonio P. Salazar	2017	Present
Gordon M. Cooley	2014	2017
Mark A. Kaufman	2010	2014
Sarah Bloom Raskin	2007	2010
Charles W. Turnbaugh	2003	2007
Mary Louise Preis	1999	2003
H. Robert Hergenroeder *	1996	1999
Margie H. Muller	1983	1996
Joseph R. Crouse	1980	1983
W. H. Holden Gibbs	1978	1980
William L. Wilson	1971	1978
William A. Graham	1967	1971
Herbert R. O'Conor, Jr.	1963	1967
W. R. Milford	1960	1963
William F. Hilgenberg	1959	1960
William H. Kirkwood, Jr.	1951	1959
Joseph P. Healy	1950	1951
J. Millard Tawes	1947	1950
John W. Downing	1939	1947
Warren F. Sterling	1935	1939
John J. Ghingher	1933	1935
George W. Page	1919	1933
J. Dukes Downs	1910	1919

* In 1996, the Bank Commissioner’s Office was merged by statute with the Office of Consumer Credit, resulting in the change of titles from Bank Commissioner and Deputy Bank Commissioner of Financial Regulation to Commissioner and Deputy Commissioner of Financial Regulation respectively.

Deputy Commissioners as of June 30, 2023

NAME	FROM	TO
Vacant	2023	Present
Gregory K. Thoreson	2021	2023
Teresa M. Louro	2016	2021
Keisha L. Whitehall Wolfe (Acting)	2014	2015
Gordon M. Cooley	2013	2014
Anne Balcer Norton	2010	2013
Mark A. Kaufman	2008	2010
Joseph E. Rooney	2003	2008
Nerry L. Mitchell	1999	2003
William L. Foster *	1996	1999
David M. Porter	1993	1996
Henry L. Bryson	1987	1993
Charles R. Georgius	1979	1987
Charles A. Knott, Jr.	1977	1979
Albert E. Clark	1972	1977
H. Sadtler Nolen	1967	1972
John D. Hospelhorn	1923	1967
John J. Ghingher	1919	1923
George W. Page	1912	1919
John C. Motter	1910	1912

* In 1996, the Bank Commissioner's Office was merged by statute with the Office of Consumer Credit, resulting in the change of titles from Bank Commissioner and Deputy Bank Commissioner of Financial Regulation to Commissioner and Deputy Commissioner of Financial Regulation respectively.

Maryland
DEPARTMENT OF LABOR
Office of Financial Regulation

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