PUBLIC DISCLOSURE

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Old Line Bank

1401387

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DC-MD-VA-WV CSA Assessment Area 2

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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

INSTITUTION'S CRA RATING: **This institution is rated SATISFACTORY**.
The Lending Test is rated: Satisfactory.
The Community Development Test is rated: Outstanding.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered reasonable in relation to demand for credit in the assessment area.
- A substantial majority of the institution's Home Mortgage Disclosure Act (HMDA) and small business loans were originated within the bank's assessment area.
- Though the borrower distribution performance of its HMDA lending is considered poor, the bank's small business performance is considered reasonable, and given other relevant contextual factors, overall, the bank's borrower distribution performance is considered reasonable.
- The bank's geographic distribution performance is considered reasonable for both HMDA and small business lending, and consequently, reasonable overall.
- The bank's level of qualified community development loans, investments, and services demonstrates an excellent responsiveness to community development needs.
- The institution has not received any complaints regarding its Community Reinvestment Act (CRA) performance since the previous evaluation.

SCOPE OF EXAMINATION

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC). Consistent with these procedures, the bank's 2010 and 2011 HMDA loan originations were considered in the evaluation. In addition, based on the number of new loans originated recently by the institution, small business loans were also identified as a primary credit product and considered in the evaluation. The analysis included the entire universe of 95 small business loans, totaling $15.5 million, originated by the institution in 2011. The community development test considers all applicable community development loans, investments, and service activities since the previous evaluation dated April 11, 2011. All qualified investments outstanding as of the date of this evaluation were also considered regardless of when made.

DESCRIPTION OF INSTITUTION

Old Line Bank (OLB) is headquartered in Bowie, Maryland, and currently operates a total of 23 branch offices in the Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA. The bank is a wholly owned subsidiary of Old Line Bancshares, Inc. (Bancshares), a single-bank holding company also headquartered in Bowie, Maryland. Since the previous evaluation, Bancshares acquired WSB Holdings, Inc., parent company of The Washington Savings Bank F. S. B. (WSB). The acquisition was consummated as of May 10, 2013, at which time WSB was merged into OLB. The merger accounts for five of the current 23 branch offices of the bank. Given the proximity of the acquisition to the conduct of this examination, the impact of the merger is not considered as part of this evaluation. OLB received a satisfactory rating at its previous CRA evaluation dated April 11, 2011. Additionally, at its most recent CRA public evaluation as of July 6, 2009, WSB was rated Satisfactory by the Office of Thrift Supervision.

As of March 31, 2013, the bank had total assets of approximately $862 million of which 71% were net loans and 17.9% were securities. As of March 31, 2013, deposits totaled $748.7 million. In addition to its small business lending products, the institution offers various other loan and deposit products for its consumer and commercial customers, including loans for residential and consumer purposes. The composition of the loan portfolio (using gross loans) as of March 31, 2013 is depicted in the following table:

Composition of Loan Portfolio

Loan Type	3/31/2013	
	$(000s)	%
Secured by 1-4 Family dwellings	112,799	18.3
Multifamily	9,242	1.5
Construction and Development	58,264	9.5
Commercial & Industrial/ NonFarm NonResidential	413,133	67.1
Consumer Loans and Credit Cards	10,533	1.7
Agricultural Loans/ Farmland	1,380	0.2
All Other	10,552	1.7
Total	***615,903***	***100.0***

As reflected in the preceding table, the largest loan categories within the bank's loan portfolio are loans secured by one- to four-family dwellings and commercial and industrial/nonfarm nonresidential loans. These two categories account for the greatest volume of recent lending as well, and consequently led to the selection of HMDA and small business loans for inclusion in the evaluation. From a business strategy perspective, the bank focuses primarily on commercial and business customers with the majority of its deposits collected from those customers within its market area. No known legal impediments exist that would prevent the bank from meeting the credit needs of the assessment area.

DESCRIPTION OF THE WASHINGTON–BALTIMORE–NORTHERN VIRGINIA, DC-MD-VA-WV CSA ASSESSMENT AREA

OLB's single assessment area is located within the Washington-Baltimore-Northern Virginia DC-MD-VA-WV CSA. The assessment area includes all of Anne Arundel, Charles, Calvert, Prince George's, and St. Mary's Counties, Maryland. Anne Arundel County is part of the Baltimore-Towson MSA, Charles, Calvert, and Prince George's Counties are part of the Washington-Arlington-Alexandria MSA. St. Mary's County, although a nonmetropolitan area, is included as part of the CSA. Since the prior examination, the bank acquired the aforementioned five branch offices from its acquisition of WSB. The merger did not require changes to the composition of OLB's assessment area.

As of June 30, 2012, OLB ranked 9th out of 38 institutions in local deposit market share according to data compiled by the Federal Deposit Insurance Corporation (FDIC). The bank holds 3.2% of the assessment area's deposits. Additionally, according to 2000 census data, the assessment area has a population of 1,572,471 and a median housing value of $148,979. The owner-occupancy rate for the assessment area is 65.3%, which exceeds the owner-occupancy rates for Maryland (62.5 %), the Baltimore MSA (62.2 %), the Washington MSA (58.8 %), and nonmetropolitan areas of Maryland (52 %). The assessment area's family poverty rate of 4.5% is lower than the rates for Maryland at 6.1%, the Baltimore MSA at 7.2%, the Washington MSA at 5.6%, and the Maryland nonmetropolitan area at 7.3%. The 2010 and 2011 median family incomes are $82,200 and $84,500, respectively for the Baltimore-Towson MSA, $101,700 and $104,300, respectively for the Washington-Arlington-Alexandria MSA, and $69,700 and $71,600, respectively for nonmetropolitan areas of Maryland. The following table includes pertinent demographic data for the assessment area based upon 2000 census data and, in the case of businesses, 2011 Dun & Bradstreet (D&B) data.

Assessment Area Demographics

Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA (Based on 2000 Census Boundaries and 2011 D&B information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	7	2.1	6,103	1.5	973	15.9	73,316	18.1
Moderate	86	25.7	90,231	22.3	7,913	8.8	77,259	19.1
Middle	162	48.5	192,970	47.7	6,956	3.6	98,904	24.4
Upper	78	23.4	115,479	28.5	2,427	2.1	155,304	38.4
NA	1	0.3	0	0.0	0	0.0		
Total	*334*	*100.0*	*404,783*	*100.0*	*18,269*	*4.5*	*404,783*	*100.0*
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	2,040	0.5	8,338	1.5	1,312	15.7	104,841	18.6
Moderate	55,440	14.3	136,868	24.3	13,740	10.0	101,666	18.1
Middle	202,859	52.2	268,340	47.6	13,945	5.2	124,221	22.1
Upper	128,033	33.0	149,697	26.6	4,944	3.3	232,515	41.2
NA	0	0.0	0	0.0	0	0.0		
Total	*388,372*	*100.0*	*563,243*	*100.0*	*33,941*	*6.0*	*563,243*	*100.0*
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = $1 Million		Over $1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	950	0.9	788	0.8	130	2.4	32	0.9
Moderate	15,678	15.0	14,293	15.0	789	14.6	596	17.7
Middle	53,707	51.5	49,018	51.3	2,888	53.5	1,801	53.4
Upper	33,967	32.6	31,430	32.9	1,596	29.5	941	27.9
NA	8	0.0	7	0.0	0	0.0	1	0.0
Total	*104,310*	*100.0*	*95,536*	*100.0*	*5,403*	*100.0*	*3,371*	*100.0*
		Percentage of Total Businesses:		91.6		5.2		3.2

**NA-Tracts without household or family income as applicable*

Employment in the assessment area is afforded by a variety of industries including health care, defense contractors, and retail establishments. The Federal government, as well as local governments and school systems, also provide a significant number of jobs to local residents. Major employers include Dimensions Health Corporation, Baltimore Washington Medical Center, Northrop Grumman Corporation, Civista Health System, Dyncorp International, Bae Systems Applied Technologies, Patuxent Naval Air Station, and Calvert Cliffs Nuclear Power Plant.

Quarterly unemployment rates since the previous CRA evaluation are presented in the following table:

Unemployment Rate Trend								
Geographic Area	**Jun 2011**	**Sept 2011**	**Dec 2011**	**Mar 2012**	**Jun 2012**	**Sept 2012**	**Dec 2012**	**Mar 2013**
Prince George's County, MD	7.7%	7.4%	6.7%	6.6%	7.2%	6.7%	6.6%	6.5%
St. Mary's County, MD	6.7%	6.4%	5.6%	5.8%	6.6%	5.7%	5.6%	5.9%
Charles County, MD	6.6%	6.2%	5.7%	5.9%	6.5%	5.7%	5.7%	6%
Calvert County, MD	6.6%	6.1%	5.5%	5.7%	6.3%	5.3%	5.5%	5.5%
Anne Arundel County, MD	7%	6.7%	5.9%	6.1%	6.7%	5.8%	5.8%	5.9%
Maryland	7.7%	7.3%	6.7%	6.8%	7.2%	6.6%	6.6%	6.6%

As indicated in the preceding table, unemployment rates have been trending downwards since June 2011. Overall employment opportunities in the bank's assessment area are improving as rates continue to decrease from the higher levels in earlier quarters.

A local economic development official was contacted during the examination to discuss community development opportunities in the area. The contact described the economic conditions in the area as being relatively good, and attributed that, at least partially, to the proximity to government-related jobs in Washington, DC. He additionally noted that the population within the area has a high degree of education and opined that this suggests a highly skilled labor force that can sustain economic growth. The contact also identified a continued need for more small business lending, particularly for business expansion within the area. Overall, the contact noted that local financial institutions have been willing contributors to area activities that support small business development and also generally serve the credit needs of the local community.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS:

To evaluate the bank's lending performance, HMDA and small business lending activity was analyzed. Area demographic and market aggregate data are used as proxies for demand when evaluating the bank's performance. Relevant area demographic data from the 2000 census, aggregate HMDA data from calendar years 2010 and 2011, and D&B business demographic data from 2011 are used as proxies for demand when evaluating the bank's lending performance. The bank is not required to collect or report data about its small business lending; nonetheless, aggregate data for lenders that are required to collect or report such data about its small business lending is used as one of the measures of demand, and the small business analysis tables include bank and aggregate data from 2011. While HMDA data from calendar years 2010 and 2011 were fully analyzed and considered in this evaluation, only bank and aggregate data from 2011 are presented in the assessment area analysis tables. In instances where the 2010 HMDA distribution performance varies significantly from the performance noted during 2011, such variance and the corresponding impact on the overall performance are discussed.

When evaluating the geographic and borrower distribution for a specific loan category within an assessment area, primary emphasis is placed on the number (and corresponding percentage) of loans when assessing lending performance for specific individual loan types. To arrive at an overall assessment area level conclusion regarding the distribution of lending, performance in each loan category is then generally weighted by dollar volume of such loans in the assessment area. Since there are two calendar years of HMDA lending and only one year of small business lending, the respective dollar volumes of those loan categories originated in 2011 were considered ($11.8 million HMDA and $15.5 million small business). Given those dollar volumes, small business lending receives greater weight when reaching overall conclusions about loan distribution.

The distribution of small business lending considers as an element of performance context that throughout the bank's assessment area, a high volume of small business lending activity is noted for specialized lenders who tend to originate small business loans in the form of credit cards. These loans, however, tend to be much smaller in size than traditional small business bank loans. Not only do such loans tend to be smaller, but when included in the aggregate, these reporters often tend to depress the proportion of reported loans to businesses with revenues of $1 million or less because many of the loans reported by these card lenders do not include revenue information.

Overall, the bank's lending test performance is rated Satisfactory. This rating considers the bank's loan-to-deposit ratio, level of lending in the assessment area, and lending distribution based on both borrower income and geography.

The review of the bank’s community development activities is rated Outstanding. This conclusion is based on the number and amount of community development loans, the amount of qualified investments, the extent to which the bank provides community development services, and the bank’s responsiveness to identified community development lending, investment, and service needs.

The components of each test are discussed in the following sections. All conclusions also take into consideration relevant performance context factors.

Loan-To-Deposit Ratio

OLB’s loan-to-deposit ratio as of March 31, 2013, equaled 81.7% and averaged 79.3% for the eight-quarter period ending March 31, 2013. In comparison, the average of quarterly loan-to-deposit ratios for all banks headquartered in metropolitan areas of Maryland and of similar asset size to OLB ranged from 83% to 85.5% for the same time period. Since December 31, 2010, bank assets, net loans, and deposits have increased by 118.8%, 104.4% and 119.7%, respectively. The bank’s growth in loans and deposits is consistent with its acquisition of Maryland Bank & Trust in close proximity to the previous CRA evaluation. Given the bank’s overall loan and deposit growth and its average loan-to-deposit ratio as compared to banks of similar asset size, the bank’s loan-to-deposit ratio is considered reasonable given its financial condition, size, branch locations, and local credit needs.

Lending In Assessment Area

The bank’s HMDA lending activity during 2010 and 2011, as well as its 2011 small business loans are represented in the following table that depicts lending inside and outside of the bank’s assessment area. The data does not include large commercial loans (loan amounts in excess of $1 million) or any other loan type not specified.

Comparison of Credit Extended Inside and Outside of Assessment Area(s)

Loan Type	Inside				Outside			
	#	%	$(000)	%	#	%	$(000)	%
Home Improvement	6	75.0	888	40.6	2	25.0	1,300	59.4
Home Purchase	9	75.0	1,568	77.2	3	25.0	463	22.8
Multi-Family Housing	3	60.0	4,420	68.7	2	40.0	2,010	31.3
Refinancing	12	66.7	8,360	95.3	6	33.3	415	4.7
Total HMDA related	30	69.8	15,236	78.4	13	30.2	4,188	21.6
Small Business *	84	88.4	14,084	90.8	11	11.6	1,429	9.2
TOTAL LOANS	**114**	**82.6**	**29,320**	**83.9**	**24**	**17.4**	**5,617**	**16.1**

**The number and dollar amount of loans reflects a sample of such loans originated during the evaluation period and does not reflect loan data collected or reported by the institution.*

As illustrated in the preceding table, a substantial majority of the number (82.6%) and dollar amounts (83.9%) of loans have been provided to residents and businesses in the bank's assessment area. Overall, OLB's level of lending within its assessment area is considered highly responsive to community credit needs.

Lending To Borrowers of Different Incomes and to Businesses of Different Sizes

Within the assessment area, the bank's HMDA lending performance is considered poor, while its small business lending performance is considered reasonable. While OLB routinely extends residential real estate secured loans, a significant portion of its HMDA reportable loans are for business purposes (i.e. for the purchase, refinancing, or improvement of rental property) and to business entities. Often borrower income data is not reported for these loans. As such, a majority of its HMDA loans do not contain borrower income data and cannot be included in the borrower distribution analysis. Given the greater dollar volume of small business lending and this additional contextual factor, significantly greater weight is given to the bank's small business lending performance in determining an overall conclusion. Overall, the bank's borrower distribution performance is considered reasonable.

<u>Distribution of HMDA Loans by Income Level of Borrower</u>

Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	% $	#	%	$(000s)	% $
	HMDA Totals							
Low	0	0.0	0	0.0	7,483	13.1	1,046,160	7.5
Moderate	0	0.0	0	0.0	13,979	24.6	2,715,818	19.5
Middle	0	0.0	0	0.0	14,783	26.0	3,562,043	25.5
Upper	8	100.0	1,555	100.0	20,666	36.3	6,620,233	47.5
Total	***8***	***100.0***	***1,555***	***100.0***	***56,911***	***100.0***	***13,944,254***	***100.0***
Unknown	*13*		*7,627*		*13,610*		*4,265,860*	

Percentage's (%) are calculated on all loans where incomes are known

OLB extended no loans to low- or moderate-income borrowers in 2011 notwithstanding evidence of demand from such borrowers. Overall, the bank's 2011 performance is considered very poor.

The bank's lending distribution during 2010 was only marginally better, but reflected even lower lending volume. Specifically, in the assessment area the bank reported originating four loans totaling $823,000 where borrower incomes were known. During 2010, OLB's percentage of lending to low-income borrowers (25%) exceeded the aggregate lending level to low-income borrowers (10.9%) and the proportion of low-income families in the assessment area (18.1%); however, it should be noted that this analysis is based on the extension of only loan to a low-income borrower. The bank extended no loans to moderate-income borrowers.

On a combined basis, the bank's level of HMDA lending in 2010 and 2011 to low- and moderate-income borrowers is considered poor. This conclusion is driven by the bank's very poor performance in 2011and considers that more weight is given to the 2011 lending because of the larger dollar volume of such loans where borrower income was known ($823,000 in 2010 versus $1.6 million in 2011).

Distribution of Lending by Loan Amount and Size of Business

Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA (2011)								
	Bank				Aggregate*			
by Revenue	#	%	$(000s)	% $	#	%	$(000s)	% $
$1 Million or Less	30	35.7	3,504	24.9	8,683	43.9	269,795	34.8
Over $1 Million	54	64.3	10,580	75.1	NA	NA	NA	NA
Unknown	*0*	*0.0*	*0*	*0.0*	NA	NA	NA	NA
by Loan Size								
$100,000 or less	46	54.8	1,813	12.9	18,322	92.6	235,127	30.4
$100,001-$250,000	23	27.4	4,393	31.2	721	3.6	131,338	17.0
$250,001-$1 Million	15	17.9	7,878	55.9	744	3.8	408,061	52.6
Total	***84***	***100.0***	***14,084***	***100.0***	***19,787***	***100.0***	***774,526***	***100.0***

** No data is available for Aggregate loans with Revenues over $1 million and those with Unknown revenues*

D&B data indicate that 91.6% of all local businesses have revenues that do not exceed $1 million per year. According to 2011 aggregate small business data, 43.9% of reported loans were to businesses with annual revenues of $1 million or less. The remaining loans were to businesses that either had revenues exceeding $1 million or had unknown revenues. After adjusting the 2011 aggregate data to exclude large credit card lenders, 47.9% of the reported small business loans extended by the remaining lenders were to businesses having revenues of $1 million or less. Taking this into account as an element of performance context, the bank’s extension of 35.7% of its small business loans to businesses with annual revenues of $1 million or less is considered reasonable.

Geographic Distribution of Loans

OLB’s geographic distribution within the assessment area is considered reasonable for both HMDA and small business lending, and consequently, overall as well.

Distribution of HMDA Loans by Income Level of Census Tract

Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	% $	#	%	$(000s)	% $
	(5)			Home Purchase	(28,653)			
Low	0	0.0	0	0.0	97	0.3	13,641	0.2
Moderate	2	40.0	200	34.0	3,559	12.4	579,440	8.0
Middle	3	60.0	389	66.0	16,374	57.1	3,967,489	54.7
Upper	0	0.0	0	0.0	8,623	30.2	2,696,570	37.1
	(10)			Refinance	(39,392)			
Low	0	0.0	0	0.0	77	0.2	12,786	0.1
Moderate	2	20.0	229	3.0	2,629	6.7	478,517	4.7
Middle	6	60.0	1,336	17.3	19,531	49.6	4,655,086	46.0
Upper	2	20.0	6,140	79.7	17,154	43.5	4,966,766	49.1
	(6)			Home Improvement	(2,423)			
Low	0	0.0	0	0.0	9	0.4	628	0.3
Moderate	2	33.3	228	25.7	271	11.2	12,810	5.7
Middle	3	50.0	485	54.6	1,239	51.1	95,875	42.8
Upper	1	16.7	175	19.7	904	37.3	114,572	51.2
	(0)			Multi-Family	(53)			
Low	0	0.0	0	0.0	1	1.9	6,225	1.0
Moderate	0	0.0	0	0.0	24	45.3	216,209	35.1
Middle	0	0.0	0	0.0	20	37.7	290,106	47.1
Upper	0	0.0	0	0.0	8	15.1	103,076	16.7
				HMDA Totals				
Low	0	0.0	0	0.0	184	0.3	33,280	0.2
Moderate	6	28.6	657	7.2	6,483	9.2	1,286,976	7.1
Middle	12	57.1	2,210	24.1	37,164	52.7	9,008,556	49.5
Upper	3	14.3	6,315	68.7	26,689	37.8	7,880,984	43.2
*NA**	0	0.0	0	0.0	1	0.0	318	0.0
Total	***21***	***100.0***	***9,182***	***100.0***	***70,521***	***100.0***	***18,210,114***	***100.0***

NA-Tracts without household or family income as applicable*

As indicated by the table above, the bank did not extend any loans in low- income census tracts. However, due to the low demand for loans as reflected by the aggregate lending and percentage of owner-occupied housing units in low-income census tracts (0.3% and 0.5%, respectively), the absence of lending in low-income census tracts is not considered unreasonable. OLB's level of lending in moderate-income tracts (28.6%) substantially exceeded the percentage of owner-occupied housing units located in moderate-income census tracts (14.3%) and the aggregate reporter lending level (9.2%) and is considered excellent. Overall, the 2011 level of lending in low- and moderate-income census tracts is considered excellent.

During 2010, the bank extended nine HMDA loans totaling $6.1 million. Of these loans, none were extended in low- and moderate-income census tracts. This level of lending is considered poor.

Though greater weight was given to the bank's excellent 2011 HMDA lending performance due to the larger dollar volume of lending, on a combined basis, the bank's HMDA lending to low- and moderate-income geographies is considered reasonable.

Distribution of Small Business Loans by Income Level of Census Tract

Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	% $	#	%	$(000s)	% $
Low	1	1.2	225	1.6	237	1.2	18,602	2.4
Moderate	9	10.7	1,955	13.9	2,174	11.2	83,940	10.9
Middle	49	58.3	10,023	71.2	9,823	50.4	407,721	53.0
Upper	25	29.8	1,881	13.3	7,238	37.2	259,238	33.7
*NA**	*0*	*0.0*	*0*	*0.0*	*0*	*0.0*	0	*0.0*
Total	***84***	***100.0***	***14,084***	***100.0***	***19,472***	***100.0***	***769,501***	***100.0***

**NA-Tracts without household or family income as applicable*
Loans where the geographic location is unknown are excluded from this table.

OLB's level of lending in low-income tracts (1.2%) equaled the aggregate level of lending (1.2%) and was slightly higher than the percentage of businesses located in low-income tracts (.9%), and is considered reasonable. OLB's level of lending in moderate-income tracts (10.7%) was comparable to the aggregate level of lending (11.2%) and only slightly lower than the percentage of businesses located in moderate-income tracts (15%) and is considered also reasonable. Overall, the bank's small business lending by income level of census tract is considered reasonable.

Community Development Loans, Investments, and Services

The bank supports community development initiatives and organizations that benefit the assessment area by making qualified community development loans and investments and providing financial expertise and other support to local organizations providing community development services. Discussions with an individual knowledgeable of the local market area and reviews of the performance evaluations of other financial institutions having a local presence indicate that local community development opportunities are reasonably available within the assessment area. Given its current loan-to-deposit ratio (81.7%), the bank's capacity for additional lending, including community development lending, is not constrained. Additionally, the bank does not face any constraints in providing community development services or making qualified investments.

During the review period, the institution originated 13 community development loans totaling approximately $16.5 million. The loans consisted of the following:

- Two loans totaling $8.2 million to schools specializing in the education of students with emotional disabilities, a significant majority of whom are from low- and moderate-income families.
- Four loans to two different organizations totaling $6.5 million that provide assistance with job skills, employment, and housing to people with disabilities, a majority of whom are low- and moderate-income.
- Four loans totaling $1.4 million to an organization that assists with crisis intervention, substance abuse, and homelessness in the community.
- One loan totaling $200,000 to a non-profit organization that provides basic necessities to low- and moderate-income individuals.
- Two loans totaling $150,000 to an organization that provides financing to new and existing small and minority owned businesses.

OLB holds two qualified community development investments totaling approximately $2.4 million. The investments consist of bonds secured by properties exclusively occupied by low- and moderate- income borrowers in the bank's assessment area. Additionally, the bank has made $42,130 in qualified donations during the evaluation period.

Community development services are provided through contributions of financial expertise to Prince George’s Financial Services Corporation which is an established certified development company (CDC). The bank also provides financial expertise to The ARC of Prince George’s County, Inc. which is an organization that provides assistance and support to individuals with developmental disabilities. In addition, several employees have participated in financial literacy, affordable housing, and financial expertise initiatives throughout the assessment area.

Overall, the bank’s performance demonstrates an excellent responsiveness to community development needs when considering institutional capacity and available opportunities within the assessment area and is rated Outstanding.

Fair Lending or Other Illegal Credit Practices Review

No evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs was identified. Adequate policies, procedures, and training programs have been developed to support nondiscrimination in lending activities.

GLOSSARY

Aggregate lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Census tract: A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community development: All Agencies have adopted the following language. Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of $1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Effective September 1, 2005, the Board of Governors of the Federal Reserve System, Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation have adopted the following additional language as part of the revitalize or stabilize definition of community development. Activities that revitalize or stabilize-

(i) Low-or moderate-income geographies;

(ii) Designated disaster areas; or

(iii) Distressed or underserved nonmetropolitan middle-income geographies designated by the Board, Federal Deposit Insurance Corporation, and Office of the Comptroller of the Currency, based on-

   a. Rates of poverty, unemployment, and population loss; or
   b. Population size, density, and dispersion. Activities that revitalize and stabilize geographies designated based on population size, density, and dispersion if they help to meet essential community needs, including needs of low- and moderate-income individuals.

Consumer loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full-scope review: Performance under the Lending and Community Development Tests is analyzed considering performance context, quantitative factors (for example, geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (for example, innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (for example, approved, denied, and withdrawn).

Home mortgage loans: Includes home purchase and home improvement loans as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwelling loans, loans for the purchase of manufactured homes and refinancings of home improvement and home purchase loans.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-scope review: Performance under the Lending and Community Development Tests is analyzed using only quantitative factors (for example, geographic distribution, borrower distribution, total number and dollar amount of investments and branch distribution).

Low-income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Metropolitan area (MA): A metropolitan statistical area (MSA) or a metropolitan division (MD) as defined by the Office of Management and Budget. A MSA is a core area containing at least one urbanized area of 50,000 or more inhabitants, together with adjacent communities having a high degree of economic and social integration with that core. A MD is a division of a MSA based on specific criteria including commuting patterns. Only a MSA that has a population of at least 2.5 million may be divided into MDs.

Middle-income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography.

Moderate-income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-occupied units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Small loan(s) to business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of $1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial loans.

Small loan(s) to farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of $500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Upper-income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.