PUBLIC DISCLOSURE

March 4, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Congressional Bank

3187630

6500 Rock Spring Drive, Suite 300

Bethesda, Maryland 20817

Federal Reserve Bank of Richmond
P. O. Box 27622
Richmond, Virginia 23261

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Federal financial supervisory agency concerning the safety and soundness of this financial institution.

TABLE OF CONTENTS

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: Satisfactory.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is considered more than reasonable in relation to the 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.
- The bank's HMDA borrower distribution is considered poor and its small business borrower distribution is considered reasonable. The bank's overall lending distribution to borrowers of different income levels and businesses of different sizes is considered poor.
- The bank's geographic distribution of loans is considered reasonable for HMDA and poor for small business lending. Overall, its geographic distribution is considered reasonable.
- The bank's lending, investment and service activities demonstrate adequate 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). Congressional Bank (CB) is required to report certain information regarding its home mortgage lending in accordance with the HMDA. Accordingly, 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 54 small business loans originated by the institution in 2011. Qualified community development loans, investments, and services are considered for activities since the previous evaluation dated December 8, 2008. All qualified investments outstanding as of the date of this evaluation were also considered regardless of when made.

DESCRIPTION OF INSTITUTION

CB is headquartered in Potomac, MD and operates a total of four branch offices in the Washington-Arlington-Alexandria, DC-MD-VA-WV MSA. The bank is a wholly owned subsidiary of Congressional Bancshares, Inc., a single bank holding company headquartered in Potomac, MD. CB has no affiliates or subsidiaries.

As of December 31, 2012, the bank held assets totaling $404.3 million, of which 69% were net loans and 17.5% were securities. Various deposit and loan products are available through the institution including loans for residential mortgage, consumer, and business purposes. The composition of the loan portfolio (using gross loans) as of December 31, 2012, is represented in the following table:

Composition of Loan Portfolio

Loan Type	12/31/2012	
	$(000s)	%
Secured by 1-4 Family dwellings	75,907	26.9
Multifamily	1,282	0.4
Construction and Development	29,908	10.6
Commercial & Industrial/ NonFarm NonResidential	173,068	61.2
Consumer Loans and Credit Cards	2,463	0.9
Agricultural Loans/ Farmland	0	0.0
All Other	16	0.0
Total	***282,644***	***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. The bank does not face any legal impediments that would serve to constrain its ability to meet the credit needs of its assessment area. CB received a Satisfactory rating at its prior CRA evaluation dated December 8, 2008.

DESCRIPTION OF WASHINGTON-ARLINGTON-ALEXANDRIA, DC-MD-VA-WV MSA ASSESSMENT AREA

CB's single assessment area is located within the Washington-Arlington-Alexandria DC-MD-VA-WV MSA. The MSA is, however, further divided into two areas: the Washington-Arlington-Alexandria, DC-VA-MD-WV Metropolitan Division (Washington, MD) and the Bethesda-Frederick-Gaithersburg, MD Metropolitan Division (Bethesda, MD). The assessment area includes all of Alexandria, Arlington County, Fairfax, Fairfax County, and Falls Church, VA, Montgomery County, MD, and Washington, DC.

Since the previous CRA evaluation, the bank opened one branch office located in Fairfax County, VA. This branch opening essentially served as relocation for the Reston, VA branch which was closed in June 2011. These branch changes did not have an effect on the bank's assessment area. According to recent (June 30, 2012) data from the Federal Deposit Insurance Corporation, CB ranked 35th out of 70 institutions in the local deposit market share having .2% of area deposits.

According to 2000 census data, the assessment area has a population of 2,764,760 and a median housing value of $209,130. The owner-occupancy rate for the assessment area is 56.6%, which is lower than the owner-occupancy rate for the Washington, MD at 58.8%, as well as the Bethesda, MD at 67.7%. The area's poverty rate, 5.9%, is comparable to the rate for the Washington, MD at 5.6%, but higher than the rate for the Bethesda, MD at 3.6%. The 2010 and 2011 median family incomes are $101,700 and $104,300, respectively, for the Washington, MD and $109,600 and $111,900, respectively, for the Bethesda, MD. The following table includes pertinent demographic data for the assessment area based upon both 2000 census data and, in the case of businesses, 2011 Dun & Bradstreet (D&B) data. The table on the following page contains relevant demographic information for the assessment area.

Assessment Area Demographics

Washington-Arlington-Alexandria, DC-VA-MD-WV MSA *(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	64	10.5	42,647	6.4	13,132	30.8	130,668	19.5
Moderate	136	22.3	128,926	19.2	12,829	10.0	105,798	15.8
Middle	167	27.4	209,266	31.2	8,696	4.2	132,628	19.8
Upper	234	38.4	290,086	43.2	4,756	1.6	301,831	45.0
NA	8	1.3	0	0.0	0	0.0		
Total	*609*	*100.0*	*670,925*	*100.0*	*39,413*	*5.9*	*670,925*	*100.0*
	Owner Occupied Units by Tract		**Households**					
			HHs by Tract		**HHs < Poverty by Tract**		**HHs by HH Income**	
	#	%	#	%	#	%	#	%
Low	16,525	2.6	75,214	6.9	22,158	29.5	231,864	21.4
Moderate	90,711	14.1	238,061	21.9	27,064	11.4	180,379	16.6
Middle	211,326	32.8	338,903	31.2	17,948	5.3	209,669	19.3
Upper	324,846	50.5	433,500	39.9	14,309	3.3	463,824	42.7
NA	20	0.0	58	0.0	0	0.0		
Total	*643,428*	*100.0*	*1,085,736*	*100.00*	*81,479*	*7.5*	*1,085,736*	*100.0*
	Total Businesses by Tract		**Businesses by Tract and Revenue Size**					
			Less than or = $1 Million		**Over $1 Million**		**Revenue not Reported**	
	#	%	#	%	#	%	#	%
Low	12,047	5.4	10,333	5.2	1,121	6.6	593	8.4
Moderate	35,952	16.2	31,813	16.1	2,693	15.9	1,446	20.4
Middle	64,774	29.2	57,965	29.3	4,792	28.3	2,017	28.4
Upper	104,787	47.2	94,288	47.7	7,729	45.6	2,770	39.0
NA	4,283	1.9	3,407	1.7	608	3.6	268	3.8
Total	*221,843*	*100.0*	*197,806*	*100.0*	*16,943*	*100.0*	*7,094*	*100.0*
Percentage of Total Businesses:				89.2		7.6		3.2

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

The bank's operations are located in one of the strongest local economies in the nation. The economy is dependent on federal and local government hiring, professional services, health care and manufacturing. Major local employers include Fairfax County Public Schools, Booz - Allen and Hamilton, Admiral Security, and the United States Department of Defense. Quarterly unemployment rates since the previous CRA evaluation are presented by county, city, MSA, and state in the table on the following page:

Geographic Area	2009		2010		2011		2012	
	June	Dec	June	Dec	June	Dec	June	Dec
Alexandria City, VA	5.1%	4.9%	5%	4.7%	5.1%	4.7%	4.6%	4.2%
Arlington County, VA	4.7%	4.3%	4.3%	3.8%	4.1%	3.6%	3.7%	3.3%
Fairfax County, VA	5.3%	4.9%	5%	4.3%	4.5%	4%	4.3%	3.7%
Fairfax City, VA	5.9%	5.6%	6.1%	5.5%	7.1%	6.2%	5.7%	5.5%
Falls Church City, VA	7.4%	6.9%	6.1%	5.6%	7.8%	6.4%	6.7%	5.8%
Commonwealth of Virginia	7.4%	7.2%	7.2%	6.6%	6.7%	6.1%	6.2%	5.5%
Montgomery County, MD	6.2%	5.8%	6%	5.3%	5.7%	4.6%	5.4%	4.9%
State of Maryland	7.7%	7.7%	7.8%	7.4%	7.7%	6.7%	7.2%	6.6%
District of Columbia	10.3%	10.5%	10.3%	9.6%	11.2%	9.5%	9.2%	8.6%
Washington-Arlington-Alexandria, DC-VA-MD-WV MSA	6.6%	6.4%	6.5%	5.8%	6.2%	5.4%	5.7%	5.2%

As indicated by the table, overall, unemployment rates have decreased since the previous CRA evaluation. For each of the cities and counties that comprise the assessment area, unemployment rates are trending downward for the 2011 and 2012 time-period.

Two economic development officials were contacted to assist in evaluating local credit needs. The contacts both described the economic conditions in the area as being relatively good, and they attributed that, at least partially, to the proximity to government related jobs in Washington, DC. Both contacts also 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. Both individuals also identified a continued need for more small business lending, particularly for startups, within the area. In addition to that need, one of the contacts suggested that while community banks are the primary providers of such lending, the general population associates larger, national banks as the primary source for such lending. That contact expressed that community banks should seek to improve their visibility within the area, and hoped that this would help to generate more small business lending. 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. Demographic data is from the 2000 census, while D&B business demographic data are from 2011. Aggregate HMDA data are from calendar years 2010 and 2011. Aggregate data used as a proxy for the bank's HMDA lending include all activity reported by lenders subject to reporting HMDA data that originated and/or purchased such loans within the bank's assessment area. The analysis of small business lending considers as a proxy for demand 2011 aggregate small business lending data that includes all lenders subject to reporting small business data. The bank is not subject to CRA reporting requirements; therefore, the bank's small business lending activity is not included in the aggregate data.

While HMDA loan data from calendar years 2010 and 2011 was fully analyzed and considered in the evaluation, only bank HMDA loan data from 2011 is presented in the following distribution tables. In instances where HMDA loan performance during 2010 varies significantly from performance in 2011, such variance and the corresponding impact on the overall performance are discussed.

When evaluating both the geographic and the borrower distribution of loans, primary consideration is given to the number (and corresponding percentage) of loans when assessing performance for individual loan types. When considering multiple loan products to arrive at an overall conclusion, the level of performance for each product is weighted primarily by the dollar volume that the product contributes to the overall activity considered in the evaluation. Since there are two calendar years of HMDA and only one year of small business lending, the respective dollar volumes of those loan categories originated in 2011 were considered ($40.8 million HMDA and $13.1 million small business). Given those dollar volumes, HMDA lending receives significantly greater weight when reaching overall distribution performances. All conclusions also take into consideration relevant performance context factors.

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 assessment area, and lending distribution based on both borrower income and geography.

The review of the bank's community development performance is also rated Satisfactory. 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

CB's loan-to-deposit ratio as of December 31, 2012, equaled 84% and averaged 88.5% for the 17-quarter period ending December 31, 2012. The quarterly average loan-to-deposit ratios for all banks headquartered in metropolitan areas of Maryland and of similar asset size to CB ranged from 83% to 90.8% for the same time period. Since September 30, 2008, bank assets, loans, and deposits have increased significantly by 132.1%, 114.4%, and 154.4%, respectively. The bank's level of lending activity as measured by its loan-to-deposit ratio is considered more than reasonable given its size, financial condition, and assessment area 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	100.0	2,007	100.0	0	0.0	0	0.0
Home Purchase	42	72.4	19,590	79.0	16	27.6	5,206	21.0
Multi-Family Housing	2	66.7	1,475	92.2	1	33.3	125	7.8
Refinancing	139	81.8	56,302	85.2	31	18.2	9,804	14.8
Total HMDA related	**189**	**79.7**	**79,374**	**84.0**	**48**	**20.3**	**15,135**	**16.0**
Small Business	49	90.7	13,145	91.1	5	9.3	1,287	8.9
TOTAL LOANS	**238**	**81.8**	**92,519**	**84.9**	**53**	**18.2**	**16,422**	**15.1**

As illustrated in the preceding table, overall, a substantial majority of the number (81.8%) and dollar amount (84.9%) of loans during the review period were extended to residents and businesses in the bank's assessment area. Overall, the institution's level of lending within its assessment areas 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. CB's overall borrower distribution performance is considered poor and reflects a greater weight assigned to the bank's HMDA lending due to the larger dollar volume of such lending.

Distribution of HMDA Loans by Income Level of Borrower

Washington-Arlington-Alexandria, DC-VA-MD-WV MSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	% $	#	%	$(000s)	% $
	HMDA Totals							
Low	4	4.3	1,422	3.6	9,148	6.4	1,522,081	3.0
Moderate	4	4.3	1,026	2.6	20,866	14.7	4,954,089	9.6
Middle	20	21.3	7,539	19.3	35,245	24.8	10,861,363	21.1
Upper	66	70.1	29,158	74.5	76,901	54.1	34,227,296	66.3
Total	***94***	***100.0***	***39,145***	***100.0***	***142,160***	***100.0***	***51,564,829***	***100.0***
Unknown	*3*		*1,655*		*25,460*		*11,311,483*	

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

Within the assessment area, 19.5% of families are considered low-income, while 15.8% of families are moderate-income. When considering its performance, bank lending to low-income borrowers (4.3%) was less than both the percentage of low-income families and the aggregate level of lending to such borrowers (6.4%). Bank lending to moderate-income borrowers (4.3%) was also less than both the percentage of such area families and the aggregate level of lending (14.7%). The 2011 level of lending is considered poor, and 2010 lending was substantially similar.

Distribution of Lending by Loan Amount and Size of Business

Washington-Arlington-Alexandria, DC-VA-MD-WV MSA (2011)								
	Bank				Aggregate*			
by Revenue	#	%	$(000s)	% $	#	%	$(000s)	% $
$1 Million or Less	19	38.8	4,281	32.6	24,600	43.4	740,871	33.3
Over $1 Million	30	61.2	8,864	67.4	NA	NA	NA	NA
Unknown	*0*	*0.0*	*0*	*0.0*	NA	NA	NA	NA
by Loan Size								
$100,000 or less	21	42.9	1,047	8.0	52,768	93.0	694,525	31.2
$100,001-$250,000	10	20.4	1,713	13.0	1,750	3.1	317,462	14.3
$250,001-$1 Million	18	36.7	10,386	79.0	2,204	3.9	1,212,851	54.5
Total	***49***	***100.0***	***13,145***	***100.0***	***56,722***	***100.0***	***2,224,838***	***100.0***

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

D&B data indicate that 89.2% of all local businesses have revenues that do not exceed $1 million per year. According to 2011 aggregate small business data, 43.4% 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. Additionally, after adjusting the 2011 aggregate data to exclude large credit card lenders, 48.2% 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 38.8% of its small business loans to businesses with annual revenues of $1 million or less is considered reasonable.

Overall, borrower distribution performance is poor, largely because of its HMDA lending performance.

Geographic Distribution of Loans

Within the assessment area, the bank's HMDA lending performance is considered reasonable, while the bank's small business lending performance is considered poor. CB's overall geographic distribution performance is considered reasonable and reflects a greater weight assigned to the bank's HMDA lending due to the larger dollar volume of such lending.

Distribution of HMDA Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, DC-VA-MD-WV MSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	% $	#	%	$(000s)	% $
	(21)			Home Purchase		(48,754)		
Low	0	0.0	0	0.0	2,121	4.4	672,009	3.6
Moderate	3	14.3	1,124	12.9	8,269	17.0	2,502,165	13.4
Middle	6	28.6	2,432	28.0	16,170	33.2	5,016,834	26.8
Upper	12	57.1	5,135	59.1	22,172	45.4	10,518,683	56.2
	(70)			Refinance		(114,941)		
Low	2	2.9	684	2.3	2,702	2.4	847,518	2.1
Moderate	9	12.9	3,493	12.0	12,326	10.7	3,591,123	8.8
Middle	21	30.0	7,691	26.4	32,064	27.9	9,273,277	22.6
Upper	38	54.2	17,294	0.0	67,835	59.0	27,295,756	66.5
	(5)			Home Improvement		(3,694)		
Low	0	0.0	0	0.0	118	3.2	13,834	2.0
Moderate	1	20.0	175	8.9	590	16.0	83,766	11.9
Middle	0	0.0	0	0.0	1,084	29.3	166,068	23.6
Upper	4	80.0	1,797	91.1	1,902	51.5	440,660	62.5
	(1)			Multi-Family		(231)		
Low	0	0.0	0	0.0	49	21.2	233,117	9.5
Moderate	0	0.0	0	0.0	94	40.7	849,220	34.7
Middle	0	0.0	0	0.0	45	19.5	599,357	24.5
Upper	1	100.0	975	100.0	43	18.6	762,179	31.3
				HMDA Totals				
Low	2	2.1	684	1.7	4,990	3.0	1,766,478	2.8
Moderate	13	13.4	4,792	11.7	21,279	12.7	7,026,274	11.2
Middle	27	27.8	10,123	24.8	49,363	29.4	15,055,536	23.9
Upper	55	56.7	25,201	61.8	91,952	54.9	39,017,278	62.1
*NA**	0	0.0	0	0.0	36	0.0	10,746	0.0
Total	***97***	***100.0***	***40,800***	***100.0***	***167,620***	***100.0***	***62,876,312***	***100.0***

NA-Tracts without household or family income as applicable*

Within the assessment area, refinance and home purchase transactions were extended most frequently by the bank and aggregate lenders. When considering aggregate lending levels, the geographic distribution of the bank's refinance, home purchase, and home improvement lending are all considered reasonable. On a combined basis, CB originated 2.1% and 13.4% of its loans in low- and moderate-income tracts, respectively. This level of lending was slightly less than the proportion of owner-occupied housing units located in low- and moderate-income areas (2.6% and 14.1%, respectively). CB's lending in low-income tracts is comparable to the aggregate lending in such areas (3%); however, CB's level of lending in moderate-income tracts slightly exceeded that of the aggregate (12.7%). The bank's 2011 lending in low- and moderate-income census tracts overall is considered reasonable.

During 2010, the bank extended 92 loans totaling $38.6 million. Of these loans 3.3% and 16.3% were extended in low- and moderate-income census tracts, respectively. This level of lending exceeded the proportion of owner-occupied housing units located in such areas, as well as the 2010 aggregate lending levels (3% and 12.6%, respectively). This level of lending is considered excellent.

Overall, CB's HMDA lending performance is considered reasonable as slightly greater weight is placed on 2011 lending due to the slightly larger dollar volume of loans originated that year.

Distribution of Small Business Loans by Income Level of Census Tract

Washington-Arlington-Alexandria, DC-VA-MD-WV MSA (2011)								
Income Categories	Bank				Aggregate			
	#	%	$(000s)	% $	#	%	$(000s)	% $
Low	3	6.1	1,825	13.9	2,102	3.7	94,900	4.3
Moderate	1	2.0	550	4.2	7,631	13.6	292,045	13.4
Middle	22	44.9	5,036	38.3	16,577	29.5	644,148	29.5
Upper	21	42.9	5,090	38.7	29,183	51.9	1,151,367	52.8
*NA**	*2*	*0.0*	*644*	*4.9*	*768*	*1.4*	37,942	*1.7*
Total	***49***	***95.9***	***13,145***	***100.0***	***56,261***	***100.1***	***2,182,460***	***101.7***

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

The bank's level of small business lending in low-income census tracts (6.1%) was slightly above the percentage of area businesses located in such areas (5.4%) and the aggregate lending level in low-income census tracts (3.7%). However, performance in moderate-income census tracts (2%) significantly lagged the aggregate performance (13.6%) and the percentage of area businesses located in moderate-income census tracts (16.2%). Overall, this level of lending is considered poor.

Because of the greater weight accorded to the bank's HMDA lending, overall geographic lending performance is considered reasonable.

Community Development Loans, Investments, and Services

Information from an individual knowledgeable of local economic conditions, as well as a review of CRA performance evaluations of financial institutions operating within the metropolitan assessment area, indicate that community development opportunities are reasonably available within the market. The bank supports community development initiatives and organizations that benefit the assessment area by making qualified loans, investments and donations and providing financial expertise and other support to local organizations providing community development services. Given its current loan-to-deposit ratio (84%), the bank's capacity for additional lending, including community development lending, does not appear to be constrained. Additionally, the bank does not face any barriers to providing community development services or making qualified investments.

During the evaluation period, the bank originated one community development loan totaling $1.3 million. The purpose of the loan was for affordable housing, specifically, the purchase of three HUD Section 8 multi-family duplexes. Additionally, the bank purchased a $2.3 million Ginnie Mae bond. The loans backing the bond are low-interest mortgage loans primarily to low- and moderate-income homebuyers in the broader Washington, DC metropolitan area. CB also participates in the MD and DC IOLTA account programs, in which interest earned on attorney business accounts is contributed back to the state organization to assist with court costs for low- and moderate-income individuals that can't afford legal services.

The presence of branches located in low- and moderate-income geographies can demonstrate the availability of banking services to low- and moderate-income individuals. CB operates four branch offices within its market area, of which one (25%) is located in a moderate-income area. The bank's distribution of branches is reasonable when considering that 25.6% of area families reside in low- or moderate-income tracts. The bank also provides account access to its customers through automated-teller-machines and bank-by-computer. Overall, the bank's delivery systems are accessible to all portions of its assessment area.

Overall, the bank's performance demonstrates an adequate level of responsiveness to community development needs through its lending, investments and support of area organizations that facilitate community development given the bank's market presence.

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.