



PUBLIC DISCLOSURE

March 18, 2019

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CECIL BANK

ELKTON, MARYLAND

**Federal Reserve Bank of Richmond
Richmond, Virginia**

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.

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Cecil Bank

813572

127 North Street

Elkton, MD 21921

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

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INSTITUTION RATING

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is reasonable given the institution's size, financial condition, and credit needs of the assessment areas.
- A majority of the institution's small business loans were originated within the bank's assessment areas.
- The bank's lending to businesses of different revenue sizes is considered excellent overall.
- The bank's lending in census tracts having different income designations (geographic distribution performance) is considered poor overall.
- The institution has not received any complaints regarding its Community Reinvestment Act (CRA) performance since the previous CRA evaluation.

SCOPE OF EXAMINATION

Cecil Bank (CB) was evaluated using the interagency examination procedures for small banks developed by the Federal Financial Institutions Examination Council (FFIEC). CB was required to report certain information regarding its home mortgage lending in accordance with the Home Mortgage Disclosures Act (HMDA) for 2015 and 2016; however, the bank was not required to report its home mortgage lending in 2017 and 2018 due to the limited number of loans originated. Accordingly, this data was not utilized as part of this evaluation. CB's small business lending was identified as the bank's primary product line and was considered in the evaluation. The analysis included all small business loans originated by the institution from January 1, 2015, through December 31, 2018.

Based on the FFIEC's evaluation procedures, an overall rating is assigned to the institution based on its performance within assessment areas evaluated using full-scope review procedures. At this evaluation, the bank's Cecil, MD assessment area was the only area subject to full-scope review; therefore, conclusions for this assessment area determined the bank's overall level of performance. Given the bank's limited presence in the Harford, MD assessment area, it was evaluated utilizing the FFIEC's limited review procedures. **APPENDIX B** includes information about the bank's lending, branches, and deposit volume by assessment area.

DESCRIPTION OF INSTITUTION

CB is headquartered in Elkton, Maryland, and operates eight full-service branch offices in the northeastern corner of Maryland. The bank is owned by Cecil Bancorp, Inc., a single-bank holding company. During the review period, the bank closed two full-service branches in Cecil County, Maryland, which did not affect the delineation of the bank's Cecil, MD assessment area.

For this review period, CB faced legal constraints that may have hindered it from serving the credit needs of its customers. On June 29, 2010, the bank entered into a public Written Agreement with the Federal Reserve Bank of Richmond. As a result of the agreement, the bank had some constraints on its ability to extend credit. As of December 31, 2018, the bank reported total assets of \$195.4 million, of which 45.5% were net loans. As of the same date, deposits totaled \$149.9 million. The composition of the loan portfolio using gross loans, as of December 31, 2018, is represented in the following table:

Composition of Loan Portfolio

Loan Type	12/31/2018	
	\$(000s)	%
Secured by 1-4 Family dwellings	27,550	30.6
Multifamily	2,383	2.6
Construction and Development	2,412	2.7
Commercial & Industrial/ NonFarm NonResidential	56,858	63.1
Consumer Loans and Credit Cards	297	0.3
Agricultural Loans/ Farmland	679	0.8
All Other	0	0.0
Total	90,179	100.0

As reflected in the preceding table, a significant portion of the bank’s lending resources is directed to commercial and industrial loans and residential real estate loans. Since the previous evaluation, the bank ceased offering consumer mortgages, and as indicated in the table above, consumer and farm loan products comprised a nominal amount.

Based on branch locations and lending patterns, CB delineated two contiguous assessment areas located in northeastern Maryland. Both of the assessment areas are located in a metropolitan statistical area (MSA). The composition of each assessment area is detailed below.

Assessment Area Name	County	Census Tracts Included
Cecil, MD	Cecil	All
Harford, MD	Harford	3021.00-3031.00, 3037.00, 3052.00-3064.00

The bank received a Satisfactory rating at its previous CRA evaluation conducted by this Reserve Bank on September 16, 2013.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

To evaluate the bank’s performance, small business lending activity was analyzed. Relevant Dun & Bradstreet (D&B) business demographic data from 2015, 2016, and 2017 is used as a proxy for demand when evaluating the bank’s small business performance. D&B data for 2018 is not yet available, and as such, the bank’s 2018 performance was considered relative to 2017 data. Additionally, area demographic and market aggregate data are used as proxies for demand. American Community Survey (ACS) data is collected and published by the U.S. Census Bureau on an annual basis, however, the demographic data included in this performance evaluation is based on ACS data that is updated once every five years.

While small business data from calendar years 2015 through 2018 were fully analyzed and considered, bank and applicable aggregate data from 2015 through 2017 is reflected in the assessment area analysis tables. The 2018 small business aggregate lending data is not yet publicly available. Aggregate small business lending data includes all lenders subject to reporting small business data. Because CB is not subject to data collection and reporting for the CRA, its small business lending activity is not included in the small business loan aggregate data; however, the data nonetheless serves as a meaningful proxy for demand.

When evaluating the borrower and geographic distribution of loans, primary emphasis is placed on the number (and corresponding percentage) of loans originated or purchased. To arrive at an overall conclusion, the level of performance for each year is weighted by dollar volume of loans originated during that year. During 2018, the bank originated 20 small business loans, which accounts for 55.6% of all small business loans considered in this evaluation. As such, 2018 performance is weighted more than each of the other years’ performances.

Overall, the bank's lending test performance is rated Satisfactory. This rating considers the bank's loan-to-deposit ratio, level of lending in its assessment areas, borrower distribution performance, and geographic distribution performance. The components are discussed in the following sections and all conclusions also take into consideration relevant performance context factors.

Loan-To-Deposit Ratio

The bank's loan-to-deposit ratio equaled 59.5% as of December 31, 2018, and averaged 64.6% for the 22-quarter period ending December 31, 2018. By comparison, the quarterly average loan-to-deposit ratios for four peer banks similar in asset size and operating in CB's assessment areas ranged from 81% to 95.7% for the same 22-quarter period. Since June 30, 2013, the bank's assets, net loans, and deposits have decreased by 54.4%, 67.7%, and 55.3%, respectively. When considering relevant performance context factors such as the institution's size, local credit needs, and most notably, financial condition during the evaluation period, the bank's loan-to-deposit ratio is considered reasonable.

Lending in Assessment Areas

To determine the institution's volume of lending within its assessment areas, the geographic location of the bank's small business loans was considered. The lending distribution inside and outside of the bank's combined assessment areas is represented in the following table.

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

Loan Type	Inside				Outside			
	#	%	\$(000)	%	#	%	\$(000)	%
Small Business	38	65.5	6,781	66.2	20	34.5	3,458	33.8
TOTAL LOANS	38	65.5	6,781	66.2	20	34.5	3,458	33.8

As reflected in the preceding table, a majority of the total number (65.5%) and dollar amount (66.2%) of small business loans were originated within the bank's combined assessment areas during the review period. As previously discussed, four calendar years of small business loan data were considered in the evaluation.

DESCRIPTION OF INSTITUTION'S OPERATIONS IN CECIL, MD ASSESSMENT AREA

CB's Cecil, MD assessment area includes all of Cecil County, Maryland, which is part of the Wilmington, DE-MD-NJ MSA. The bank operates seven branches and the main office within the assessment area, and as of June 30, 2018, ranked third out of seven institutions in local deposit market share according to data compiled by the Federal Deposit Insurance Corporation. The bank held 13.2% of deposits within the assessment area (excluding credit union deposits).

According to 2010 ACS data, the assessment area contains a total of 19 census tracts composed of zero low-income, three moderate-income, 15 middle-income, and one upper-income tracts. The assessment area has a population of 101,108 and a median housing value of \$261,150. The owner-occupancy rate for the assessment area is 66.7%, and is slightly higher than the rates for Maryland and the entire Wilmington, DE-MD-NJ MSA, at 62.2% and 66.1%, respectively. The percentage of families living below the poverty level in the assessment area (6.3%) is higher than the percentage of such families in the State (5.7%), but lower than in the entire MSA (6.6%). The 2015 and 2016 HUD estimated median family incomes within the Wilmington, DE-MD-NJ MSA equaled \$80,500 and 80,000, respectively. The following table includes pertinent demographic data for the assessment area based on the 2010 ACS data and 2016 D&B data.

Assessment Area Demographics

Cecil, MD (Based on 2010 ACS Data and 2016 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	5,090	19.3
Moderate	3	15.8	3,366	12.7	218	6.5	4,842	18.3
Middle	15	78.9	21,059	79.7	1,439	6.8	6,403	24.2
Upper	1	5.3	1,985	7.6	17	0.9	10,075	38.2
NA	0	0.0	0	0.0	0	0.0		
Total	19	100.0	26,410	100.0	1,674	6.3	26,410	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	8,089	22.4
Moderate	2,842	10.5	5,491	15.2	642	11.7	5,319	14.7
Middle	21,959	81.2	28,205	78.0	2,453	8.7	7,397	20.4
Upper	2,245	8.3	2,486	6.8	121	4.9	15,377	42.5
NA	0	0.0	0	0.0	0	0.0		
Total	27,046	100.0	36,182	100.0	3,216	8.9	36,182	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	0	0.0	0	0.0	0	0.0	0	0.0
Moderate	819	22.5	733	21.6	77	37.0	9	22.5
Middle	2,579	70.7	2,432	71.5	118	56.7	29	72.5
Upper	250	6.8	235	6.9	13	6.3	2	5.0
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	3,648	100.0	3,400	100.0	208	100.0	40	100.0
	Percentage of Total Businesses:			93.2		5.7		1.1

*NA-Tracts without household or family income as applicable

According to 2015 ACS data, the assessment area has a total of 19 census tracts composed of one low-income, one moderate-income, 14 middle-income, and 3 upper-income tracts. The assessment area has a population of 101,960 and a median housing value of \$242,913. The owner-occupancy rate for the assessment area is 64.3%, and is slightly higher than the rates for Maryland and the entire Wilmington, DE-MD-NJ MSA at 60.1% and 63.8%, respectively. The percentage of families living below the poverty level in the assessment area (6.8%) is slightly lower than the percentage of such families in both the State (7%) and the larger MSA (7.5%). The 2017 and 2018 HUD estimated median family incomes within the Wilmington, DE-MD-NJ MSA equaled \$81,400 and \$87,900, respectively. The following table includes pertinent demographic data for the assessment area based on the 2015 ACS data and 2017 D&B data

Assessment Area Demographics

Cecil, MD (Based on 2015 ACS Data and 2017 D&B Information)								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	5.3	1,108	4.2	318	28.7	5,507	20.9
Moderate	1	5.3	999	3.8	51	5.1	4,773	18.1
Middle	14	73.7	19,831	75.3	1,291	6.5	5,910	22.4
Upper	3	15.7	4,389	16.7	124	2.8	10,137	38.6
NA	0	0.0	0	0.0	0	0.0		
Total	19	100.0	26,327	100.0	1,784	6.8	26,327	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	615	2.3	1,747	4.8	552	31.6	8,512	23.2
Moderate	883	3.3	1,345	3.7	108	8.0	5,674	15.4
Middle	20,450	75.7	28,158	76.7	2,324	8.3	7,228	19.7
Upper	5,071	18.7	5,478	14.8	187	3.4	15,314	41.7
NA	0	0.0	0	0.0	0	0.0		
Total	27,019	100.0	36,728	100.0	3,171	8.6	36,728	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	304	9.6	266	9.1	34	16.6	4	10.3
Moderate	133	4.2	119	4.1	12	5.9	2	5.1
Middle	2,256	70.9	2,096	71.3	132	64.4	28	71.8
Upper	489	15.3	457	15.5	27	13.1	5	12.8
NA	0	0.0	0	0.0	0	0.0	0	0.0
Total	3,182	100.0	2,938	100.0	205	100.0	39	100.0
Percentage of Total Businesses:				92.3		6.4		1.3

*NA-Tracts without household or family income as applicable

The local economy is driven primarily by a variety of manufacturing, retail trade, health services, and leisure and hospitality industries. Major employers in the area include WL Gore and Associates, Inc., Elkton Operations, Walmart, Burriss Logistics, Ikea, Terumo Medical Corp, and Upper Chesapeake Hospital. Local government and area school systems also provide employment opportunities. Recent and historical unemployment rates since the previous evaluation are included in the following table.

Geographic Area	Jan. 2019	Jan. 2018	Jan. 2017	Jan. 2016	Jan. 2015	Jan. 2014
Cecil County	4.5%	5.4%	5.7%	5.9%	7%	7.5%
Wilmington, DE-MD-NJ MSA	3.8%	4.7%	5%	5.1%	5.7%	6.7%
State of Maryland	4.3%	4.6%	4.8%	4.9%	5.9%	6.4%

As indicated in the table, unemployment rates within the assessment area have declined during the recent five-year period at a similar pace to the rates in both the Wilmington, DE-MD-NJ MSA and the State of Maryland. While declining, the unemployment rates in Cecil County, MD remain slightly higher than those of the larger MSA and state.

An economic development official was contacted during the evaluation to discuss local economic conditions and community credit needs. The contact noted that economic conditions are improving, and the private sector is expected to grow through local designated Opportunity Zones which are designed to deliver commercial and industrial growth. In recent years, the area has experienced significant growth in commercial space, which has contributed to over 3,000 jobs created in manufacturing, technology, logistics, and retail. The contact stated that community banks are reasonably meeting the banking needs of the local community but also mentioned that additional financing options for small businesses and financial education programs would be beneficial to the local businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

During 2018, the bank originated 20 small business loans which totaled approximately \$2.6 million within this assessment area. CB originated 16 small business loans in 2015, 2016, and 2017 combined with total dollar volumes of \$2.4 million, \$501,000, and \$590,000, respectively. Given the comparatively larger number volume of lending during 2018, this year is weighted more heavily when considering the bank’s performance.

Lending to Businesses of Different Sizes

CB’s borrower distribution performance is considered excellent in the Cecil, MD assessment area for each year of review; therefore, the bank’s overall borrower distribution performance is considered excellent. The following table displays the distribution of small business loans by loan amount, as well as the distribution of small business loans by gross annual revenue, along with aggregate performance data for each year of review.

Distribution of Lending by Loan Amount and Size of Business

Cecil, MD (2015-2018)								
Year	\$100,000 or less		\$100,001-\$250,000		\$250,001-\$1 Million		Total	
	#	%	#	%	#	%	#	%
2015	2	25.0	3	37.5	3	37.5	8	22.2
2016	1	50.0	0	0.0	1	50.0	2	5.6
2017	3	50.0	3	50.0	0	0.0	6	16.7
2018	13	65.0	5	25.0	2	10.0	20	55.6
	2015		2016		2017		2018	
\$1 Million or Less	5	62.5	2	100.0	6	100.0	16	80.0
Over \$1 Million	3	37.5	0	0.0	0	0.0	4	20.0
Small Business Aggregate ≤ \$1MM	50.3		48.1		54.0		N/A	

D&B data from 2017 indicates that 92.3% of all local businesses have revenues that do not exceed \$1 million per year. As displayed in the above table, the bank’s lending to businesses with revenues less than \$1 million substantially exceeded the aggregate level of lending for each year of review. While aggregate small business lending data is not yet available for 2018, the aggregate number volume (percentage) has been relatively consistent from 2015 to 2017, and it is reasonable to expect that 2018 aggregate performance is comparable. The bank’s 2018 level of lending to businesses with revenues less than \$1 million (80%) substantially exceeded the 2017 aggregate level of lending (54%). Additionally in 2018, out of the 20 small business loans originated by the bank, 13 (65%) were for loan amounts of \$100,000 or less.

Geographic Distribution of Loans

During 2015 and 2016, the assessment area did not include any low-income census tracts and included three moderate-income census tracts. In 2017 and 2018, the demographics of the assessment area shifted to include one low-income census tract and one moderate-income census tract. CB’s small business geographic distribution performance varied from reasonable to very poor during the four-year review period, with 2018 performance considered poor. As mentioned previously, the performance in 2018 is given greater weight due to the increase and larger volume of lending for that year. Therefore, overall geographic distribution performance is considered poor.

Distribution of Small Business Loans by Income Level of Census Tract

Cecil, MD (2015-2018)													
Year	Geography Income Level												Total #
	Low-			Moderate -			Middle -			Upper -			
	#	%	Aggregate	#	%	Aggregate	#	%	Aggregate	#	%	Aggregate	
2015	N/A	N/A	N/A	2	25.0	24.2	3	37.5	68.9	3	37.5	6.9	8
2016	N/A	N/A	N/A	0	0.0	22.3	0	0.0	69.8	2	100.0	7.9	2
2017	0	0.0	7.9	0	0.0	4.4	6	100.0	73.2	0	0.0	14.5	6
2018	1	5.0	N/A	0	0.0	N/A	17	85.0	N/A	2	10.0	N/A	20

During 2016, the assessment area D&B data indicates 22.5% of total businesses were located in moderate-income census tracts. During 2015, the bank originated eight total small business loans within the assessment area. Out of the eight loans, two (25%) were originated in moderate-income census tracts, which is similar to the aggregate level of lending in moderate-income census tracts (24.2%). The bank’s performance in 2015 is considered reasonable.

According to 2017 D&B data, 9.6% of all businesses are located in the low-income census tract, and 4.2% of area businesses are located in the moderate-income census tract. As detailed in the chart above, CB’s lack of lending in both low-income and moderate-income census tracts during 2016 and 2017 (0%) is much lower than the respective D&B figure during both years, as well as the aggregate lending in such tracts. Accordingly, the bank’s performance for 2016 and 2017 is considered very poor.

During 2018, of the 20 small business loans the bank originated in the assessment area, one (5%) was located in the low-income census tract, which is slightly less than both the D&B figure and 2017 aggregate lending performance (7.9%). The bank did not originate any small business loans in the moderate-income census tract, which is also lower than the D&B figure as well as aggregate lending in this tract during 2017 (4.4%). The bank’s performance in 2018 is considered poor.

ASSESSMENT AREA DELINEATIONS

A review of the bank’s assessment areas found that its delineations complied with the requirements of Regulation BB. Assessment area delineations included all of the bank’s branches and deposit taking automated teller machines. While both of the bank’s assessment area delineations include less than the entire MSA or county, the delineated areas did not reflect illegal discrimination (e.g. through the exclusion of majority-minority census tracts), and did not arbitrarily exclude low- or moderate-income census tracts.

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.

METROPOLITAN AREAS

(For each metropolitan area where no assessment areas were reviewed using full-scope review)

DESCRIPTION OF INSTITUTION'S OPERATIONS IN METROPOLITAN AREAS

The assessment area noted in the table below was reviewed using the limited review examination procedures. Information detailing the composition of the assessment area, including selected demographic data, is included in **APPENDIX A** of this report.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Facts and data reviewed for the assessment area, including performance and demographic information, can be found in **APPENDIX A** of this evaluation. A conclusion regarding the lending test, which did not impact the institution's overall rating, is included in the following table. The conclusion conveys whether performance the assessment area was generally below, consistent with, or exceeded the institution's overall rating.

Assessment Area	Lending Test
Harford, MD	Below

**CRA APPENDIX A
LIMITED REVIEW TABLES**

Harford, MD Assessment Area

This assessment area includes a portion of Harford County, Maryland, which is part of the larger Baltimore-Columbia-Towson, MD MSA. CB operates one branch in the northernmost part of Harford County accounting for approximately 11.9% of its total deposit volume. In 2015 and 2016, the assessment area included one low-income census tract and five moderate-income census tracts, and in 2017 and 2018 there was one low-income and four moderate-income census tracts.

Performance Test Data for Harford, MD

The bank did not originate any small business loans in the assessment area during 2015, 2017, or 2018. Accordingly, the bank’s borrower distribution performance and geographic distribution performance are considered very poor for each of these years.

Distribution of Lending by Loan Amount and Size of Business

Harford, MD (2015-2018)								
Year	\$100,000 or less		\$100,001-\$250,000		\$250,001-\$1 Million		Total	
	#	%	#	%	#	%	#	%
2015	0	0.0	0	0.0	0	0.0	0	0.0
2016	0	0.0	1	50.0	1	50.0	2	100.0
2017	0	0.0	0	0.0	0	0.0	0	0.0
2018	0	0.0	0	0.0	0	0.0	0	0.0
	2015		2016		2017		2018	
\$1 Million or Less	0	0.0	2	100.0	0	0.0	0	0.0
Over \$1 Million	0	0.0	0	0.0	0	0.0	0	0.0
Small Business Aggregate ≤ \$1MM	56.0		49.7		52.2		N/A	

Distribution of Small Business Loans by Income Level of Census Tract

Harford, MD (2015-2018)													
Year	Geography Income Level												Total #
	Low-			Moderate -			Middle -			Upper -			
	#	%	Aggregate	#	%	Aggregate	#	%	Aggregate	#	%	Aggregate	
2015	0	0	4.0	0	0.0	37.0	0	0.0	30.7	0	0.0	28.3	0
2016	0	0	3.9	2	100.0	39.1	0	0.0	28.6	0	0.0	28.4	2
2017	0	0.0	3.1	0	0.0	18.9	0	0.0	61.2	0	0.0	16.8	0
2018	0	0.0	N/A	0	0.0	N/A	0	0.0	N/A	0	0.0	N/A	0

During 2016, the bank originated two small business loans in the assessment area, and both loans (100%) were originated to businesses with annual revenues less than \$1 million. The bank’s borrower distribution performance in 2016 substantially exceeded the aggregate level of lending to such businesses (49.7%). The two loans originated during 2016 were both located in moderate-income census tracts (100%); accordingly, the bank’s performance substantially exceeded aggregate performance in moderate-income census tracts (39.1%). The bank did not originate any small business loans in low-income census tracts, which is below the aggregate lending performance level (3.9%). The bank’s overall 2016 lending performance is considered reasonable.

With more weight afforded to the bank's 2018 performance based on institution-level number volume, the overall lending performance in this assessment area is considered poor.

CRA APPENDIX B

LOAN, BRANCH, AND DEPOSIT VOLUME BY ASSESSMENT AREA

The following table includes the bank's loan, branch, and deposit account volume by assessment area. The loan volume includes all small business loans considered in the evaluation, while the deposit data is current as of June 30, 2018.

Assessment area	Loan Volume				Branches		Deposit Volume	
	#	%	\$(000s)	%	#	%	\$(000s)	%
Cecil, MD	36	94.7%	\$6,104	90%	6	85.7%	\$124,524	88.1%
Harford, MD	2	5.3%	\$678	10%	1	14.3%	\$16,849	11.9%
Total	38	100%	\$6,782	100%	7	100%	\$141,373	100%

CRA APPENDIX C

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 Test (and if applicable, consideration of investments and services) 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 Test (and if applicable, consideration of investments and services) 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.