

PUBLIC DISCLOSURE

April 23, 2012

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Baltimore County Savings Bank

430278

4111 E. Joppa Road

Baltimore, Maryland 21236

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

Institution's CRA Rating	1
Scope of Examination	1
Description of Institution	1
Description of Baltimore-Towson MSA.....	2
Conclusions with Respect to Performance Tests	4
Glossary	11

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 bank capacity and demand for credit in the local 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.
- Overall, the bank's lending to borrowers of different income levels and businesses with revenues of \$1 million or less and its geographic lending distribution are considered reasonable.
- The bank's lending, service, and investment activities demonstrate excellent responsiveness to community development needs.
- The bank has not received any complaints regarding its CRA performance since its most recent CRA evaluation.

SCOPE OF EXAMINATION

The institution was evaluated using the interagency examination procedures developed by the Federal Financial Institutions Examination Council (FFIEC). Based on the number of new loans originated recently by the institution, residential mortgage and small business loans were identified as primary credit products and considered in the evaluation. Accordingly, all HMDA and small business loans originated from January 1, 2010 through December 31, 2011, were considered in the evaluation. The community development test considers all qualified community development loan, investment, and service activity since the previous evaluation dated April 5, 2010. Additionally, all qualified investments outstanding as of the examination date were considered regardless of when made.

DESCRIPTION OF INSTITUTION

Baltimore County Savings Bank (BCSB) is headquartered in Baltimore County, Maryland, and operates 17 branch offices in the City of Baltimore and the counties of Baltimore, Harford and Howard. The bank is a subsidiary of BCSB Bancorp Inc., a single bank holding company also headquartered in Baltimore County, Maryland. BCSB Bancorp, Inc. converted its charter from a federally-chartered stock savings bank to a Maryland-chartered commercial bank on September 30, 2011. BCSB became a member of the Federal Reserve System upon its conversion to a state-chartered commercial bank. The bank has two active subsidiaries, BCSB Insurance Services and Lyons Associates, LLC. Since its previous CRA evaluation (conducted by the Office of Thrift Supervision), the bank has closed one branch office in a middle-income census tract in Baltimore County.

As of December 31, 2011, the bank held total assets of \$639.1 million, of which 55.6% were net loans and 26.9% were securities. As of December 31, 2011, deposits totaled \$563 million. 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, 2011, is depicted in the following table:

Composition of Loan Portfolio

Loan Type	12/31/2011	
	\$(000s)	%
Secured by 1-4 Family dwellings	165,456	46.0
Multifamily	10,691	3.0
Construction and Development	34,170	9.5
Commercial & Industrial/ NonFarm NonResidential	143,975	40.1
Consumer Loans and Credit Cards	3,449	1.0
Agricultural Loans/ Farmland	1,396	0.4
All Other	185	0.1
Total	359,322	100.0

As reflected in the preceding table, the largest loan types 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 of lending 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. The bank does not face any legal impediments that would serve to constrain its ability to meet the credit needs of its assessment area. BCSB received a Satisfactory rating at its previous CRA evaluation dated April 5, 2010.

DESCRIPTION OF BALTIMORE-TOWSON, MARYLAND MSA

BCSB operates in one assessment area that includes all of Baltimore, Harford, and Howard Counties, and the City of Baltimore, Maryland. These areas comprise a significant part of the Baltimore-Towson, MD MSA. According to recent (June 30, 2011) data from the FDIC, BCSB ranked 12th out of 63 institutions in local deposit market share with 1.2% of area deposits.

The assessment area has a population of approximately 1.9 million and based upon the 2000 census a median housing value of \$117,600. The owner-occupancy rate for the assessment area is 58.3%, which is lower than the owner-occupancy rates for the MSA (62.2 %) and the State of Maryland (62.5%). The area's family poverty rate, 8.6%, is higher than that of the State of Maryland (6.1%) and the MSA (7.2%). The 2010 and 2011 median family incomes for the MSA equal \$82,200 and \$84,500, respectively. The following table provides pertinent demographic data for the assessment area, based upon both 2000 census data and, in the case of businesses, 2010 Dun & Bradstreet (D&B) data.

Assessment Area Demographics

Baltimore-Towson, MD MSA								
Income Categories*	Tract Distribution		Families by Tract		Families < Poverty as a % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	79	16.1	51,819	10.9	17,114	33.0	110,953	23.3
Moderate	128	26.1	114,774	24.2	14,195	12.4	87,536	18.4
Middle	178	36.3	178,919	37.7	7,135	4.0	103,232	21.7
Upper	101	20.6	129,678	27.3	2,338	1.8	173,469	36.5
NA	4	0.8	0	0.0	0	0.0		
Total	490	100.0	475,190	100.0	40,782	8.6	475,190	100.0
	Owner Occupied Units by Tract		Households					
			HHs by Tract		HHs < Poverty by Tract		HHs by HH Income	
	#	%	#	%	#	%	#	%
Low	29,684	6.4	83,774	11.5	29,503	35.2	192,979	26.5
Moderate	99,564	21.6	187,987	25.8	28,379	15.1	126,891	17.4
Middle	189,331	41.1	280,787	38.6	18,650	6.6	138,848	19.1
Upper	142,407	30.9	175,084	24.1	6,440	3.7	268,940	37.0
NA	0	0.0	26	0.0	0	0.0		
Total	460,986	100.0	727,658	100.00	82,972	11.4	727,658	100.0
	Total Businesses by Tract		Businesses by Tract and Revenue Size					
			Less than or = \$1 Million		Over \$1 Million		Revenue not Reported	
	#	%	#	%	#	%	#	%
Low	5,984	7.0	5,239	7.0	404	6.8	341	7.7
Moderate	16,990	19.8	14,674	19.5	1,291	21.7	1,025	23.0
Middle	34,271	40.0	29,713	39.5	2,596	43.7	1,962	44.1
Upper	28,420	33.2	25,662	34.1	1,640	27.6	1,118	25.1
NA	39	0.0	22	0.0	9	0.2	8	0.2
Total	85,704	100.0	75,310	100.0	5,940	100.0	4,454	100.0
Percentage of Total Businesses:				87.9		6.9		5.2

*NA-Tracts without household or family income as applicable

Based on 2010 D&B information according to 2000 Census Boundaries.

The bank's market area is a diverse region that includes both urban and suburban areas. The major employment sectors in the local area include healthcare and higher education. Major employers include Johns Hopkins University, Johns Hopkins Hospital and Health System, University System of Maryland and University of Maryland Medical System. Quarterly unemployment rates since the previous CRA evaluation are presented by city or county, MSA, and state in the following table.

Unemployment Rate Trend								
Geographic Area	June 2010	Sept 2010	Dec 2010	March 2011	June 2011	Sept 2011	Dec 2011	March 2012
Baltimore City	12%	11.8%	11.1%	10.4%	11.3%	10.5%	9.4%	10%
Baltimore County	8.3%	8.3%	8%	7.6%	7.9%	7.5%	6.7%	7.1%
Harford County	7.9%	7.5%	7.3%	7.4%	7.5%	7%	6.2%	7%
Howard County	5.8%	5.6%	5.2%	5.1%	5.6%	5.2%	4.5%	4.9%
Baltimore-Towson MSA	8.3%	8.1%	7.7%	7.5%	7.9%	7.4%	6.6%	7.1%
State of Maryland	7.8%	7.6%	7.3%	7.1%	7.5%	7%	6.3%	6.7%

As indicated in the preceding table, unemployment rates have generally trended downward over the eight-quarter period from June 2010 to March 2012, with the exception of a slight increase between March 2011 and June 2011. Unemployment rates remain relatively high in most portions of the assessment area which may adversely affect a bank's ability to extend credit, as unemployed applicants and local businesses often have diminished repayment capacity. Overall employment opportunities in the assessment area are improving as indicated by decreasing unemployment rates from the excessive high levels in earlier years.

A local economic development official was recently contacted to discuss local economic conditions and area credit needs. The contact described the area's economic conditions as improving, and noted lower unemployment rates as a positive economic indicator. The official also observed that business expansion continues to progress at a slow pace, but that there have been recent inquiries from multiple companies regarding moving into the area, which would bring new jobs to the area. From the contact's perspective, there continue to be opportunities for banks to provide additional financing to area small businesses, particularly community banks which the contact identified as being willing to build relationships with businesses in the area. Overall, however, while additional opportunities exist, the contact expressed that financial institutions are adequately serving the 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. 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. Similarly, the aggregate data used as a proxy for the bank's small business lending includes all lenders subject to reporting small business data. BCSB is not subject to CRA reporting requirements; therefore, the bank's small business lending activity is not included within the aggregate information. Demographic data is from the 2000 census, while D&B business demographic data are from 2010. Aggregate small business and HMDA data are from calendar year 2010.

The distribution of small business lending for a group of lenders that excludes certain large reporters of credit card loans is considered as an element of performance context. 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.

While HMDA data from calendar years 2010 and 2011 were fully analyzed and considered in the evaluation, only bank and aggregate data from 2010 are presented in the analysis tables. Similarly, small business analysis tables include bank and aggregate data from 2010. Aggregate data from 2011 could not be considered in the evaluation because the data are not yet available. In instances where the 2011 HMDA or small business distribution performance varies significantly from the performance noted during 2010, such variance and the corresponding impact on the overall performance are discussed.

When evaluating the geographic and borrower distributions, primary consideration is given to the number (and corresponding percentage) of transactions when assessing lending performance for specific individual loan types. When combining multiple loan types to arrive at an overall conclusion, the level of performance of each product is weighted primarily by the dollar volume that the product contributes to the overall activity considered in the evaluation.

During 2010 and 2011, the bank originated \$33.7 million in HMDA loans and \$21.3 million in small business loans within the assessment area. Accordingly, the bank's HMDA performance is given more weight when determining the bank's overall performance level. Additionally, when determining the overall performance of a product, greater weight is given to the year with the greater dollar volume. Therefore, when evaluating both HMDA and small business performance, the greatest weight is given to the bank's performance in 2010 for each product as that year included the largest dollar volume of lending for each product.

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 area, borrower distribution performance, and geographic distribution performance.

The bank's performance under the community development test is rated Outstanding. The evaluation of the bank's community development activities is based on the number and amount of community development loans and qualified investments, the extent to which the bank provides community development services, and its 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

A bank's loan-to-deposit ratio is one measure of its lending relative to its capacity. BCSB's loan-to-deposit ratio as of December 31, 2011, equaled 63.1% and averaged 68.5% for the seven-quarter period ending December 31, 2011. The quarterly average loan-to-deposit ratios for all banks headquartered in metropolitan areas of Maryland and of similar asset size to BCSB ranged from 83% to 87.5% for the same seven-quarter period. Since March 31, 2010, the bank's assets and deposits have increased by 7.1% and 7%, respectively, whereas loans have decreased 10.8%. The bank's level of lending activity as measured by its loan-to-deposit ratio is considered reasonable given its size, financial condition, and assessment area credit needs.

Lending In Assessment Area

Loan data includes all reported originations of HMDA and small business lending from January 1, 2010, through December 31, 2011. 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 Purchase - Conventional	32	88.9	9,701	92.4	4	11.1	795	7.6
Home Improvement	24	96.0	2,205	99.8	1	4.0	5	0.2
Multi-Family Housing	3	100.0	936	100.0	0	0.0	0	0.0
Refinancing	90	93.8	20,884	93.7	6	6.3	1,395	6.3
Total HMDA related	149	93.1	33,726	93.9	11	6.9	2,195	6.1
Small Business	146	99.3	21,245	95.6	1	0.7	975	4.4
TOTAL LOANS	295	96.1	54,971	94.5	12	3.9	3,170	5.5

**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 indicated in the previous table, a substantial majority of the number and the dollar amount of the loans considered in the evaluation were provided to residents and businesses within the bank's assessment area.

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

BCSB's HMDA borrower distribution is considered reasonable while its small business distribution is considered excellent. Overall, the bank's distribution of lending to borrowers of different incomes and businesses of different sizes is considered reasonable. In reaching this conclusion, greater weight is placed on the bank's HMDA lending performance as a larger dollar volume of lending for that product was noted over the two-year period.

Distribution of HMDA Loans by Income Level of Borrower

Assessment Area: Baltimore-Towson, MD MSA (2010)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
HMDA Totals								
Low	4	5.3	56	0.4	5,914	8.9	714,506	4.4
Moderate	13	17.3	1,777	11.7	14,228	21.4	2,433,284	15.1
Middle	22	29.3	3,323	21.8	16,303	24.5	3,565,470	22.2
Upper	36	48.0	10,082	66.2	30,085	45.2	9,359,307	58.2
Total	75	100.0	15,238	100.0	66,530	100.0	16,072,567	100.0
Unknown	15		2,176		14,215		3,703,740	

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

When considering the bank's 2010 performance overall, 5.3% of the bank's HMDA loans were made to low-income borrowers. This level of lending is less than the aggregate lending level to such borrowers (8.9%) and the percentage of low-income families within the assessment area (23.3%). The bank's lending to moderate-income borrowers (17.3%) is only slightly lower than both the percentage of moderate-income families within the assessment area (18.4%) and the aggregate lending level (21.4%). The bank's 2010 performance is considered reasonable based largely on the stronger moderate-income lending performance. The bank's 2011 performance is similar, and overall, BCSB's performance is considered reasonable.

Distribution of Lending by Loan Amount and Size of Business

Assessment Area: Baltimore-Towson, MD MSA (2010)								
<i>by Revenue</i>	Bank				Aggregate*			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
\$1 Million or Less	113	90.4	16,114	92.2	6,488	29.9	288,725	31.7
Over \$1 Million	12	9.6	1,363	7.8	NA	NA	NA	NA
<i>Unknown</i>	0	0.0	0	0.0	NA	NA	NA	NA
<i>by Loan Size</i>								
\$100,000 or less	85	68.0	6,030	34.5	19,943	92.0	256,849	28.2
\$100,001-\$250,000	23	18.4	3,371	19.3	803	3.7	146,985	16.1
\$250,001-\$1 Million	17	13.6	8,076	46.2	932	4.3	506,541	55.6
Total	125	100.0	17,477	100.0	21,678	100.0	910,375	100.0

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

During 2010, 29.9% of aggregate reported small business loans were to businesses with annual revenues of \$1 million or less. The remaining loans were to businesses with revenues in excess of \$1 million per year or revenues were not known. Additionally, D&B data indicates that 87.9% of all local businesses have revenues that do not exceed \$1 million. During 2010, a group of traditional bank lenders, which excludes certain large credit card lenders, originated 47.7% of reported small business loans to businesses with annual revenues of \$1 million or less. The bank's 2010 level of small business lending is considered excellent, with 90.4% of such loans made to businesses with annual revenues of \$1 million or less. BCSB's performance in 2011 was substantially similar, and also considered excellent.

Geographic Distribution of Loans

The bank's HMDA geographic distribution is considered reasonable while its small business distribution is excellent. Overall, BCSB's geographic distribution within the assessment area is considered reasonable, as more weight was given to the HMDA lending performance based on the larger volume of lending during 2010 and 2011 combined.

Distribution of HMDA Loans by Income Level of Census Tract

Assessment Area: Baltimore-Towson, MD MSA (2010)									
Income Categories	Bank				Aggregate				
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$	
	(18)				Home Purchase				(25,447)
Low	3	16.7	232	5.5	1,032	4.1	147,780	2.3	
Moderate	5	27.8	267	6.3	4,658	18.3	792,395	12.6	
Middle	3	16.7	561	13.3	10,851	42.6	2,412,919	38.3	
Upper	7	38.9	3,156	74.9	8,906	35.0	2,953,133	46.8	
	(55)				Refinance				(52,909)
Low	1	2.0	300	2.7	1,174	2.2	164,729	1.3	
Moderate	2	3.6	237	2.1	5,975	11.3	963,193	7.5	
Middle	22	40.0	3,953	35.3	20,869	39.4	4,369,963	34.2	
Upper	30	54.5	6,698	59.9	24,891	47.0	7,272,608	56.9	
	(14)				Home Improvement				(2,308)
Low	0	0.0	0	0.0	117	5.1	8,405	3.0	
Moderate	4	28.6	273	25.4	402	17.4	28,436	10.1	
Middle	6	42.9	582	54.2	990	42.9	103,061	36.5	
Upper	4	28.6	219	20.4	799	34.6	142,521	50.5	
	(3)				Multi-Family				(79)
Low	0	0.0	0	0.0	10	12.7	33,998	8.2	
Moderate	0	0.0	0	0.0	26	32.9	94,862	22.8	
Middle	3	100.0	936	100.0	33	41.8	217,789	52.3	
Upper	0	0.0	0	0.0	10	12.7	70,142	16.8	
	HMDA Totals								
Low	4	4.4	532	3.1	2,333	2.9	354,912	1.8	
Moderate	11	12.2	777	4.5	11,061	13.7	1,878,886	9.5	
Middle	34	37.8	6,032	34.6	32,743	40.6	7,103,732	35.9	
Upper	41	45.6	10,073	57.8	34,606	42.9	10,438,404	52.8	
NA*	0	0.00	0	0.00	2	0.0	373	0.0	
Total	90	100.0	17,414	100.0	80,745	100.0	19,776,307	100.0	

*NA- Tracts without household or family income as applicable

() represents the total number of bank loans for the specific Loan Purpose

Loans where the geographic location is unknown are excluded from this table.

Refinance lending represents the largest category of HMDA lending for both the bank and aggregate lenders while home purchase lending is the second largest product for both BCSB and aggregate lenders. When considering aggregate lending levels, the bank’s refinance lending is considered good in low-income census tracts, but poor in moderate-income census tracts. Conversely, BCSB’s home improvement lending is poor in low-income tracts and excellent in moderate-income tracts. The bank’s home purchase lending is considered excellent in both low- and moderate-income areas.

Demographic data from the 2000 census indicates that within the assessment area, 6.4% and 21.6% of owner-occupied housing units are located in low- and moderate-incomes areas, respectively. On a combined basis, in 2010, 4.4% and 12.2% of HMDA loans were extended to residents located in low- and moderate-income census tracts, respectively. Aggregate lenders extended 2.9% of loans to residents in low-income tracts and 13.7% of loans to those residing in moderate-income census tracts. Overall, the bank's performance is considered reasonable during 2010. In 2011, HMDA lending in low-income tracts decreased slightly (3.4%) but is still considered reasonable, while the bank’s lending in moderate-income tracts decreased significantly (6.8%) and is considered poor. Overall, HMDA geographic distribution is considered reasonable. In reaching this conclusion, more weight was placed on the bank’s 2010 lending as a result of the larger HMDA volume extended that year.

Distribution of Small Business Loans by Income Level of Census Tract

Assessment Area: Baltimore-Towson, MD MSA (2010)								
Income Categories	Bank				Aggregate			
	#	%	\$(000s)	% \$	#	%	\$(000s)	% \$
Low	37	29.8	3,699	21.5	900	4.2	41,845	4.6
Moderate	56	45.2	5,815	33.8	3,141	14.7	145,151	16.0
Middle	23	18.5	4,823	28.0	8,657	40.6	381,931	42.2
Upper	8	6.5	2,874	16.7	8,629	40.5	336,040	37.1
NA*	0	0.0	0	0.0	4	0.0	515	0.1
Total	124	100.0	17,211	100.0	21,331	100.0	905,482	100.0

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

D&B data indicates that 7% and 19.8% of all area businesses are located in low-and moderate income tracts, respectively. As shown in the preceding table, the bank’s small business lending during 2010 both in low- (29.6%) and in moderate-income (44.8%) tracts significantly exceeded the 2010 aggregate lending levels as well as D&B data. The bank's lending performance in 2011 is substantially similar to its performance in 2010. Overall, the bank's small business lending performance in low-and moderate-income tracts is considered excellent.

Community Development Loans, Investments, and Services

Information from individuals knowledgeable of the local market area and reviews of the performance evaluations of other financial institutions having a local presence indicate that a variety of community development opportunities are available within this assessment area. Given its current loan-to-deposit ratio (63.1 %), 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.

BCSB holds 20 Federal Home Loan Mortgage Corporation (FHLMC), Federal National Mortgage Association (FNMA), or Government National Mortgage Association (GNMA) mortgage-backed securities totaling \$8.2 million that consist of loans to low- to moderate-income borrowers or in low- and moderate-income census tracts. Most of the loans underlying the securities are in the bank’s assessment area, while the remaining loans are in the broader statewide or regional area. The bank has also made donations, totaling \$27,026, to local community organizations which provide services primarily to low- and moderate-income individuals.

Since the previous evaluation, the bank originated the following community development loans:

- Two SBA 504 loans totaling \$3.7 million. The SBA's 504 loan program specifically provides long-term financing for projects that provide economic development and facilitate job creation.
- The bank has also committed \$2 million dollars as a participant lender along with other financial institutions in a loan pool known as “Healthy Neighborhoods Loan Pool II.” The bank has presently funded one loan totaling \$106,600 under the commitment. Healthy Neighborhoods assists low- and moderate-income families in Baltimore City with the acquisition and rehabilitation of their properties.

BCSB officers and staff also volunteer their time and provide technical expertise to the following local community service organizations:

- A bank officer serves as the Director of Home Partnership, Inc. (HPI), a nonprofit organization that provides affordable housing to low- and moderate-income families in Harford County.
- A bank officer participates on the loan committee of Neighborhood Housing Services (NHS) which provides loans through the use of the Baltimore City Funding Sources to aid low- and moderate-income borrowers with funds to improve their homes or pay off high interest rate loans.
- Bank employees provided banking education classes to low- and moderate-income students at Battle Grove and Sandy Plains elementary schools through the Super Savers banking and education program.

BCSB's performance demonstrates an excellent responsiveness to community development needs when considering institutional capacity and opportunities within the assessment area. Overall, the bank's community development performance is considered 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.