



PUBLIC DISCLOSURE

April 14, 2025

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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813572

127 North Street

Elkton, MD 21921

**Federal Reserve Bank of Richmond
P. O. Box 27622
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COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

INSTITUTION'S CRA RATING: This institution is rated Needs to Improve.

The major factors supporting this rating include:

- The bank's loan-to-deposit ratio is reasonable given the institution's size, financial conditions, and credit needs of its assessment area.
- A substantial majority of the bank's small business and consumer motor vehicle loans are located outside the bank's assessment area.
- The bank's lending to businesses of different revenue sizes (borrower distribution) is excellent overall.
- Bank lending in census tracts having different income designations (geographic distribution) is considered reasonable overall.
- The bank's volume of lending within its assessment is so low that the bank's borrower and geographic distribution performances have little impact on the bank's overall CRA performance.
- 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). Because of the limited number of home mortgage loans originated, CB was not required to report such lending in accordance with the Home Mortgage Disclosure Act (HMDA). Based on the volume of recently originated and purchased loans, small business and consumer motor vehicle loans were identified as the bank's primary lending products. Accordingly, the evaluation includes all small business and consumer motor vehicle loans originated or purchased by the bank from January 1, 2021, through December 31, 2024.

Based on the FFIEC's evaluation procedures, an overall rating is assigned to the institution based on its performance within the Wilmington, MD assessment area, which is the bank's only delineated assessment area.

DESCRIPTION OF INSTITUTION

CB is headquartered in Elkton, Maryland, and operates four full-service branch offices, each with automatic teller machines (ATMs), in northeastern Maryland. The bank is owned by Cecil Bancorp, Inc., a single bank holding company also headquartered in Elkton, Maryland. During the review period, the bank closed two full-service branch offices and two cash only ATMs in its assessment area; however, these closures did not affect the assessment area delineation. The bank previously served a second CRA market area, the Harford, MD assessment area; however, on December 5, 2020, the bank closed its single branch location and no longer delineates the assessment area. Because of the length of time since the Harford, MD, branch was closed, performance in the Harford, MD assessment area is not considered in this evaluation.

CB received a Satisfactory rating at its previous CRA evaluation dated March 18, 2019. During a portion of the review period, the bank operated under a Written Agreement that guided some of the bank's operations. From a lending perspective, the Written Agreement limited the bank's ability to make new or additional loans to certain borrowers where the prospect of repayment was unlikely. The Written Agreement was terminated on November 3, 2022.

As of December 31, 2024, the bank reported total assets of \$223.5 million, of which 74.6% were net loans. As of the same date, deposits totaled \$191.2 million. The composition of the loan portfolio using gross loans, as of December 31, 2024, is represented in the following table:

Composition of Loan Portfolio

Loan Type	12/31/2024	
	\$(000s)	%
Secured by 1-4 Family dwellings	11,560	6.9
Multifamily	402	0.2
Construction and Development	1,860	1.1
Commercial & Industrial/ NonFarm NonResidential	77,010	45.7
Consumer Loans and Credit Cards	77,279	45.8
Agricultural Loans/ Farmland	518	0.3
All Other	0	0.0
Total	168,629	100.0

As reflected in the preceding table, a significant portion of the bank's lending resources are concentrated in commercial and consumer loans. While the bank's loan portfolio includes a small percentage of residential mortgage loans, the bank discontinued originating residential mortgage loans prior to the previous performance evaluation. Multifamily, construction, and agricultural loans comprise a nominal amount of the bank's loan portfolio.

From a loan operations perspective, bank management has been purchasing loans to supplement its origination activity. The bank is currently actively purchasing both commercial (which includes small business loans) and consumer motor vehicle loans. Commercial loans are purchased from a mix of local lenders and those having a regional or national footprint. Purchased consumer motor vehicle loans are concentrated in collectable motor vehicles and the loans are purchased from specialized lenders operating with a national footprint. During the evaluation period, the volume of purchased loans substantially exceeded the volume of originated loans, and more than 95% of purchased loans have been outside of the bank's assessment area.

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

The Wilmington, MD assessment area includes all census tracts in Cecil County, Maryland, which is part of the Wilmington, DE-MD-NJ metropolitan division, which is a portion of the larger Philadelphia-Camden-Wilmington, PA-NJ-DE-MD metropolitan statistical area (MSA).

The bank operates four full-service branch offices within the assessment area, and as of June 30, 2024, ranked second out of seven institutions in local deposit market share according to data compiled by the Federal Deposit Insurance Corporation. The bank held 15.5% of deposits within the assessment area (excluding credit union deposits).

The following table provides family and household demographic information for the assessment area during 2024 as well as the tract and owner-occupied housing unit distribution by tract income level. The table also provides Dun & Bradstreet (D&B) business data. Demographic information, tract, and owner-occupied housing unit distribution by tract income level for 2021, 2022, and 2023 are provided in *Appendix A*.

2024 Wilmington, MD AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	4.8	967	3.7	198	20.5	5,627	21.4
Moderate	4	19.0	4,602	17.5	811	17.6	4,116	15.7
Middle	15	71.4	18,318	69.7	658	3.6	6,441	24.5
Upper	1	4.8	2,384	9.1	9	0.4	10,087	38.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	21	100.0	26,271	100.0	1,676	6.4	26,271	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,990	675	2.4	33.9	1,083	54.4	232	11.7
Moderate	7,552	4,095	14.7	54.2	3,074	40.7	383	5.1
Middle	29,989	20,422	73.5	68.1	5,125	17.1	4,442	14.8
Upper	3,159	2,610	9.4	82.6	209	6.6	340	10.8
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	42,690	27,802	100.0	65.1	9,491	22.2	5,397	12.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	337	10.0	308	9.8	25	14.4	4	9.1
Moderate	649	19.3	591	18.8	51	29.3	7	15.9
Middle	2,154	64.0	2,037	64.8	86	49.4	31	70.5
Upper	223	6.6	209	6.6	12	6.9	2	4.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,363	100.0	3,145	100.0	174	100.0	44	100.0
Percentage of Total Businesses:				93.5		5.2		1.3
	Total Farms by Tract		Farms by Tract & 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	4	3.4	4	3.6	0	0.0	0	0.0
Middle	114	95.8	106	95.5	8	100.0	0	0.0
Upper	1	0.8	1	0.9	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	119	100.0	111	100.0	8	100.0	0	0.0
Percentage of Total Farms:				93.3		6.7		0.0
Source: 2024 FFIEC Census Data 2024 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding								

The assessment area has a population of 103,725 and a median housing value of \$250,378. The owner-occupancy rate for the assessment area is 65.1% and is slightly higher than the rates for the State of Maryland (60.8%) and the entire Wilmington, DE-MD-NJ MSA (63.4%). The percentage of families living below the poverty level in the assessment area (6.4%) is higher than the percentage of such families for the State of Maryland (5.9%), but lower than the percentage of such families for the broader MSA (7%). The HUD estimated median family incomes are reflected in the following table:

Area	2021	2022	2023	2024
Wilmington, DE-MD-NJ Metropolitan Division	\$89,100	\$103,900	\$105,700	\$111,300
State of Maryland	\$72,000	\$93,600	\$87,800	\$87,900

Wilmington, MD Employees by Industry												
	2021 - Q3	2021 - Q4	2022 - Q1	2022 - Q2	2022 - Q3	2022 - Q4	2023 - Q1	2023 - Q2	2023 - Q3	2023 - Q4	2024 - Q1	2024 - Q2
Government												
Government Total, all industries	5,868	2,397*	2,444*	6,986	5,769	2,617*	7,268	2,811*	2,974*	3,170*	7,889	8,021
Private Sector												
Private Sector Total, all industries	26,816	26,433	26,859	27,832	28,181	27,868	27,710	28,683	29,514	29,059	28,594	29,485
Agriculture, forestry, fishing and hunting	864	863	799	928	932	890	783	884	905	868	798	907
Mining, quarrying, and oil and gas extraction	111	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*
Utilities	62	67	62	67	66	69	74	78	80	136	135	135
Construction	1,214	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*	0*
Manufacturing	3,631	3,645	3,663	3,766	4,057	4,329	4,500	4,490	4,630	4,647	4,653	4,558
Wholesale trade	989	1,028	1,543	1,534	1,581	1,561	1,622	1,627	1,681	1,610	1,611	1,693
Retail Trade	4,849	4,868	4,745	4,803	4,770	4,706	4,570	4,425	4,382	4,348	3,827	3,946
Transportation and warehousing	3,822	3,813	3,942	3,878	3,637	3,753	3,532	3,266	3,149	3,307	3,131	3,234
Information	90	84	97	96	95	92	92	93	95	98	103	100
Finance and insurance	377	360	345	337	337	341	335	324	324	334	355	343
Real estate and rental and leasing	190	191	194	200	193	207	217	220	222	215	236	231
Professional and technical services	492	551	538	529	511	497	684	689	711	726	722	706
Management of companies and enterprises	16	18	17	17	21	23	22	23	22	27	28	24
Administrative and waste services	941	945	1,090	1,151	1,133	1,096	1,029	1,237	1,185	1,290	1,492	1,449
Educational services	453	482	438	456	484	513	461	472	450	505	511	524
Health care and social assistance	3,446	3,457	3,323	3,414	3,488	3,406	3,389	3,357	3,360	3,360	3,437	3,437
Arts, entertainment, and recreation	977	921	832	962	946	922	928	1,475	2,020	1,950	1,908	2,083
Accommodation and food services	3,334	2,886	3,034	3,460	3,663	3,180	3,049	3,500	3,870	3,285	3,278	3,710
Other services, except public administration	952	962	968	1,005	997	1,004	1,070	1,107	975	953	966	970
Public administration	0	0	0	0	0	0	0	0	0	0	0	0
Unclassified	7	1	6	5	3	4	0	0				

Source: Bureau of Labor Statistics(BLS), Quarterly Census of Employment and Wages

* indicates that some or all of the data for this category was suppressed for confidentiality reasons

The preceding table contains employment data by industry within the assessment area. Federal and local government provide a large portion of area employment opportunities. In addition, manufacturing, retail, healthcare, and transportation/warehousing are primary employment drivers of the local economy. Major area employers include Union Hospital of Cecil County, W. L. Gore & Associates, Inc., Burris Logistics, Medline Industries, Inc., Penn National Gaming, Inc., and Terumo Medical Corporation. The following table provides annual unemployment rates for the area over the last five years.

Wilmington, MD Unemployment Rates					
Area	2019	2020	2021	2022	2023
Wilmington, MD Assessment Area	3.7%	5.6%	4.7%	3.1%	2.2%
Wilmington, DE-MD-NJ Metropolitan Division	3.6%	7.3%	5.5%	4.0%	3.8%
Maryland	3.4%	6.4%	5.2%	3.0%	2.1%

Source: Bureau of Labor Statistics(BLS), Local Area Unemployment Statistics

Unemployment rates within the assessment area have decreased significantly since 2020, as the local employment market normalizes in the years following the COVID-19 pandemic. The unemployment rate for the assessment area generally approximates the rate for the State of Maryland, both of which are generally lower than the unemployment rates for the broader metropolitan division.

Wilmington, MD Housing Cost Burden (2024)						
Area	Cost Burden - Renters			Cost Burden - Owners		
	Low Income	Moderate Income	All Renters	Low Income	Moderate Income	All Owners
Wilmington, MD Assessment Area	79.1%	33.9%	45.5%	61.9%	34.1%	21.5%
Wilmington, DE-MD-NJ Metropolitan Division	76.8%	37.8%	42.8%	64.6%	36.1%	20.5%
Maryland	78.4%	47.8%	45.5%	67.4%	38.9%	21.0%
Cost Burden is housing cost that equals 30 percent or more of household income						
Source: U.S. Department of Housing and Urban Development (HUD), 2017-2021 Comprehensive Housing Affordability Strategy						

As indicated in the Housing Cost Burden table, 79.1% of low-income renters and 33.9% of moderate-income renters and 61.9% of low-income homeowners and 34.1% of moderate-income homeowners have housing costs that equal 30% or more of household income within the assessment area during 2024. The table indicates that while housing is expensive for low- and moderate-income renters and owners, it is especially expensive for low-income people.

Officials from local economic, community development, and affordable housing organizations were contacted during the evaluation to assist in understanding local economic conditions and community credit needs within the assessment area. Conversations with the officials from the three organizations revealed that there is some variation in perspectives regarding the local economic conditions.

The official from the affordable housing organization emphasized the need for more affordable housing as a result of increases in housing prices, construction material costs, and interest rates, while the income level of area residents have not kept pace with the increased costs.

The economic and community development officials noted that area businesses struggle to obtain traditional financing because of limited equity, insufficient collateral, and/or insufficient cash flow. As a result, some alternative, non-bank lending programs have been created in conjunction with local government to provide financing to support local small business development for businesses that do not qualify for traditional bank financing. The official noted that while there has been some success with this alternative lending channel, it is being phased out because of current economic conditions and uncertainty regarding future funding. The officials were unaware of any discrimination by local financial institutions

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

To evaluate the bank's performance, small business and consumer motor vehicle lending activity were analyzed. Relevant Dun & Bradstreet (D&B) business demographic data from 2021, 2022, 2023, and 2024 are used as a proxy for demand when evaluating the bank's small business lending performance. Aggregate CRA small business loan data reported during 2021, 2022, and 2023 are considered when evaluating the bank's small business performance. Aggregate CRA small business loan data from 2024 could not be considered because it is not yet publicly available. Aggregate CRA small business lending data includes all lenders subject to reporting requirements. Because CB is not subject to data collection and reporting for the CRA, its small business lending activity is not included in the aggregate small business loan data. However, aggregate small business data is considered when evaluating the bank's performance because it took place in the bank's assessment area and under the same economic conditions.

Relevant area demographic data from the 2015 and 2020 American Community Survey (ACS) are used as a proxy for demand when evaluating the bank's consumer motor vehicle lending performance. While ACS data is collected and published by the U.S. Census Bureau on an annual basis, the demographic data relied upon in the performance evaluation is based on ACS data that is updated once every five years.

Between 2021 and 2024, CB originated and purchased 36 small business loans totaling \$8.1 million and seven consumer motor vehicle loans \$162,000 within its assessment area. With only seven consumer motor vehicle loans over a four-year period, consumer motor vehicle loans are not evaluated for borrower and geographic distribution performance because the conclusions are not meaningful in the overall analysis.

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 for each product line, the level of performance for each year is weighted by dollar volume of loans originated or purchased during that year. During 2024, the bank's small business lending totaled \$3.9 million, which accounts for 48.4% of all small business loans considered in this evaluation, while small business lending during 2021 totaled \$2 million (24.6%), during 2023 totaled \$1.4 million (17.6%), and during 2022 totaled \$752,000 (9.3%). Consequently, the bank's performance during 2024 accounts for approximately half of the bank's overall performance during the 2021 – 2024 period.

As previously noted, the bank's lending within its assessment area during 2021 – 2024 is low enough, that borrower and geographic distribution performances have little impact on the bank's overall performance. For this evaluation, the Lending In Assessment Area performance factor drives the bank's overall conclusion.

Loan-To-Deposit Ratio

The bank's loan-to-deposit ratio equaled 87.2% as of December 31, 2024, and averaged 70.2% for the 24-quarter period ending December 31, 2024. By comparison, the quarterly average loan-to-deposit ratio for the peer bank similar in asset size and operating in the bank's assessment area equaled 82.8% during the same 24-quarter period. Since March 31, 2019, the bank's assets, net loans and deposits have increased by 15.8%, 85.6%, and 22.1%, respectively. The bank's purchased loan activity accounts for almost all of the bank's loan growth and is a major factor in the bank's overall loan-to-deposit ratio. When considering relevant performance context factors such as the institution's size, local credit needs, and financial condition during the evaluation period, the bank's loan-to-deposit ratio is considered reasonable.

Lending In Assessment Area

To determine the institution's volume of lending within its assessment area, the geographic location of the bank's small business and consumer motor vehicle loans originated or purchased during 2021, 2022, 2023, and 2024 was considered. The lending distribution inside and outside the bank's assessment area 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	36	7.4	8,063	16.6	449	92.6	40,526	83.4
Motor Vehicle	7	0.3	162	0.2	1,997	99.7	73,717	99.8
TOTAL LOANS	43	1.7	8,225	6.7	2,446	98.3	114,243	93.3

As reflected in the preceding table, a substantial majority of the total number (98.3%) and dollar amount (93.3%) of small business and motor vehicle loans were originated outside the bank's assessment area during the review period.

As previously noted, much of the bank's lending activity during the 2021 – 2024 period was purchased loans. While the bank does originate loans, the volume of purchased loans was substantial during the 2021 – 2024 time period, and the vast majority of purchased loans were outside of the bank's assessment area.

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

CB's lending to businesses of different sizes is considered excellent. While the bank's performance is excellent, its performance is given little weight when considering the bank's overall performance because the volume of loans is so low.

Distribution of Small Business Lending By Revenue Size of Businesses												
	2021			2022			2023			2024		
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg
	#	%	%	#	%	%	#	%	%	#	%	%
\$1 Million or Less	9	100.0	46.4	6	100.0	54.6	3	100.0	56.5	15	83.3	NA
Over \$1 Million	0	0.0		0	0.0		0	0.0		3	16.7	
Revenue Unknown	0	0.0		0	0.0		0	0.0		0	0.0	
Total	9	100.0		6	100.0		3	100.0		18	100.0	
% of Total Businesses w/ Revenue ≤ 1 Million	93.7			93.9			93.8			93.5		
Distribution of Small Business Lending By Loan Size												
	Bank		Agg	Bank		Agg	Bank		Agg	Bank		Agg
	#	#%	%	#	#%	%	#	#%	%	#	#%	%
\$100,000 or Less	1	11.1	92.7	2	33.3	95.9	1	33.3	95.7	8	44.4	NA
\$100,001 - \$250,000	6	66.7	4.8	3	50.0	2.6	0	0.0	3.0	4	22.2	NA
\$250,001 - \$1 Million	2	22.2	2.5	1	16.7	1.5	2	66.7	1.2	6	33.3	NA
Total	9	100.0	100.0	6	100.0	100.0	3	100.0	100.0	18	100.0	NA
Source: 2021-2024 Dun & Bradstreet Data												
Note: Percentages may not total 100.0 percent due to rounding.												

D&B data from 2021 indicates that 93.7% of all local businesses have revenues that do not exceed \$1 million per year. During 2021, CB originated nine small business loans totaling \$2 million. Of the nine small business loans, all loans were extended to businesses with revenues of \$1 million or less, while 46.4% of reported aggregate small business loans were extended to such businesses. The remaining percentage of small business loans reported by the aggregate lenders either had revenue exceeding \$1 million per year or revenues were unknown.

Because small dollar loans can demonstrate a willingness to provide credit to small businesses, the bank's distribution by loan size was also considered. Overall, the bank originated 11.1% of its small business loans in amounts of \$100,000 or less, while 92.7% of aggregate lending was in amounts of \$100,000 or less.

Overall, based primarily on lending distribution by revenue, the bank's distribution of small business loans by borrower revenue is considered excellent during 2021, and its performance during 2022, 2023, and 2024 is substantially similar.

Geographic Distribution of Loans

CB's geographic distribution of small business loans varies by year and is considered reasonable overall. While the bank's performance is reasonable, its performance is given little weight when considering the bank's overall performance because the volume of loans is so low.

Distribution of Small Business Lending By Income Level of Geography																
	2021				2022				2023				2024			
	Bank		Agg	% of Total Businesses	Bank		Agg	% of Total Businesses	Bank		Agg	% of Total Businesses	Bank		Agg	% of Total Businesses
	#	%	%		#	%	%		#	%	%		#	%	%	
Low	2	22.2	7.2	10.0	0	0.0	5.6	10.0	0	0.0	5.2	9.9	4	22.2	NA	10.0
Moderate	0	0.0	4.4	4.5	1	16.7	20.2	18.8	0	0.0	21.0	19.1	4	22.2	NA	19.3
Middle	7	77.8	72.5	70.4	5	83.3	64.2	65.0	1	33.3	62.7	64.6	10	55.6	NA	64.0
Upper	0	0.0	14.9	15.2	0	0.0	9.5	6.2	2	66.7	10.3	6.4	0	0.0	NA	6.6
Unknown	0	0.0	0.0	0.0	0	0.0	0.0	0.0	0	0.0	0.0	0.0	0	0.0	NA	0.0
Total	9	100.0	100.0	100.0	6	100.0	100.0	100.0	3	100.0	100.0	100.0	18	100.0	NA	100.0
Source: 2021-2024 Dun & Bradstreet Data																
Note: Percentages may not total 100.0 percent due to rounding.																

During 2021, CB originated and purchased nine small business loans totaling \$2 million inside its assessment area. Two (22.2%) loans totaling \$1 million were to businesses in low-income census tracts, which significantly exceeded the percentage of businesses located in low-income census tracts (10%) and the aggregate lending level (7.2%). The bank did not extend any small business loans to businesses in moderate-income census tracts despite 4.5% of all area businesses and 4.4% of aggregate lending being in moderate-income census tracts. The bank's performance is excellent because of its performance in low-income census tracts.

During 2022, the bank originated and purchased six small business loans totaling \$752,000 inside its assessment area, and none were low-income census tracts despite 10% of area businesses and 5.6% of aggregate reported loans being in low-income census tracts. One loan (16.7%) totaling \$30,000 was to a business in a moderate-income census tract which approximated both the percentage of small businesses located in moderate-income census tracts (18.8%) and the aggregate lending level (20.2%). The bank's performance is considered reasonable overall because of its moderate-income census tract performance (which is based on only one loan).

During 2023, CB originated and purchased three small business loans totaling \$1.4 million inside its assessment area, and none were to businesses located in low- or moderate-income census tracts despite the demographic and aggregate data indicating that such lending opportunities exist with area low- and moderate-income census tracts. The bank's performance during 2023 is very poor.

During 2024, the bank originated and purchased 18 small business loans totaling \$3.9 million inside its assessment area. Four (22.2%) loans totaling \$1.4 million were to businesses located in low-income census tracts, which substantially exceeded the percentage of businesses located in such tracts (10%). Four (22.2%) loans totaling \$685,000 were also to businesses located in moderate-income census tracts, which approximated the percentage of businesses located in such tracts (19.3%). The bank's performance during 2024 is considered excellent largely because of its performance when lending in low-income census tracts.

Overall, the bank's performance is considered reasonable which takes in account the wide range of performance and dollar volumes during 2021 – 2024.

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.

CRA APPENDIX A

DEMOGRAPHIC TABLES

2023 Wilmington, MD AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	4.8	967	3.7	198	20.5	5,627	21.4
Moderate	4	19.0	4,602	17.5	811	17.6	4,116	15.7
Middle	15	71.4	18,318	69.7	658	3.6	6,441	24.5
Upper	1	4.8	2,384	9.1	9	0.4	10,087	38.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	21	100.0	26,271	100.0	1,676	6.4	26,271	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,990	675	2.4	33.9	1,083	54.4	232	11.7
Moderate	7,552	4,095	14.7	54.2	3,074	40.7	383	5.1
Middle	29,989	20,422	73.5	68.1	5,125	17.1	4,442	14.8
Upper	3,159	2,610	9.4	82.6	209	6.6	340	10.8
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	42,690	27,802	100.0	65.1	9,491	22.2	5,397	12.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	353	9.9	324	9.7	25	14.0	4	9.1
Moderate	679	19.1	622	18.7	50	28.1	7	15.9
Middle	2,298	64.6	2,176	65.3	91	51.1	31	70.5
Upper	226	6.4	212	6.4	12	6.7	2	4.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,556	100.0	3,334	100.0	178	100.0	44	100.0
Percentage of Total Businesses:				93.8		5.0		1.2
	Total Farms by Tract		Farms by Tract & 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	4	3.1	4	3.3	0	0.0	0	0.0
Middle	125	96.2	117	95.9	8	100.0	0	0.0
Upper	1	0.8	1	0.8	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	130	100.0	122	100.0	8	100.0	0	0.0
Percentage of Total Farms:				93.8		6.2		0.0
Source: 2023 FFIEC Census Data 2023 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2022 Wilmington, MD AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % of Families by Tract		Families by Family Income	
	#	%	#	%	#	%	#	%
Low	1	4.8	967	3.7	198	20.5	5,627	21.4
Moderate	4	19.0	4,602	17.5	811	17.6	4,116	15.7
Middle	15	71.4	18,318	69.7	658	3.6	6,441	24.5
Upper	1	4.8	2,384	9.1	9	0.4	10,087	38.4
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	21	100.0	26,271	100.0	1,676	6.4	26,271	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,990	675	2.4	33.9	1,083	54.4	232	11.7
Moderate	7,552	4,095	14.7	54.2	3,074	40.7	383	5.1
Middle	29,989	20,422	73.5	68.1	5,125	17.1	4,442	14.8
Upper	3,159	2,610	9.4	82.6	209	6.6	340	10.8
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	42,690	27,802	100.0	65.1	9,491	22.2	5,397	12.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	371	10.0	343	9.8	24	13.4	4	8.3
Moderate	698	18.8	640	18.4	51	28.5	7	14.6
Middle	2,413	65.0	2,287	65.6	91	50.8	35	72.9
Upper	230	6.2	215	6.2	13	7.3	2	4.2
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,712	100.0	3,485	100.0	179	100.0	48	100.0
Percentage of Total Businesses:				93.9		4.8		1.3
	Total Farms by Tract		Farms by Tract & 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	5	3.6	5	3.9	0	0.0	0	0.0
Middle	131	94.9	122	94.6	9	100.0	0	0.0
Upper	2	1.4	2	1.6	0	0.0	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	138	100.0	129	100.0	9	100.0	0	0.0
Percentage of Total Farms:				93.5		6.5		0.0
Source: 2022 FFIEC Census Data 2022 Dun & Bradstreet Data 2016-2020 U.S. Census Bureau: American Community Survey Note: Percentages may not total 100.0 percent due to rounding.								

2021 Wilmington, MD AA Demographics								
Income Categories	Tract Distribution		Families by Tract Income		Families < Poverty Level as % 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	15.8	4,389	16.7	124	2.8	10,137	38.5
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	19	100.0	26,327	100.0	1,784	6.8	26,327	100.0
	Housing Units by Tract	Housing Type by Tract						
		Owner-occupied			Rental		Vacant	
		#	% by tract	% by unit	#	% by unit	#	% by unit
Low	1,970	615	2.3	31.2	1,132	57.5	223	11.3
Moderate	1,415	883	3.3	62.4	462	32.7	70	4.9
Middle	32,526	20,450	75.7	62.9	7,708	23.7	4,368	13.4
Upper	6,119	5,071	18.8	82.9	407	6.7	641	10.5
Unknown	0	0	0.0	0.0	0	0.0	0	0.0
Total AA	42,030	27,019	100.0	64.3	9,709	23.1	5,302	12.6
	Total Businesses by Tract		Businesses by Tract & Revenue Size					
			Less Than or = \$1 Million		Over \$1 Million		Revenue Not Reported	
	#	%	#	%	#	%	#	%
Low	368	10.0	339	9.8	26	13.9	3	6.7
Moderate	166	4.5	149	4.3	15	8.0	2	4.4
Middle	2,599	70.4	2,440	70.5	124	66.3	35	77.8
Upper	561	15.2	534	15.4	22	11.8	5	11.1
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	3,694	100.0	3,462	100.0	187	100.0	45	100.0
Percentage of Total Businesses:				93.7		5.1		1.2
	Total Farms by Tract		Farms by Tract & 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	2	1.5	2	1.6	0	0.0	0	0.0
Middle	92	68.7	86	68.8	6	66.7	0	0.0
Upper	40	29.9	37	29.6	3	33.3	0	0.0
Unknown	0	0.0	0	0.0	0	0.0	0	0.0
Total AA	134	100.0	125	100.0	9	100.0	0	0.0
Percentage of Total Farms:				93.3		6.7		0.0
Source: 2021 FFIEC Census Data 2021 Dun & Bradstreet Data 2011-2015 U.S. Census Bureau: American Community Survey								
Note: Percentages may not total 100.0 percent due to rounding.								

CRA APPENDIX B

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.