



## **PUBLIC DISCLOSURE**

October 1, 2018

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

Homewood Federal Savings Bank  
Charter Number 706639

3228 Eastern Avenue  
Baltimore, MD 21224-4012

Office of the Comptroller of the Currency

400 7th Street, SW  
Washington, DC 20219

**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, and should not 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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## **Overall CRA Rating: This institution is rated Satisfactory.**

The major factors supporting the institution's rating include:

- The loan-to-deposit (LTD) ratio is more than reasonable and exceeds the standard for satisfactory performance;
- A substantial majority of loans were made in the assessment area (AA);
- Based on the performance context, borrower distribution of home mortgage loans is reasonable;
- The Bank did not receive any CRA-related complaints during the evaluation period.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**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 MA/assessment area.

**Census Tract (CT):** 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 areas. Census tracts generally have a population between 1,200 and 8,000 people, with an optimal size of 4,000 people. 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:** 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 Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas; or loans, investments, and services that support, enable or facilitate projects or activities under HUD Neighborhood Stabilization Program criteria that benefit low-, moderate-, and middle-income individuals and geographies in the bank's assessment area(s) or outside the assessment area(s) provided the bank has adequately addressed the community development needs of its assessment area(s).

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**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 Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., 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 conduct 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 applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn, loan pricing, the lien status of the collateral, any requests for preapproval, and loans for manufactured housing).

**Home Mortgage Loans:** Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

**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 Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., 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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

**Metropolitan Area (MA):** Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget, and any other area designated as such by the appropriate federal financial supervisory agency.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**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 multi-state 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 multi-state metropolitan area, the institution will receive a rating for the multi-state 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) 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.

**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.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.

## Description of Institution

Homewood Federal Savings Bank (Homewood, Bank or institution) is a federally chartered mutual savings Bank headquartered in the city of Baltimore, Maryland. It does not have any affiliates, subsidiaries, or a holding company. The institution operates one full-service branch office located at 3228 Eastern Avenue, Baltimore, Maryland 21224, in the Highlandtown and Canton neighborhoods of Baltimore. The branch's census tract changed from a moderate-income census tract and is now located in an upper-income census tract. The branch is located adjacent to low- and moderate-income (LMI) census tracts and provides reasonably accessible services for LMI individuals and geographies.

As of June 30, 2018, Homewood reported total assets of \$55.1 million and Tier 1 Capital of \$15.9 million. Net loans and leases totaled \$46.1 million, representing approximately 82.8 percent of total assets. The loan portfolio is comprised of 94.55 percent residential real estate mortgages and 5.45 percent individual loans. Deposits sourced from the Bank's market area totaled \$36.8 million.

As a traditional savings association, Homewood has concentrated its business strategy in the origination of residential mortgage loans and consumer deposit accounts. The Bank originates and purchases loans to hold in its portfolio. Lending products include conventional and jumbo loans, home equity loans and construction/permanent loans. The Bank also offers mobile or manufactured homes located on leased lots in mobile home parks or manufactured housing communities. Manufactured home loan applications are referred through a program offered by Mainland Financial, a specialist in helping lenders develop manufactured housing portfolios. The Bank does not make small business loans. Consumer deposit products include checking and savings accounts, certificates of deposit, individual retirement accounts, and money market accounts. The Bank also provides online services to its customers that enable customers to pay bills, make transfers, and check account balances. More information can be found on the Bank's website, <https://www.homewoodfsb.com>.

All products and services are provided through the main office. The institution does not own or operate any automated teller machines (ATMs), but offers ATM services through M&T Bank, a local surcharge-free ATM network. ATMs within reasonable proximity to the main office are located throughout the neighborhood at various pharmacies and gas stations. The Bank did not close any branch offices during the evaluation period, nor were there any mergers or acquisitions.

There are no financial or legal impediments to hinder Homewood's ability to help meet the credit needs of the communities it services. The Bank received a "Satisfactory" rating under the "Small Bank" rating criteria at the previous CRA evaluation, dated May 06, 2013.



## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

Homewood was evaluated under the Small Bank examination procedures, which includes a Lending Test. The Lending Test considers the Institution's performance pursuant to the following criteria: Loan-to-Deposit Ratio Analysis; Assessment Area Concentration; Geographic Distribution; Borrower Profile; and Response to Community Reinvestment Act Complaints. The evaluation period for the Lending Test was from January 1, 2016 through December 31, 2017.

The Bank's primary loan product based on originations and purchases during the evaluation period was residential mortgages. The U.S. Census Bureau released updated demographic data from the 2015 American Community Survey (ACS) effective January 1, 2017. We analyzed 2016 loans separately from 2017 loans given changes in AA demographic data. Due to the census data changing during the evaluation period, we compared 2010 census data to the loans originated from January 1, 2016 through December 31, 2016; and 2015 ACS census data to loans originated from January 1, 2017 through December 31, 2017. Peer data was taken from 2016 and 2017 aggregate Home Mortgage Disclosure Act (HMDA) information for HMDA reporting financial institutions that reported lending activity within the AA.

Refer to the table in Appendix A for more information on the scope of review.

### **Data Integrity**

Prior to the examination, we tested the accuracy of the Bank's internal Loan/Application Register (LAR) data and determined the information to be accurate.

### **Selection of Areas for Full-Scope Review**

The Bank has one AA located within the Baltimore–Columbia–Towson Metropolitan Statistical Area (MSA) 12580. We performed a full-scope review on this AA.

Please refer to the table in Appendix B that provides demographic data for the AA.

### **Ratings**

The Bank's overall rating is based solely on the full-scope review of its one AA.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 C.F.R. §25.28(c) or §195.28(c), respectively, in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any assessment area by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

# Conclusions with Respect to Performance Tests

## LENDING TEST

During the review period, Homewood’s LTD ratio met the standards for satisfactory performance. A substantial majority of home mortgage loans were originated or purchased within the AA. Based on the performance context, borrower distribution of home mortgage loans is reasonable. The geographic distribution of loans lacked adequate penetration of LMI census tracts during the evaluation period.

### Loan-to-Deposit Ratio

Homewood’s LTD ratio is more than reasonable given the Bank’s size, financial condition, and the credit needs of the AA, and exceeds the standards for satisfactory performance. The Bank’s quarterly average net LTD ratio over the twenty-six quarter review period was 100.8 percent. Over the twenty-six quarters, the LTD ratio ranged from a quarterly low of 84.0 percent for the quarter ended December 31, 2012, to a quarterly high of 129.3 percent for the quarter ended December 31, 2018. The ratio is calculated on a Bank-wide basis. The quarterly average net LTD ratio for a custom peer group of six similarly situated institutions operating in the Bank’s AA was 88.3 percent over the same period. The peer group’s ratio ranged from a quarterly low of 79.6 percent to a quarterly high of 98.7 percent during that time period.

### Lending in Assessment Area

Homewood originated a substantial majority of home mortgage loans, by number and dollar volume, within its delineated AA in both 2016 and 2017, and exceeds the standard for satisfactory performance. During the evaluation period, the Bank originated 90.6 percent of the number of home mortgage loans and 89.5 percent of the dollar volume within its delineated AA. The analysis is limited to Bank only originations and purchases of home mortgage loans. Refer to the following table for more information:

<b>Table C - Lending Inside and Outside of the Assessment Area</b>										
Home Mortgage Loans	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
2016	8	88.9	1	11.1	9	2,814	82.9	580	17.1	3,394
2017	21	91.3	2	8.7	23	8,358	92.0	728	8.01	9,086
Total	29	90.6	3	9.4	32	11,172	89.5	1,308	10.5	12,480

*Source: Home mortgage loan originations from 1/1/2016-12/31/2017*

## **Lending to Borrowers of Different Incomes**

Refer to Table P in Appendix C for the facts and data used to evaluate the borrower distribution of the Bank's home mortgage loan originations and purchases.

Homewood's record of home mortgage lending demonstrates a poor penetration among individuals of different income levels to LMI borrowers. During the evaluation period, the Bank did not perform as well as the aggregate nor did its LMI penetration rate compare favorably to the number of LMI families within the AA. In 2016, the Bank did not originate or purchase any home mortgage loans to LMI borrowers. In 2017, the Bank did not originate or purchase any home mortgage loans to low-income borrowers and only one loan or 4.76 percent to moderate-income borrowers.

Our analysis took into consideration the limited opportunities to lend to low-income families given the cost of housing compared to median family income and the level of households below the poverty level. Based on the 2015 ACS data, the median cost of housing was \$247,569. The 2017 FFIEC updated median family income is \$91,100, which means a low-income family earned less than \$45,550. Additionally, moderate-income families earned at least \$45,550, but less than \$72,880. Therefore, LMI borrowers would have difficulty qualifying for home mortgage loans. Furthermore, 8.9 percent of families in the AA are below the poverty level.

We also considered the significant market competition from local lenders, large national banks, and mortgage companies. Larger national and regional banks with significantly more market share dominate the local lending market. Based upon the most recent 2017 Peer Mortgage Data, 609 lenders subject to HMDA reporting originated 92,877 home mortgage loans totaling \$24.5 billion within the Bank's AA. The top five home mortgage lenders in the AA accounted for 19.7 percent of the total market share.

The above factors influenced our performance conclusions in the AA. Nevertheless, to compensate for the lack of direct lending to LMI borrowers, Homewood invested in the Community Capital Management's CRA Qualified Investment Fund. The Fund earmarks funds to CRA-qualified investments inside the Bank's AA. During the evaluation period, the CRA qualified Investment fund purchased fifteen (15) loans to LMI borrowers totaling approximately \$2.0 million, which have been solely allocated to the Bank. The fund was used to invest in the following security pools to finance various community development activities:

<b>Table D - Community Development Investments</b>				
<b>Pool Number</b>	<b>Earmarked Amount</b>	<b>State</b>	<b>County Name</b>	<b>Investment Date</b>
FNAW6680	\$111,856	MD	Baltimore	5/23/2014
FNAW3597	\$227,013	MD	Baltimore City	6/2/2014
FNAW3597	\$151,920	MD	Baltimore City	6/2/2014
FNAW8968	\$135,725	MD	Baltimore City	6/23/2014
FNAW8968	\$83,400	MD	Baltimore	6/23/2014
FNAW9273	\$211,721	MD	Baltimore	8/13/2014
FNAW9273	\$127,670	MD	Baltimore	8/13/2014
FNAW9273	\$140,486	MD	Baltimore	8/13/2014
FNAX3104	\$100,200	MD	Baltimore	9/2/2014
MD CDA 2014 E	\$210,009	MD	Statewide	9/11/2014
FNBC6041	\$96,000	MD	Baltimore	5/20/2016
FNBC1141	\$161,400	MD	Baltimore City	5/25/2016
FNBD0456	\$87,000	MD	Baltimore	6/9/2016
FNBD0472	\$82,225	MD	Baltimore	6/21/2016
FGQ41877	\$137,200	MD	Baltimore City	6/30/2016

Although Homewood’s record of making loans to LMI borrowers during the review period was less than satisfactory, in consideration of the purchase of CRA Qualified Investment Fund backed by loans to LMI borrowers, the examiner concludes that Homewood meets the standard for satisfactory performance for this category.

### **Geographic Distribution of Loans**

Refer to Table O in Appendix C for the facts and data used to evaluate the geographic distribution of the Bank’s home mortgage loan originations and purchases.

Homewood’s geographic distribution of home mortgage loans in the AA reflects inadequate penetration throughout the AA.

In 2016, the Bank did not originate or purchase any home mortgage loans in low- or moderate-income census tracts. Demographic data from 2016 indicates that 8.1 percent of owner-occupied housing units (OOHU) within the AA are located in low-income tracts and 22.0 percent of OOHU within the AA are located in moderate-income tracts. An analysis of 2016 aggregate loan data shows that 5.0 percent and 18.0 percent of its home mortgage loans were originated in low-income and moderate-income tracts, respectively.

In 2017, the Bank did not originate any home mortgage loans in low-income census tracts and only one loan or 4.76 percent in moderate-income census tracts. Demographic data from 2017 indicates that 7.1 percent of OOHU within the AA are located in low-income tracts and 23.3 percent of OOHU within the AA are located in moderate-income tracts. An analysis of 2017 aggregate loan data shows that 4.7 percent and 21.8 percent of its home mortgage loans were originated in low-income and moderate-income tracts, respectively.

Because the Bank's geographic distribution did not compare favorably to the owner-occupied housing demographic benchmark or to aggregate lending, Homewood's record of lending in LMI geographies does not meet the standards for satisfactory performance.

### **Responses to Complaints**

Homewood has not received any complaints about its performance in helping to meet AA credit needs during this evaluation period.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

<b>Time Period Reviewed</b>	Lending Test: (01/01/2016 to 12/31/2017)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Homewood Federal Savings Bank Baltimore, Maryland	Residential Mortgage Loans	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
None Reviewed		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Baltimore–Columbia–Towson MD Metropolitan Statistical Area (MSA) 12580	Full-Scope	Baltimore–Columbia–Towson MD MSA 12580 comprised of: <ul style="list-style-type: none"> <li>➤ <i>Baltimore County</i></li> <li>➤ <i>Anne Arundel County</i></li> <li>➤ <i>Baltimore City</i></li> </ul>

## Appendix B: Community Profiles for Full-Scope Areas

Homewood's AA is based on the location of the main office and the distribution of lending throughout the surrounding areas. The AA is located within the Baltimore-Columbia-Towson, MD Metropolitan Statistical Area (MSA) 12580. The AA includes all census tracts in Baltimore City, Baltimore County, and Anne Arundel counties in the state of Maryland. The AA consists of whole geographies and does not arbitrarily exclude any low- or moderate-income geographies. The following table illustrates select demographic characteristics of the AA.

**Table A – Demographic Information of the Assessment Area**

**Assessment Area: Homewood AA 2017**

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	519	17.0	27.9	30.1	22.5	2.5
Population by Geography	2,000,693	12.3	28.6	32.1	25.8	1.2
Housing Units by Geography	850,954	14.3	28.9	32.0	24.4	0.4
Owner-Occupied Units by Geography	471,918	7.1	23.3	36.3	33.3	0.1
Occupied Rental Units by Geography	286,586	20.0	38.0	28.2	13.2	0.6
Vacant Units by Geography	92,450	33.2	29.9	21.8	14.2	1.0
Businesses by Geography	130,479	7.4	20.5	36.9	34.2	1.1
Farms by Geography	2,233	2.3	16.8	35.1	45.7	0.1
Family Distribution by Income Level	469,721	25.8	18.4	19.6	36.2	0.0
Household Distribution by Income Level	758,504	28.2	16.5	17.5	37.7	0.0
Median Family Income MSA - 12580 Baltimore-Columbia-Towson, MD MSA		\$87,788	Median Housing Value			\$247,569
			Median Gross Rent			\$1,148
			Families Below Poverty Level			8.9%

Source: 2015 ACS Census and 2017 D&B Data

Due to rounding, totals may not equal 100.0

(\* The NA category consists of geographies that have not been assigned an income classification.

The 2015 ACS U.S. Census adjusted the income designation of some census tracts within the AA when compared to the 2010 U.S. Census data. With the ACS Census change, the number of low-income tracts decreased by eleven, moderate-income tracts increased by nine, middle-income tracts decreased by three, and upper-income tracts increased by one.

Based on the 2015 ACS Census data, the AA consists of 519 contiguous census tracts, of which 88 are low-income 145 are moderate-income, 156 are middle-income, 117 are upper-income, and 13 have not been assigned an income classification. There are no distressed, underserved, or designated disaster areas within the AA.

The 2016 and 2017 FFIEC-estimated median family income levels were used to analyze home mortgage loans under the Borrower Profile criterion. The following table presents the low-, moderate-, middle- and upper-income categories for each year.



**Table B – Median Family Income Ranges**

Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
<b>Baltimore-Columbia-Towson, MD MSA Median Family Income (12580)</b>				
2016 (\$86,700)	<\$43,350	\$43,350 to <\$69,360	\$69,360 to <\$104,040	≥\$104,040
2017 (\$91,100)	<\$45,550	\$45,550 to <\$72,880	\$72,880 to <\$109,320	≥\$109,320
<i>Source: FFIEC</i>				
<i>Due to rounding, totals may not equal 100.0</i>				

Based on the June 30, 2018 FDIC Summary of Deposit Market Share report, Homewood’s deposit market share within the Baltimore-Columbia-Towson MD MSA was 0.5 percent, ranking Homewood 41 out of 51 institutions in the MSA. The Bank’s primary competitors are: Bank of America, NA (78 offices, 29.4 percent market share), Manufacturers and Traders Trust Company (99 offices, 19.2 percent market share), PNC Bank, NA (93 offices, 10.6 percent market share), Wells Fargo Bank, NA (59 offices, 9.7 percent market share), and Branch Banking and Trust Company (69 offices, 7.6 percent market share).

According to the Bureau of Labor Statistics, the December 31, 2017 the unemployment rate for Baltimore-Columbia-Towson, MD MSA was 3.9 percent. As of the same date, the unemployment rate for the state of Maryland matched the national unemployment rate of 4.1 percent. The AA includes urban, industrialized, lower-income neighborhoods of Highlandtown and Canton in Baltimore City, and middle- to upper-income suburban communities in Anne Arundel and Baltimore Counties. Major sources of employment include financial and retail services, hospitals and medical services, real estate, military, and municipal and federal government. Community groups oriented toward area revitalization, housing development and rehabilitation include the Highlandtown Community Association, Canton Community Association, Brewer's Hill Community Association, and Southeast Community Development Corporation. Highlandtown is designated as a "Main Street District" under the National Main Street Program, which encourages and supports commercial revitalization.

Data compiled by Moody's Analytics indicates that the outlook for Baltimore-Columbia-Towson is positive but not euphoric. Healthcare and business/professional services will power steady gains in employment and output. The federal government will cease to be a liability, but its support to the economy will vacillate with the political climate. Weak population growth and relatively high business costs will cap upside potential long term and employment growth will track the national average.

Moody’s Analytics report the strengths of the Baltimore-Columbia-Towson MD, to be the hub for growing cybersecurity, established and well-funded medical research centers, and strong transportation and distribution industries. Among the area’s weaknesses are above average living and business costs, few public transportation links with Washington DC, and below-average population growth.

As part of our analysis, we considered information from a community contact with a local nonprofit organization whose mission is to promote healthy, dynamic and diverse communities

of Southeast Baltimore. According to the contact, there are a number of needs in the area including more jobs for city residents that offer sustaining wages and benefits; improved access to education, access to capital for women and minority-owned businesses looking to grow and expand; improvements to infrastructure and services in poorer neighborhoods to make them more appealing and attract private investment; increased workforce development resources (particularly for formerly incarcerated citizens), financial support for neighborhood non-profit organizations, and elimination of blighted properties to help spur neighborhood revitalization. The contact also stated that there are several opportunities in the area for participation by local financial institutions in community-development related projects and initiatives.

## Appendix C: Tables of Performance Data

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### Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan areas are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases; (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30<sup>th</sup> of each year. Tables without data are not included in this PE. Tables are identified by both letters and numbers, which results from how they are generated in supervisory analytical systems.

The following is a listing and brief description of the tables included in each set:

**Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.

**Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents aggregate peer data for the years the data is available.

**Table Q. Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. Because small business data are not available for geographic areas smaller than counties, it may be necessary to compare bank loan data to aggregate data from geographic areas larger than the bank’s assessment area.  
*(Not included)*

**Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan

size, regardless of the revenue size of the business. The table also presents aggregate peer data for the years the data is available.

*(Not included)*

**Table S. Assessment Area Distribution of Loans to Farms by Income Category of the Geography** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.

*(Not included)*

**Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. The table also presents aggregate peer data for the years the data is available.

*(Not included)*

**Table U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** – Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households throughout those geographies.

*(Not included)*

**Table V. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of households by income level in each MA/assessment area.

*(Not included)*

**Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography**

**2016**

AA	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of OOHU Units	% Bank Loans	Aggregate	% of OOHU Units	% Bank Loans	Aggregate	% of OOHU Units	% Bank Loans	Aggregate	% of OOHU Units	% Bank Loans	Aggregate	% of OOHU Units	% Bank Loans	Aggregate
2016	8	2,814	100.0	70,438	8.1	0.0	5.0	22.0	0.0	18.0	37.9	12.5	40.4	32.0	87.5	36.6	0.0	0.0	0.0
<b>Total</b>	<b>8</b>	<b>2,814</b>	<b>100.0</b>	<b>70,438</b>	<b>8.1</b>	<b>0.0</b>	<b>5.0</b>	<b>22.0</b>	<b>0.0</b>	<b>18.0</b>	<b>37.9</b>	<b>12.5</b>	<b>40.4</b>	<b>32.0</b>	<b>87.5</b>	<b>36.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

*Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0*

**Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography**

**2017**

AA	Total Home Mortgage Loans				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% of OOHU Units	% Bank Loans	Aggregate	% of OOHU Units	% Bank Loans	Aggregate	% of OOHU Units	% Bank Loans	Aggregate	% of OOHU Units	% Bank Loans	Aggregate	% of OOHU Units	% Bank Loans	Aggregate
2017	21	8,358	100.0	61,232	7.1	0.0	4.7	23.3	4.76	21.8	36.3	47.62	39.6	33.3	47.62	33.7	0.1	0.0	0.1
<b>Total</b>	<b>21</b>	<b>8,358</b>	<b>100.0</b>	<b>61,232</b>	<b>7.1</b>	<b>0.0</b>	<b>4.7</b>	<b>23.3</b>	<b>4.76</b>	<b>21.8</b>	<b>36.3</b>	<b>47.62</b>	<b>39.6</b>	<b>33.3</b>	<b>47.62</b>	<b>33.7</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0*

**Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower**

**2016**

AA	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
2017	8	2,814	100.0	70,438	24.9	0.0	7.1	18.7	0.0	16.8	20.9	25.0	18.4	35.6	75.0	30.5	0.0	0.0	27.2
<b>Total</b>	<b>8</b>	<b>2,814</b>	<b>100.0</b>	<b>70,438</b>	<b>24.9</b>	<b>0.0</b>	<b>7.1</b>	<b>18.7</b>	<b>0.0</b>	<b>16.8</b>	<b>20.9</b>	<b>25.0</b>	<b>18.4</b>	<b>35.6</b>	<b>75.0</b>	<b>30.5</b>	<b>0.0</b>	<b>0.0</b>	<b>27.2</b>

Source: 2010 U.S Census; 01/01/2016 - 12/31/2016 Bank Data, 2016 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0

**Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower**

**2017**

AA	Total Home Mortgage Loans				Low-Income Borrowers			Moderate-Income Borrowers			Middle-Income Borrowers			Upper-Income Borrowers			Not Available-Income Borrowers		
	#	\$	% of Total	Overall Market	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate	% Families	% Bank Loans	Aggregate
2017	21	8,358	100.0	61,232	25.8	0.0	9.2	18.4	4.76	19.8	19.6	19.05	19.7	36.2	76.19	29.1	0.0	0.0	22.3
<b>Total</b>	<b>21</b>	<b>8,358</b>	<b>100.0</b>	<b>61,232</b>	<b>25.8</b>	<b>0.0</b>	<b>9.2</b>	<b>18.4</b>	<b>4.76</b>	<b>19.8</b>	<b>19.6</b>	<b>19.05</b>	<b>19.7</b>	<b>36.2</b>	<b>76.19</b>	<b>29.1</b>	<b>0.0</b>	<b>0.0</b>	<b>22.3</b>

Source: 2015 ACS Census; 01/01/2017 - 12/31/2017 Bank Data, 2017 HMDA Aggregate Data, "--" data not available.  
Due to rounding, totals may not equal 100.0