



PUBLIC DISCLOSURE

August 31, 2020

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Rosedale FS & LA
Charter Number: 703758

9616 Belair Rd., Baltimore, MD 21236-1104

Office of the Comptroller of the Currency

400 7th Street S.W., Washington, DC 20291

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

Institution's CRA Rating: This institution is rated **Outstanding**.

The Lending Test is rated: Outstanding.

The Community Development Test is rated: Satisfactory.

The major factors that support this rating include:

The Lending Test rating is based on the bank's record of performance in meeting the credit needs of its assessment area (AA) during the evaluation period through its lending activities.

- The bank's loan-to-deposit (LTD) ratio is more than reasonable, given the bank's size, financial condition, and business strategy;
- The bank originated a substantial majority of its loans within its AA;
- The bank exhibits reasonable geographic distribution of loans in the AA;
- The bank exhibits excellent distribution of loans to borrowers of different incomes given the product lines offered by the bank;

The Community Development (CD) Test rating is based on the aggregate assessment of the bank's community development activities for loans, investments, and services in the bank's AA.

- The bank's CD activities demonstrate an adequate level of responsiveness to CD needs in the AA.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the AA, the bank's LTD ratio is more than reasonable.

Rosedale's quarterly average net LTD ratio over the 12-quarter review period was 95.6 percent. The ratio ranged from a quarterly low of 88.8 percent as of December 31, 2017, to a quarterly high of 100 percent as of June 30, 2020. The ratio is calculated on a bank-wide basis. The quarterly average net LTD ratio for a custom peer group of five similarly situated institutions with assets ranging from \$418.3 million to \$1.8 billion and located in the same MSA was 94 percent over the same period. The peer group's ratio ranged from a quarterly low average of 85.6 percent to a quarterly high average of 100.1 percent during that time period.

Lending in Assessment Area

A substantial majority of the bank's loans are inside its AA.

The bank originated and purchased 93.1 percent of its total loans inside the bank's AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. The findings from this analysis had a positive effect on the overall analysis of the geographic distribution of lending by income level of geography.

Table D - Lending Inside and Outside of the Assessment Area

| Loan Category | Number of Loans | | | | Total # | Dollar Amount of Loans \$(000s) | | | | Total \$(000s) |
|---------------|-----------------|------|---------|-----|------------|---------------------------------|------|---------|-----|-------------------|
| | Inside | | Outside | | | Inside | | Outside | | |
| | # | % | # | % | | \$ | % | \$ | % | |
| Home Mortgage | 672 | 93.1 | 50 | 6.9 | 722 | 175,021 | 91.5 | 16,190 | 8.5 | 191,211 |

*Source: Evaluation Period: 1/1/2017 - 12/31/2019 Bank Data
Due to rounding, totals may not equal 100.0*

Description of Institution

Rosedale Federal Savings & Loan Association (Rosedale, bank, or institution) is a federally chartered mutual savings bank headquartered in Baltimore County, Maryland (MD). Since the previous evaluation, the bank acquired and merged Midstate Community Bank, Baltimore, MD into its operations. This merger was completed on October 06, 2017. The bank has one AA located within the Baltimore-Columbia-Towson, MD Metropolitan Statistical Area (MSA) 12580. The AA includes the counties of Anne Arundel, Baltimore, Carroll, Harford, Howard, Queen Anne's, and Baltimore City. The AA is unchanged from the prior CRA evaluation.

As of the evaluation date, the bank operates a network of nine full-service branches, in addition to the corporate office. Six branches are in Baltimore County and three are in Harford County. Of the branches, two offices are in moderate-income geographies; four offices are in middle-income geographies; and three branches are in upper-income geographies. There are no branches located in low-income geographies. During the evaluation period, the bank opened one branch in a moderate-income geography and closed one branch in a middle-income geography. The bank also acquired one branch in a middle-income geography through the Midstate merger. The opening and closing of branches did not adversely affect the accessibility of its delivery systems, particularly in low- and moderate-income (LMI) geographies and/or to LMI individuals.

The bank concentrates on the origination and purchase of residential mortgage loans to hold in the loan portfolio. As of the December 31, 2019, Consolidated Reports of Condition and Income (call report), the bank had tier 1 capital of \$246 million, total assets of \$973.4 million, and a net loan portfolio of approximately \$714.4 million representing 73.4 percent of total assets. Total deposits were \$724.6 million, or 74.5 percent of total assets. The loan portfolio consisted of approximately 61 percent residential real estate mortgages, followed by 37.9 percent commercial real estate loans, and less than one percent home equity lines of credit and home equity loans.

The bank offers a variety of credit and deposit services to businesses and consumers. Lending products include home mortgages, home equity loans and lines of credit, commercial real estate, and consumer loans. Deposit products include certificates of deposit, individual retirement accounts, money market, and various checking and savings accounts for individuals and businesses. Alternative banking services include night depository services, direct deposit, automated teller machines (ATMs), electronic statements, internet banking and mobile banking. Branch hours of operations are comparable to other local financial institutions. Business hours do not vary in a way that inconveniences portions of the AA, particularly LMI geographies and/or individuals. The bank's website, <https://www.rosedalefederal.com>, provides additional information on its services.

There are no financial or legal impediments to hinder the bank's ability to help meet the credit needs of the communities it services. The bank received an overall rating of "Outstanding" at the previous Intermediate Small Bank (ISB) CRA Performance Evaluation dated July 3, 2017.

Scope of the Evaluation

Evaluation Period/Products Evaluated

Rosedale was evaluated under the ISB examination procedures. These procedures evaluate the bank's performance based on a Lending Test and a CD Test. The Lending Test considers the bank's performance pursuant to the following criteria: Loan-to-Deposit Ratio Analysis; AA Concentration; Geographic Distribution; Borrower Distribution; and Response to CRA Complaints. The CD Test evaluates the bank's responsiveness to CD needs in its AA through CD lending, qualified investments, and CD services.

The evaluation period for the Lending Test is from January 1, 2017 to December 31, 2019. Based on the volume of originations and purchases during the evaluation period, home mortgage loans are the bank's primary loan product. The bank is a Home Mortgage Disclosure Act (HMDA) reporter; therefore, the OCC considered all home mortgage loans reported on the bank's 2017, 2018, and 2019 HMDA Loan Application Registers (LARs). The HMDA data was tested and found to be reliable. For the CD Test, the OCC evaluated the bank's CD activities from July 3, 2017, the date of the last CRA evaluation, through December 31, 2019. The OCC also reviewed the integrity of the bank's CD activities to ensure these activities qualify for credit under the CRA regulation. No affiliate activity was included in this analysis.

With an evaluation period end date of December 31, 2019, qualifying activities performed in response to the significant impact the coronavirus pandemic has had on economies across the United States are not addressed in this evaluation. Bank qualifying activities will be appropriately considered in the subsequent evaluation.

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

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more of AAs within that state was selected for a full-scope review. For purposes of this evaluation, bank delineated assessment areas located within the same metropolitan statistical area (MSA), multistate metropolitan statistical area (MMSA), or combined statistical area (CSA) are combined and evaluated as a single AA. Similarly, bank delineated non-MSA AAs within the same state are combined and evaluated as a single area. These combined AAs may be evaluated as full- or limited-scope. Refer to the "Scope" section under each State Rating for details regarding how full-scope AAs were selected. Refer to appendix A, Scope of Examination, for a list of full- and limited-scope AAs.

Ratings

The bank's overall rating is based solely on its performance in the State of Maryland.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 CFR 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 AA 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 Bureau of Consumer Financial Protection, 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.

State Rating

State of Maryland

CRA rating for the State of Maryland Outstanding

The Lending Test is rated: Outstanding

The Community Development Test is rated: Satisfactory

The major factors that support this rating include:

- The bank exhibits reasonable geographic distribution of loans in the AA;
- The bank exhibits excellent distribution of loans to borrowers of different incomes given the product lines offered by the bank;
- The bank's CD activities demonstrate adequate responsiveness to the credit needs of its AA through CD loans, donations, investments, and services.

Description of Institution's Operations in Maryland

The bank operates only in the state of Maryland. The bank provides products and services in the state of Maryland through its corporate office and nine branches and nine deposit-taking ATMs. There have been no changes to the bank's AA since the previous evaluation. The AA is contiguous, meets the requirements of the CRA regulation, and does not arbitrarily exclude LMI census tracts.

As discussed in the Description of the Institution, during the evaluation period, home mortgage lending was the bank's primary lending focus in the AA. There is a high level of competition for home mortgage loans among banks, credit unions, and non-depository mortgage lenders in the bank's AA. According to the most recent 2019 Peer Mortgage Data, there were 691 HMDA reporters who originated or purchased \$45.7 billion home mortgage loans within the bank's AA. The bank ranked 86th with a market share of

0.2 percent. The top five lenders were Wells Fargo Bank N.A., Bank of America, N.A., PennyMac Loan Services LLC, SECU Credit Union, and SunTrust Bank, Inc. who hold a combined market share of 19.6 percent in the AA.

The AA is a competitive market for financial services. According to the June 30, 2019 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, there were 49 financial institutions within the bank's AA that operated 666 full-service branches with aggregate deposits of \$74.3 billion. Of these institutions, Rosedale ranked 13th with a one percent deposit market share. The largest competitors within the AA were Bank of America, N.A. with 29.6 percent market share, Manufacturers & Traders Trust Company with 19.3 percent market share, PNC Bank, N.A. with 10.2 percent market share, and Wells Fargo Bank, N.A. with 9.5 percent market share.

Data obtained from the U.S. Bureau of Labor Statistics indicates that as of December 31, 2019, the unemployment rate for Baltimore-Columbia-Towson, MD MSA was 3 percent, which is slightly lower than the 2019 state average of 3.4 percent and the national average of 3.5 percent.

Baltimore is a center of education, with well-known and prestigious colleges, universities and medical schools, and operates a major east coast port. Major sectors of employment include law, finance; health, medicine and biosciences; leisure and hospitality; retail and entertainment; shipbuilding and maritime commerce; electronics, telecommunications, information technology, and aerospace research, and; city and federal government.

According to April 2020 economic information from Moody's Analytics, Baltimore-Columbia-Towson's economy appears to have started 2020 with positive momentum, but a look under the hood suggests celebration would be premature as efforts to contain the COVID-19 outbreak have brought the economy to its knees. Mortgage rates are down since the start of the year, but fewer people will qualify for the best rates as banks tighten their lending standards and set aside loan loss reserves in anticipation of defaults. The consequences of containment efforts and uncertainty surrounding COVID-19 may contribute to a 50 percent drop in single-family housing starts in the second quarter. Multifamily will also suffer as builders rethink their plans for urban development in a recession caused by a pandemic.

Despite grim near-term prospects, Baltimore boasts some key structural advantages that will buoy its economy during the recovery. While the collapse in foreign trade and travel will be a liability in the short run, the symbiotic relationship created by the Port of Baltimore together with the transportation network around Baltimore-Washington International Thurgood Marshall Airport will help maintain Baltimore's prominence as a distribution center. A world-class healthcare industry will also ensure that this part of the economy rebounds faster than those of its peers.

Moody's Analytics reports that Baltimore-Columbia-Towson's economy will contract sharply as policies to flatten the curve of infections generate losses that are worse than those in the global financial crisis. Few industries will be left unscathed from falling business and consumer spending, but the metro area will fare better than most of its peers given less exposure to tourism and a sturdier healthcare base.

There are many opportunities available for banks to address CD and credit needs in the area. The area is served by several Community Development Financial Institutions (CDFIs), CD entities, and nonprofit entities. Information from three existing community contacts from organizations serving the bank's AA was considered for this evaluation. The identified community needs in the AA included affordable housing, small business lending, support for revitalization and stabilization activities and better access to traditional banking services.

The table below, which is based on 2015 American Community Survey (ACS) census data, presents certain demographic characteristics of the bank's AA.

| Table A – Demographic Information of the Assessment Area | | | | | | |
|---|-----------|-----------------------|------------------------------|--------------------------|-------------------------|-----------------------|
| Assessment Area: Rosedale AA | | | | | | |
| Demographic Characteristics | # | Low % of # | Moderate % of # | Middle % of # | Upper % of # | NA* % of # |
| Geographies (Census Tracts) | 683 | 13.0 | 22.5 | 33.4 | 28.7 | 2.3 |
| Population by Geography | 2,769,818 | 9.0 | 22.0 | 35.3 | 32.8 | 0.8 |
| Housing Units by Geography | 1,145,512 | 10.7 | 22.9 | 35.5 | 30.6 | 0.3 |
| Owner-Occupied Units by Geography | 687,555 | 4.9 | 17.3 | 38.2 | 39.5 | 0.1 |
| Occupied Rental Units by Geography | 348,757 | 16.6 | 32.8 | 32.9 | 17.1 | 0.5 |
| Vacant Units by Geography | 109,200 | 28.2 | 26.7 | 26.7 | 17.6 | 0.8 |
| Businesses by Geography | 186,057 | 5.1 | 15.4 | 38.2 | 40.5 | 0.8 |
| Farms by Geography | 4,313 | 1.2 | 11.2 | 39.2 | 48.4 | 0.1 |
| Family Distribution by Income Level | 675,620 | 22.3 | 17.0 | 19.8 | 40.8 | 0.0 |
| Household Distribution by Income Level | 1,036,312 | 25.1 | 15.4 | 17.4 | 42.2 | 0.0 |
| Median Family Income MSA - 12580 Baltimore-Columbia-Towson, MD MSA | | \$87,788 | Median Housing Value | | | \$272,723 |
| | | | Median Gross Rent | | | \$1,181 |
| | | | Families Below Poverty Level | | | 7.6% |

Source: 2015 ACS Census and 2018 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 AA has a relatively high cost of housing that impedes homeownership for LMI individuals and families. The table below illustrates housing affordability calculations for the MSA. The monthly mortgage payment calculations assume a 30-year mortgage with a five percent interest rate, and not accounting for down payment, homeowner's insurance, real estate taxes, or any additional monthly expenses. The maximum low-income and maximum moderate-income annual income calculations are based on 50 percent and 80 percent of the 2019 FFIEC adjusted median family income in the MSA. As the table illustrates, both low- and moderate-income borrowers would be challenged to afford the median home price.

| 2019 Housing Affordability | | | | | | | | | |
|-----------------------------------|---------------------------------|--|---|---|---|---|---|--|--|
| MD/MSA Name | 2019 Updated MFI | Maximum Low- Income Annual Income | Maximum Affordable Mortgage Amount | Maximum Monthly Mortgage Payment | Maximum Moderate- Income Annual Income | Maximum Affordable Mortgage Amount | Maximum Monthly Mortgage Payment | 2019 Median Home Sales Price* | Mortgage Payment Based on Sales Price |
| MSA 12580 | 101,000 | 50,500 | 235,181 | 1,263 | 80,800 | 376,289 | 2,020 | 413,050 | 2,217 |

*Source – National Association of Realtors 2019 median home sales price of existing single-family homes for Metropolitan Areas.

Scope of Evaluation in Maryland

Examiners completed a full-scope review of the bank's only AA located within the Baltimore-Columbia-Towson, MD MSA 12580. All of the bank's branches are located in the state of Maryland.

The bank's primary loan product was home mortgage loans which is reflective of the bank's business strategy during the evaluation period.

Refer to the table in appendix A, Scope of Examination, for a list of this full-scope AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MARYLAND

LENDING TEST

The bank's performance under the Lending Test in Maryland is rated Outstanding.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's lending performance in the state of Maryland is excellent. The geographic distribution of mortgage loans in the AA is reasonable. The distribution of mortgage loans by income level of the borrower is excellent.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of loans in the state.

Home Mortgage Loans

Refer to Table O in the state of Maryland section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

Based on the data in the tables and considering the performance context factors discussed above, the overall geographic distribution of home mortgage loans is reasonable.

The bank's percentage of home mortgage lending in low-income geographies was below the percentage of owner-occupied housing units in low-income geographies and somewhat near to the aggregate performance. The bank originated or purchased 2.4 percent of home mortgage loans in low-income geographies, compared to 4.9 percent of owner-occupied housing units located within the low-income geographies. The aggregate originated or purchased 2.9 percent home mortgage loans in low-income geographies.

The bank's percentage of home mortgage lending in moderate-income geographies was less than the percentage of owner-occupied housing units in moderate-income geographies but was comparable to the aggregate lending. The bank originated or purchased 14.9 percent of home mortgage loans in moderate-income geographies. The aggregate originated or purchased 15 percent home mortgage loans in moderate-income geographies, while 17.3 percent of the AA's owner-occupied units were located within moderate-income geographies.

The following table illustrates the significant competition in low- and moderate- income geographies, where the top five lenders represent a quarter of \$385.4 million in low-income and \$2.7 billion in moderate-income lending activity.

| 2019 HMDA Market Share Data | | | | | |
|---|-------------|-----------------------|------------------------------------|-------------|-----------------------|
| Assessment Area: Rosedale FS & LA AA | | | | | |
| Low-Income Geographies | | | Moderate-Income Geographies | | |
| Bank | Rank | % Market Share | Bank | Rank | % Market Share |
| Rosedale FS & LA | 51 | 0.4 | Rosedale FS & LA | 94 | 0.2 |
| Wells Fargo Bank | 1 | 5.8 | Wells Fargo Bank NA | 1 | 5.5 |
| US Bank NA | 2 | 5.2 | PennyMac Loan Services LLC | 2 | 4.6 |
| PennyMac Loan Services LLC | 3 | 4.8 | US Bank NA | 3 | 3.9 |
| First Home Mortgage | 4 | 3.5 | Quicken Loans | 4 | 3.2 |
| M & T Bank | 5 | 2.1 | First Home Mortgage | 5 | 3.0 |
| Total Lenders | 263 | | | 416 | |

Lending Gap Analysis

The OCC reviewed summary reports and maps and analyzed the bank's home mortgage lending activity over the evaluation period to identify any gaps in the geographic distribution of loans. The OCC did not identify any unexplained conspicuous gaps.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an excellent distribution of loans to individuals of different income levels, given the product lines offered by the bank.

Home Mortgage Loans

Refer to Table P in the state of Maryland section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

Based on the data in the tables and considering the performance context factors discussed above the overall borrower distribution of home mortgage loans is excellent.

The bank originated or purchased 13.2 percent of home mortgage loans to low-income borrowers, while 22.3 percent of families in the AA were low-income. While this performance was below the demographic data, it significantly exceeded the aggregate lending performance of 8.8 percent. Within the AA, 7.6 percent of households are below the poverty level and may find it difficult to qualify for a home loan.

The percentage of mortgage lending to moderate-income borrowers exceeded the percentage of moderate-income families and was slightly below the aggregate performance. The bank originated or purchased 17.9 percent of home mortgage loans to moderate-income borrowers compared to 17 percent of moderate-income families in the AA. The aggregate originated or purchased approximately 18.7 percent of home loans to moderate-income borrowers.

Flexible Lending Programs

During the evaluation period, the bank offered several flexible affordable mortgage products to assist LMI individuals in obtaining homeownership. Many of these loan programs are available through partnerships with local and state government agencies. The bank originated thirty-nine (39) loans totaling \$5.4 million under these programs resulting in \$189,934 in grants to the borrowers. Loans originated under these programs are included in the bank's home mortgage loans. Following is a list of loan programs that were available during the evaluation period:

| Loan Program | No. of Loans | No. of Grants | \$ Amount of Grant Money | \$ Amount of Loans |
|--|---------------------|----------------------|---------------------------------|---------------------------|
| Habitat for Humanity Susquehanna Homeownership Program | 5 | - | - | 752,159 |
| Habitat for Humanity Chesapeake Homeownership Program | 15 | 6 | 55,934 | 1,810,500 |
| Baltimore County Settlement Expense Loan Program (SELP) | - | 6 | 60,000 | - |
| FHLB of Atlanta Affordable Housing Program | - | 9 | 52,500 | - |
| HOME Funds (Harford County Home Investment Partnership Program) | - | 3 | 16,500 | - |
| Maryland Department of Housing and Community Development (Maryland DHCD) | - | 1 | 5,000 | - |
| Rosedale First Time Homebuyers Program | 19 | 0 | - | 2,799,853 |
| Total | 39 | 25 | 189,934 | 5,362,512 |

Responses to Complaints

There were no consumer complaints regarding the bank's CRA performance or complaints indicating illegal or discriminatory lending practices during the evaluation period.

COMMUNITY DEVELOPMENT TEST

The bank's performance under the CD Test in the state of Maryland is rated Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank exhibits adequate responsiveness to CD needs in the state through CD loans, qualified investments, and CD services, as appropriate, considering the bank's capacity and the need and availability of such opportunities for community development in the bank's AA.

Number and Amount of Community Development Loans

The Community Development Loans Table, shown below, sets forth the information and data used to evaluate the bank's level of CD lending. The table includes all CD loans, including multifamily loans that also qualify as CD loans.

| Community Development Loans | | | | |
|-----------------------------|-------|--------------|-----------|---------------|
| Assessment Area | Total | | | |
| | # | % of Total # | \$(000's) | % of Total \$ |
| Rosedale AA | 2 | 100 | 2,000 | 100 |

During the evaluation period, the bank renewed two revolving lines of credit totaling \$2 million, which represented 0.8 percent of the bank's tier 1 capital and 0.3 percent of deposits as of December 31, 2019. The loans provided affordable housing for LMI individuals, which is responsive to the critical need of affordable housing for LMI individuals in the AA. The bank's CD loans include:

- A \$1 million line of credit to fund costs associated with the acquisition and rehabilitation of affordable housing to a global nonprofit organization which makes homeownership affordable to low-income families through their sweat equity and that of volunteers in building the homes.
- A \$1 million line of credit to a nonprofit organization whose mission is to create and support equal housing opportunities for LMI people, primarily in Baltimore City, and to encourage and support strong and diverse neighborhoods.

Number and Amount of Qualified Investments

The Qualified Investment Table, shown below, sets forth the information and data used to evaluate the bank's level of qualified CD investments. The table includes all CD investments, including prior period investments that are still outstanding as of the evaluation date.

| Qualified Investments | | | | | | | | | | |
|-----------------------|---------------|-----------|----------------|-----------|-------|--------------|-----------|---------------|------------------------|-----------|
| Assessment Area | Prior Period* | | Current Period | | Total | | | | Unfunded Commitments** | |
| | # | \$(000's) | # | \$(000's) | # | % of Total # | \$(000's) | % of Total \$ | # | \$(000's) |
| Rosedale AA | 1 | 257 | 120 | 903 | 121 | 100 | 1,160 | 100 | 0 | 0 |

* Prior Period Investments' means investments made in a previous evaluation period that are outstanding as of the examination date.

** Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

The bank's level of qualified investments and charitable contributions demonstrate adequate responsiveness to the CD needs in the AA. The bank's current and prior period investments, including grants and donations, totaled \$1.2 million, representing 0.5 percent of tier 1 capital. These investments were responsive to the AA's critical need for affordable housing and revitalizing and stabilizing LMI communities.

Prior Period Investments

The bank renewed a certificate of deposit (CD) at a minority-owned financial institution headquartered in Baltimore, Maryland. The current book value of the CD is approximately \$256,970.

New Investments

During the review period, the bank made one new investment that benefitted the AA. The bank committed a total of \$503,838 in a Small Business Administration (SBA) Loan Fund. This fund

purchases the federally guaranteed portion of SBA 7(a) loans. The fund's mission is to promote economic development by supporting permanent job creation, retention, and/or improvement in LMI geographies or in areas targeted for redevelopment by federal, state, local or tribal governments, or by supporting permanent job creation, retention, and/or improvement for persons who are currently LMI. The project funded a hotel located in a moderate-income geography in Baltimore City that employs LMI workers.

Additionally, the bank provided 119 charitable contributions totaling \$399,123 to organizations that promote housing and community development, primarily for LMI areas and/or to LMI individuals, within the bank's AA.

Extent to Which the Bank Provides Community Development Services

The bank exhibits adequate responsiveness to CD service needs in the state.

The bank's executives and employees participated in various CD services that demonstrated adequate responsiveness to the needs of its AA by providing financial and technical expertise to qualified CD organizations. During the evaluation period, twelve bank employees provided 299 community service hours to nine entities by participating in various community development services. Bank staff used their financial expertise by serving on the board and loan committees, as well as assisted in fundraising opportunities. In addition, during the evaluation period, the bank hosted LMI first-time homebuyer workshops and made its facility available to a community-based nonprofit organization in the bank's AA at no expense to the organization.

Appendix A: Scope of Examination

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 MSA(s) and non-MSA(s) 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”.

| | | |
|---|---|--|
| Time Period Reviewed: | 01/01/2017 to 12/31/2019 (Lending Test) 07/03/2017 to 12/31/2019 (CD Test) | |
| Bank Products Reviewed: | Home mortgage loans CD loans, qualified investments, and CD services | |
| Affiliate(s) | Affiliate Relationship | Products Reviewed |
| Not Applicable | Not Applicable | Not Applicable |
| List of Assessment Areas and Type of Examination | | |
| Rating and Assessment Areas | Type of Exam | Other Information |
| State of Maryland | Full-Scope | Anne Arundel, Baltimore, Carroll, Harford, Howard, Queen Anne’s counties and Baltimore City. |
| | | |

Appendix B: Summary of MMSA and State Ratings

| RATINGS | | Rosedale FS & LA | |
|----------------------|-----------------------------|-----------------------------|---|
| | Lending Test Rating* | CD Test Rating | Overall Bank/State/Multistate Rating |
| Overall Bank: | | | |
| Rosedale FS & LA | Outstanding | Satisfactory | Outstanding |
| State: | | | |
| Maryland | Outstanding | Satisfactory | Outstanding |

(*) The Lending Test and Community Development Test carry equal weight in the overall rating.

Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in 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. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending (Aggt.): The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

Census Tract (CT): A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances, Census tracts ideally contain about 4,000 people and 1,600 housing units.

Combined Statistical Area (CSA): A geographic entity consisting of two or more adjacent Core Based Statistical Areas with employment interchange measures of at least 15. An employment interchange measure is a measure of ties between two adjacent entities. The employment interchange measure is the sum of the percentage of workers living in the smaller entity who work in the larger entity and the percentage of employment in the smaller entity that is accounted for by workers who reside in the larger entity.

Community Development (CD): 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; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

Community Reinvestment Act (CRA): The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, 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, 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, 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), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

Home Mortgage Loans: A closed-end mortgage loan or an open-end line of credit as these terms are defined under 12 CFR 1003.2, and that is not an excluded transaction under 12 CFR 1003.3(c)(1) through (c)(10) and (c)(13).

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, 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: Individual income that is less than 50 percent of the area median income.

Low Income Geography: A census tract with a median family income that is less than 50 percent.

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 state/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. The median is the point at which half of the families have income above, and half below, a range of incomes. 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, and half below, a range of incomes.

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.

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.

Rating Area: A rated area is a state or multi-state metropolitan statistical 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 statistical area, the institution will receive a rating for the multi-state metropolitan statistical 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 1 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.

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, 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 are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

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 MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.

| Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography | | | | | | | | | | | | | | | | | | | | 2017-19 | |
|--|---------------------------|----------------|--------------|----------------|-----------------------------------|--------------|------------|-----------------------------------|--------------|-------------|-----------------------------------|--------------|-------------|-----------------------------------|--------------|-------------|-----------------------------------|--------------|------------|----------------|--|
| Assessment Area: | 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 Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | % of Owner-Occupied Housing Units | % Bank Loans | Aggregate | | |
| Rosedale AA | 672 | 175,021 | 100.0 | 107,195 | 4.9 | 2.4 | 2.9 | 17.3 | 14.9 | 15.0 | 38.2 | 38.5 | 39.7 | 39.5 | 44.2 | 42.3 | 0.1 | 0.0 | 0.1 | | |
| Total | 672 | 175,021 | 100.0 | 107,195 | 4.9 | 2.4 | 2.9 | 17.3 | 14.9 | 15.0 | 38.2 | 38.5 | 39.7 | 39.5 | 44.2 | 42.3 | 0.1 | 0.0 | 0.1 | | |

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0*

| Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower | | | | | | | | | | | | | | | | | | | | 2017-19 | |
|--|---------------------------|----------------|--------------|----------------|----------------------|--------------|------------|---------------------------|--------------|-------------|-------------------------|--------------|-------------|------------------------|--------------|-------------|--------------------------------|--------------|-------------|----------------|--|
| Assessment Area: | 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 | | |
| Rosedale AA | 672 | 175,021 | 100.0 | 107,195 | 22.3 | 13.2 | 8.8 | 17.0 | 17.9 | 18.7 | 19.8 | 20.4 | 20.0 | 40.8 | 37.6 | 30.0 | 0.0 | 10.9 | 22.5 | | |
| Total | 672 | 175,021 | 100.0 | 107,195 | 22.3 | 13.2 | 8.8 | 17.0 | 17.9 | 18.7 | 19.8 | 20.4 | 20.0 | 40.8 | 37.6 | 30.0 | 0.0 | 10.9 | 22.5 | | |

*Source: 2015 ACS Census; 01/01/2017 - 12/31/2019 Bank Data, 2019 HMDA Aggregate Data.
Due to rounding, totals may not equal 100.0*