



PUBLIC DISCLOSURE

July 11, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Shore United Bank, National Association
Charter Number: 25270

18 East Dover Street
Easton, Maryland 21601

Office of the Comptroller of the Currency

400 7th Street S.W.
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

Institution’s CRA Rating: This institution is rated Satisfactory.

The following table indicates the performance level of Shore United Bank, N. A. (Shore United or bank) with respect to the Lending, Investment, and Service Tests:

Performance Levels	Shore United, N. A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding	X		
High Satisfactory			X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

* The Lending Test is weighted more heavily than the Investment and Service Tests when arriving at an overall rating.

The major factors that support this rating include:

- The Lending Test rating is based on the outstanding performance within the states of Delaware and Maryland, and the Salisbury MD DE MSA (Salisbury MMSA) rating areas. Community development (CD) loans had a significantly positive impact on the Lending Test performance. Performance in the state of Maryland is weighted most heavily because it represents the bank’s primary area with 79.3 percent of branch locations, 87.7 percent of deposit volume as of June 30, 2021, and 81.4 percent of the home mortgage, small business, and small farm loan volume by dollar during the evaluation period.
- The Investment Test rating is based on the Low Satisfactory performance in the states of Maryland and Delaware and Needs to Improve performance in the Salisbury MMSA.
- The Service Test rating is based primarily on the High Satisfactory performance in the state of Maryland. As described under the first bullet point, the state of Maryland received more weight than the Salisbury MMSA and the state of Delaware. The Service Test in the Salisbury MMSA and in the state of Delaware is rated Low Satisfactory.

Bank-wide flexible and Innovative lending products

During the evaluation period, Shore United participated in the Small Business Administration’s (SBA) Paycheck Protection Program (PPP) to help businesses keep their workforce employed during COVID-19 Pandemic. In 2020, the bank originated 1,525 loans totaling \$130.1 million. During the second round, in 2021, the bank funded 959 PPP loans totaling \$67 million. In addition, the bank provided fee waivers and loan payment deferral programs to customers who experienced financial hardship due to the

pandemic. As of December 31, 2020, the loan deferral program had a balance of \$34.9 million, or 2.4 percent of the total loan portfolio, which primarily consisted of hospitality borrowers, who were hardest hit by state and local government shutdowns and travel restrictions.

Additionally, a number of PPP loans that were not included within those reported as small loans to businesses, were given consideration as CD loans and are discussed within the Lending Test sections for each rating area, as applicable. These loans were critical in providing the necessary payroll support to enable businesses to continue operations and maintain jobs and employment in their relative assessment areas (AAs). The bank's participation in the PPP program reflected responsiveness to community needs during the COVID-19 pandemic.

Bank-wide Flexible and Innovative Retail Service Products

During the evaluation period, Shore United supported financial literacy initiatives through various channels. The bank supported individual requests from teachers, schools, or organizations to provide classroom presentations or speakers on topics including coin and currency, budgeting, investments, credit, and home ownership across its various AAs.

In 2021, through Shore United's partnership with Everfi, the bank launched the Vault-Understanding Money, a digital financial education curriculum to students in Dorchester County, Maryland and Accomack County, Virginia. Vault is an interactive learning course, uses the latest in new media technologies to bring complex financial concepts to life for today's digital generation. The Vault digital education curriculum provides elementary school students in Maryland and Virginia with life skills like financial empowerment, mental wellness, and money skills to help them succeed both in and outside the classroom after a difficult year amidst the COVID-19 pandemic. These resources were made available to schools at no cost through bank's relationship with Everfi. At the end of the 2021 school year, the bank delivered 436 learning hours to 361 students in nine schools located in low- to moderate-income (LMI) communities.

Shore United has a long-standing partnership with Junior Achievement (JA) to promote financial literacy programs. During the evaluation period, the bank sponsored several JA programs in the bank's AA. JA prepares and inspires young people to succeed in the global economy. In 2021, employees filmed video lessons for three of JA's virtual programs, JA Our City®, JA Finance Park® and JA Inspire. JA Our City® is a program designed for 3rd grade students to help them learn the importance of money and economic exchange. JA Finance Park® is a program to help high school students have a better understanding of finance basics to make decisions related to income, expenses, savings, and credit. JA Inspire is a one-of-a-kind virtual career event for students to see what a day in the life of someone with their job looks like, how students can get that job and what students need to do for the duration of their school career to be successful in that job. In 2021, JA supported 3,898 students from third grade to high school in various programs. The organization confirmed the subsidized free and reduced rate for students served during the 2020-2021 school year was 65 percent.

Shore United partnered with His Hope Haven Ministries, a humanitarian nonprofit organization and emergency shelter in Denton, Maryland to teach a six-week course on financial literacy. The organization helps families, individuals, youth, and elderly fight homelessness, hunger, and potential homelessness. During the review period, bank employees taught three six-week sessions of financial literacy at the shelter. The topics included banking basics, managing and budgeting money, establishing and managing credit, interviewing, job skills, fraud, scams and identity theft.

Lending in Assessment Area

A high percentage of the bank's loans are in its AAs.

The bank originated and purchased 86.9 percent of its total loans inside the bank's AAs 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.

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										
2019	199	86.9	30	13.1	229	48,949	80.7	11,703	19.3	60,651
2020	160	85.6	27	14.4	187	53,022	66.3	26,963	33.7	79,985
2021	294	69.3	130	30.7	424	115,454	63.5	66,425	36.5	181,878
Subtotal	653	77.7	187	22.3	840	217,425	67.4	105,090	32.6	322,514
Small Business										
2019	202	92.2	17	7.8	219	45,836	89.0	5,682	11.0	51,518
2020	1,500	88.8	189	11.2	1,689	148,786	85.3	25,580	14.7	174,366
2021	1,095	89.0	136	11.0	1,231	111,549	86.8	16,949	13.2	128,498
Subtotal	2,797	89.1	342	10.9	3,139	306,171	86.4	48,211	13.6	354,382
Small Farm										
2019	12	100.0	0	0.0	12	1,668	100.0	0	0.0	1,668
2020	66	93.0	5	7.0	71	3,732	97.4	101	2.6	3,833
2021	12	100.0	0	0.0	12	2,707	100.0	0	0.0	2,707
Subtotal	90	94.7	5	5.3	95	8,107	98.8	101	1.2	8,208
Total	3,540	86.9	534	13.1	4,074	531,703	77.6	153,402	22.4	685,104
<i>Source: Bank Data Due to rounding, totals may not equal 100.0%</i>										

This performance was given positive consideration into the overall analysis of the geographic distribution of lending by income level of geography. Loans inside the AAs are considered part of the geographical distribution analysis under the Lending Test.

Description of Institution

Shore United is an interstate bank headquartered in Easton, Maryland. The bank is wholly owned subsidiary of Shore Bancshares, Inc., a single bank holding company that is publicly traded on the NASDAQ stock exchange under the ticker symbol SHBI. The holding company is also headquartered in

Easton, Maryland. The holding company acquired Severn Bancorp, Inc. (SVBI on NASDAQ) and its banking subsidiary, Severn Savings Bank (Severn) on October 31, 2021. Concurrent with the acquisition, the bank converted from a state-chartered bank to a national bank charter.

Within its retail footprint, as of December 31, 2021, Shore United operated 29 full-service branches, six loan production offices (LPOs), and 29 full-service automated teller machines (ATMs). Twenty-four full-service offices and four LPOs are in Maryland; four full-service offices and one LPO is in Delaware; and one full service and one LPO is in Virginia. Of these locations, three offices and two LPOs are in a significantly minority census tract and six offices are in moderate-income census tracts.

Shore United designated six AAs, four in the state of Maryland, one in the state of Delaware and one in the state of Virginia. For this analysis we combined the Non MSA portions of Maryland into one AA and the Delaware and Maryland portions of Salisbury MD-DE MSA into one AA, resulting in five AAs and four rating areas. The state of Virginia represented Shore United's smallest rating area, in terms of deposits. A limited portion of the bank's overall lending, investments, and services were conducted in the Virginia Non MSA AA. The volume was too low to conduct a meaningful analysis; therefore, conclusions on the bank's performance in the Virginia Non MSA is not included in this evaluation. Refer to Appendix A for a summary of the AAs and respective counties.

The bank offers a full range of commercial and consumer banking products and related financial services at each location; and through its mobile application and its website <https://www.shoreunitedbank.com>. Business lending includes commercial real estate loans, business lines of credit, equipment & vehicle loans, agricultural loans, and credit cards. Consumer lending products include home mortgage loans, home equity loans, lot/land loans, bridge loans, credit cards and consumer loans. Deposit products are also available and include personal and business checking and savings accounts, money market deposit accounts (MMDAs), certificates of deposit (CDs), and individual retirement accounts (IRAs).

In addition, the bank provides banking services through a number of alternative delivery systems (ADS), including full-service ATMs, debit cards, telephone banking, online banking, mobile banking, and Zelle, an online and mobile payment platform. These services are offered to all bank customers, are available throughout all of the bank's markets, and give customers flexibility in choosing services that fit their needs. All ADS are available to customers 24-hours a day and enhance the overall accessibility of services. The bank also offers free check cashing services for government issued checks to customers and non-customers.

The bank also engages in trust and wealth management services through WYE Trust and WYE Financial Partners, both divisions of Shore United Bank. These services are offered out of two branch locations located in Baltimore and Easton, Maryland.

As of December 31, 2021, Shore United reported total assets of \$3.5 billion, total deposits of \$3 billion, tier 1 capital of \$304 million, and net loans and leases of \$2.1 billion. The loan portfolio consisted of approximately 84.4 percent residential real estate mortgages, 9.3 percent commercial loans, 5.8 percent individual loans. Agricultural and consumer loans account for less than one percent of the total loan portfolio.

There are no known legal, financial, or other factors impeding the institution's ability to help meet the credit need in its AAs. Shore United received a Satisfactory rating from the Federal Reserve Bank

(FRB) of Richmond on its prior CRA evaluation dated February 27, 2017, under the Intermediate Small Bank (ISB) examination procedures.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This performance evaluation assessed the bank's CRA performance under the Large Bank Lending Test, Investment Test, and Services Test. The evaluation period for the Lending Test covered lending activities from January 1, 2019, through December 31, 2021. The evaluation period for the Investment Test and the Service Test covered activities from January 1, 2017, through December 31, 2021. Qualifying activities performed in response to the coronavirus pandemic are included in the evaluation period and will be considered in this CRA evaluation.

For purposes of this evaluation, at least 20 originated and purchased loans within an AA during the evaluation period are needed for a meaningful analysis. Based on the volume of lending activity, home mortgage and small business loans are the bank's primarily lending products. The OCC analyzed small loans to farms in the Maryland Non MSA AA only. The bank did not originate or purchase a sufficient volume of small farm loans in all the other AAs to perform a meaningful analysis. Consumer loans were not considered in this evaluation, as they did not constitute a substantial majority of the bank's lending activities.

Selection of Areas for Full-Scope Review

In each state where the bank has an office, one or more AA(s) 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 section 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 a blend of the state ratings, and where applicable, multistate ratings.

The conclusion on Lending Test activity represents an assessment of the bank's responsiveness to community credit needs by considering its lending volume relative to its capacity to lend. Lending volume is measured by the market share and ranking of the bank's home mortgage, small business and where applicable, small farm lending relative to other lenders. The bank's capacity is measured by its deposit market share and rank relative to other depository institutions in the AA. The bank's lending volume is considered in the context of its market presence, the level of competition, and community credit needs.

Throughout all rating areas, equal emphasis was given to the geographic and borrower distribution components of the Lending Test. The volume of CD loans and the degree of responsiveness of those

loans to the needs in the community were considered in the lending evaluation. CD lending in an AA influenced the Lending Test rating either positively, neutrally, or negatively, to the extent of opportunity, responsiveness, and performance context.

The MMSA and state ratings are based on performance in all bank AAs. The state of Maryland was weighted more heavily as this AA represents the largest rating area based on deposits, branches, and lending. The conclusions in the Investment Test and Service Test ratings are based on performance across all rating areas. The OCC weighted performance in the same manner as the Lending Test.

Refer to the “Scope” section under each State and MMSA Rating section for details regarding how the areas were weighted in arriving at the respective ratings.

Discriminatory or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. §25.28(c), 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.

Multistate Metropolitan Statistical Area Rating

Salisbury MMSA

CRA rating for the Salisbury MMSA¹: Satisfactory

The Lending Test is rated: Outstanding

The Investment Test is rated: Needs to Improve

The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Excellent lending activity;
- A good borrower distribution of loans;
- An adequate geographic distribution of loans;
- An excellent level of CD loans;
- A significantly positive impact of CD lending;
- A reasonably accessible service delivery system; and
- An adequate level of CD services.

Description of Institution's Operations in Salisbury MMSA

The Salisbury MMSA represents Shore United's third largest rated area out of four rating areas, in terms of deposits. The Salisbury MMSA is comprised of two counties in two states, which includes Sussex County in Delaware, and Worcester County in Maryland.

As of June 30, 2021, Shore United had \$30.2 million of deposits in the MMSA, which represented 1.6 percent of adjusted deposits. Shore United ranked 11th in the MMSA out of 13 depository banks with a 1.3 percent market share. The top three banks within the MMSA in terms of deposits were Calvin B. Taylor Bank Company of Berlin with nine branches and 26.3 percent market share, Bank of Ocean City with four branches and 19.4 percent market share, and Truist Bank with two branches and 13.9 percent market share.

Shore United operated one branch with an onsite ATM within the MMSA, representing 3.6 percent of the bank's branches and 3.5 percent of the bank's ATMs. In comparison to the percentage of deposits and branching network, the bank originated and purchased \$40 million in loans or 7.6 percent of bank's total loan originations and purchases, during the evaluation period.

Demographic Data

Based on the information in the table below, low-income families make less than \$31,546 and moderate-income families make less than \$50,473. One method used to determine housing affordability assumes a

¹This rating reflects performance within the multistate metropolitan statistical area. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate metropolitan statistical area.

maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculates to a maximum monthly mortgage payment of \$788 for low-income borrowers and \$1,262 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage rate for a home at the MSA median housing value would be \$2,400. Therefore, LMI borrowers would be challenged to qualify for a mortgage loan in the rating area.

The following table provides a summary of demographics, including housing and business information for the Salisbury MMSA.

Salisbury MMSA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Salisbury MMSA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	21	0.0	4.8	52.4	33.3	9.5
Population by Geography	70,312	0.0	7.4	59.1	33.5	0.0
Housing Units by Geography	63,919	0.0	3.5	53.7	42.9	0.0
Owner-Occupied Units by Geography	21,280	0.0	4.3	57.6	38.1	0.0
Occupied Rental Units by Geography	6,474	0.0	13.8	60.8	25.4	0.0
Vacant Units by Geography	36,165	0.0	1.1	50.1	48.8	0.0
Businesses by Geography	8,590	0.0	4.9	55.1	40.0	0.0
Farms by Geography	331	0.0	6.0	56.2	37.8	0.0
Family Distribution by Income Level	18,231	18.7	17.5	21.3	42.6	0.0
Household Distribution by Income Level	27,754	21.6	16.7	17.9	43.8	0.0
Median Family Income MSA - 41540 Salisbury, MD-DE MSA		\$63,091	Median Housing Value			\$259,034
			Median Gross Rent			\$1,014
			Families Below Poverty Level			8.2%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Economic Data

According to the September 2021 Moody's Analytics report, Salisbury was in the recovery phase, with nine out of ten jobs being recouped. Recovery for the area had outpaced both state and national averages. The area's economy is largely driven by tourism, healthcare, and manufacturing. Leisure, hospitality, and retail has fully recovered with the increase demand from tourists and retirees. Healthcare was near full recovery and the number healthcare jobs were expected to surpass the U.S. average as the area had a larger and growing population of residents 65 and older. Manufacturing had increased due to surging demand for poultry. Top employers such as Purdue and other poultry manufacturers were expected to ramp up production and hiring to meet the increased demand.

Strengths of the area included a lower cost of living relative to the U.S. northeast, popular area among tourists and retirees, and the number of undervalued single-family homes. Weaknesses in the economy

were a heavy reliance on tourism and consumer-facing industries, below-average per capita income, very few high-wage jobs, and shallow concentration of prime-age workers.

Key sectors of the economy based on percentage of total employment included Education and Health Services, Government (federal and local), Professional and Business Services, Leisure and Hospitality Services, and Retail Trade. The top five employers in the MSA were Peninsula Regional Medical Center, Beebe Medical Center, Salisbury University, Perdue Farms Inc., and Walmart Inc.

Moody's Analytics predicted Salisbury will surpass pre-pandemic employment levels next year. Healthcare will lead the final stages of the recovery, but tourism and manufacturing will lend valuable support. Total employment growth will moderate next year as the economy gets back to normal. Longer term, strong population growth and low business costs will enable Salisbury to slightly outperform the nation.

According to the U.S. Bureau of Labor Statistics, the unemployment rate had been steadily decreasing prior to the pandemic. During the pandemic, the peak of unemployment occurred in April 2020 at 14 percent, but since retreated back to four percent in December 2021. As of December 2021, the unemployment rates for the states of Maryland and Delaware were 5.4 percent and 4.8 percent, respectively. The national unemployment rate was 3.9 percent as of the same date.

Community Contacts

The analysis considered recent comments provided by two community development organizations serving the Salisbury MMSA AA. The contacts expressed a need for affordable housing and small business loans. One contact indicated that many small businesses struggle during off-season. The contact stated that the COVID-19 pandemic created an influx of homebuyers migrating into the AA causing an increase in housing prices, leaving little affordable housing stock for middle-income buyers. Overall, the perception of local financial institutions was positive.

Scope of Evaluation in Salisbury MMSA

A full-scope review of the Salisbury MMSA was conducted. As of June 30, 2021, Shore United has one branch and \$30.2 million of deposits in the Salisbury MMSA AA, which represented 3.4 percent and 1.6 percent of the bank's total number of branches and deposits in the MMSA, respectively.

Refer to Appendix A for a complete description of the AA.

There were no limited scope reviews since there were no other AAs delineated by the bank within the MMSA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SALISBURY MMSA

LENDING TEST

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

Based on a full-scope review, the bank's performance in the Salisbury MMSA is excellent.

Lending Activity

Lending levels reflect excellent responsiveness to AA credit needs.

Number of Loans *							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Salisbury MMSA	52	161	2	4	219	100	100

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans (000's) *							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Salisbury MMSA	20,002	20,030	476	4,134	44,642	100	100

*The tables present the data for all assessment areas. The narrative below addresses performance in the full-scope area only.

Shore United ranked 11th in deposits with a 1.3 percent deposit market share, placing it in the 85th percentile of depository institutions.

According to mortgage peer data for 2021, the bank had a market share of 0.2 percent based on the number of home mortgage loans originated or purchased. The bank ranked 76th among 358 home mortgage lenders in the AA, which placed it in the 21st percentile of lenders. The top three lenders in the market included Rocket Mortgage with 7.1 percent market share, Mclean Mortgage Corporation with 4.7 percent market share, and Wells Fargo Bank, NA with 4.2 percent market share. The bank's home mortgage market share rank significantly exceeds its percentile based upon its deposit market share and reflects strong home mortgage lending performance against significant competition in the AA.

The bank ranked 17th out of 115 small business lenders, which placed it in the 15th percentile of lenders. The top three lenders in the market included American Express, NA with 12.7 percent market share, M&T Bank with 9.8 percent market share and PNC Bank with eight percent market share. The bank's small business market share rank significantly exceeds its percentile based upon its deposit market share and reflected strong small business lending performance against intense competition in the AA.

The bank's level of small loans to farms was not sufficient to provide a meaningful analysis.

Distribution of Loans by Income Level of the Geography

The bank exhibits an adequate geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the "MMSA" 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.

The geographic distribution of home mortgage loans is considered adequate given performance context.

The AA does not include any low-income geographies. The distribution of home mortgage loans in moderate-income geographies was below both the percentage of owner-occupied housing units and aggregate lending in the AA.

Small Loans to Businesses

Refer to Table Q in the "MMSA" section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses is poor.

The AA does not include any low-income geographies. The percentage of small business loans in moderate-income geographies was below both the percentage of businesses and aggregate lending data in the AA. The limited number of businesses located in moderate-income geographies constrained the bank's ability to make small loans to businesses in those geographies. Only 418 or 4.9 percent of businesses were located in moderate-income geographies.

Lending Gap Analysis

We reviewed summary reports and maps to analyze the geographic distribution of Shore United's lending activity over the evaluation period for lending gaps. We did not identify any unexplained conspicuous lending gaps in the Salisbury MMSA.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and business of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

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

The distribution of home mortgage loans among individuals of different income levels is adequate.

The percentage of home mortgage loans to low-income borrowers was significantly below the percentage of low-income families but slightly above the aggregate lending in the AA. The percentage of home mortgage loans to moderate-income borrowers was significantly below both the percentage of moderate-income families and aggregate lending in the AA.

In our analysis, we considered the number of families below the poverty level and affordable housing needs. According to 2015 U.S. Census data, 8.2 percent of the families in the AA were below the poverty level. Family poverty rates may have impacted the bank's ability to originate loans.

In addition, housing affordability in the AA was a concern, with the median home price of \$259,034 exceeding the maximum low-income household income of \$37,050 by nearly seven times. The median home price exceeded the maximum moderate-income household income of \$59,280 by nearly five

times. As was noted in the demographic data section for this rating area, median home sale prices would be financially difficult for LMI households to manage.

Small Loans to Businesses

Refer to Table R in the “MMSA” section of appendix D for the facts and data used to evaluate the borrower distribution of the institution’s originations and purchases of small loans to businesses.

The distribution of loans to businesses of different sizes is good.

The percentage of loans to small businesses (businesses with revenues of \$1 million or less) was below the percentage of small businesses in the AA. When compared to aggregate lending data, the bank’s percentage of loans to small businesses exceeded the percentage of loans by all lenders to small businesses in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity tables, shown previously, set forth the information and data used to evaluate the bank’s total level of CD lending. These tables include all CD loans, including multifamily loans that also qualified as CD loans.

The level of CD lending in the AA was excellent. Shore United made four CD loans in the AA for a total of \$4.1 million, which represented 85 percent of tier 1 capital allocated to the AA. CD lending performance had a significantly positive impact on the lending test rating.

Examples of CD Loans include:

- Two PPP loans totaling \$2.9 million that provided funding to cover payroll expenses during the pandemic. The borrower is a nonprofit organization that provides health and residence services for LMI individuals with physical and developmental disabilities.
- A \$1.1 million PPP loan that provided funding to cover payroll expenses during the pandemic. The borrower is a community organization that provides mental health support services for individuals who suffer from co-occurring disorders, substance use and mental illness and are experiencing or at risk of homelessness.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. All innovative and/or flexible lending programs discussed in the overall section are offered in the Salisbury MMSA.

INVESTMENT TEST

The institution’s performance under the Investment Test in Salisbury MMSA is rated Needs to Improve.

Based on a full-scope review, the bank’s performance in the Salisbury MMSA is poor.

The institution has a few, if any, qualified CD investments or grants, particularly those that are not routinely provided by private investors.

The institution exhibits poor responsiveness to credit and community economic development needs. The institution does not use innovative and/or complex investments to support CD initiatives.

Number and Amount of Qualified Investments

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Salisbury MMSA	0	0	5	11	5	100	11	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 did not make any qualified investments in the Salisbury MMSA during the evaluation period. However, the bank made five donations totaling \$11,500 to two different organizations. Total donations represented less than one percent of allocated tier 1 capital for the AA. Capital was allocated based on the bank’s portion of deposits in the Salisbury MMSA. These donations supported programs designed to provide affordable housing and community services to LMI individuals and families within the MMSA.

SERVICE TEST

The institution’s performance under the Service Test in Salisbury MMSA is rated Low Satisfactory.

Based on a full-scope review, the institution’s performance in the Salisbury MMSA is adequate.

Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the bank’s AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Salisbury MMSA	100	1	100.0	0.0	0.0	0.0	100.0	0.0	7.4	59.1	33.5

The bank did not operate any branch locations within LMI geographies during the evaluation period. The AA does not include any low-income geographies. We noted that only 4.8 percent of geographies were classified as moderate-income and the percentage of population that resided in moderate-income geographies was low at 7.4 percent. Furthermore, 9.5 percent of geographies in the AA were not assigned an income classification as of the 2015 ACS data.

To complement its traditional service delivery methods, Shore United provides several ADS including debit cards, online banking, mobile banking telephone banking, and Zelle, an online and mobile payment platform. These delivery methods provide increased access to banking services throughout the AA. All ADS discussed bank-wide are available in this AA. OCC placed no significant weight on these services, as no data was available to determine their impact on LMI individuals.

Distribution of Branch Openings/Closings						
		Branch Openings/Closings				
		Net change in Location of Branches (+ or -)				
Assessment Area	# of Branch Openings	# of Branch Closings	Low	Mod	Mid	Upp
Salisbury MD MMSA	1	0	0	0	0	+1

To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals.

Services, including business hours where appropriate, do not vary in a way that inconveniences the bank’s AA, particularly LMI geographies and/or individuals. Shore United maintains standard business hours and offers traditional banking products and services in the AA.

Community Development Services

The institution provides an adequate level of CD services.

Two employees provided approximately 27 service hours through participation in two CD service activities of two different qualified organizations. The organizations provided community services to LMI individuals and families. The small percentage of the bank’s total staff located in the MMSA was also considered as an aspect of performance context.

Examples of Shore United’s CD services included:

- A bank officer served on the board of directors for a community based nonprofit organization, which provides social services.
- An employee taught Teach Children to Save at one area school where a majority of the students were from LMI families. Teach Children to Save is a free national campaign sponsored by the

Shore United Bank, National Association

Charter Number: 25270

American Bankers Association (ABA) Foundation, which raises awareness about the roles that banks, and bankers play in helping young people to develop lifelong savings habits.

State Rating

State of Delaware

CRA rating for the State of Delaware: Satisfactory

The Lending Test is rated: Outstanding

The Investment Test is rated: Low Satisfactory

The Service Test is rated: Low Satisfactory

The major factors that support this rating include:

- Excellent lending activity;
- A good borrower distribution of loans;
- A good geographic distribution of loans;
- An excellent level of CD loans;
- A significantly positive impact of CD lending;
- An adequate level of CD investments;
- A reasonably accessible service delivery system; and
- An adequate level of CD services.

Description of Institution's Operations in Delaware

The state of Delaware represented Shore United's second largest rating area out of the bank's four rating areas, in terms of deposits. The bank designated a single AA within the state of Delaware. The AA consisted of Kent County in its entirety, which is a portion of the Dover, DE MSA 20100.

As of June 30, 2021, Shore United had \$192 million in deposits within the AA, which represented 10.2 percent of adjusted deposits. Shore United ranked 8th among the 14 depository institutions with a 3.7 percent deposit market share. The top three banks within the AA in terms of deposits were Manufacturers and Traders Trust Company with five branches and 29.4 percent market share, Wilmington Savings Fund Society, FSB, with six branches and 16.9 percent market share, and Del One with one branch and 11.4 percent market share.

Within the AA, Shore United operated four full-service branches and four deposit taking ATMs, represented 18.2 percent of the bank's total branches and 13.8 percent of bank's ATMs. In comparison to the percentage of deposits and branching network, the bank originated and purchased \$51.9 million in loans, or 9.9 percent of bank's total loan originations and purchases, during the evaluation period.

Demographic Data

Based on the information in the table below, low-income families make less than \$32,126 and moderate-income families make less than \$51,402. One method used to determine housing affordability assumes a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculates to a maximum monthly mortgage payment of \$803 for low-income borrowers and \$1,285 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly

expenses, the monthly mortgage rate for a home at the MSA median housing value would be \$1,981. Therefore, LMI borrowers would be challenged to qualify for a mortgage loan in the rating area.

The following table provides a summary of demographics, including housing and business information for the Dover DE MSA AA.

Dover DE MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Dover DE MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	33	3.0	18.2	63.6	12.1	3.0
Population by Geography	169,509	1.3	15.3	69.0	14.4	0.0
Housing Units by Geography	67,315	1.6	16.0	68.7	13.8	0.0
Owner-Occupied Units by Geography	42,185	0.7	11.5	72.6	15.2	0.0
Occupied Rental Units by Geography	18,386	3.5	26.7	59.2	10.7	0.0
Vacant Units by Geography	6,744	1.5	14.6	70.2	13.7	0.0
Businesses by Geography	13,117	17.3	13.4	57.3	12.0	0.0
Farms by Geography	613	1.3	11.1	79.8	7.8	0.0
Family Distribution by Income Level	42,277	21.6	16.6	21.7	40.1	0.0
Household Distribution by Income Level	60,571	23.2	17.0	18.7	41.1	0.0
Median Family Income MSA - 20100 Dover, DE MSA		\$64,252	Median Housing Value			\$197,071
			Median Gross Rent			\$998
			Families Below Poverty Level			9.9%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Economic Data

According to the September 2021 Moody's Analytics report, the Dover DE MSA was in the recovery phase, and was among Delaware's top performers. The AA had recouped more than 80 percent of its recessionary job losses, ahead of both state and national averages. The AA's strengths included favorable migration trends with above-average population growth, employment stability from the Dover Air Force Base and state government, low business costs, including office rents, taxes, and labor. Weaknesses for the area included below-average per capita income and few high-tech higher-value-added services. Leisure/hospitality has accounted for most of the recent strength due to increased beach tourism in summer. A booming housing market, coupled with low inventory has caused homes in the area to sell above asking prices. As new supply is added price growth will cool, in step with US trends however the above-average population growth will support sustained demand.

Moody's predicts that Dover's recovery will maintain a steady pace, and payrolls will hit pre-pandemic levels in 2022. Moody's predicts that growth in leisure/hospitality and elevated residential construction will keep hiring in line with the nation in the short run. Longer term, the combination of strong demographics and low business and living costs will keep Dover an above-average performer.

According to the U.S. Bureau of Labor Statistics, unemployment rates in the MSA nearly tripled from five percent in January 2019 to 14 percent in April 2020 due to the impacts of COVID-19 pandemic and associated lockdowns and business closures. Unemployment rates decreased since its peak in April 2020 reflecting an improving economy. As of December 31, 2021, the unemployment rate for Dover DE MSA was 4.9 percent. The Kent County unemployment rate was 4.6 percent, slightly below the statewide unemployment rate of 4.8 percent.

Community Contacts

To gain a better understanding of local economic conditions and community needs, OCC reviewed two existing community contacts conducted by other regulatory agencies for neighboring banks in the same AA. One contact indicated that housing prices had increased approximately 18 percent year over year and rents had also increased significantly over the same period, creating a shortage of affordable housing for LMI individuals. Current economic outlook was poor given the COVID-19 pandemic. One contact specifically mentioned Shore United as one of the institutions that has supported the organization. The identified community needs in the AA included affordable housing, construction financing to nonprofits, funding for foreclosure and eviction support, investment into the loan fund, housing rehabilitation, and grants for small businesses.

Scope of Evaluation in Delaware

The Dover DE MSA AA received a full-scope review, as the bank delineated only one AA in the state of Delaware. Shore United had four branches and \$192 million of deposits in the Dover DE MSA AA, which represented 13.8 percent and 10.2 percent of the bank's total number of branches and deposits in the state of Delaware, respectively. There were no limited scope reviews since there were no other AAs delineated by the bank within the state.

Refer to Appendix A for a complete description of the AA.

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN DELAWARE

LENDING TEST

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

Conclusions for Areas Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Delaware DE MSA AA is excellent.

Lending Activity

Lending levels reflect excellent responsiveness to AA credit needs.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Dover DE MSA AA	125	265	12	6	415	100	100

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans (000) *							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Dover DE MSA AA	\$24,621	\$27,246	\$594	\$5,612	\$58,075	100	100

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

According to the Deposit Market Share data as of June 30, 2021, the bank ranked 8th among 14 deposit banks with a market share of 3.7 percent placing the bank in the 57th percentile.

Based on 2021 Peer Mortgage Data, the bank ranked 58th out of 278 mortgage lenders with a market share of 0.4 percent, placing the bank in the 20th percentile of all mortgage lenders in the AA. The top three lenders in the market included Rocket Mortgage with seven percent market share, PennyMac Loan Services LLC with 5.5 market share, and Freedom Mortgage Corporation with 4.5 percent market share. The bank’s home mortgage market share rank significantly exceeds its percentile based upon its deposit market share and reflects strong home mortgage lending performance against significant competition in the AA.

In small loans to businesses, Shore United ranked 8th out of 106 small business lenders with a 4.6 percent market share, placing the bank in the 8th percentile of all small business lenders in the AA. The top three lenders in the market included American Express NA with a 12.7 percent market share, WSFS Bank with a 10.3 percent market share and PNC Bank with a 9 percent market share. The bank’s small business market share rank exceeds its percentile based upon its deposit market share and reflects strong small business lending performance against strong competition in AA.

The bank’s level of small loans to farms was not sufficient to provide a meaningful analysis.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AA.

Home Mortgage Loans

Refer to Table O in the state of Delaware 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.

The geographic distribution of home mortgage loans is considered good given performance context.

The percentage of home mortgage loans to borrowers in low-income geographies exceeded both the percentage of owner- occupied housing and the aggregate lenders in low-income geographies. The percentage of home mortgage loans in moderate-income geographies was near to the aggregate distribution of home mortgage loans and was below the percentage of owner-occupied housing units in moderate-income geographies.

Small Loans to Businesses

Refer to Table Q in the state of Delaware section of appendix D for the facts and data used to evaluate the geographic distribution of the bank’s originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses is adequate.

The percentage of small loans to businesses in low-income geography was significantly below the percentage of businesses in low-income geographies and the percentage of loans by all lenders in low-income geographies. The percentage of small loans to businesses in moderate-income geographies exceeded both the percentage of businesses in moderate-income geographies and the percentage of loans by all lenders in moderate-income geographies.

Lending Gap Analysis

We reviewed summary reports, maps, and bank-provided information and did not identify any unexplained or conspicuous gaps in the geographic distribution of loans.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a good distribution of loans among individuals of different income levels and business and farms of different sizes, given the product lines offered by the institution.

Home Mortgage Loans

Refer to Table P in the state of Delaware 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.

The distribution of home mortgage loans among individuals of different income levels is excellent.

The percentage of home mortgage loans to low-income borrowers was below the percentage of low-income families and exceeded the percentage of loans by all lenders to low-income families. Housing affordability in the AA was a concern, with the median home price of \$197,071 exceeding the maximum low-income household income of \$34,500 by nearly six times. As was noted in the demographic data section for this rating area, median home sale prices would have been financially difficult for low-income households to manage.

The percentage of home mortgage loans to moderate-income borrowers exceeded both the percentage of moderate-income families and the percentage of loans by all lenders to moderate-income families.

Small Loans to Businesses

Refer to Table R in the state of Delaware section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of the bank's small loans to businesses (businesses with revenues of \$1 million or less) is adequate.

The bank's percentage of small loans to businesses was significantly below the percentage of small businesses in the AA. When compared to aggregate lending data, the bank's percentage of loans to small businesses was near to the percentage of loans by all lenders to small businesses in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualified as CD loans.

The level of CD lending in the AA is excellent. Shore United made six CD loans in the AA for a total of \$5.6 million, which represented 18.2 percent of tier 1 capital allocated to the AA. CD lending performance had a significantly positive impact on the lending test rating.

Examples of CD Loans include:

- A \$2.4 million loan to refinance and renovate a volunteer fire station located in a low-income census tract. The fire department provides needed community services to low-income and adjacent moderate-income census tracts.
- A \$540,000 loan to finance a multifamily unit apartment complex located in a moderate-income geography with rental rates considered affordable and were not projected at the time of the transaction to exceed 30 percent of 80 percent of the AMI. This loan was responsive to the identified need for affordable housing in the AA.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. During the evaluation period, in response to the COVID-19 pandemic, the bank made 36 PPP loans totaling approximately \$3.9 million in Dover DE MSA AA. All innovative and/or flexible lending programs discussed in the overall section are offered in the Dover DE MSA AA.

INVESTMENT TEST

The bank's performance under the Investment Test in Delaware is rated Low Satisfactory.

Based on a full-scope review, the bank's performance in the Dover DE MSA AA adequate.

The institution has an adequate level of qualified CD investments and grants, although rarely in a leadership position, particularly those that are not routinely provided by private investors.

The institution exhibits adequate responsiveness to credit and community economic development needs.

The institution rarely uses innovative and/or complex investments to support CD initiatives. The bank's investments primarily include mortgage-backed securities (MBSs).

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Dover DE MSA AA	1	726	17	204	18	100	930	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 dollar volume of current and prior period investments represented 3 percent of tier 1 capital allocated to the AA. Current period investments consisted of one Fannie Mae (FNMA) MBS totaling \$143,610 that helped provide affordable housing to LMI borrowers and 16 qualified donations totaling \$60,255. One prior period investment remained outstanding at \$726,374, which also provided affordable housing through FNMA MBS. The prior period investment continues to provide ongoing benefit and had a positive impact supporting the AA's affordable housing needs.

Examples of CD investments and donations made in the AA included:

- Two FNMA MBS with an aggregate book value of \$869,984. These securities were collateralized by seven home mortgage loans to LMI borrowers in the AA.
- Two donations totaling \$5,055 to an organization with a mission to provide alleviate poverty and the problems of hunger through community education and advocacy.
- Five donations totaling \$20,800 to a nonprofit affordable housing developer with the mission to provide decent, safe, and affordable housing solutions to people of modest means. The organization provides transitional housing, rental housing, homeownership opportunities, emergency home repairs, and home rehabilitation services as well as credit counseling.

SERVICE TEST

The bank’s performance under the Service Test in Delaware is rated Low Satisfactory.

Based on a full-scope review, the bank’s performance in the Dover DE MSA AA is adequate.

Retail Banking Services

Service delivery systems are accessible to geographies and individuals of different income levels in the institution’s AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Dover DE MSA AA	100	4	100	0.0	25.0	75.0	0.0	1.3	15.3	69.0	14.4

Shore United operated four branches in the Dover DE MSA AA with no branches in low-income geographies, which is reasonable given only 1.3 percent of the AA’s population was located in low income geographies. Moreover, 3 percent of geographies in the AA were not assigned an income classification as of the 2015 ACS data.

The branch distribution in moderate-income geographies exceeded the percentage of the population residing in moderate-income geographies in the AA. All branches in the AA include onsite deposit taking ATMs, and a drive-through facility. In addition to onsite ATMs, the bank provides its customers surcharge-free access to the Allpoint Network of 55,000 ATMs worldwide. Membership in the surcharge-free network enhances affordable accessibility throughout the AA.

To complement its traditional service delivery methods, Shore United provides several ADS including debit cards, online banking, mobile banking telephone banking, and Zelle, an online and mobile payment platform. These delivery methods provide increased access to banking services throughout the AA. All ADS discussed bank-wide are available in this AA. OCC placed no significant weight on these services, as no data was available to determine their impact on LMI individuals.

The bank did not open or close branches during the evaluation period.

Services, including business hours where appropriate, do not vary in a way that inconveniences the bank’s AA, particularly LMI geographies and/or individuals. Shore United maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

The institution provides a low level CD services.

During the evaluation period, Shore United employees annually participated in ABA's Teach Children to Save program. Four bank employees volunteered 13 hours to teach the program at various Title 1 schools in the bank's AA. A majority of the students at these schools were eligible to receive free or reduced-price meals under the U.S. Department of Agriculture's National School Lunch Program (NSLP).

State Rating

State of Maryland

CRA rating for the State of Maryland: Satisfactory

The Lending Test is rated: Outstanding

The Investment Test is rated: Low Satisfactory

The Service Test is rated: High Satisfactory

The major factors that support this rating include:

- Excellent lending activity;
- A good geographic distribution of loans;
- An adequate borrower distribution of loans;
- An excellent level of CD loans;
- A significantly positive impact of CD lending;
- A reasonably accessible service delivery system;
- An adequate level of CD investments; and
- A good level of CD services.

Description of Institution's Operations in Maryland

The state of Maryland represented Shore United's primary area of operations. During the evaluation period, the bank operated in two AAs within the state of Maryland, the full-scope Maryland Non MSA AA, and the limited-scope Baltimore-Columbia-Towson MD MSA AA.

As of June 30, 2021, Shore United had \$1.7 billion in deposits within the state of Maryland, which represented 87.7 percent of adjusted deposits. Within the AA, the bank operated 23 full-service branches and 23 deposit taking ATMs, representing 79.3 percent of the bank's total branches and 79.3 percent of bank's ATMs. The bank ranked 7th of 73 depository banks with a 1.4 percent market share. The top three banks within the AA in terms of deposits were Manufacturers and Traders Trust Company, Truist Bank and PNC Bank NA with an aggregate deposit market share of 39.4 percent. In comparison to the percentage of deposits and branching network, the bank originated and purchased \$430.3 million in loans, or 80.9 percent of bank's total loan originations and purchases, during the evaluation period.

Maryland Non MSA

The Maryland Non MSA in the state of Maryland was selected for a full-scope review. The AA is comprised of the entirety of four counties: Caroline, Dorchester, Kent, and Talbot.

The bank offered traditional consumer and business products and services through eight branches located in the AA. As of June 30, 2021, Shore United had \$1 billion in deposits within the Maryland Non MSA AA, representing 62.2 percent of adjusted deposits.

Based on the information in the table below, low-income families make less than \$31,768 and moderate-income families make less than \$50,828. One method used to determine housing affordability assumes a maximum monthly principal and interest payment of no more than 30 percent of the applicant's income. This calculates to a maximum monthly mortgage payment of \$794 for low-income borrowers and \$1,271 for moderate-income borrowers. Assuming a 30-year mortgage with a five percent interest rate, and not considering any down payment, homeowner's insurance, real estate taxes, or additional monthly expenses, the monthly mortgage rate for a home at the MSA median housing value would be \$1,635. Therefore, LMI borrowers would be challenged to qualify for a mortgage loan in the AA.

The following table provides a summary of demographics, including housing and business information for the Maryland Non MSA AA.

Maryland Non MSA AA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Maryland Non MSA AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	36	2.8	13.9	61.1	13.9	8.3
Population by Geography	122,917	3.2	16.7	67.3	12.8	0.0
Housing Units by Geography	60,884	3.2	15.7	66.6	14.5	0.0
Owner-Occupied Units by Geography	33,709	1.3	11.6	71.4	15.7	0.0
Occupied Rental Units by Geography	15,331	8.0	28.1	54.3	9.5	0.0
Vacant Units by Geography	11,844	2.3	11.1	68.8	17.8	0.0
Businesses by Geography	12,595	1.7	20.7	58.8	18.8	0.0
Farms by Geography	1,043	0.3	10.4	76.8	12.6	0.0
Family Distribution by Income Level	33,051	21.0	15.8	21.4	41.7	0.0
Household Distribution by Income Level	49,040	23.8	15.3	17.1	43.8	0.0
Median Family Income Non-MSAs - MD		\$63,535	Median Housing Value			\$256,700
			Median Gross Rent			\$929
			Families Below Poverty Level			9.9%
<i>Source: 2015 ACS and 2021 D&B Data</i> <i>Due to rounding, totals may not equal 100.0%</i> <i>(*) The NA category consists of geographies that have not been assigned an income classification.</i>						

Economic Data

Based on the Moody's September 2021 report, the state of Maryland was recovering at a slow but steady pace with job recovery slightly lagging the national average. While most industries were contributing to the rebound, leisure and hospitality were leading the way. Maryland's economic drivers are healthcare, federal government and defense. Maryland is a major medical hub, with John Hopkins consistently ranking among the nation's best hospitals and is a leader in medical research. The federal government is not expected to lead the state's economic recovery; however, it will remain a pillar of the Maryland economy. The high concentration of federal government jobs lends itself to long-term job stability. The technology industry weathered the recession well and will continue to power job and income gains. The area is supported by high wage industries and a well-educated workforce.

According to the U.S. Bureau of Labor Statistics, the unemployment rate had been steadily decreasing prior to the pandemic. During the pandemic, the peak of unemployment occurred in April 2020 at 9.5 percent, but since retreated back to 4 percent in December 2021. As of December 2021, the unemployment rate for the state of Maryland was 4.8 percent.

Community Contacts

Examiners leveraged data obtained from a recent community contact conducted within the state of Maryland to determine and obtain a better understanding of the local economic conditions and community development needs. The contact indicated that programs targeting first-time homebuyers

with good credit scores and low incomes was needed. The contact also expressed a need for more financial literacy programs. The contact noted that interactions with local institutions had been extremely positive.

Scope of Evaluation in Maryland

The Maryland Non MSA AA was selected for a full-scope review based on its significant percentage of deposits in the state of Maryland. The AA contained the bank's largest market share of the two AAs in Maryland. The bank had eight branches and \$1 billion of deposits in the Maryland Non MSA AA, which represented 62.2 percent and 34.9 percent of the bank's total number of branches and deposits in the state of Maryland, respectively. The Baltimore-Columbia-Towson MD MSA AA received a limited-scope review. The state rating is based on performance in the AAs receiving full- and limited-scope reviews.

Refer to the table in appendix A for a list of all AAs under review.

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 Areas Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Maryland Non MSA AA is excellent.

Lending Activity

Lending levels reflect excellent responsiveness to AA credit needs.

Number of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State Loans	%State Deposits
Maryland Non MSA AA	315	1,460	55	36	1,866	64.5	62.2
Baltimore-Columbia-Towson MD MSA AA	150	884	18	14	1,066	35.5	37.8
Total	465	2,344	73	61	2,932	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

Dollar Volume of Loans*							
Assessment Area	Home Mortgage	Small Business	Small Farm	Community Development	Total	%State* Loans	%State Deposits
Maryland Non MSA AA	\$96,014	\$158,629	\$5,094	\$41,359	301,096	61.1	62.2
Baltimore-Columbia-Towson MD MSA AA	\$74,036	\$94,950	\$1,590	\$21,003	191,579	38.9	37.8
Total	836,380	\$1,681,579	\$6,684	\$62,370	492,675	100.0	100.0

*The tables present the data for all assessment areas. The narrative below addresses performance in full-scope areas only.

According to the Deposit Market Share data as of June 30, 2021, the bank ranked first among 12 deposit banks with a market share of 27.2 percent placing Shore United in the 8th percentile.

Based on 2021 Peer Mortgage Data, Shore United ranked 13th out of 361 mortgage lenders with a market share of 2 percent, placing the bank in the 4th percentile of all mortgage lenders in the AA. The top three lenders in the market included Rocket Mortgage with 7 percent market share, Mclean Mortgage Corporation with 5.5 market share, and Wells Fargo Bank, NA with 4.5 percent market share. The bank's home mortgage market share rank significantly exceeds its percentile based upon its deposit market share and reflects strong home mortgage lending performance against significant competition in the AA.

In small loans to businesses, Shore United ranked first out of 86 small business lenders with a 24.9 percent market share, placing the bank in the first percentile of all small business lenders in the AA. The bank's small business market share rank significantly exceeds its percentile based upon its deposit market share and reflects strong small business lending performance against intense competition in AA.

In small loans to farms, Shore United ranked second out of 17 small farm lenders with 22.7 percent market share, placing the bank in the 12th percentile of all small farm lenders in the AA. The bank's small farm loan percentile was weaker than its deposit percentile. The top five small farm lenders, John Deere Financial FSB, Shore United Bank, PNC Bank NA, Wells Fargo Bank NA, and JP Morgan Chase Bank NA had combined market share of 82.5 percent. Market share for the top five lenders ranged from 5.1 percent to 39.8 percent.

Distribution of Loans by Income Level of the Geography

The bank exhibits a good geographic distribution of loans in its AA.

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.

The geographic distribution of home mortgage loans is considered excellent given performance context.

The bank's performance exceeded both the aggregate distribution of home mortgage loans and demographic percentage of owner-occupied housing units in low-income geographies. In moderate-income geographies, the bank's performance significantly exceeded both the aggregate distribution and percentage of owner-occupied housing units.

Small Loans to Businesses

Refer to Table Q in the state of Maryland section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to businesses.

The geographic distribution of small loans to businesses is good.

The percentage of small loans to businesses in low-income census tracts was slightly below the percentage of businesses in low-income geographies and the percentage of loans by all lenders in low-income geographies. The percentage of small loans to businesses in moderate-income geographies significantly exceeded both the percentage of businesses in moderate-income geographies and the percentage of loans by all lenders in moderate-income geographies. The OCC placed more weight on moderate-income performance as there was a higher percentage of small businesses located in moderate-income geographies. There were more opportunities for the bank to lend in moderate-income geographies versus the opportunities found in the low-income geographies for this rating area.

Small Loans to Farms

Refer to Table S in the state of Maryland section of appendix D for the facts and data used to evaluate the geographic distribution of the bank's originations and purchases of small loans to farms.

The geographic distribution of small loans to farms is adequate.

The bank did not make any small loans to farms in low-income geographies. Opportunities for lending in low-income geographies were limited as there was only one low-income census tract in the AA. The percentage of small loans to farms in moderate-income geographies was below the percentage of businesses in moderate-income geographies but exceeded the percentage of loans by all lenders in moderate-income geographies.

Lending Gap Analysis

We reviewed summary reports and maps to analyze the geographic distribution of Shore United's lending activity over the evaluation period for lending gaps. We did not identify any unexplained conspicuous lending gaps in the Maryland Non MSA AA.

Distribution of Loans by Income Level of the Borrower

The bank exhibits an adequate distribution of loans among individuals of different income levels and business and farms of different sizes, given the product lines offered by the institution.

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.

The distribution of home mortgage loans among individuals of different income levels is adequate.

The percentage of home mortgage loans to low-income borrowers was below the distribution of low-income families and exceeded the percentage of loans by all lenders to low-income families. The percentage of home mortgage loans to moderate-income borrowers was below both the distribution of moderate-income families and the percentage of loans by all lenders to moderate-income families. Housing affordability in the AA was a concern, with the median home price of \$259,034 exceeding the maximum low-income household income of \$37,050 by nearly seven times. The median home price exceeding the maximum moderate-income household income of \$59,280 by nearly five times. As was noted in the demographic data section for this rating area, median home sale prices would have been financially difficult for LMI households to manage.

Small Loans to Businesses

Refer to Table R in the state of Maryland section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's origination and purchase of small loans to businesses.

The distribution of loans to businesses of different sizes is adequate.

The percentage of bank loans to small businesses (businesses with revenues of \$1 million or less) was below the percentage of small businesses in the AA. When compared to aggregate lending data, the bank's percentage of loans to small businesses exceeded the percentage of loans by all lenders to small businesses in the AA.

Small Loans to Farms

Refer to Table T in the state of Maryland section of appendix D for the facts and data used to evaluate the borrower distribution of the bank's originations and purchases of small loans to farms.

The distribution of loans to farms is adequate.

The percentage of small loans to farms was below the percentage of small farms located in the AA. When compared to aggregate lending data, the bank's percentage of loans to small farms exceeded the percentage of loans by all lenders to small farms in the AA.

Community Development Lending

The institution is a leader in making CD loans.

The Lending Activity Tables, shown above, set forth the information and data used to evaluate the institution's level of CD lending. These tables include all CD loans, including multifamily loans that also qualified as CD loans.

The level of CD lending in the Maryland Non MSA AA is excellent. Shore United made 36 CD loans in its AA for a total of \$41.4 million, which represented 24.9 percent of tier 1 capital allocated to the AA. The bank was responsive to the businesses needs during the COVID-19 pandemic by providing economic development loans through SBA PPP lending. The bank also originated loans supporting affordable housing initiatives and community services that targeted LMI individuals and households. CD lending performance had a significantly positive impact on the lending test rating.

Examples of CD loans include:

- Two PPP loans totaling \$2.7 million to charitable not-for profit organization located in a moderate- income census tract that focuses on strengthening the community through social service programs focusing on youth development, healthy living, and social services. A number of the organization's programs target LMI individuals and families. These loans contributed to the retention of approximately 800 jobs.
- A \$3 million loan to refinance a multifamily affordable housing apartment complex in a moderate-income census tract.
- A \$65,000 loan to a volunteer fire department located in a moderate-income census tract to purchase a new tanker trailer and equipment.
- A \$2.3 million loan to expand a medical facility building located in a moderate-income census tract.
- A \$1.7 million loan to finance projects including renovations to Title 1 schools, where a majority of the students were from LMI families.

Product Innovation and Flexibility

The institution makes limited use of innovative and/or flexible lending practices in order to serve AA credit needs. During the evaluation period, in response to the COVID-19 pandemic, the bank made 263 PPP loans totaling approximately \$21.4 million in Maryland Non MSA AA.

Conclusions for Area Receiving a Limited-Scope Review

The bank's performance in the Baltimore- Columbia-Towson MD MSA AA was weaker than the overall Lending Test performance due to weaker geographic and borrower distribution of small loans to businesses. Performance in limited-scope AA had a neutral impact on the overall Lending Test conclusions.

INVESTMENT TEST

The bank's performance under the Investment Test in Maryland is rated Low Satisfactory.

Conclusions for Areas Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Maryland Non MSA AA is adequate.

The institution has an adequate level of qualified CD investments and grants, but not in a leadership position, particularly those that are not routinely provided by private investors.

The institution exhibits adequate responsiveness to credit and community economic development needs. The institution rarely uses innovative and/or complex investments to support CD initiatives.

Qualified Investments										
Assessment Area	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Maryland Non MSA AA	0	0	81	188	81	69.8	188	4.6	0	0
Baltimore-Columbia-Towson MD MSA AA	0	0	35	3,932	35	30.2	3,932	95.4	0	0
Total	0	0	116	4,120	116	100.0	4,120	100.0	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.

During the evaluation period, the bank made one qualified investment and 80 qualified donations totaling \$187,705 in the Maryland Non MSA AA. The dollar volume of investments represented less than one percent of tier 1 capital allocated to the AA. The bank's performance was favorably impacted by its adequate performance in the Baltimore- Columbia-Towson MD MSA AA, a limited-scope AA.

The bank's investment activity supported affordable housing initiatives and community development organizations that assist LMI individuals.

Examples of CD investments and donations made in the AA included:

- A \$72,265 investment in qualifying FNMA pool through Community Capital Management, specifically earmarked for Dorchester County. The investment fund helped finance a single family residence to a low-income borrower in a moderate-income census tract.
- Four donations totaling \$5,000 to a nonprofit organization that works towards building strength, stability, and self-reliance in partnership with families in need of decent and affordable housing.
- Five donations totaling \$16,500 to a local hospice care serving residents of Talbot County, Maryland. The organization has provisions in place to specifically assist LMI members of the community that need their services. Hospice covers the costs of qualified patients needing care who have no insurance.

Conclusions for Area Receiving a Limited-Scope Review

Based on a limited-scope review, the bank's performance under the Investment Test in the Baltimore-Columbia-Towson MD MSA AA was stronger than the bank's overall performance under the Investment Test in the full-scope AA. The performance was stronger due to higher levels of current period investments relative to deposits. Performance in the limited-scope AA positively impacted the overall Investment Test rating for the state of Maryland.

SERVICE TEST

The bank's performance under the Service Test in Maryland is rated High Satisfactory.

Conclusions for Area Receiving a Full-Scope Review

Based on a full-scope review, the bank's performance in the Maryland Non MSA AA is good.

Retail Banking Services

Service delivery systems are reasonably accessible to geographies and individuals of different income levels in the institution's AA.

Distribution of Branch Delivery System											
Assessment Area	Deposits	Branches						Population			
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				% of Population within Each Geography			
				Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Maryland Non MSA AA	62.2	8	34.8	0.0	37.5	25.0	37.5	3.2	16.7	67.3	12.8
Baltimore-Columbia-Towson MD MSA AA	37.8	15	65.2	0.0	12.5	37.5	50.0	9.0	22.0	35.3	32.8

The bank operated no branches in low-income geographies, which is reasonable given that only 2.8 percent of geographies were classified as low-income and the percentage of population that resided in low-income geographies was low at 3.2 percent. Moreover, 8.3 percent of geographies in the AA were not assigned an income classification as of the 2015 ACS data. The bank’s distribution of branches in moderate-income geographies exceeded the percentage of the population living within those geographies. The bank operated four full-service ATMs located in moderate-income geographies. These ATMs are linked to the Allpoint ATM network. Membership in these surcharge-free networks enhances affordable accessibility throughout the AA.

To complement its traditional service delivery methods, Shore United provides several ADS including ATMs, debit cards, online banking, mobile banking telephone banking, and Zelle, an online and mobile payment platform. These delivery methods provide increased access to banking services throughout the AA. All ADS discussed bank-wide are available in this AA. OCC did not place significant weight on these systems, as there was no data available to determine their impact on LMI individuals.

Distribution of Branch Openings/Closings						
Assessment Area	Branch Openings/Closings					
	# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)			
			Low	Mod	Mid	Upp
Maryland Non MSA AA	0	0	0	0	0	0
Baltimore-Columbia-Towson MD MSA AA	3	0	0	+1	+1	+1

To the extent changes have been made, the institution’s opening and closing of branches has not adversely affected the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. The bank did not open or close any branches during the evaluation period in the Non MSA AA.

Services, including where appropriate, business hours, do not vary in a way that inconveniences the various portions of the AA, particularly LMI geographies and/or individuals. Shore United maintained standard business hours and offered traditional banking products and services at all branch locations in the AA.

Community Development Services

The institution provides a relatively high level of CD services.

There were 46 employees actively involved in qualifying CD services during the evaluation period providing approximately 2,288 hours of financial education, technical assistance, or served on board of directors and committees for 32 different qualified community organizations.

Examples of qualifying activities include the following:

- Twenty-one bank employees conducted 87 hours for the Teach Children to Save program, a national campaign sponsored by the ABA. The program was primarily offered in schools where a majority of students qualified for free and reduced lunch program under the NSLP.
- Twenty-five bank employees taught Junior Achievement programs in local schools, where the majority of students were qualified for free and reduced lunch program under the NSLP.
- The bank's relationship manager serves on the board of a youth empowerment organization, who provides social services to low-income and at-risk youth. The organization mission is to create and support one-to-one mentoring relationships that ignite the power and promise of youth.

Conclusions for Area Receiving a Limited-Scope Review

Based on a limited-scope review, the bank's performance under the Service Test in the Baltimore-Columbia-Towson MD MSA AA was weaker than the bank's overall performance under the Service Test in the full-scope area due to weaker branch distribution. The bank opened one branch in moderate-income geography which improved the accessibility of its delivery systems, particularly in LMI geographies and/or to LMI individuals. Performance in the limited-scope area had a neutral impact on the overall Service Test conclusion.

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 MSAs and non-MSAs 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:	Lending Test (excludes CD Loans): 01/01/2019 to 12/31/2021 Investment and Service Tests and CD Loans 1/1/2017 to 12/31/2021	
Bank Products Reviewed:	Home Mortgage, Small Business, Small Farm and Community Development Loans Qualified Investments, and Services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
None		
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
MMSA(s)		
Salisbury MD DE MMSA	Full-scope	Sussex County - 005 Worcester County 047
State of Delaware		
Dover, DE MSA	Full-scope	Kent County 001
State of Maryland		
Maryland Non MSA	Full-scope	Talbot County 041 Caroline County 011 Dorchester County 019 Kent County 029
Baltimore-Columbia-Towson, MD MSA	Limited-scope	Anne Arundel County 003 Baltimore City 510 Baltimore County 005 Carroll County 013 Harford County 025 Howard County 027 Queen Anne's County 035

Appendix B: Summary of MMSA and State Ratings

RATINGS: (Shore United Bank, NA)				
Overall Bank:	Lending Test Rating*	Investment Test Rating	Service Test Rating	Overall Bank/State/ Multistate Rating
	Outstanding	Low Satisfactory	High Satisfactory	Satisfactory
MMSA or State:				
Salisbury MD DE MMSA	Outstanding	Needs to improve	Low Satisfactory	Satisfactory
State of Delaware	Outstanding	Low Satisfactory	Low Satisfactory	Satisfactory
State of Maryland	Outstanding	Low Satisfactory	High Satisfactory	Satisfactory

(*) The Lending Test is weighted more heavily than the Investment and Service Tests 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 §1003.2 of this title, and that is not an excluded transaction under §1003.3(c)(1) through (10) and (13) of this title.

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.

MMSA (state): Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

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 loans are treated the same 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 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 that were 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) in those geographies. Because aggregate 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.
- Table R. Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenue** - Compares the percentage distribution of the number of small loans (loans less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to: 1) the percentage distribution of businesses with revenues of greater than \$1 million; and, 2) the percentage distribution of businesses for which revenues are not available. The table also presents aggregate peer small business data for the years the data is available.
- 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 aggregate 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.

Table T. Assessment Area Distribution of Loans to Farms by Gross Annual Revenues -
Compares the percentage distribution of the number of small loans (loans less than or equal to \$500 thousand) originated and purchased by the bank to farms with revenues of \$1 million or less to: 1) the percentage distribution of farms with revenues of greater than \$1 million; and, 2) the percentage distribution of farms for which revenues are not available. The table also presents aggregate peer small farm data for the years the data is available.

Table O - Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2019-21

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
Baltimore-Columbia-Towson MD MSA AA	150	74,036	23.0	182,252	4.9	5.3	3.0	17.3	12.7	14.2	38.2	35.3	39.3	39.5	46.7	43.4	0.1	0.0	0.1
Dover DE MSA AA	125	24,621	19.1	12,367	0.7	0.8	0.6	11.5	8.8	9.9	72.6	88.8	68.2	15.2	1.6	21.3	0.0	0.0	0.0
MD Non MSA AA	315	96,014	48.2	7,105	1.3	1.3	0.7	11.6	21.0	12.8	71.4	51.4	68.3	15.7	26.3	18.2	0.0	0.0	0.0
Salisbury MD MMSA	52	20,002	8.0	8,332	0.0	0.0	0.0	4.3	1.9	2.4	57.6	57.7	50.8	38.1	40.4	46.8	0.0	0.0	0.0
VA Non MSA AA	11	2,752	1.7	1,480	0.0	0.0	0.0	15.3	9.1	7.2	73.6	90.9	68.6	11.0	0.0	24.3	0.0	0.0	0.0
Total	653	217,425	100.0	211,536	4.4	2.0	2.7	16.3	15.0	13.4	42.4	56.0	42.6	36.8	27.0	41.3	0.0	0.0	0.1

*Source: 2015 ACS; Bank Data, 2021 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																			2019-21	
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	
Baltimore-Columbia-Towson MD MSA AA	150	74,036	23.0	182,252	22.3	8.7	7.6	17.0	13.3	18.5	19.8	18.7	19.4	40.8	38.0	30.7	0.0	21.3	23.8	
Dover DE MSA AA	125	24,621	19.1	12,367	21.6	11.2	3.7	16.6	19.2	15.1	21.7	22.4	21.3	40.1	30.4	30.5	0.0	16.8	29.5	
Maryland Non MSA AA	315	96,014	48.2	7,105	21.0	5.1	3.8	15.8	11.1	14.4	21.4	11.1	18.6	41.7	48.9	42.6	0.0	23.8	20.8	
Salisbury MD MMSA	52	20,002	8.0	8,332	18.7	3.8	3.3	17.5	1.9	9.8	21.3	3.8	15.0	42.6	53.8	56.4	0.0	36.5	15.4	
VA Non MSA AA	11	2,752	1.7	1,480	19.8	0.0	3.1	20.4	18.2	10.5	18.9	9.1	15.9	40.9	72.7	52.8	0.0	0.0	17.6	
Total	653	217,425	100.0	211,536	22.1	6.9	7.1	17.0	12.6	17.7	20.0	14.4	19.3	40.9	43.6	32.3	0.0	22.5	23.7	

*Source: 2015 ACS; Bank Data, 2021 HMDA Aggregate Data, "--" data not available.
 Due to rounding, totals may not equal 100.0%*

Table Q: Assessment Area Distribution of Loans to Small Businesses by Income Category of the Geography **2019-21**

Assessment Area:	Total Loans to Small Businesses				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	Aggregate
Baltimore-Columbia-Towson MD MSA AA	884	94,950	31.6	72,689	6.2	0.7	4.1	17.7	7.9	13.9	37.3	46.3	37.8	38.3	45.0	43.7	0.6	0.1	0.5
Dover DE MSA AA	265	27,246	9.5	3,766	17.3	1.5	16.3	13.4	14.0	12.8	57.3	78.1	59.3	12.0	6.4	11.6	0.0	0.0	0.0
MD Non-MSA AA	1,460	158,629	52.2	2,886	1.7	0.5	1.0	20.7	26.7	19.8	58.8	40.7	55.6	18.8	32.1	23.6	0.0	0.0	0.0
Salisbury MD MMSA	161	20,030	5.8	2,661	0.0	0.0	0.0	4.9	2.5	4.4	55.1	62.7	56.0	40.0	34.8	39.6	0.0	0.0	0.0
VA Non-MSA AA	27	5,316	1.0	779	0.0	0.0	0.0	9.4	14.8	8.3	68.9	85.2	66.5	21.0	0.0	25.2	0.7	0.0	0.0
Total	2,797	306,171	100.0	82,781	6.2	0.6	4.4	17.2	18.1	13.7	39.5	47.7	40.3	36.5	33.6	41.2	0.5	0.0	0.4

Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "2021" data not available.
Due to rounding, totals may not equal 100.0%

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2019-21	
Assessment Area:	Total Loans to Small Businesses				Businesses with Revenues <= 1MM			Businesses with Revenues > 1MM		Businesses with Revenues Not Available		
	#	\$	% of Total	Overall Market	% Businesses	% Bank Loans	Aggregate	% Businesses	% Bank Loans	% Businesses	% Bank Loans	
Baltimore - Columbia -Towson MD MSA AA	884	94,950	31.6	72,689	89.1	33.9	43.6	3.5	10.3	7.4	55.8	
DE MSA AA	265	27,246	9.5	3,766	84.5	29.1	34.0	3.7	13.6	11.7	57.4	
MD Non-MSA AA	1,460	158,629	52.2	2,886	85.8	40.8	31.2	4.0	14.3	10.1	44.9	
Salisbury MD MMSA	161	20,030	5.8	2,661	88.6	35.4	28.1	2.9	11.8	8.5	52.8	
VA Non-MSA AA	27	5,316	1.0	779	83.3	59.3	38.1	3.7	18.5	13.0	22.2	
Total	2,797	306,171	100.0	82,781	88.7	37.4	42.2	3.5	12.9	7.7	49.7	
<i>Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "2021" data not available. Due to rounding, totals may not equal 100.0%</i>												

Table S - Assessment Area Distribution of Loans to Farms by Income Category of the Geography 2019-21

Assessment Area:	Total Loans to Farms				Low-Income Tracts			Moderate-Income Tracts			Middle-Income Tracts			Upper-Income Tracts			Not Available-Income Tracts		
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	Aggregate
Baltimore - Columbia - Towson MD MSA AA	18	1,590	20.5	302	1.9	0.0	0.0	12.3	38.9	8.6	39.7	33.3	46.4	46.0	27.8	45.0	0.1	0.0	0.0
Dover DE MSA AA	12	594	15.4	73	1.3	0.0	0.0	11.1	25.0	16.4	79.8	75.0	83.6	7.8	0.0	0.0	0.0	0.0	0.0
MD Non-MSA AA	55	5,094	62.8	175	0.3	0.0	0.0	10.4	5.5	4.6	76.8	78.2	87.4	12.6	16.4	8.0	0.0	0.0	0.0
Salisbury MD MMSA	2	476	2.6	44	0.0	0.0	0.0	6.0	0.0	2.3	56.2	100.0	63.6	37.8	0.0	34.1	0.0	0.0	0.0
VA Non-MSA AA	2	303	8.3	47	0.0	0.0	0.0	13.3	50.0	4.3	81.3	100.0	91.5	4.8	0.0	4.3	0.6	0.0	0.0
Total	90	8,107	100.0	641	1.6	0.0	0.0	11.8	15.6	7.6	48.6	68.9	66.3	38.0	15.6	26.1	0.1	0.0	0.0

*Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "2021" data not available.
Due to rounding, totals may not equal 100.0%*

Table T: Assessment Area Distribution of Loans to Farms by Gross Annual Revenues											2019-21
Assessment Area:	Total Loans to Farms				Farms with Revenues <= 1MM			Farms with Revenues > 1MM		Farms with Revenues Not Available	
	#	\$	% of Total	Overall Market	% Farms	% Bank Loans	Aggregate	% Farms	% Bank Loans	% Farms	% Bank Loans
Baltimore - Columbia -Towson MD MSA AA	18	1,590	20.0	302	95.9	27.8	49.7	2.4	0.0	1.7	72.2
Dover DE MSA AA	12	594	13.3	73	96.9	25.0	35.6	1.6	0.0	1.5	75.0
MD Non-MSA AA	55	5,094	61.1	175	97.2	36.4	24.0	1.6	1.8	1.2	61.8
Salisbury MD MMSA	2	476	2.2	44	97.9	50.0	29.5	0.6	0.0	1.5	50.0
VA Non-MSA AA	3	353	3.3	47	98.2	33.3	42.6	1.2	0.0	0.6	66.7
Total	90	8,107	100.0	641	96.3	33.3	39.2	2.1	1.1	1.6	65.6
<i>Source: 2021 D&B Data; 01/01/2019 - 12/31/2021 Bank Data; 2020 CRA Aggregate Data, "2021" data not available. Due to rounding, totals may not equal 100.0%</i>											