



PUBLIC DISCLOSURE

July 8, 2019

**COMMUNITY REINVESTMENT ACT
PERFORMANCE EVALUATION**

Severn Savings Bank, FSB
Charter Number 708190

200 Westgate Circle, Annapolis, MD 21401

Office of the Comptroller of the Currency
Washington DC Field Office

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

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

The lending test is rated: Satisfactory.

The community development test is rated: Outstanding.

The major factors that support this rating include:

- The bank's loan-to-deposit ratio (LTD) is more than reasonable, and exceeds the standard for satisfactory performance;
- The distribution of loans to individuals and businesses of different income levels is reasonable and meets the standard for satisfactory performance;
- The geographic distribution of home mortgage and business loans is reasonable and meets the standard for satisfactory performance;
- The bank's community development activities demonstrate excellent responsiveness to community development needs in its assessment area (AA);
- The bank received no CRA-related complaints during the evaluation period.

Loan-to-Deposit Ratio

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

The bank's quarterly average net LTD ratio over the twelve-quarters since the previous evaluation was 104.9 percent. During this twelve-quarter period, the LTD ratio ranged from a quarterly low of 87.2 percent as of December 31, 2018, to a quarterly high of 113.8 percent as of June 30, 2016. The ratio is calculated on a bank-wide basis. The quarterly average net LTD ratio for a custom peer group of six similarly situated institutions with assets ranging from \$429.0 million to \$955.6 million, and located in the same MSA was 93.4 percent over the same period. The peer group's ratio ranged from a quarterly low average of 85.5 percent to a quarterly high average of 99.4 percent during that time period.

Lending in Assessment Area

Severn Savings Bank, FSB (Severn, bank, or Institution)'s lending in the AA is less than reasonable and does not meet the standard for satisfactory performance. A majority of the bank's loans were originated outside the bank's AA.

During the evaluation period, the bank originated and purchased 38.6 percent of its total number of loans, and 43.5 percent of the dollar volume within its delineated AA. 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 other performance criteria.

Of the Home Mortgage Disclosure Act (HMDA)-reportable loans originated during the review period,

only 36.5 percent by number and 42.2 percent by dollar amount were inside the AA. The HMDA data trend indicates that the percentage of loans originated in the bank's AA increased from 2016 to 2017 and then declined again in 2018. Bank management attributed its lending outside of the AA to the presence of the bank's eHome division to field loan requests generated from online efforts, which was dissolved in November 2016. The elimination of the eHome division resulted in a drastic increase in the percentage of home mortgage loans originated inside the AA from 34.1 percent for 2016 to 48.2 percent in 2017. However, the concentration of HMDA-reportable loans declined again in 2018, to 32.1 percent due to lending activity of the bank's loan production office (LPO), which is located outside of the bank's AA. In February 2018, as part of its strategic plan to expand, the bank added the LPO in Frederick, Maryland. The bank cannot designate the area surrounding the LPO as an AA due to limitations set forth in the CRA regulation.

The majority of the bank's business lending by number and dollar volume of loans occurred within the bank's AA. Based on a sample of 60 business loans originated during the evaluation period, 78.3 percent of the number, and 80.1 of the dollar volume were originated within the bank's delineated AA. It should be noted that only a sample of the small business loans was included in the analysis while the entire universe of HMDA-reportable loans was considered.

Severn continues to make efforts to provide residential lending opportunities within its AA. During the evaluation period, the bank offered a \$500 closing cost credit for homeowners purchasing within Anne Arundel County. Bank management stated that in the third quarter of 2019, the bank will be opening a new branch office in Crofton, Maryland, and will begin to actively seek a community lender to concentrate on West and North county residential lending opportunities. Both areas have more moderately priced housing options, and therefore, more opportunities to provide residential lending inside the bank's AA.

Table D illustrates the bank's level of residential and business lending both inside and outside its AA.

Table D - Lending Inside and Outside of the AA										
Loan Category	Number of Loans				Total #	Dollar Amount of Loans \$(000s)				Total \$(000s)
	Inside		Outside			Inside		Outside		
	#	%	#	%		\$	%	\$	%	
Home Mortgage										
2016	190	34.1	368	66.0	558	68,751	37.8	113,364	62.2	182,115
2017	122	48.2	131	51.8	253	59,742	55.5	47,894	44.5	107,636
2018	116	32.1	245	67.9	361	46,148	37.1	78,259	62.9	124,407
Subtotal	428	36.5	744	63.5	1,172	174,641	42.2	239,517	57.8	414,158
Business Loans										
2016	22	81.5	5	18.5	27	6,649	78.0	1,871	22.0	8,520
2017-2018	25	75.8	8	24.2	33	5,103	82.4	1,047	17.6	6,190
Subtotal	47	78.3	13	21.7	60	11,752	80.1	2,918	19.9	14,670
Total	475	38.6	757	61.4	1,232	186,393	43.5	242,435	56.5	428,828
<small>Source: Source: Severn's HMDA – reported data from 01/01/16 – 12/31/18 & a sample of 60 business loan originations from 1/1/2016-12/31/2018; Excludes affiliate. Evaluation Period: 1/1/2016 - 12/31/2018 Bank Data Due to rounding, totals may not equal 100.0</small>										

Description of Institution

Severn is a full service, single-state financial institution headquartered in Annapolis, Maryland. The bank is wholly owned by Severn Bancorp, Inc., a savings and loan holding company incorporated in the state of Maryland in 1990. Severn owns five subsidiaries, Louis Hyatt, Inc. (Hyatt Commercial), Severn Financial Services Corporation, SSB Realty Holding, SSB Realty Holding II, LLC, and HS West, LLC.

As of December 31, 2018, Severn reported total assets of \$970.6 million and Tier 1 Capital of \$114.7 million. Net loans and leases totaled \$682.8 million, representing approximately 70.3 percent of total assets. The loan portfolio is comprised of 94.7 percent real estate loans, 4.5 percent commercial loans, 0.6 percent other loans and leases, and 0.3 percent individual loans. Total deposits as of December 31, 2018, were \$783.0 million.

As of the evaluation date, the bank operates one administrative office and six full-service branch offices in Anne Arundel County, Maryland. Five of the branches are in middle-income census tracts and one is in an upper-income census tract. Two branch offices were opened during the evaluation period; one in October 2016, and the other in June 2018. None of the bank's branches are in low- or moderate-income tracts. The bank has six automated teller machines (ATMs), of which four contain a deposit taking feature. All branches with the exception of the headquarters offer drive-thru services. Branch hours of operations are comparable to other local financial institutions. In February 2018, the bank opened an LPO in Frederick, Maryland. The bank did not close any branch offices during the evaluation period, nor were there any mergers or acquisitions.

Severn offers a wide variety of products and services for individuals and businesses. Over the years, the bank has gradually implemented various strategies that resemble more closely to a full service commercial bank. This strategy has resulted in the continuing expansion of the bank's commercial banking division and product offerings. The bank has a suite of products and services catered to the small business market including lending and depository services. In addition to the growth in commercial lending, the bank has continued to execute its plan of growing its residential lending services. Its retail services include checking accounts, savings programs, money market accounts, health savings accounts, certificates of deposit, individual retirement accounts, residential mortgages, and home equity line of credit. Additionally, the bank offers online and mobile banking services to both personal and business customers. The bank's Internet website, <https://severnbank.com> provides detailed information on products and services for both consumers and businesses.

There are no financial or legal impediments to hinder Severn's ability to help meet the credit needs of the communities it services. The bank received an overall "Satisfactory" rating during its previous Intermediate Small Bank (ISB) CRA evaluation dated April 18, 2016.

Scope of the Evaluation

Evaluation Period/Products Evaluated

Severn was evaluated under the ISB examination procedures. These procedures evaluate the bank's performance based on a Lending Test and a Community Development Test. The Lending Test considers the bank's performance pursuant to the following criteria: Loan-to-Deposit Ratio Analysis; AA Concentration; Geographic Distribution; Borrower Distribution; and Response to CRA Complaints. The

Community Development Test evaluates the bank's responsiveness to community development needs in its AA through community development lending, qualified investments, and community development services.

The evaluation period for the Lending Test is from January 1, 2016 to December 31, 2018. Based on discussions with bank management and review of the bank's business strategy, business and residential loans were considered as part of this evaluation. The bank is a HMDA reporter; therefore, we considered all home mortgage loans reported on the bank's 2016, 2017, and 2018 HMDA Loan Application Registers (LARs). The HMDA data was tested and found to be reliable. The bank reported 558 HMDA loans totaling \$182.1 million in 2016, 253 loans totaling \$107.7 million in 2017, and 361 loans totaling \$124.4 million in 2018. Severn is not required to report small business loan data, therefore, we reviewed a sample of 47 business loans totaling \$11.4 million originated or purchased within the bank's AA. The sample is considered representative of the bank's performance during the evaluation period. For the Community Development Test, we evaluated the bank's community development activities from January 1, 2016 to December 31, 2018. We reviewed community development loans, investments, and services submitted by bank management to ensure they meet the regulatory definition for community development.

Due to updates made to the demographic information during the evaluation period, the income designation of some census tracts changed in 2017. The bank's lending performance for 2016 was evaluated separately, while performance for 2017 and 2018 were assessed on a combined basis. For the purposes of this review, lending in 2016 was analyzed based on income designations from the 2006-2010 American Community Survey (ACS) data. Loans made in calendar years 2017 and 2018 were analyzed based on income designations from the 2011-2015 ACS data. Peer data was taken from 2016 and 2017 aggregate HMDA information for HMDA reporting financial institutions that reported lending activity within the AA. The aggregate data for 2018 was not available at the time of our analysis.

No affiliate activity was included in this analysis. Refer to the table in Appendix A for more information on the scope of review.

Selection of Areas for Full-Scope Review

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

Severn's CRA rating is the state rating since it has domestic branches in only one state. The bank has delineated one AA consisting of all census tracts in Anne Arundel County, Maryland. We performed a full-scope review on this AA.

Refer to appendix A, Scope of Examination, regarding the AA receiving a full-scope review.

Ratings

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

Discriminatory or Other Illegal Credit Practices Review

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

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

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

State Rating

State of Maryland

CRA rating for the State of Maryland: Satisfactory.

The Lending Test is rated: Satisfactory.

The Community Development Test is rated: Outstanding.

The major factors that support this rating include:

- The distribution of home mortgage loans and small business loans reflects reasonable penetration to borrowers of different income levels and businesses of different sizes.
- The geographic distribution of home mortgage and small business loans reflects adequate dispersion throughout the AA.
- The bank's community development performance demonstrates an excellent responsiveness to the community development needs of the AA.

Description of Institution's Operations in Maryland

The bank operates only in the State of Maryland. The bank provides products and services in the State of Maryland through six branch offices.

The bank faces strong competition from other financial institutions that originated loans within the AA. According to the most recent 2017 Peer Mortgage Data, there were 466 HMDA reporters who originated or purchased 23,379 home mortgage loans within the bank's AA. Severn ranked 47th with a market share of 0.52 percent. The top five lenders were Wells Fargo Bank, N.A., PennyMac Loan Services LLC, Navy Federal Credit Union, First Home Mortgage, and Quicken Loans.

The competition for small business loans is also intense and includes local commercial and savings banks and branches of larger regional and nationwide banks. Based upon the most recent 2017 Peer Small Business Data, there were 95 lending institutions within Severn's AA competing for small business applications. The top five small business loan reporters in 2017 were American Express, FSB, Bank of America, NA, Chase Bank USA, NA, Capital One Bank, NA, and Citibank NA, with a combined small business loan market share of 59.4 percent. Severn is not required to publicly report small business lending data. As a result, the bank is not captured on the small business lending market share report.

According to the June 30, 2018 Federal Deposit Insurance Corporation (FDIC) Deposit Market Share Report, Severn ranked 14 out of 51 institutions in the Baltimore-Towson, MD MSA, with a 0.86 percent deposit market share. The largest competitors within the MSA are Bank of America, NA (29.4 percent market share), Manufacturers & Traders Trust Company (19.2 percent market share), PNC Bank, NA (10.6 percent market share), and Wells Fargo Bank, NA (9.7 percent market share).

Data obtained from the U.S. Bureau of Labor Statistics indicates that as of December 31, 2018, the unemployment rate for Baltimore-Columbia-Towson, MD MSA was 3.5 percent. As of the same date, the

unemployment rate for Anne Arundel County was 2.8 percent, the state of Maryland unemployment rate was 3.7 percent, and the national unemployment rate was 3.9 percent.

The information in the following tables provide demographic data for the AA:

Table A - Demographic Information of the AA						
2016 AA: 2006-2010 ACS data						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	104	0.0	10.6	40.4	47.1	1.9
Population by Geography	537,656	0.0	8.5	40.6	50.1	0.9
Housing Units by Geography	209,626	0.0	9.4	40.3	50.3	0.0
Owner-Occupied Units by Geography	148,426	0.0	4.7	39.9	55.3	0.0
Occupied Rental Units by Geography	47,573	0.0	23.3	40.6	36.1	0.0
Vacant Units by Geography	13,627	0.0	12.5	42.3	45.3	0.0
Businesses by Geography	37,278	0.0	3.6	39.3	56.8	0.2
Farms by Geography	780	0.0	2.2	34.6	63.2	0.0
Family Distribution by Income Level	136,705	13.6	15.8	21.1	49.6	0.0
Household Distribution by Income Level	195,999	15.7	13.1	18.3	52.9	0.0
Median Family Income MSA - 12580 Baltimore-Columbia-Towson, MD MSA		\$81,788	Median Housing Value			\$381,615
			Median Gross Rent			\$1,318
			Families Below Poverty Level			3.3%

Source: 2010 U.S. Census and 2016 D&B Data
 Due to rounding, totals may not equal 100.0
 (*) The NA category consists of geographies that have not been assigned an income classification.

Table A - Demographic Information of the AA

2017-2018 AA: 2011-2015 ACS Census data

Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	105	0.0	16.2	35.2	45.7	2.9
Population by Geography	555,280	0.0	14.0	37.5	47.6	0.9
Housing Units by Geography	217,545	0.0	13.8	38.9	47.3	0.0
Owner-Occupied Units by Geography	150,384	0.0	8.5	37.8	53.7	0.0
Occupied Rental Units by Geography	52,952	0.0	28.8	41.6	29.6	0.0
Vacant Units by Geography	14,209	0.0	14.8	40.2	44.9	0.0
Businesses by Geography	39,318	0.0	7.4	37.3	55.1	0.2
Farms by Geography	861	0.0	8.5	30.7	60.7	0.1
Family Distribution by Income Level	141,164	14.9	15.7	20.6	48.9	0.0
Household Distribution by Income Level	203,336	15.9	13.6	17.6	52.9	0.0
Median Family Income MSA - 12580 Baltimore-Columbia-Towson, MD MSA		\$87,788	Median Housing Value			\$347,541
			Median Gross Rent			\$1,508
			Families Below Poverty Level			3.8%

Source: 2015 ACS Census and 2017 D&B Data

Due to rounding, totals may not equal 100.0

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

The bank's designated AA is defined as the entire area of Anne Arundel County, Maryland, which is located within the Baltimore-Columbia-Towson, MD MSA 12580. The AA complies with the regulation and does not arbitrarily exclude any low- or moderate-income tracts.

The bank's AA has not changed since the previous evaluation, however, the income designation of some census tracts changed in 2017 as a result of updated 2011-2015 ACS census data. With the ACS Census change, the number of moderate-income tracts increased by six, middle-income tracts decreased by five, and upper-income tracts increased by one. Based on the 2011-2015 ACS Census data, the AA consists of 105 census tracts of which, 16.2 percent are moderate-income, 35.2 percent middle-income, 45.7 percent are upper-income, and 2.9 percent have not been assigned an income classification. A majority of the census tracts in the AA are middle- and upper-income tracts. There are no low-income census tracts in the AA. There are no distressed, underserved, or designated disaster areas within the AA.

The 2011-2015 ACS census data reported the total population at 555,280. Within the AA, there are 203,336 households and 141,164 families. Approximately 14.9 percent of families are low-income, 15.7 percent are moderate-income, 20.6 percent are middle-income, and 48.9 percent are upper-income. Additionally, 26.4 percent of households received social security, 22.6 percent were retired, and 5.7 percent of households were below the poverty level.

There are 217,545 housing units, of which 69.1 percent are owner-occupied, 24.3 percent are rental-occupied, and 6.5 percent are vacant housing units. Approximately 8.5 percent of owner-occupied housing is located in moderate-income tracts, 37.8 percent in middle-income geographies, and 53.7 percent in upper-income tracts. The median housing cost is \$ \$347,541.

The 2016, 2017, and 2018 FFIEC-estimated median family income levels were used to analyze home mortgage loans under the Borrower Distribution analysis. The following table presents the median family income categories, by year, for low, moderate, middle and upper income categories.

Table B - Median Family Income Ranges				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
Baltimore-Columbia-Towson, MD MSA Median Family Income (12580)				
2016 (\$86,700)	<\$43,350	\$43,350 to <\$69,360	\$69,360 to <\$104,040	≥\$104,040
2017 (\$91,100)	<\$45,550	\$45,550 to <\$72,880	\$72,880 to <\$109,320	≥\$109,320
2018 (\$94,900)	<\$47,450	\$47,450 to <\$75,920	\$75,920 to <\$113,880	≥\$113,880
<i>Source FFIEC</i>				

According to the June 2018 D&B business geo-demographic data, there were approximately 39,463 non-farm businesses operating within the bank's AA. Approximately 97.5 percent of the businesses have revenues less than \$1.0 million, approximately 6.0 percent have revenues greater than \$1.0 million, and revenue was not reported for approximately 10.5 percent of the businesses. Approximately 16.2 percent of businesses are located in moderate-income geographies, 35.2 percent are located in middle-income geographies, and 45.7 percent are located in upper-income geographies. Service industries represent the largest portion of businesses at 47.5 percent, followed by retail trade at 11.9 percent, non-classifiable establishments at 11.0 percent, and finance, insurance and real estate at 7.6 percent. There are 67.0 percent of businesses that have four or fewer employees, and 88.7 percent operate from a single location. Additionally, 79.2 percent of businesses have gross annual revenues of \$0.5 million or less, indicating that the majority of businesses in the AA are very small.

As part of our analysis, we considered information from a community contact with a local non-profit organization that provides a variety of direct assistance, including homeownership counseling, foreclosure prevention counseling, down payment and closing cost assistance, accessibility modifications, property rehabilitation and affordable rental units to county residents. According to the contact, Anne Arundel County has a strong economy with high household incomes, low unemployment, and a strong housing market. The strong economy has led to an increase in the construction of luxury housing, which is unaffordable to low- and moderate-income residents, as well as working class residents such as police officers and teachers. Affordable housing is a significant need in the community. Existing housing prices remain high and vacancy rates for less expensive housing remains low. Home prices in the county have been increasing but incomes for some residents have not kept pace. Federal funding is not sufficient to meet the demand for affordable housing. Public transportation is also a significant need in the area. The contact indicated that financial institutions appear generally supportive of the local community. A number of banks are lending partners for first time homebuyers through the Maryland Mortgage Program including SunTrust, BB&T, M&T, Severn Bank, Columbia Bank, and Wells Fargo.

According to the February 2019 Moody's Analytics data, Baltimore-Columbia-Towson's economy is performing well. Led by healthcare, professional/business services, and transportation/warehousing, job growth is accelerating following a mid-2018 slump. The uptick warrants some skepticism, as it is not yet corroborated by the more comprehensive count from the Quarterly Census of Employment and Wages. Still, the pace of job growth combined with a dip in the labor force has sent the jobless rate to a cycle low

below 4.0 percent. The result has been accelerating wage growth as employers vie for workers. Progress in the housing market is uneven. Multifamily starts are running well ahead of a year earlier, compensating for some weakness in single-family construction. House price gains have decelerated, according to the Case-Shiller index, and prices remain 9.0 percent below their pre-crash peak.

According to Moody's Analytics, strengths for the area include hub for growing cybersecurity, established and well-funded medical research centers, and strong transportation and distribution industries. The weaknesses for the area are above-average living and business costs, few public transportation links with Washington DC, and below-average population growth.

Moody's Analytics reports that the outlook for Baltimore-Columbia-Towson is positive but tenuous. Healthcare and business/professional services will propel steady gains in employment and output. However, gathering recessionary headwinds will weigh on the rest of the economy, and longer term, weak population and labor force growth coupled with relatively high business costs will keep BAL from being among the fastest growth metro areas.

Scope of Evaluation in Maryland

Severn has delineated one AA consisting of all census tracts in Anne Arundel County, Maryland, which is located within the Baltimore-Columbia-Towson, MD MSA12580. We performed a full-scope review on this AA. All branches are located in the state of Maryland.

Severn's primary loan products during the evaluation period were residential and commercial loans which is reflective of the bank's business strategy for the past three years.

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

CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN MARYLAND

LENDING TEST

The bank's performance under the Lending Test in the State of Maryland is rated Satisfactory.

Based on a full-scope review, the bank's lending performance in the State of Maryland is reasonable. The overall distribution of loans to borrowers of different incomes and businesses of different sizes is reasonable. Geographic distribution of HMDA-reportable and small business loans reflects reasonable penetration among moderate income tracts. There are no low-income tracts in the AA. Only loans inside the assessment area were included in the analysis of geographic and borrower distribution.

Distribution of Loans by Income Level of the Geography

The bank exhibits reasonable geographic distribution of home mortgage and small business loans in the AA. There are no low-income census tracts in the bank's AA. The majority of the AA is middle- and upper-income census tracts. No unexplained, conspicuous gaps were identified.

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 overall performance for geographic distribution of mortgage loans reflects reasonable dispersion compared to the AA demographics and meets the standard for satisfactory performance. We also considered the strong competition from large, local, and nationwide financial institutions. Anne Arundel County is an affluent county with no low-income census tracts. According to the 2006 - 2010 ACS Census data, 4.7 percent of the AA's owner-occupied housing units (OOHUs) were within the bank's moderate-income tracts. This percentage increased to 8.5 percent based the 2011-2015 ACS data, a 3.8 percent increase from 2006 -2010 ACS Census data.

In 2016, Severn's lending in the moderate-income census tracts reflected poor distribution. The percentage of home mortgage loans originated in moderate-income tracts was below both the percentage of OOHUs and the aggregate data. Severn originated 2.1 percent of home mortgage loans in moderate-income tracts. The aggregate originated 4.8 percent of home mortgage loans in moderate-income tracts, while 4.7 percent of the AA OOHUs were located within the bank's moderate-income tracts.

In 2017-2018, Severn's percentage of home mortgage loans originated in moderate-income tracts exceeded both the percentage of OOHUs and the aggregate data, representing excellent performance. Severn originated 10.1 percent of home mortgage loans in moderate-income tracts. The aggregate originated 9.1 percent home mortgage loans in moderate-income tracts, while 8.5 percent of the AA OOHUs were located within the bank's moderate-income tracts.

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.

In 2016, Severn originated 9.1 percent of its small business loans in moderate-income census tracts, which significantly exceeded both the percentage of small businesses in the AA and the performance of aggregate lenders. The aggregate originated 3.7 percent of its small business loans in moderate-income tracts, while 3.6 percent of businesses operating within the AA are located in moderate-income tracts.

The geographic distribution of business loans in 2017-2018 was weaker than the performance in 2016. The bank originated 4.0 percent of small business loans in moderate-income census tracts, which was below both the aggregate and the number of small businesses located in the moderate-income tracts. The aggregate originated 7.2 percent of its small business loans in moderate-income tracts, while 7.4 percent of businesses operating within the AA are located in moderate-income tracts.

Overall, Severn's geographic distribution of business lending during 2016, 2017 and 2018 is considered reasonable when performance context factors and competitive market for businesses loans discussed throughout the report are taken into consideration.

Distribution of Loans by Income Level of the Borrower

The bank exhibits reasonable distribution of loans to individuals of different income levels and businesses of different sizes, given the product lines offered by the bank.

Home Mortgage Loans

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

The distribution of home mortgage loans by income level of the borrower is reasonable given the demographics of the AA and meets the standard for satisfactory performance.

In 2016, the percent of home mortgage loans made to low-income borrowers was above the percent of aggregate lending data, but was significantly below the percent of low-income families in the AA. However, it is noted that 4.9 percent of families had incomes below the poverty level. Based on the 2006-2010 ACS data, the median cost of housing was \$381,615, and the FFIEC Updated median family income was \$86,700, which means a low-income family earned less than \$43,350. Therefore, low-income borrowers would likely have difficulty qualifying for home mortgage loans considering the median cost of housing in the AA. Severn originated 5.8 percent of home mortgage loans to low-income borrowers and 16.3 percent to moderate-income borrowers. Aggregate lending percentages of loans to low- and moderate-income borrowers equaled 3.7 percent and 13.9 percent, respectively. According to the 2006-2010 ACS data, 13.6 percent and 15.8 percent of the families in the AA are low- and moderate-incomes, respectively. The percentage of lending to moderate-income borrowers exceeded both the AA demographics and the average of aggregate lenders.

In 2017-2018, the percent of home mortgage loans made to low-income borrowers was slightly lower than the percent of aggregate lending data, but was significantly below the percent of low-income families in the AA. However, 2011-2015 ACS data indicates that nearly 5.7 percent of families within the AA have incomes below the poverty level and may find it difficult to qualify for a home loan. When this statistic is considered, the bank's record of lending to low-income borrowers appears more in line with aggregate lending. Specifically, the bank originated 3.8 percent of home mortgage loans to low-income borrowers. In comparison, demographic data indicates 14.9 percent of families in the AA are low-income. Aggregate lending data indicates 5.0 percent of loans were made to low-income borrowers. The percent of home mortgage loans made to moderate-income borrowers was somewhat below both the percent of aggregate lending data and the percent of moderate-income families in the AA. The bank originated 10.1 percent of its home mortgage loans to moderate-income borrowers compared to 15.7 percent of the moderate-income families in the AA. Aggregate lending data indicates 16.8 percent of loans were made to moderate-income borrowers in the AA.

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 originations and purchases of small loans to businesses.

The distribution of small business loans reflects reasonable penetration of lending to businesses with gross annual revenues of \$1 million or less given the bank's performance context and the competitive market for business loans across the AA.

In 2016, the bank originated 59.1 percent of its business loans to businesses with less than \$1 million in revenue. While this percentage was below the number of small businesses at 83.3 percent, it far exceeded the 2016 aggregate lending to small businesses at 46.2 percent.

The bank's 2017-2018 performance in originating loans to small businesses was consistent with its performance in 2016. In 2017-2018, Severn made 60.0 percent of business loans to businesses with gross annual revenue of \$1 million or less, compared to 83.5 percent of such businesses operating in the AA. Although, this percentage is less than the percentage of small businesses in the AA, it exceeded 2017 aggregate lending to small businesses, which reported 49.5 percent of its loans to small businesses. In 2017-2018, approximately 60.0 percent of the bank's loans to small businesses were originated in amounts of \$100,000 or less which reflects the bank's willingness to meet the credit needs of small businesses.

Responses to Complaints

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

COMMUNITY DEVELOPMENT TEST

The bank's performance under the Community Development Test in the State of Maryland is rated Outstanding.

The bank exhibits excellent responsiveness to community development needs through community development loans, qualified investments, and community development services, as appropriate, considering the bank's capacity and the need, as well as the availability of such opportunities for community development in the bank's AA.

Number and Amount of Community Development Loans

Severn demonstrated excellent responsiveness to the community development needs of the AA through community development loans. During the evaluation period, the bank originated or renewed thirteen (13) qualifying community development loans totaling \$10.2 million in its AA.

Below are notable examples of the bank's community development loans:

- Three loans totaling \$650,000 to a non-profit organization whose mission is to empower people in reducing poverty and build resilient communities.
- Three lines of credit totaling approximately \$6.8 million as working capital to support the mission of a non-profit organization that provides affordable housing to low- and moderate-income individuals and families in the AA.
- Three loans totaling \$1.3 million to a not-for-profit social service organization to purchase a property to be used as a safe house to accommodate a large number of women and children suffering from domestic violence as well as victims of human trafficking.
- Refinanced three commercial properties totaling \$513,500 used as a recovery house for men in Anne Arundel County, Maryland.
- A \$1.0 million line of credit to an entity who provides safe and sober environments for recovering addicts and alcoholics in the bank's AA. All of the houses are certified by the state of Maryland through Maryland Certification of Recovery Residence (M-CORR).

Flexible Lending Programs

Severn offers a variety of special credit programs that are designed to help meet the credit needs of low- and moderate-income borrowers in its community. Many of these loan programs are available through partnerships with local and state government agencies. These programs are responsive to the credit needs of the AA, and are specifically designed to increase credit access for low- and moderate-income borrowers in the community.

Examples of notable loan programs in which the bank participates in are summarized below:

Community Development Administration Program (CDA): This program is a first time homebuyer program offered through the State of Maryland Department of Housing and Community Development that helps low- to moderate -income borrowers to purchase a home in the state of Maryland. The program offers 30-year, fixed-rate loans to homebuyers who have not owned a residential property in the last three years. In addition to the standard assistance, CDA provides Community Partners Incentive Program (CPIP) assistance in the form of a zero percent deferred Down Payment and Settlement Expense Program (DSELP) loan in an amount not to exceed \$5,000. All applicants must complete a HUD approved home buying course to qualify for this program. Severn originated four loans totaling \$693,702 under this program.

Fannie Mae Home Ready Mortgage Program (HomeReady): This program provides creditworthy low- and moderate-income borrowers affordable mortgages, with expanded eligibility guidelines for homes in designated low-income, minority and disaster-impacted communities. Borrower income must be 80 percent of the area median income (AMI) based on the property's location. At least one borrower must complete the homeowners education or housing counseling requirements. During the evaluation period, Severn originated seventeen (17) HomeReady loans totaling approximately \$4.3 million.

Frederick County Homebuyer Assistance Program (HAP): This program is administered by the Frederick County Department of Housing and Community Development (DHCD) and provides homeownership opportunities throughout Frederick County Maryland, with down payment assistance up to \$10,000, for homebuyers currently living or working in Frederick County. HAP offers zero percent deferred loans that are due upon the sale, transfer or if the home is no longer the primary residence of the borrower. This program can be used in conjunction with state or federal first mortgage programs, including FHA, USDA, and VA. To be eligible to receive assistance, borrowers must complete a homebuyer counseling program administered by a HUD approved agency. The borrower's gross income must be at or below 80 percent of the Washington MSA median household income limit. During the evaluation period, Severn originated two loans under this program, resulting in \$18,000 in grants to the borrowers.

Freddie Mac Home Possible Mortgage: This program is geared towards first-time homebuyers who have limited funds available for their down payments. The program allows home buyers to use non-traditional sources of income, such income from renters, to qualify for a mortgage. Home Possible program does not require borrowers to pay an upfront mortgage insurance fee. The borrower's annual income cannot exceed 100 percent of the AMI limits or higher percentage in designated high-cost areas. There is no income limit if the mortgaged premises is located in a low-income census tract (median tract income is at or below 80 percent of the AMI). At least one borrower is required to complete a Freddie Mac-approved homebuyer education course prior to the loan closing. The bank originated fifteen (15) Home Possible loans in 2018, totaling approximately \$3.6 million.

Federal Home Loan Bank of Atlanta (FHLBA) Affordable Housing Program (AHP): The FHLBA AHP provides grants to assist borrowers earning no more than 80 percent of the county AMI with down payments, closing costs, homebuyer counseling, and principal reduction for the purchase or rehabilitation assistance on units that borrowers will occupy as their primary residence. Severn originated eleven (11) loans in 2018 under this program, resulting in \$70,000 in grants to the borrowers. The bank did not have information available in the loan origination system to track these grants prior to 2018.

Number and Amount of Qualified Investments

Severn's qualified investment activities during the evaluation period consisted solely of charitable donations. The bank holds no qualifying debt or equity investments. The bank made ninety-nine (99) qualified donations totaling \$179,575 to nineteen (19) different organizations during the evaluation period. These donations are primarily targeted to providing community services to low- and moderate-income individuals and families.

The following are notable organizations that received qualified donations:

- **Boys and Girls Club of Annapolis and Anne Arundel County (BGCAA):** BGCAA, a part of the "Boys & Girls Club Movement" is a non-profit organization consisting of six Clubhouses. It serves all youth, including those from disadvantaged economic, social and family circumstances. The organization offers programs such as health and life skills, character and leadership development, career exploration and educational enhancement, sports, fitness and recreation activities. The clubs also provide after school programs including tutoring, computer education, sports training, homework help, and mentoring for youth between the ages of 6 to 18. The bank provided multiple donations to BGCAA during the evaluation period.
- **Habitat for Humanity of the Chesapeake (Habitat Chesapeake):** The organization's vision is to have a world in which everyone has a decent place to live in dignity and safety. Habitat Chesapeake brings people together to build decent, affordable homes that change lives, empower families and strengthen communities.
- **Anne Arundel County Community Action Agency (AACAA):** The mission of the organization is to reduce poverty and build a resilient community. AACAA is a leader in addressing poverty and improving the quality of life in Anne Arundel County, Maryland.
- **YWCA of Annapolis and Anne Arundel County (YWCA):** The YWCA's mission is dedicated to eliminating racism, empowering women and promoting peace, justice, freedom and dignity for all. The YWCA operates the only safe house in Anne Arundel County for women and children suffering from domestic violence as well as victims of human trafficking.
- **Seeds 4 Success (S4S):** S4S is a local non-profit organization in Annapolis, Maryland. The organization's mission is to work together as a community to provide children from low-income communities with the skills and support to achieve success in school and life. The organization provides academic and social-emotional programming to children from underserved communities in Annapolis, Maryland.

- **Arundel House of Hope:** The Arundel House of Hope is a non-profit organization that provides emergency, transitional, and permanent affordable housing, and other supportive housing for the homeless in Anne Arundel County, Maryland.
- **Box of Rain:** The organization’s mission is to offer year-round programming designed to inspire and encourage Annapolis area youth, especially those from disadvantaged circumstances. Its mentoring effort aids disadvantaged youth to nurture self-esteem and develop life skills that lead to positive contributions to the community.
- **Lets Go Boys and Girls:** The mission of the organization is to break the cycle of poverty through STEM education and workforce development.
- **Samaritan House:** Samaritan House is a state-certified residential treatment facility in Annapolis for adult men who have completed detoxification but are still recovering from addiction. The organization’s programs include case management, addiction counseling, relapse prevention, peer group support, life skills training, family counseling and career counseling sessions.

Extent to Which the Bank Provides Community Development Services

During the evaluation period, the bank provided an adequate level of community development services in the AA through on-going board and committee memberships. The following are some examples of Severn’s community development services:

- The President of the bank serves on the Board for a not-for-profit community based hospital headquartered in Annapolis, Maryland that provides low-cost or free screenings, classes, and services to care for the underserved.
- The bank’s CRA Officer is the Chairman of the Board for a local non-profit organization dedicated to breaking the link between unhealthy housing and unhealthy families. The organization offers innovative programs to improve the delivery of services and ensure the efficient use of resources to reduce lead poisoning, asthma and injury in low-income housing while improving energy efficiency.
- The bank’s CRA Officer serves on the Board for a local non-profit organization whose mission is to help youth of all backgrounds, with emphasis on at-risk youth, build confidence, develop character and acquire the skills needed to grow into productive, civic minded and responsible adults. The organization specifically targets youth and families in communities from public housing, low-income neighborhoods and public schools.
- The bank’s CRA Officer serves as a finance committee member for a local non-profit organization that provides intervention services and legal assistance for victims of domestic violence and sexual assault.
- The bank’s CRA Officer serves on the Board and is a member of the finance committee for a 501(c)(3) organization that provides business development support to specific constituencies and markets including start-up businesses, agriculture, technology, maritime and commercial revitalization.

- A Senior Vice President serves on the Board for a local non-profit organization that provides academic and social-emotional programming to children from underserved communities. Additionally, a Vice President of the bank serves on the same Board as President.

Appendix A: Scope of Examination

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

Time Period Reviewed:	01/01/2016 to 12/31/2018	
Bank Products Reviewed:	Home mortgage and small business loans. Community development loans, qualified investments, community development services.	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Not applicable	Not applicable	Not applicable
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
MSA		
Baltimore-Columbia-Towson MD MSA	Full-scope	All census tracts in Anne Arundel County
Name of State		
State of Maryland	Full-scope	

Appendix B: Summary of MSA and State Ratings

RATINGS			
Severn Savings Bank			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
Satisfactory	Satisfactory	Outstanding	Satisfactory
State of Maryland			
Satisfactory	Satisfactory	Outstanding	Satisfactory

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

Appendix C: Definitions and Common Abbreviations

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

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

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

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

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

Community Development (CD): Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

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

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into ‘male householder’ (a family with a male householder and no wife present) or ‘female householder’ (a family with a female householder and no husband present).

Full-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

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

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited-Scope Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income Individual: Individual income that is less than 50 percent of the area median income.

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

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

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

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

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

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rating Area: A rated area is a state or multi-state metropolitan statistical area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan statistical area, the institution will receive a rating for the multi-state metropolitan statistical area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier 1 Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

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

Appendix D: Tables of Performance Data

Content of Standardized Tables

A separate set of tables is provided for each state. All multistate metropolitan statistical areas, if applicable, are presented in one set of tables. References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the Lending Test tables, the following are applicable: (1) purchased are treated as originations; and (2) “aggregate” is the percentage of the aggregate number of reportable loans originated and purchased by all HMDA or CRA-reporting lenders in the MMSA/assessment area. Deposit data are compiled by the FDIC and are available as of June 30th of each year. Tables without data are not included in this PE.

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

- Table O. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents aggregate peer data for the years the data is available.
- Table P. Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MMSA/assessment area. The table also presents aggregate peer data for the years the data is available.
- Table 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. The table also presents aggregate peer data for the years the data is available. 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 U. Assessment Area Distribution of Consumer Loans by Income Category of the Geography** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households in those geographies.
- Table V. Assessment Area Distribution of Consumer 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 households by income level in each MMSA/assessment area

Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2016

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
Severn AA	190	68,751	100.0	27,675	0.0	0.0	0.0	4.7	2.1	4.8	39.9	31.1	40.5	55.3	66.8	54.8	0.0	0.0	0.0
Total	190	68,751	100.0	27,675	0.0	0.0	0.0	4.7	2.1	4.8	39.9	31.1	40.5	55.3	66.8	54.8	0.0	0.0	0.0

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

Table O : Assessment Area Distribution of Home Mortgage Loans by Income Category of the Geography 2017-18

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
Severn AA	238	105,890	100.0	23,379	0.0	0.0	0.0	8.5	10.1	9.1	37.8	30.7	40.6	53.7	59.2	50.3	0.0	0.0	0.0
Total	238	105,890	100.0	23,379	0.0	0.0	0.0	8.5	10.1	9.1	37.8	30.7	40.6	53.7	59.2	50.3	0.0	0.0	0.0

Source: 2015 ACS Census; 01/01/2017 - 12/03/2018 Bank Data, 2017 HMDA Aggregate Data, "2018" HMDA Aggregate data not available. Due to rounding, totals may not equal 100.0

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2016

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
Severn AA	190	68,751	100.0	27,675	13.6	5.8	3.7	15.8	16.3	13.9	21.1	18.4	19.1	49.6	51.6	36.0	0.0	7.9	27.3
Total	190	68,751	100.0	27,675	13.6	5.8	3.7	15.8	16.3	13.9	21.1	18.4	19.1	49.6	51.6	36.0	0.0	7.9	27.3

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

Table P: Assessment Area Distribution of Home Mortgage Loans by Income Category of the Borrower 2017-18

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
Severn AA	238	105,890	100.0	23,379	14.9	3.8	5.0	15.7	10.1	16.8	20.6	18.9	21.6	48.9	52.1	36.3	0.0	15.1	20.3
Total	238	105,890	100.0	23,379	14.9	3.8	5.0	15.7	10.1	16.8	20.6	18.9	21.6	48.9	52.1	36.3	0.0	15.1	20.3

Source: 2015 ACS Census; 01/01/2017 - 12/03/2018 Bank Data, 2017 HMDA Aggregate Data, "2018" HMDA Aggregate 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 2016

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
Severn AA	22	6,649	100.0	12,957	0.0	0.0	0.0	3.6	9.1	3.7	39.3	36.4	38.5	56.8	54.6	57.7	0.2	0.0	0.1
Total	22	6,649	100.0	12,957	0.0	0.0	0.0	3.6	9.1	3.7	39.3	36.4	38.5	56.8	54.6	57.7	0.2	0.0	0.1

Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, 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 2017-2018

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
Severn AA	25	5,103	100.0	11,795	0.0	0.0	0.0	7.4	4.0	7.2	37.3	44.0	35.9	55.1	52.0	56.7	0.2	0.0	0.2
Total	25	5,103	100.0	11,795	0.0	0.0	0.0	7.4	4.0	7.2	37.3	44.0	35.9	55.1	52.0	56.7	0.2	0.0	0.2

Source: 2017 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "2018" Aggregate 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											2016	
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	
Severn AA	22	6,649	100.0	12,957	83.3	59.1	46.2	6.1	40.9	10.6	0.0	
Total	22	6,649	100.0	12,957	83.3	59.1	46.2	6.1	40.9	10.6	0.0	
<i>Source: 2016 D&B Data; 01/01/2016 - 12/31/2016 Bank Data; 2016 CRA Aggregate Data, Due to rounding, totals may not equal 100.0</i>												

Table R: Assessment Area Distribution of Loans to Small Businesses by Gross Annual Revenues											2017-18	
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	
Severn AA	25	5,103	100.0	11,795	83.5	60.0	49.5	6.0	40.0	10.5	0.0	
Total	25	5,103	100.0	11,795	83.5	60.0	49.5	6.0	40.0	10.5	0.0	
<i>Source: 2018 D&B Data; 01/01/2017 - 12/31/2018 Bank Data; 2017 CRA Aggregate Data, "2018" Aggregate data not available. Due to rounding, totals may not equal 100.0</i>												