



Office of the
Comptroller of the Currency
Washington, DC 20219

INTERMEDIATE SMALL BANK

PUBLIC DISCLOSURE

July 18, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Arundel Federal Savings Bank
Charter Number 702349

655 Crain Highway, SE
Glen Burnie, MD 21061

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 lending test is rated: Satisfactory

The community development test is rated: Satisfactory

The major factors that support this rating include:

The Lending Test rating is based on the bank's loan-to-deposit ratio and its lending activities in its assessment area (AA).

- The bank's loan-to-deposit (LTD) ratio is more than reasonable, given the bank's size, financial condition, and assessment area credit needs.
- A majority of loans and other lending related activities are in the bank's assessment area.
- The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.
- The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among individuals of different income levels including low- and moderate-income (LMI).

The Community Development (CD) Test rating is based on the bank's responsiveness to community development needs in its assessment area.

- The bank's community development performance demonstrates adequate responsiveness to community development needs in its assessment area through community development loans, qualified investments, and community development services, as appropriate considering the bank's capacity and the need and availability of such opportunities for community development in the bank's assessment area.

Loan-to-Deposit Ratio

Considering the bank's size, financial condition, and credit needs of the assessment area (AA), the bank's loan-to-deposit (LTD) ratio is more than reasonable. Based on the bank's call report data, the bank maintained a quarterly average LTD ratio of 90.1 percent over the twelve quarters from March 2019 through March 2022. The bank's LTD ratio ranged from a quarterly low of 85.4 percent as of March 31, 2022, to a quarterly high of 94.1 percent as of March 31, 2020. The LTD ratio is calculated on a bank-wide basis.

The bank's quarterly average LTD ratio was compared with that of five similarly situated institutions in the Metropolitan Statistical Area (MSA). The quarterly average LTD ratio of the peer group was 82.9 percent. The peer group's average quarterly LTD ratio ranged from a low of 74.5 percent to a high of 98.7 percent over the same time period.

Lending in Assessment Area

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

The bank originated and purchased 52.9 percent of its home mortgage loans inside the bank's AA during the evaluation period. This analysis is performed at the bank, rather than the AA, level. This percentage does not include extensions of credit by affiliates that may be considered under the other performance criteria. The table below demonstrates the bank's lending inside and outside its AA. This performance was factored positively into the overall analysis of the geographic distribution of lending by income level of the geography.

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	46	47.4	51	52.6	97	12,910	49.7	13,086	50.3	25,997
2020	113	54.3	95	45.7	208	35,065	50.8	33,901	49.2	68,967
2021	99	54.1	84	45.9	183	34,131	56.2	26,584	43.8	60,715
Total	258	52.9	230	47.1	488	82,107	52.7	73,572	47.3	155,679

Description of Institution

Arundel Federal Savings Bank (AFSB or bank) is a single-state mutual federal savings association headquartered in Glen Burnie, Maryland (MD). The bank has one wholly owned operating subsidiary, Arundel Service Corporation of Maryland. The subsidiary has the authority to engage in insurance related activities but is currently inactive and had no activity during the evaluation period to consider in this evaluation.

As of December 31, 2021, the bank had total assets of \$447.5 million, total deposits of \$373.8 million, and tier 1 capital of \$67.4 million. Net loans and leases totaled \$322.9 million representing 72.2 percent of total assets and 86.4 percent of total deposits. 1-4 family real estate loans represented approximately 81.8 percent of the bank's loan portfolio.

Since the previous performance evaluation, the bank closed one branch located in Gambrills, MD in an upper-income census tract in Anne Arundel County on June 25, 2021. The bank now has five branches, all located in Maryland. Four branches are located in Anne Arundel County, including its headquarters, and one branch is located in Baltimore City, MD. The Anne Arundel County branches are located in Annapolis, Glen Burnie, Pasadena, and Severna Park. The Baltimore City branch is located in the Brooklyn neighborhood. The bank has one rating area and one assessment area.

The bank temporarily provided customer assistance and accommodations in consideration of the economic impact of the COVID-19 pandemic. Customer assistance and accommodations

included, but were not limited to, payment deferrals, fee waivers, ATM cash withdrawal limit increases, increased service options at drive-thru, and extended electronic banking staff hours.

There were no financial or legal impediments to hinder the bank's ability to help meet the credit needs of the communities it services. The bank received an overall rating of "Satisfactory" at the previous Intermediate Small Bank CRA Performance Evaluation dated July 8, 2019.

Scope of the Evaluation

Evaluation Period/Products Evaluated

AFSB was evaluated using the Intermediate Small Bank CRA examination procedures, which included a Lending Test and Community Development (CD) Test. The Lending Test evaluates the bank's record of meeting the credit needs of its AA through lending activities. The Community Development Test evaluates the bank's responsiveness to CD needs of its AA through lending, qualified investments and donations, and services.

The bank's primary loan product during the evaluation period was home mortgage loans. Home mortgage loans originated or purchased between January 1, 2019 and December 31, 2021 were reviewed to evaluate the bank's performance under the Lending Test. Community development loans, qualified investments, and services, that satisfied the definition of community development, made between January 1, 2019 and December 31, 2021 were reviewed to evaluate the bank's performance under the CD Test.

During the evaluation period, the bank participated in the Small Business Administration's (SBA) Paycheck Protection Program (PPP) in response to the COVID-19 pandemic. The PPP was established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and implemented by the SBA with support from the Department of Treasury, to provide small businesses the resources needed to maintain their payroll, hire back employees who may have been laid off, and cover applicable overhead. Qualifying activities performed in response to the significant impact the COVID-19 pandemic had on economies across the United States are addressed in this evaluation.

Selection of Areas for Full-Scope Review

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

Ratings

The bank's overall rating is based solely on the state of Maryland rating, the bank's only rating area.

Refer to the "Scope" section under the state rating section for details.

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: Satisfactory.

The major factors that support this rating include:

- Reasonable geographic distribution of loans in the AA.
- Reasonable borrower distribution of loans in the AA.
- Adequate responsiveness to the CD needs through CD activities in the AA.

Description of Institution's Operations in Maryland

AFSB operates in one AA located in the state of Maryland (MD). The AA is part of the Baltimore-Columbia-Towson MD MSA 12580. The AA is comprised of 109 census tracts. The bank has not made any changes to its AA since the previous CRA performance evaluation. Of

the 109 census tracts, three are in low-income geographies, 17 are in moderate-income geographies, 37 are in middle-income geographies, 48 are in upper-income geographies, and four have not been assigned an income classification.

The bank provides products and services through its five full-service branches. As noted in the description of the institution, since the previous performance evaluation, the bank closed one branch located in an upper-income census tract in Anne Arundel County on June 25, 2021. The branch was closed for several reasons, one being the lack of earnings based on deposit base and overhead, and another being the low level of in-person transactions and traffic. The Annapolis and Severna Park branches are located in upper-income census tracts, the Glen Burnie and Pasadena branches are located in middle-income census tracts, and the Brooklyn branch is located in a low-income census tract. Each location offers ATM service, and some have night drop box capabilities. Generally, branch hours of operations are Monday – Thursday, 9:00 AM – 3:00 PM, Friday 9:00 AM – 6:00 PM, and Saturday, 9:00 AM – 12:00 PM. The branch hours for two locations vary from the other three locations. The Brooklyn branch office closes at 3:00 PM on Fridays. The Brooklyn and Annapolis locations do not offer Saturday hours.

The bank offers credit products to include mortgage, unsecured personal, automobile, boat, and commercial loans. The bank offers deposit products to include checking and savings accounts, Individual Retirement Accounts, and certificates of deposits. Services offered include safe deposit boxes, telephone banking, internet banking, and mobile banking. The bank's website, www.arundelfederal.com, provides a listing and description of products and services.

According to the deposit market share report for the bank's AA as of June 30, 2021, the bank held 3.7 percent of deposits. AFSB ranked 10th for deposit market share in the AA out of 27 institutions. Of the nine banks ranked higher than AFSB, five have 75 branches in the market area. The top five deposit market share holders held 55.9 percent of deposits.

The most recent 2021 Peer Mortgage Data lists the top five institutions out of 532 for mortgage lending in the AA as Rocket Mortgage, Freedom Mortgage Corporation, PennyMac Loan Services LLC, First Home Mortgage, and Truist Bank. These top five institutions capture 24.6 percent of the mortgage market share by count and 23.9 percent by total dollar amount. High competition and office locations limit the bank's opportunities to lend.

The OCC obtained information from several local organizations and contacts within the bank's AA to determine the local economic conditions and community needs. The organizations and contacts included a nonprofit organization with a mission to promote economic advancement for low- and moderate-income (LMI) individuals and families in Baltimore and across Maryland, a community development financial institution (CDFI), and another nonprofit organization whose mission is to create and maintain equal housing opportunities for LMI people.

The nonprofit organization referenced with a mission to promote economic advancement for LMI individuals and families in Baltimore and across Maryland, identified a need for lenders willing to provide small mortgage amounts to low-income first-time home buyers in Baltimore and that the lack of internet access creates challenges for LMI individuals. Some of the most pressing needs pertaining to economic mobility were noted as the need to get women in careers/jobs that pay well and offer opportunities for economic growth, the need for financial

literacy training, break the generational cycle of poverty, and the need for access to living wage jobs.

The CDFI contact indicated that a number of Baltimore's neighborhoods are unbanked or underbanked as residents do not have access to traditional banking services. The majority of these neighborhoods have high minority populations and a high percentage of low-income residents. There is a need for greater investment in Baltimore's underserved neighborhoods, particularly West Baltimore which needs better access to traditional banking services, including bank branches. The CDFI contact also indicated that it is trying to raise capital and that there is an opportunity for area financial institutions to support this effort.

The nonprofit organization referenced with a mission to create and maintain equal housing opportunities for LMI people indicated that the city of Baltimore's population has been declining for the last two decades. Vacant properties in Baltimore's LMI tracts are close to 30 percent. According to this contact, the greatest need in the community is subsidies and investment in neighborhood rehabilitation projects. This contact also noted that Baltimore presents multiple opportunities for additional bank and philanthropic engagement and that it is heavily involved with all the local financial institutions.

Below, Table A provides demographic data of the AA.

Baltimore-Columbia-Towson MSA

Table A – Demographic Information of the Assessment Area						
Assessment Area: Baltimore-Columbia-Towson						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	109	2.8	15.6	33.9	44.0	3.7
Population by Geography	569,906	2.6	13.6	36.5	46.3	0.9
Housing Units by Geography	223,868	2.8	13.5	37.8	46.0	0.0
Owner-Occupied Units by Geography	152,122	1.1	8.4	37.3	53.1	0.0
Occupied Rental Units by Geography	56,226	5.8	27.2	39.1	27.9	0.0
Vacant Units by Geography	15,520	8.4	13.6	36.8	41.1	0.0
Businesses by Geography	54,501	1.4	8.2	36.5	53.5	0.4
Farms by Geography	1,184	1.0	9.5	32.7	56.8	0.0
Family Distribution by Income Level	144,468	15.8	15.8	20.5	47.9	0.0
Household Distribution by Income Level	208,348	16.7	13.8	17.6	52.0	0.0
Median Family Income MSA – 12580 Baltimore-Columbia-Towson		\$87,788	Median Housing Value			\$340,413
			Median Gross Rent			\$1,469
			Families Below Poverty Level			4.4%
<i>Source: 2015 ACS and 2020 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>						

Based on the 2015 American Community Survey (ACS) data, the total population of the AA or geography is 569,906. The median housing value in the geography is \$340,413. There are 223,868 housing units by geography, of which 67.9 percent are owner-occupied, 25.1 percent are occupied rental units, and 6.9 percent are vacant units. Of the 223,868 housing units, 83.8 percent are located in middle- and upper-income census tracts. Of the 152,122 owner-occupied housing units, 90.4 percent are in middle- and upper-income census tracts. The median family income in the MSA is \$87,788. Based on the median housing value and median family income, there is a lack of affordability for LMI families to purchase a home in the AA and LMI families rent rather than purchase homes.

Below, Table B shows the median family income in the AA during the review period.

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)				
2019 (\$101,000)	<\$50,500	\$50,500 to <\$80,800	\$80,800 to <\$121,200	≥\$121,200
2020 (\$104,000)	<\$52,000	\$52,000 to <\$83,200	\$83,200 to <\$124,800	≥\$124,800
2021 (\$105,100)	<\$52,550	\$52,550 to <\$84,080	\$84,080 to <\$126,120	≥\$126,120
<i>Source: FFIEC</i>				

In 2019, prior to the COVID-19 pandemic, according to the U.S. Bureau of Labor Statistics, the state of Maryland and Anne Arundel County unemployment rates were below 4 percent. During that same time, Baltimore City’s unemployment rate was below 6 percent peaking at 5.7 percent in August 2019. The unemployment rate in the state of Maryland during the evaluation period hit a high of 9.5 percent in May 2020. The unemployment rate in Anne Arundel County hit a high of 9.7 percent in May 2020, and for Baltimore City a high of 12.6 percent also in May 2020. The state of Maryland, Anne Arundel County, and Baltimore City unemployment rates gradually decreased through the remainder of 2020 ending with 6.3, 4.6, and 7.7 respectively as of December 2020. The national unemployment rate was 6.7 percent as of December 2020. The high unemployment rates in 2020 may be attributed to the COVID-19 pandemic that plagued the nation and caused some businesses to lay-off employees and close their doors temporarily and permanently. As of December 2021, the unemployment rate in the state of Maryland, Anne Arundel County, and Baltimore City was 5.4, 3.8, and 6.3 percent, respectively.

Information published by Moody’s Analytics as of January 2022, indicates that the Baltimore-Columbia-Towson’s (BAL) recovery is moving slowly. Economic drivers for BAL are medical centers, federal government nondefense, and logistics. Healthcare professionals/technical services and the federal government employment levels are near or above pre-pandemic highs, but the total employment rebound lags the state and national averages. Healthcare and technology will lead job growth, but out-migration will delay the recovery of consumer industry employment. Long term, slow population growth will ensure only average overall performance. BAL’s logistics employment has moved sideways over the past year, but is nonetheless elevated. As global supply-chain issues ease, cargo volumes will continue to rise and support steady, if slow, employment growth.

The January 2022 Moody’s Analytics report also notes that forecast risks upsides are infrastructure improvements at the Port of Baltimore and the cap on state and local tax (SALT) deduction being lifted, which is expected to improve housing affordability and limit out-migration. Forecast risks downside are the rise of remote working enables high-wage earners to relocate outside of BAL, and supply-chain issues persist longer than expected, weighing on the port’s prospects. Strengths include BAL as a hub for growing cybersecurity, established and well-funded medical research centers, and strong transportation and distribution industries. Weaknesses include few public transportation links with Washington DC, and below-average population growth. Government will not contribute much to near-term job gains but will remain a pillar of BAL’s economy. Slow population growth will also limit the expansion of public

services. Federal employment will also grow slowly. The report also notes that for 2020-2022 BAL employment growth ranked 192 in the 3rd quintile, with 410 being the worst.

Scope of Evaluation in Maryland

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

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

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

Conclusions with Respect to Performance Tests in Maryland

Lending Test

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

Based on a full-scope review, the bank's lending performance in the State of Maryland is reasonable.

Distribution of Loans by Income Level of the Geography

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

Home Mortgage Loans

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

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

- The percentage of bank loans in low-income geographies met the percentage of owner-occupied housing units. In 2020, the bank did not originate any loans in low-income geographies. The percentage of bank loans in low-income geographies exceeded the aggregate distribution of loans.
- The percentage of bank loans in moderate-income geographies was below the percentage of owner-occupied housing units and met the aggregate distribution of loans.

Distribution of Loans by Income Level of the Borrower

The bank exhibits a reasonable distribution of loans to individuals of different income levels given the product lines offered by the bank.

Home Mortgage Loans

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

Based on Table P, and considering the performance context factors discussed above, the overall borrower distribution of home mortgage loans is reasonable.

- The bank's distribution of loans to low-income borrowers was well below the percentage of low-income families and significantly exceeded the aggregate percentage of loans to low-income families.
- The bank's distribution of loans to moderate-income borrowers exceeded the percentage of moderate-income families and the aggregate percentage of loans to moderate-income families.

Responses to Complaints

AFSB did not receive any complaints related to CRA activities during the evaluation period.

COMMUNITY DEVELOPMENT TEST

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

Conclusions for Area Receiving a Full-Scope Review

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

Number and Amount of Community Development Loans

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

Community Development Loans				
Assessment Area	Total			
	#	% of Total #	\$(000's)	% of Total \$
Baltimore-Columbia-Towson MSA	47	77.0	1,983	82.8
PPP Loans Statewide/Regional	14	23.0	413	17.2
Total	61	100	2,396	100

The bank developed the following programs that target LMI borrowers.

- CRA Residential Renovations Loan Program – Under this program, the bank will provide loans to 501c3 nonprofit organizations for the acquisition or renovation of houses to be used as a primary residence to LMI residents in the bank's AA. The bank has an alliance with a nonprofit organization located in Brooklyn, MD, a low-income census tract, whose mission is to reduce the number of problem properties, tackle public blight, and expand economic opportunity for residents.
- A product designed to help LMI borrowers attain primary residency homeownership on leased-to-own property. Tax credits and investor funds were used to build housing for LMI residents on a lease to purchase arrangement which began approximately 15 years ago. The homes are now being offered for sale to their tenants.

The bank closed one loan during the evaluation period under the CRA Residential Renovations Loan Program for \$126,115 within the bank's AA counted in the CD loans noted above.

Included in the Community Development Loans table above are 60 PPP loans. The bank originated 60 PPP loans totaling \$2.2 million. The majority of the PPP loans, 46 loans or 76.6 percent, were made in the bank's AA for over \$1.8 million. Nine PPP loans were made in low- or moderate-income census tracts of which eight were in the bank's AA for a total of \$473,250. CD loans, including PPP loans, represent 2.7 percent of the bank's tier 1 capital.

Number and Amount of Qualified Investments

The Qualified Investments Table below sets forth the information and data used to evaluate the bank's level of qualified CD investments. The table includes all CD investments that remain outstanding as of the evaluation date.

Qualified Investments										
Baltimore-Columbia-Towson MSA	Prior Period*		Current Period		Total				Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	% of Total #	\$(000's)	% of Total \$	#	\$(000's)
Investments	3	1,071	2	1,979	5	35.7	3,050	99.0	0	\$0
Donations	NA	NA	9	29	9	64.3	29	1.0	0	\$0
Total	3	1,071	11	2,008	14	100	3,079	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.

During the evaluation period, the bank's qualified investments, including securities, grants, and donations totaled \$3 million. Qualified CD investments and donations represent 4.6 percent of the bank's tier 1 capital.

CD Investments

Qualified CD investments include four community development bonds. The use of the proceeds of the bonds includes, but is not limited to, the finance of various types of housing developments within the state that promote sound community development and provide housing for occupancy, in substantial part, by persons or families of limited incomes. A highlight of the bank's qualified CD investments is the purchase of a pool of mortgages in Anne Arundel County that are to LMI borrowers.

CD Donations

The bank made nine qualified donations totaling \$29,735 through six organizations within the bank's AA. The six organizations are nonprofits that promote community development by providing services for LMI individuals, such as youth programs or homeless centers.

Listed below are brief descriptions of some of the organizations that received contributions:

- The bank provided a donation to an organization that seeks to improve the community by providing support directly to people in need and also indirectly by distributing resources to other compatible charitable organizations.
- The bank provided a donation to an organization that specializes in development and preserving affordable rental housing.

Extent to Which the Bank Provides Community Development Services

During the evaluation period, six bank employees provided 421 hours of financial expertise to four qualifying organizations and various schools. Three of the six employees provided financial expertise by participating on Boards and providing financial guidance during meetings. Four of the six employees volunteered to teach a financial literacy course at various schools.

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 metropolitan and nonmetropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed:	01/01/2019 to 12/31/2021	
Bank Products Reviewed:	Home mortgage loans Community development loans, qualified investments, community development services	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Arundel Service Corporation of Maryland	Operating subsidiary	None
List of Assessment Areas and Type of Examination		
Rating and Assessment Areas	Type of Exam	Other Information
MSA(s)		
Baltimore-Columbia-Towson MD	Full Scope	All tracts of Anne Arundel County and four tracts of Baltimore City. All in the state of Maryland.
State		
Maryland	Full Scope	

Appendix B: Summary of MMSA and State Ratings

RATINGS Arundel Federal Savings Bank			
Overall Bank:	Lending Test Rating*	CD Test Rating	Overall Bank/State/Multistate Rating
Arundel Federal Savings Bank	Satisfactory	Satisfactory	Satisfactory
State:			
Maryland	Satisfactory	Satisfactory	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 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	
Arundel FSB Assessment Area	258	82,107	100.0	49,343	1.1	0.8	0.5	8.4	7.0	7.2	37.3	33.3	36.6	53.1	58.9	55.7	0.0	0.0	0.0	
Total	258	82,107	100.0	49,343	1.1	0.8	0.5	8.4	7.0	7.2	37.3	33.3	36.6	53.1	58.9	55.7	0.0	0.0	0.0	

Source: 2015 ACS; Bank Data, 2020 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	
Arundel FSB Assessment Area	258	82,107	100.0	49,343	15.8	7.4	4.0	15.8	17.8	15.7	20.5	22.9	18.6	47.9	48.5	33.9	0.0	3.5	27.9	
Total	258	82,107	100.0	49,343	15.8	7.4	4.0	15.8	17.8	15.7	20.5	22.9	18.6	47.9	48.5	33.9	0.0	3.5	27.9	

Source: 2015 ACS; Bank Data, 2020 HMDA Aggregate Data, "--" data not available.
Due to rounding, totals may not equal 100.0%