



PUBLIC DISCLOSURE

June 04, 2013

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Bay Bank, FSB
Charter Number 718140

2328 West Joppa Road
Lutherville, MD 21093

Office of the Comptroller of the Currency

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

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it 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.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory

The major factors that support this rating include:

- Bay Federal's loan-to-deposit ratio exceeds the standards for satisfactory performance.
- A majority of business loans and home mortgage loans are originated with the assessment areas (AAs).
- The geographic dispersion of business loans and home mortgage loans meets the standard for satisfactory performance.

SCOPE OF EXAMINATION

The evaluation period for the lending test is July 9, 2010 through June 4, 2013. Based on an evaluation of the bank's loan originations and purchases from July 9, 2010 through March 31, 2013, the bank's primary loan products are business loans and Home Mortgage Disclosure Act (HMDA) reportable loans. Therefore, conclusions regarding the bank's lending performance are based on business and HMDA-reportable loans. The bank collected and provided information on business and HMDA-reportable loans originated and purchased from July 9, 2010 through March 31, 2013. We tested the accuracy of the business loan data and HMDA reportable loans and results of this testing evidenced the business data is reasonably accurate and can be relied upon. Therefore, we utilized all of the business and HMDA reportable loan data separately for the lending test.

DESCRIPTION OF INSTITUTION

Bay Bank Federal Savings Bank (BBFSB or Bay Federal), is an intrastate community bank headquartered in Lutherville, MD. BBFSB was chartered on June 9, 2010 and has two branches. As of March 31, 2013, BBFSB has total assets of \$130 million and net tier one capital of \$30 million. Before April 30, 2013, BBFSB was wholly owned by Jefferson Bancorp. BBFSB acquired a local state financial institution and is now, as of April 30, 2013 wholly owned by Carrollton Bancorp, a one-bank holding company headquartered in Lutherville, Maryland. The current consolidated bank operations were not a part of this CRA examination scope. The bank does not have any subsidiaries or affiliates.

BBFSB's serves the community from its headquarters and Main Office location in Lutherville, Maryland. It also has another full service branch in Salisbury, Maryland.

Both offices are in upper-income census tracts. The branches are open Monday through Friday from 9AM - 4PM. The Institution is a small commercial bank offering the standard range of retail and commercial banking service. Its personal banking services include checking accounts, savings programs, and money-market accounts. BBFSB offers home equity loans, home equity lines of credit, automobile loans, as well as commercial real estate loans and commercial lines of credit.

As of March 31, 2013, BBFSB reported net loans and leases of \$102 million, or 78.5% of total assets. The loan portfolio is comprised of Commercial Real Estate Loans (40%), Residential Real Estate Loans (38%), Commercial Loans (16%), and Construction and Development Loans (6%). BBFSB's primary lending activity during the evaluation period was business lending.

Local competition is intense. BBFSB's competition includes larger nationwide banks including Bank of America, N.A., PNC Bank, N.A., and Wells Fargo Bank, N.A. The bank's regional competition includes Hebron Savings Bank, Manufacturers and Traders Trust Co., Susquehanna Bank, and First Mariner Bank.

This is BBFSB's first Community Reinvestment Act examination. There are no financial or legal impediments to BBFSB's ability to meet the credit needs of its assessment area.

DESCRIPTION OF ASSESSMENT AREA(S)

The two assessment areas are based on the location of the main office located in the Baltimore-Towson, MD MSA and the second branch located in the Salisbury, MD MSA. We will review the entire Baltimore-Towson, MD and the Salisbury, MD assessment areas separately and the related loans throughout this report. We will also analyze the 2010 and 2011 submitted data separately from the 2012 and 2013 data as the 2010 and 2011 data are based on 2000 Census data while the latter years are based on 2010 Census data. We will also analyze the two MSAs separately and the business and HMDA-reportable loans separately when appropriate.

Baltimore-Towson, MD MSA

The larger of the two assessment areas is all of the Baltimore-Towson, MD (#12580) Metropolitan Statistical Area (MSA) and contains 625 census tracts for calendar years 2010 and 2011 (See Table 19). The assessment area meets regulatory requirements and does not arbitrarily exclude low- and moderate-income geographies.

The unemployment rate for the Baltimore-Towson, MD MSA during the 2010/11 review period ranged from 7.3% to 8.5%. That rate decreased to 7.2% by May 2013. Sources of employment in the assessment area include financial and retail services, hospitals and medical services, real estate, military, and municipal and federal government. The assessment area includes urban, industrialized, lower-income neighborhoods in Baltimore City and middle- to upper-income suburban neighborhoods in the surrounding

counties. Thirty-five percent of the area's 625 census tracts are either low or moderate-income (LMI), with forty-seven percent of low- or moderate-income population residing in those census tracts during the evaluation period using the 2000 census data.

For the evaluation period using the 2010 census data, the number of census tracts for the Baltimore-Towson, MD assessment area increased from 625 to 671, with the LMI increasing from thirty-five to thirty-six percent of the census tracts while the LMI population residing in those census tracts increased from forty-seven percent to forty-eight percent. (See Tables 19 and 20).

The median cost of housing in the assessment area for the evaluation period using the 2000 census data dramatically increased from \$131,956, to \$296,066 for the evaluation period using the 2010 census data. The Updated Median Family Income increased slightly from \$84,500 to \$85,600. The percentage of households below the poverty level decreased from 9.72% to 9.33%. The assessment area's population using the 2000 census data is comprised of 658,188 families with the following family income distribution: 7.87% are low-income, 19.01% are moderate-income, 40.33% are middle-income and 32.78% are upper-income. (See Tables 19 and 20).

In 2011, 630 lenders originated HMDA loans in the assessment area, according to the HMDA Peer Mortgage Data. Competition in the assessment area was strong with Wells Fargo Bank, Bank of America, JP Morgan Chase Bank and Branch Banking and Trust Co. (BB&T) ranking as the top four lenders with market shares of 17.28%, 8.26%, 5.07% and 3.56% respectively. BBFSB was ranked 359 with a market share of 0.01%. Other competitors consisted of large national banks, mortgage companies, local banks and mortgage brokers with nationwide sources of funding.

According to the most recent FDIC Summary of Deposits Market Share Report dated June 30, 2011, BBFSB was ranked 46 out of 77 institutions within the Baltimore-Towson, MD MSA assessment area with a 0.16% deposit market share. In comparison, Bank of America is ranked first with 104 offices and 25.94% deposit market share. The other top three lenders are Manufacturers and Traders Trust Company with 116 offices and 23.66% of deposits, PNC Bank with 97 offices and 9.61% of deposits and Wells Fargo Bank with 55 offices and 7.62% of the deposits.

Salisbury, MD MSA

The second of the two assessment areas is all of the Salisbury, MD (#41540) Metropolitan Statistical Area (MSA) and contains 24 census tracts for calendar years 2010 and 2011 or the evaluation period using 2000 census data. The number of census tracts for this AA increased from 24 to 27 for the evaluation period using the 2010 census data or for the period from January 1, 2012 to June 4, 2013. The assessment area meets regulatory requirements and does not arbitrarily exclude low- and moderate-income geographies.

The unemployment rate for the Salisbury, MD MSA during the 2010/11 evaluation period ranged from 9.3% to 9.9%, but has fallen to 8.9% by May 2013. Major sources of employment in the assessment area throughout the entire evaluation period include financial and retail services, retail trade, construction and agriculture. The assessment area includes urban and rural areas and 598 farms. Twenty-six percent of the area's 24 census tracts are either low or moderate-income, with thirty-two percent of the low- or moderate- income population residing in those census tracts during the evaluation period, using the 2000 census data. (See Tables 21 and 22).

The median cost of housing in the assessment area more than doubled from the evaluation period comparing the 2000 and 2010 census data from \$90,550 to \$183,628. The Updated Median Family Income for 2011 grew slightly from \$63,500 to \$64,400 in 2012. The percentage of households below the poverty level fell slightly from 13.77% in 2011 to 13.47%, but remained stubbornly high. The assessment area's population is comprised of 27,402 families with the following family income distribution: 1.43% are low-income, 18.66% are moderate-income, 63.42% are middle-income and 16.49% are upper-income. (See Tables 21 and 22).

In 2011, 213 lenders originated HMDA loans in the assessment area, according to the HMDA Peer Mortgage Data. Competition in the assessment area was strong with Wells Fargo Bank, Branch Banking and Trust Co. (BB&T), Bank of America and JP Morgan Chase Bank ranking as the top four lenders with market shares of 18.56%, 6.02%, 5.25% and 5.23%, respectively. BBFSB was not ranked with a market share because they made no loans during this period. Other competitors consisted of large national banks, mortgage companies, local banks and mortgage brokers with nationwide sources of funding.

According to the June 30, 2011 FDIC Summary of Deposits Market Share Report, the most recent available, BBFSB was ranked 11 out of 12 institutions within the Salisbury, MD MSA assessment area with a 0.40% deposit market share. In comparison, PNC Bank is ranked first with 11 offices and 19.84% deposit market share. The other top three lenders are Hebron Savings Bank with 9 offices and 18.90% of deposits, The Farmers Bank of Willards with 5 offices and 13.41% of deposits and The Bank of Delmarva with 7 offices and 12.16% of the deposits.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

Loan-to-Deposit Ratio

BBFSB's loan-to-deposit ratio exceeds the standard for satisfactory performance. The thrift's average loan-to-deposit ratio for the prior eleven quarters is 95.23%. Bay Federal's average loan-to-deposit ratio exceeds the peer median average of 81.66% for similarly situated thrifts during the same period.

Lending in Assessment Area`

Bay Federal made a majority of business and HMDA reportable loans within their AA, which meets the standards for satisfactory performance. Throughout the evaluation period, the bank originated 77 loans, or 87.5% of the number of total business and HMDA reportable loans within the AA. Additionally the bank originated 84.41% of the dollar volume of combined loans within the AA. (See Table 1).

Lending to Borrowers of Different Incomes and to Businesses of different sizes

The distribution of combined business and HMDA reportable loans, in the bank's separate AAs, meets the standards for satisfactory performance. Tables 2 through 9 discuss the bank's performance in the two separate AAs for both the business and the HMDA reportable loans separated by loans originated in the evaluation period using the 2000 census data and the loans originated in the evaluation period using the 2010 census data. We placed more weight on the Baltimore-Towson, MD AA as it is the primary AA where the bank's assets and loans are originated and where most employees are located.

Lending to Businesses of Different Sizes in Both AAs

Lending to Businesses of Different Sizes in the Baltimore-Towson, MD MSA

For the evaluation period using the 2000 census data, or the period from July 9, 2010 to December 31, 2011, 31 loans were made to businesses in this AA. Six of the 31 loans (19.35%) were made to small businesses or businesses with revenues less than or equal to \$1,000,000. The percentage of loans to small businesses falls short when compared to the 2011 peer data percentage of loans made to small businesses in the AA of 43.20%. However, the bank is small and it has faced intense competition from its competitors. (See Table 2).

During the evaluation period using the 2010 census data, or for the period from January 1, 2012 to June 4, 2013, BBFSB compared favorably to the 2011 peer mortgage data as the bank originated 48.00% of its loans to small businesses while its peers averaged 43.20% of its business loans to small businesses. (See Table 4).

Lending to Businesses of Different Sizes in the Salisbury, MD MSA

For the evaluation period using the 2000 census data, or the period from July 9, 2010 to December 31, 2011, no loans were made to businesses in this Salisbury, MD AA. (See Table 3). The bank did not have a loan officer in this AA during the majority of 2010 and 2011. Since hiring a loan officer, we noted improved lending levels in this AA during 2012 and 2013.

For the evaluation period using the 2010 census data, or for the period from January 1, 2012 to June 4, 2013, the bank originated five (5) loans to businesses in this AA with two (40.00%) being made to small businesses. This level of lending is reasonable when

compared to the aggregate peer group, which originated 59.23% of loans to small businesses.

HMDA Reportable Loans

An analysis of lending to borrowers of different income levels is not meaningful given the limited information available on borrower income.

Baltimore-Towson, MD MSA

An evaluation of lending to borrowers of different income levels in the Baltimore-Towson, MD MSA is not meaningful given the limited number of originations.

For the evaluation period using the 2000 census data, Bay Federal originated seven HMDA reportable loans. Limited income information was available as these loans were made to businesses that do not report income for HMDA purposes. Therefore, an analysis of the geographic distribution of loans by borrower income is not meaningful. (See Table 6).

Bay Federal originated seven HMDA reportable loans for the evaluation period using the 2010 census data. No loans were made to low- or moderate-income borrowers in the Baltimore-Towson, MD AA during this evaluation period. However, two HMDA reportable loans were made to upper-income borrowers. No income information was available on the five remaining loans that were made to businesses that do not report income for HMDA purposes. Bay Federal did not meet the standards for satisfactory performance in the analysis of the geographic distribution of loans by borrower income in this AA for the combined evaluation periods on originated HMDA reportable loans. (See Table 7).

Salisbury, MD MSA

An evaluation of lending to borrowers of different income levels in the Salisbury, MD MSA is not meaningful given the limited number of originations.

For the evaluation period using the 2000 census data, Bay Federal originated one HMDA reportable loan to an upper-income borrower. No HMDA reportable loans were made to low- or moderate-income borrowers during this evaluation period. (See Table 8).

For the evaluation period using the 2010 census data, the data is similar. Bay Federal did not originate any HMDA-reportable loans to low- or moderate-income borrowers in the Salisbury, MD assessment area. The bank made only one loan to an upper-income borrower during the review period. (See Table 9).

Geographic Distribution of Loans

The distribution of business and HMDA reportable loans by census tract level, in the bank's two AAs, reflects reasonable penetration and meets the standards for satisfactory performance for the Baltimore-Towson MSA AA and the Salisbury, MD MSA AA. Tables 10 through 17 discuss the bank's performance in the two separate AAs for both the business and the HMDA reportable loans separated by loans originated in the evaluation period using the 2000 census data and the loans originated in the evaluation period using the 2010 census data.

Business Loans

Geographic Distribution of Business Loans in the Baltimore-Towson, MD AA

Bay Federal originated three of 31 (9.68%) business loans in the Baltimore-Towson, MD AA compared to 4.74% of total businesses in low-income census tracts within the AA. The bank's 9.68% also compares well to the 3.03% aggregate number of businesses in the AA according to the 2000 census data. (See Table 11).

Similar results are noted for business loans originated in moderate-income census tracts within the AA. Bay Federal originated six of 31 (19.35%) business loans in the Baltimore-Towson, MD AA compared to 15.19% of total businesses in moderate-income census tract within the AA. The bank's 19.35% also compares well to the 11.09% aggregate number of moderate-income businesses in the AA according to the 2000 census data. (See Table 11).

Similar results can be seen when analyzing the data for the evaluation period using the 2010 census data, which covers the period from January 1, 2012 through June 4, 2013. Bay Federal originated 2 of 25 (8.00%) business loans in low-income census tracts located in the Baltimore-Towson, MD AA compared to 5.81% of total businesses in low-income census tract within the AA. The bank's 8.00% origination rate also compares well to the 3.03% aggregate number of business loans originated by peers in 2011, the most recent year the data is available. (See Table 12).

Similar results are noted for business loans originated in moderate-income census tracts within the AA. Bay Federal originated four of 25 (16.00%) business loans in the Baltimore-Towson, MD AA compared to 17.76% of total businesses in moderate-income census tract within the AA. The bank's 16.00% also compares well to the 11.09% aggregate number of moderate-income businesses originated by peers in 2011, the most recent year the data is available. (See Table 12).

Salisbury, MD AA

The geographic distribution of business loans originated by Bay Federal in the Salisbury, MD AA is adequate when compared to the distribution of demographic data and aggregate peer data.

Bay Federal originated no business loans in the Salisbury, MD AA in the evaluation period using 2000 census data. No analysis can be made since no loans were originated. (See Table 12).

Bay Federal originated five business loans in 2012 and 2013. None of these loans were made to businesses operating in low-income census tracts. It is noted that the percentage of the total number of businesses in low-income census tracts within the assessment area is low at 1.53%, making it difficult to penetrate this segment of businesses.

However, Bay Federal did originate two of five (40.00%) business loans in moderate-income census tracts during the review period. The remaining three (60.00%) business loans were made to businesses located in middle-income census tracts. The percentage of total loans made in the moderate-income census tracts in this assessment area exceeds the standards for satisfactory performance for this review period when compared the percentage of businesses located in moderate-income census tracts (12.43%) within the Salisbury AA. In addition, the bank's 40% origination in moderate-income census tracts in the AA compares favorable to the 14.82% peer data. (See Table 13).

Geographic Distribution of *HMDA Reportable Loans*

Geographic Distribution in the Baltimore-Towson, MD MSA

For 2010-2011 lending, Bay Federal originated one of seven (14.29%) HMDA reportable loans in the low income census tracts of the Baltimore-Towson, MD AA compared to 4.55% of total HMDA reportable loans in low-income census tract within the AA. The bank's 14.29% also compares well to the 2.11% 2011 aggregate peer data.

Similar results are noted for HMDA reportable loans originated in moderate-income census tracts within the AA. Bay Federal originated one of seven (14.29%) HMDA reportable loans in the Baltimore-Towson, MD AA compared to 16.10% of total HMDA reportable loans in moderate-income census tracts within the AA. The bank's 14.29% also compares well to the 10.24% 2011 peer aggregate data for moderate-income census tracts. (See Table 14).

For 2012-2013 lending, Bay Federal originated no HMDA reportable loans in low-income census tracts within the Baltimore-Towson, MD assessment area. However, the geographic distribution of originated HMDA reportable loans in moderate-income census tracts (28.57%) is strong compared to the distribution of demographic data of 16.61% of owner-occupied housing units and 2011 aggregate peer data of 10.24%. (See Table 15).

Salisbury, MD MSA

An evaluation of lending to borrowers of different income levels in the Salisbury, MD MSA is not meaningful given the limited number of originations.

Responses to Complaints

During the review period, the institution received no known written complaints pertaining to its performance in helping to meet the credit needs within the assessment area.

Fair Lending or Other Illegal Credit Practices Review

Pursuant to 12 C.F.R. 195.28(c), in determining a Federal savings association's CRA rating the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the Federal savings association, or in any assessment area by an affiliate whose loans have been considered as part of the Federal savings association's lending performance.

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Appendix

Table 1:

Concentration of Bay Federal Business and HMDA-Reportable Loans Originated in and Outside of the Assessment Area				
Loans	Number	Percentage	\$Amount (000s)	Percentage
Within Area	77	87.50%	\$25,535	84.41%
Outside Area	11	12.50%	4,715	15.59%
Total	88	100.00%	\$30,250	100.00%

Table 2:

Distribution of Bay Federal Business Loans By Revenues in the Baltimore-Towson, MD Assessment Area: July 9, 2010 – December 31, 2011						
Business Revenues (or Sales)	Number	No. Pct.	Dollar (000)	\$ Percent	Percent of Total Businesses in AA (#)	2011 Aggregate Business Loans in AA (#)
≤\$1,000,000	6	19.35%	\$1,425	19.06%	66.15%	43.20%
>\$1,000,000	25	80.65%	6,053	80.94%	3.10%	56.80%
Unavailable/ Unknown	0	0.00%	0	0.00%	30.75%	0.00%
Total	31	100.00%	\$7,478	100.00%	100.00%	100.00%

Table 3:

Distribution of Bay Federal Business Loans By Revenues in the Salisbury, MD Assessment Area: July 9, 2010 – December 31, 2011						
Business Revenues (or Sales)	Number	No. Pct.	Dollar (000)	\$ Percent	Percent of Total Businesses in AA (#)	2011 Aggregate Business Loans in AA (#)
≤\$1,000,000	0	0.00%	\$0	0.00%	67.31%	59.23%
>\$1,000,000	0	0.00%	0	0.00%	2.72%	40.77%
Unavailable/ Unknown	0	0.00%	0	0.00%	29.97%	0.00%
Total	0	0.00%	\$0	0.00%	100.00%	100.00%

Table 4:

Distribution of Bay Federal Business Loans By Revenues in the Baltimore-Towson, MD Assessment Area: January 1, 2012 – June 4, 2013						
Business Revenues (or Sales)	Number	No. Pct.	Dollar (000)	\$ Percent	Percent of Total Businesses in AA (#)	2011 Aggregate Business Loans in AA (#)
≤\$1,000,000	12	48.00%	\$5,628	65.30%	66.22%	43.20%
>\$1,000,000	13	52.00%	2,991	34.70%	3.08%	56.80%
Unavailable/ Unknown	0	0.00%	0	0.00%	30.69%	0.00%
Total	25	100.00%	\$8,619	100.00%	100.00%	100.00%

Table 5:

Distribution of Bay Federal Business Loans By Revenues in the Salisbury, MD Assessment Area: January 1, 2012 – June 4, 2013						
Business Revenues (or Sales)	Number	No. Pct.	Dollar (000)	\$ Percent	Percent of Total Businesses in AA (#)	2011 Aggregate Business Loans in AA (#)
≤\$1,000,000	2	40.00%	\$144	7.07%	66.01%	59.23%
>\$1,000,000	3	60.00%	1,893	92.93%	3.05%	40.77%
Unavailable/ Unknown	0	0.00%	0	0.00%	30.94%	0.00%
Total	5	100.00%	\$2,037	0.00%	100.00%	100.00%

Table 6:

Distribution of Bay Federal HMDA-Reportable Loans By Borrower Income Level in the Baltimore-Towson, MD Assessment Area: July 9, 2010 – December 31, 2011						
Borrower Income Levels (1)	Number	No. Pct.	Dollar (000)	\$ Percent	Percent of Families	2011 Aggregate HMDA
Low = <50%	0	0.00%	\$0	0.00%	21.13%	8.18%
Moderate = 50-79%	0	0.00%	0	0.00%	17.82%	11.95%
Middle = 80-119%	0	0.00%	0	0.00%	22.01%	17.61%
Upper = > 120%	0	0.00%	0	0.00%	39.04%*	31.13%
Income N/A	7	100.00%	\$3,929	100.00%	0.00%	31.13%
Total	7	100.00%	\$3,929	100.00%	100.00%	100.00%

Table 7:

Distribution of Bay Federal HMDA-Reportable Loans By Borrower Income Level in the Baltimore-Towson, MD Assessment Area: January 1, 2012 – June 4, 2013						
Borrower Income Levels (2)	Number	No. Pct.	Dollar (000)	\$ Percent	Percent of Families	2011 Aggregate HMDA
Low = <50%	0	0.00%	\$0	0.00%	21.42%	8.18%
Moderate = 50-79%	0	0.00%	0	0.00%	17.32%	11.95%
Middle = 80-119%	0	0.00%	0	0.00%	20.96%	17.61%
Upper = > 120%	2	28.57%	673	20.42%	40.30%*	31.13%
Income N/A	5	71.43%	\$2,622	79.58%	0.00%	31.13%
Total	7	100.00%	\$3,295	100.00%	100.00%	100.00%

1 Borrower income category is based on the percentage of the median family income of the MSA (or Statewide for non-MSA) in which that person lives.

2 Borrower income category is based on the percentage of the median family income of the MSA (or Statewide for non-MSA) in which that person lives.

Table 8:

Distribution of Bay Federal HMDA-Reportable Loans By Borrower Income Level in the Salisbury, MD Assessment Area: July 9, 2010 – December 31, 2011						
Borrower Income Levels (3)	Number	No. Pct.	Dollar (000)	\$ Percent	Percent of Families	2011 Aggregate HMDA
Low = <50%	0	0.00%	\$0	0.00%	20.46%	8.72%
Moderate = 50-79%	0	0.00%	0	0.00%	17.74%	18.26%
Middle = 80-119%	0	0.00%	0	0.00%	22.48%	20.83%
Upper = > 120%	1	100.00%	115	0.00%	39.32%*	41.81%
Income N/A	0	0.00%	0	100.00%	0.00%	10.38%
Total	1	100.00%	\$115	100.00%	100.00%	100.00%

Table 9:

Distribution of Bay Federal HMDA-Reportable Loans By Borrower Income Level in the Salisbury, MD Assessment Area: January 1, 2012 – June 4, 2013						
Borrower Income Levels (4)	Number	No. Pct.	Dollar (000)	\$ Percent	Percent of Families	2011 Aggregate HMDA
Low = <50%	0	0.00%	\$0	0.00%	20.84%	8.72%
Moderate = 50-79%	0	0.00%	0	0.00%	17.95%	18.26%
Middle = 80-119%	0	0.00%	0	0.00%	21.44%	20.83%
Upper = > 120%	1	100.00%	62	100.00%	39.77%	41.81%
Income N/A	0	0.00%	0	0.00%	0.00%	10.38%
Total	1	100.00%	\$62	100.00%	100.00%	100.00%

3 Borrower income category is based on the percentage of the median family income of the MSA (or Statewide for non-MSA) in which that person lives.

4 Borrower income category is based on the percentage of the median family income of the MSA (or Statewide for non-MSA) in which that person lives.

Table 10:

Distribution of Bay Federal Business Loans By Census Tract Level in the Baltimore-Towson, MD Assessment Area: July 9, 2010 – December 31, 2011						
Census Tract Income Category	# of Loans	% of Loans	Volume (\$000s)	% of Volume	Percent of Total Businesses	2011 Aggregate Business
Low	3	9.68%	\$112	1.50%	4.74%	3.03%
Moderate	6	19.35%	1,549	20.71%	15.19%	11.09%
Middle	14	45.16%	3,945	52.75%	41.74%	42.32%
Upper	8	25.81%	1,872	25.03%	38.29%	43.54%
N/A	0	0.00%	0	0.00%	0.04%	0.02%
Total	31	100.00%	\$7,478	100.00%	100.00%	100.00%

Table 11:

Distribution of Bay Federal Business Loans By Census Tract Level in the Baltimore-Towson, MD Assessment Area: January 1, 2012 – June 4, 2013						
Census Tract Income Category	# of Loans	% of Loans	Volume (\$000s)	% of Volume	Percent of Total Businesses	2011 Aggregate Business
Low	2	8.00%	\$984	11.42%	5.81%	3.03%
Moderate	4	16.00%	702	8.14%	17.76%	11.09%
Middle	11	44.00%	3,323	38.55%	42.49%	42.32%
Upper	8	32.00%	3,610	41.89%*	33.92%	43.54%
N/A	0	0.00%	0	0.00%	0.02%	0.02%
Total	25	100.00%	\$8,619	100.00%	100.00%	100.00%

Table 12:

Distribution of Bay Federal Business Loans By Census Tract Level in the Salisbury, MD Assessment Area: July 9, 2010 – December 31, 2011						
Census Tract Income Category	# of Loans	% of Loans	Volume (\$000s)	% of Volume	Percent of Total Businesses	2011 Aggregate Business
Low	0	0.00%	\$0	0.00%	1.06%	1.72%
Moderate	0	0.00%	0	0.00%	14.93%	14.82%
Middle	0	0.00%	0	0.00%	63.27%	62.32%
Upper	0	0.00%	0	0.00%	20.70%	21.14%
N/A	0	0.00%	0	0.00%	0.04%*	0.00%
Total	0	0.00%	0	0.00%	100.00%	100.00%

Table 13:

Distribution of Bay Federal Business Loans By Census Tract Level in the Salisbury, MD Assessment Area: January 1, 2012 – June 4, 2013						
Census Tract Income Category	# of Loans	% of Loans	Volume (\$000s)	% of Volume	Percent of Total Businesses	2011 Aggregate Business
Low	0	0.00%	\$0	0.00%	1.53%	1.72%
Moderate	2	40.00%	963	47.28%	12.43%	14.82%
Middle	3	60.00%	1,074	52.72%	67.42%	62.32%
Upper	0	0.00%	0	0.00%	18.55%	21.14%
N/A	0	0.00%	0	0.00%	0.07%*	0.00%
Total	5	100.00%	\$2,037	100.00%	100.00%	100.00%

Table 14:

Distribution of Bay Federal HMDA-Reportable Loans By Census Tract Level in the Baltimore-Towson, MD Assessment Area: July 9, 2010 – December 31, 2011						
Census Tract Income Category	# of Loans	% of Loans	Volume (\$000s)	% of Volume	% Owner Occupied	Aggregate
Low	1	14.29%	1,750	44.54%	4.55%	2.11%
Moderate	1	14.29%	302	7.69%	16.10%*	10.24%
Middle	5	71.42%*	1,877	47.77%	42.83%	40.47%
Upper	0	0.00%	0	0.00%	36.52%	47.18%
N/A	0	0.00%	0	0.00%	0.00%	0.00%
Total	7	100.00%	3,929	100.00%	100.00%	100.00%

Table 15:

Distribution of Bay Federal HMDA-Reportable Loans By Census Tract Level in the Baltimore-Towson, MD Assessment Area: January 1, 2012 – June 4, 2013						
Census Tract Income Category	# of Loans	% of Loans	Volume (\$000s)	% of Volume	% Owner Occupied	Aggregate
Low	0	0.00%	\$0	0.00%	5.64%	2.11%
Moderate	2	28.57%	667	20.24%	16.61%	10.24%
Middle	3	42.86%	1,939	58.85%	38.98%	40.47%
Upper	2	28.57%	689	20.91%	38.76%	47.18%
N/A	0	0.00%	0	0.00%	0.01%	0.00%
Total	7	100.00%	3,295	100.00%	100.00%	100.00%

Table 16:

Distribution of Bay Federal HMDA-Reportable Loans By Census Tract Level in the Salisbury, MD Assessment Area: July 9, 2010 – December 31, 2011						
Census Tract Income Category	# of Loans	% of Loans	Volume (\$000s)	% of Volume	% Owner Occupied	Aggregate
Low	0	0.00%	0	0.00%	0.23%	0.63%
Moderate	0	0.00%	0	0.00%	12.76%	11.95%
Middle	0	0.00%	0	0.00%	69.54%	70.44%
Upper	1	100.00%	115	100.00%	17.47%	16.98%
N/A	0	0.00%	0	0.00%	0.00%	0.00%
Total	1	100.00%	115	100.00%	100.00%	100.00%

Table 17:

Distribution of Bay Federal HMDA-Reportable Loans By Census Tract Level in the Salisbury, MD Assessment Area: January 1, 2012 – June 4, 2013						
Census Tract Income Category	# of Loans	% of Loans	Volume (\$000s)	% of Volume	% Owner Occupied	Aggregate
Low	0	0.00%	0	0.00%	0.16%	0.63%
Moderate	0	0.00%	0	0.00%	16.28%	11.95%
Middle	1	100.00%	62	100.00%	64.23%	70.44%
Upper	0	0.00%	0	0.00%	19.17%	16.98%
N/A	0	0.00%	0	0.00%	0.16%*	0.00%
Total	1	100.00%	62	100.00%	100.00%	100.00%

Table 19:

Demographic Information for Assessment Area Using 2000 Census Data: Bay Federal's Baltimore-Towson, MD AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A
Geographies (Census Tracts/BNAs)	625	12.64	21.92	39.52	25.12	0.80
Population by Geography	2,552,994	8.92	20.01	40.13	30.53	0.41
Owner-Occupied Housing by Geography	1,048,046	4.55	16.09	42.83	36.52	0.00
Businesses by Geography	286,106	4.74	15.20	41.75	38.31	0.04
Farms by Geography	5,340	0.77	6.70	44.87	47.66	0.00
Family Distribution by Income Level	658,188	21.13	17.82	22.01	39.04	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	251,370	16.49	30.07	37.51	15.93*	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		\$62,032 \$84,500 9.72%	Median Housing Value Unemployment Rate (May 2011 Bureau of Labor Statistics)			\$131,956 7.7%

Table 20:

Demographic Information for Assessment Area Using 2010 Census Data: Bay Federal's Baltimore-Towson, MD AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A
Geographies (Census Tracts/BNAs)	671	14.68	21.59	33.33	28.93	1.47
Population by Geography	2,710,489	10.61	20.58	35.55	32.75	0.51
Owner-Occupied Housing by Geography	1,122,992	5.64	16.61	38.98	38.76	0.01
Businesses by Geography	224,607	5.81	17.76	42.49	33.92	0.02
Farms by Geography	4,009	1.00	8.18	46.82	44.00	0.00
Family Distribution by Income Level	665,999	21.42	17.32	20.96	40.30	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	257,969	18.98	29.49	33.76	17.77*	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		\$86,982 \$85,600 9.33%	Median Housing Value Unemployment Rate (May 2013 Bureau of Labor Statistics)			\$296,066 7.2%

Table 21:

Demographic Information for Assessment Area Using 2000 Census Data: Bay Federal's Salisbury, MD AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts/BNAs)	24	4.17	20.83	58.33	12.50	4.17
Population by Geography	109,391	1.36	20.523	63.25	14.78	0.09
Owner-Occupied Housing by Geography	44,493	0.23	12.76	69.54	17.47	0.00
Businesses by Geography	11,745	1.06	14.93	63.27	20.70	0.04
Farms by Geography	598	0.50	6.86	71.40	21.24	0.00
Family Distribution by Income Level	27,402	20.46	17.74	22.48	39.32	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	10,675	3.06	28.72	58.07	10.15	0.00
Median Family Income HUD Adjusted Median Family Income for 2011 Households Below Poverty Level		\$45,549 \$63,500 13.77%	Median Housing Value Unemployment Rate (May 2011 Bureau of Labor Statistics)			\$90,550 9.5%

Table 22:

Demographic Information for Assessment Area Using 2010 Census Data: Bay Federal's Salisbury, MD AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts/BNAs)	27	3.70	25.93	51.83	11.11	7.41
Population by Geography	125,203	1.06	23.14	57.93	15.13	2.74
Owner-Occupied Housing by Geography	51,633	0.16	16.28	64.25	19.17	0.16*
Businesses by Geography	8,096	1.53	12.43	67.42	18.55	0.07
Farms by Geography	317	0.95	3.79	86.44	8.82*	0.00
Family Distribution by Income Level	28,689	20.84	17.95	21.44	39.77	0.03*
Distribution of Low and Moderate Income Families throughout AA Geographies	11,129	2.52	34.93	52.23	10.32	0.00
Median Family Income		\$60,606	Median Housing Value			\$183,628

HUD Adjusted Median Family Income for 2012 Households Below Poverty Level	\$64,400 13.47%	Unemployment Rate (May 2013 Bureau of Labor Statistics)	8.9%
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