

## State of Maryland Rating

<b>CRA Rating for the State</b> <sup>29</sup> :	<u>Satisfactory</u>
<b>The Lending Test is rated:</b>	<u>High Satisfactory</u>
<b>The Investment Test is rated:</b>	<u>Outstanding</u>
<b>The Service Test is rated:</b>	<u>High Satisfactory</u>

The major factors that support this rating include:

- Lending levels that reflect adequate responsiveness to the credit needs of its AAs within the state;
- Good distributions of loans among geographies and borrowers of different income levels throughout its AAs;
- Community development lending activities that had a positive impact on performance in the state;
- Investment volume that reflects an excellent level of responsiveness to the needs in the state;
- Service delivery systems are accessible to geographies and individuals of different income levels in the bank's assessment areas and it provides a good level of community development services.

## Description of Institution's Operations in the State of Maryland

BANA is the largest banking financial institution in the state of Maryland. As of June 30, 2011, the bank held 20.5 percent of the state's deposits totaling \$23.7 billion. The bank's primary banking competitors for deposits in Maryland with deposit shares greater than 5 percent include Manufacturers and Traders Trust Company, PNC Bank, N.A., Capital One, N.A., Wells Fargo Bank, N.A., SunTrust Bank, and Branch Banking and Trust Company, with deposit market shares of 14.9 percent, 9.2 percent, 8.3 percent, 7.1 percent, 7.1 percent, and 5.7 percent, respectively. Of the bank's 47 rating areas, the state of Maryland ranks 13<sup>th</sup> and accounts for 1.71 percent of the bank's total deposits. As of December 31, 2011, BANA operated 108 branches and 228 full-service ATMs in Maryland. The bank has defined four assessment areas in the state of Maryland. The Baltimore-Towson MSA, which was selected for a full-scope review, comprises 97 percent of the bank's deposits and 91 percent of the bank's lending in the state of Maryland. For purposes of this review, two assessment areas

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<sup>29</sup> For institutions with branches in two or more states in a multistate MSA, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate MSA. Refer to the multistate MSA rating and discussion for the rating and evaluation of the institution's performance in that area.

comprising five counties that are not MSAs or MDs have been combined under the Maryland Non-MSA.

## **LENDING TEST**

Lending Test performance in Maryland is rated High Satisfactory. Based on a full-scope review, the bank's Lending Test performance in the Baltimore-Towson MSA is good.

Lending performance is highlighted by adequate lending activity, good geographic distribution of home mortgage loans, adequate geographic distribution of small business loans, very poor geographic distribution of small farm loans, good borrower distributions of home mortgage and small business loans, and poor borrower distribution of small farm loans. The bank's \$138 million in community development lending, representing almost 7 percent of allocated Tier One Capital, had a positive impact on performance in the MSA during the assessment period, and was especially responsive to the needs of the community. BANA also issued six letters of credit totaling \$10.9 million that have a community development purpose.

Based on limited-scope reviews, Lending Test performance in the Salisbury MSA and the Maryland Non-MSA is good and is not inconsistent with the overall performance in Maryland.

## **INVESTMENT TEST**

Investment Test performance in Maryland is rated Outstanding. Based on a full-scope review, the bank's Investment Test performance in the Baltimore-Towson MSA is excellent.

BANA funded 247 investments in the MSA totaling \$122.2 million, which represents 6 percent of allocated Tier One Capital. As of December 31, 2011, prior period investments totaled \$60.5 million. These prior period investments continue to provide benefit and meet the needs of the AA. The largest investments in the Baltimore-Towson MSA totaled \$51.4 million and consisted of five LIHTC projects, which provided 437 affordable housing units for LMI families. The bank also invested in four NMTC projects totaling \$12.5 million, purchased \$30.9 million in various affordable housing mortgage-backed securities that were targeted to LMI borrowers, and invested \$5.9 million in three CDFIs. Other investments consisted primarily of contributions to local or regional organizations providing economic development, affordable housing, community services, or activities that revitalize or stabilize LMI geographies.

Based on limited-scope reviews, Investment Test performance in the Salisbury MSA and Maryland Non-MSA is excellent and is not inconsistent with the overall Outstanding performance in Maryland.

## **SERVICE TEST**

Service Test performance in Maryland is rated High Satisfactory. Based on a full-scope review, the bank's Service Test performance in the Baltimore-Towson MSA is good.

Branches are accessible to LMI people and LMI geographies throughout the MSA. The percentage of the bank's branches in low-income geographies is well below the percentage of the population residing in low-income geographies. The bank has two branches in middle- and

upper-income geographies that are in close proximity to low-income geographies and an additional 17 branches that are in close proximity to moderate-income geographies. Considering that these additional branches improved banking access in low- and moderate-income geographies, branch distribution for low-income geographies is adequate. The percentage of branches in moderate-income geographies exceeds the percentage of the population residing in moderate-income geographies and is considered excellent. The use of telephone, online, and mobile banking delivery systems improved access to retail banking services for LMI individuals. Compared to just less than 29 percent of the population residing in LMI geographies, 22 percent of the customers using telephone, online, and mobile banking delivery systems reside in LMI geographies.

The bank opened two branches while closing six branches in the MSA during the evaluation period. None were located in LMI geographies. Branch hours and services do not vary in a way that inconvenience LMI individuals or those residing in LMI geographies. The bank provided a good level of community development services through its work with 28 local community development organizations. The services provided were occasionally responsive to the needs identified in the community.

Based on limited-scope reviews, Service Test performance in the Maryland Non-MSA assessment area is excellent and stronger than the overall High Satisfactory performance in the state of Maryland. Stronger performance is due to more accessible retail delivery systems to LMI geographies. Service Test performance in the Salisbury MSA is adequate and weaker than the overall High Satisfactory performance in the state. Performance is weaker due to less accessible retail delivery systems in LMI geographies.

Refer to Tables 1-15 in the Maryland section of Appendix D for the facts and data that support all Test conclusions.

Table 1. Lending Volume

LENDING VOLUME		GEOGRAPHY: MARYLAND				EVALUATION PERIOD: APRIL 1, 2009 TO DECEMBER 31, 2011						
MA/Assessment Area:	% of Rated Area Loans (#) in MA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Baltimore-Towson, MD MSA	90.17	41,826	10,093,244	7,854	393,494	56	1,443	26	138,123	49,762	10,626,304	96.83
Limited Review:												
Salisbury, MD MSA	1.92	872	144,896	177	8,120	8	469	0	0	1,057	153,485	0.68
Maryland Non-MSA	7.91	3,797	898,126	553	22,562	15	102	1	1,462	4,366	922,252	2.49

Table 6. Geographic Distribution of Small Loans to Businesses

GEOGRAPHIC DISTRIBUTION: SMALL LOANS TO BUSINESSES			GEOGRAPHY: MARYLAND				EVALUATION PERIOD: APRIL 1, 2009 TO DECEMBER 31, 2011								
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	% of Businesses***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Baltimore-Towson, MD MSA	7,854	91.50	4.74	2.86	15.19	11.10	41.74	41.62	38.33	44.41	8.82	8.56	8.77	8.92	8.76
<b>Limited Review:</b>															
Salisbury, MD MSA	177	2.06	1.06	2.26	14.93	10.17	63.27	66.67	20.75	20.90	4.35	15.00	2.86	4.71	3.70
Maryland Non-MSA	553	6.44	0.85	0.36	14.31	11.39	62.14	59.49	22.71	28.75	6.80	7.69	7.05	6.54	7.33

Table 11. Borrower Distribution of Small Loans to Businesses

BORROWER DISTRIBUTION: SMALL LOANS TO BUSINESSES			GEOGRAPHY: MARYLAND		EVALUATION PERIOD: APRIL 1, 2009 TO DECEMBER 31, 2011				
MA/Assessment Area:	Total Small Loans to Businesses		Businesses With Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share*	
	#	% of Total**	% of Businesses***	% BANK Loans****	\$100,000 or less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev\$ 1 Million or Less
<b>Full Review:</b>									
Baltimore-Towson, MD MSA	7,854	91.50	66.15	56.19	90.01	4.57	5.42	8.66	14.97
<b>Limited Review:</b>									
Salisbury, MD MSA	177	2.06	67.31	55.37	92.66	2.82	4.52	4.26	3.83
Maryland Non-MSA	553	6.44	68.13	53.71	92.22	2.17	5.61	6.56	8.05

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS								GEOGRAPHY: MARYLAND				EVALUATION PERIOD: APRIL 1, 2009 TO DECEMBER 31, 2011							
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or - )				% of Population within Each Geography					
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp		
Full Review:																			
Baltimore-Towson, MD MSA	96.83	97	89.81	3.09	21.65	43.30	31.96	2	6	0	0	-3	-1	8.92	20.01	40.13	30.53		
Limited Review:																			
Salisbury, MD MSA	0.68	2	1.85	0.00	0.00	100.00	0.00	0	0	0	0	0	0	1.36	20.52	63.25	14.78		
Maryland Non-MSA	2.49	9	8.33	0.00	33.33	44.44	22.22	0	0	0	0	0	0	1.74	15.02	56.10	27.14		



Table 14. Qualified Investments

QUALIFIED INVESTMENTS		GEOGRAPHY: MARYLAND		EVALUATION PERIOD: APRIL 1, 2009 TO DECEMBER 31, 2011					
MA/Assessment Area:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
<b>Full Review:</b>									
Baltimore-Towson, MD MSA	64	60,529	247	122,176	311	182,705	89.18	7	115,722
<b>Limited Review:</b>									
Salisbury, MD MSA	3	796	21	207	24	1,003	0.49	0	0
Maryland Non-MSA	7	6,010	24	780	31	6,790	3.31	0	0
Statewide investments with potential benefit to one or more AAs	0	0	16	5,672	16	5,672	2.77	0	0
Statewide investments with no potential to benefit one or more AAs	8	8,687	8	20	16	8,708	4.25	0	0