



**LARGE BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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Public Disclosure

April 22, 2005

Community Reinvestment Act  
**Performance Evaluation**

**Marshall National Bank and Trust Company**  
Charter Number: 10253

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Marshall, VA 20115

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

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## Overall CRA Rating

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

The following table indicates the performance level of **Marshall National Bank and Trust Company** with respect to the Lending, Investment, and Service Tests:

Performance Levels	(Name of Depository Institution) Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory	X		X
Low Satisfactory		X	
Needs to Improve			
Substantial Noncompliance			

\* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- MNBT's lending activity is good within its assessment area (AA).
- A substantial majority of MNBT's loans were originated within its AA.
- Borrower distribution of home mortgage loans is excellent.
- Distribution of small loans to businesses is good.
- Distribution of consumer loans by income is good.
- Community Development lending had a positive impact on the lending test.
- Product innovation and flexibility had a positive impact on the lending test.
- MNBT has made an adequate level of qualified investments.
- MNBT's service delivery systems are accessible to geographies and individuals of different income levels.
- MNBT provides a good level of community development services.

## Definitions and Common Abbreviations

The following terms and abbreviations are used throughout 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. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending:** The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Block Numbering Area (BNA):** A statistical subdivision of a county for grouping and numbering blocks in non-metropolitan counties where local census statistical area committees have not established census tracts. A BNA does not cross county lines.

**Census Tract (CT):** A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

**Community Development:** 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 the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, 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, home equity 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 household and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full 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 or a block numbering area 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 do business or have banking offices in a metropolitan area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn).

**Home Mortgage Loans:** such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes loans for multifamily (five or more families) dwellings, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

**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 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 income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

**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 MA/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development 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 it and half below it.

**Metropolitan Area (MA):** Any primary metropolitan area (PMA), metropolitan area (MA), or consolidated metropolitan area (CMA), as defined by the Office of Management and Budget, with a population of 250,000 or more, and any other area designated as such by the appropriate federal financial supervisory agency.

**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.

**Other Products:** Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

**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.

**Rated Area:** A rated area is a state or multi-state metropolitan 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 area, the institution will receive a rating for the multi-state metropolitan 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) and the Thrift Financial Reporting (TFR) 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. However, thrift institutions may also exercise the option to report loans secured by nonfarm residential real estate as "small business loans" if the loans are reported on the TFR as nonmortgage, commercial 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 One 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 more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

## **Description of Institution**

Marshall National Bank and Trust (MNBT) is a \$146 million institution headquartered in Marshall, Virginia. MNBT is an intrastate bank located in Northern Virginia and operates in Fauquier County, within the Washington, Arlington, Alexandria Metropolitan Statistical Area (MSA). The bank operates two full service branches, with the main office located in Marshall, VA and a branch located in Warrenton, VA. Both offices include drive up services, ATMs, and extended hours, including Saturday morning.

MNBT's last Public Evaluation was dated October 4, 1999 and the overall CRA rating assigned was Satisfactory. Since the last PE, MNBT has not opened or closed any branches. There are no financial or legal impediments that would hinder MNBT's ability to help meet its community credit needs. MNBT has no operating subsidiaries.

MNBT is a subsidiary of Mercantile Bancshares Corporation, a multi-bank holding company with \$14 billion in total assets as of December 31, 2004. Mercantile is headquartered in Baltimore, Maryland. Mercantile's philosophy is to allow its community banks to operate fairly independently and encourages them to be community oriented. Activities conducted by any Mercantile subsidiary, other than MNBT, have not been considered in this PE.

MNBT is a community bank. Its primary products include residential mortgages, commercial loans, consumer installment loans, small business loans and limited agricultural loans. As of December 31, 2004 net loans and leases represent 82% of total assets. The breakdown of the loan portfolio is: 39% residential; 53% commercial, 3% farm/agricultural, 3% loans to individuals, and 2% municipal loans. Net Tier I capital is \$11 million as of December 31, 2004. Competition is very strong and includes several community banks and branches of regional banks and mortgage companies.

# Scope of the Evaluation

## Evaluation Period/Products Evaluated

The evaluation period for the Lending Test for home mortgages reported under the Home Mortgage Disclosure Act (HMDA) and for loans to small businesses and small farms is from January 1, 2000 to December 31, 2003. For community development loans, and the Investment and Service Tests the evaluation period is from October 5, 1999 to April 26, 2005. The bank originated only 3 multi-family loans during the evaluation period. Due to the limited number of multi-family loans originated no analysis was performed, as the data is not meaningful. The previous CRA evaluation period was from January 1, 1998 to June 30, 1999.

For the HMDA and CRA lending data, it is important to note that this review covers two reporting periods, loans which were reported using 1990 census data (2000-2002 loans originated and purchased) and loans which were reported using 2000 census data (2003 loans originated and purchased). Due to the changes in the demographics from one census year to another, loan data for the two reporting periods was analyzed separately. The Lending tables in appendix C reflect those changes.

## Data Integrity

Prior to the start of the examination, HMDA data for 2000, 2001 and 2002 was verified by checking individual files to the HMDA LAR. In addition, we reviewed the process the bank uses to verify the accuracy of its HMDA and CRA LARs for 2000, 2001, 2002, and 2003 and ran automated data edit and verification checks on all LARs. The CRA officer is responsible for ensuring the accuracy of the HMDA and CRA LARs. The CRA officer uses the same process to ensure the accuracy of both the CRA and HMDA LARs. We found no critical errors in any of our testing. During the examination, the accuracy of the community development loans, investments, and services were verified.

## Selection of Areas for Full-Scope Review

We conducted a full-scope review of the bank's one assessment area. Please refer to appendix B for additional information regarding the market profile of the AA.

## Ratings

The bank's overall rating is based primarily on those areas that received full-scope reviews. The bank's overall rating is based on the full-scope review of its one AA. We placed more weight on small loans to businesses in evaluating the Lending Test rating since MNBT originated more small loans to businesses in the evaluation period, 66% by number of loans and 59% by dollar volume of loans. MNBT originated HMDA loans during the evaluation period totaling 28% by number of loans and 38% by dollar volume of loans. More emphasis was placed on the bank's lending performance in 2003 because MNBT did significantly more lending in 2003 than it did for 2000, 2001, or 2002. In evaluating HMDA loans, we placed the most emphasis on home refinanced loans as MNBT originated more refinance mortgages than home purchase or home improvement mortgages. Finally, we placed more weight on the analysis of lending to borrowers of different incomes and distribution of small loans to



businesses, because only in 2003 did geographic distribution have meaning. At management's request we also reviewed their performance in their consumer portfolio as displayed in Table 1 Other Products and Table 13 Geographic and Borrower Distribution of Consumer Loans.

## **Other**

During our examination, we conducted two community contacts, both housing organizations serving the bank's AA. Our contacts were conducted via the telephone and provided us with information regarding the credit needs of the AA. Both contacts informed us that there is a need for affordable housing and mortgages, especially given the rising cost of housing in the area, which is locking out many low-income families. While one community group believes that credit needs have been adequately satisfied by area financial institutions, the other contact believed area institutions should be more proactive in reaching out to community development groups to help establish community development programs.

## **Fair Lending Review**

We found no evidence of unfair or discriminatory lending practices.

# Conclusions with Respect to Performance Tests

## LENDING TEST

### Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated High Satisfactory. Based on full-scope review, the bank's performance in the assessment area is good.

### Lending Activity

Refer to Tables 1 Lending Volume and 1 Other in appendix C for the facts and data used to evaluate the bank's lending activity.

Lending activity in the AA is good. The bank's lending patterns are reflective of the credit needs of the community. Approximately 66% of loans originated during the evaluation period were small loans to businesses, based on Total Reported Loans, Table 1, Lending Volume. Home purchase loans represent 32%, home improvement represent 27%, and home refinance represent 41% of all HMDA reportable loans. In addition, MNBT voluntarily provided information on consumer loan originations, totaling 391 loans at \$3,231 thousand for the assessment period (2000 through 2003).

MNBT market share of deposits as of June 30, 2004 is 0.10% per the Federal Deposit Insurance Company's Deposit Market Share Report for the Washington, Arlington, Alexandria MSA. There are 99 financial institutions competing for deposits in the MSA. MNBT has 2 offices in Fauquier County and ranks 60<sup>th</sup> out of the 99 financial institutions competing for deposits.

Based on 2003 HMDA Peer Mortgage Data for MNBT:

- Market share for home purchase, home improvement and home refinance loans is 0.96, 9.16, 0.62 percent, respectively.
- For home purchase MNBT ranked 25<sup>th</sup> out of 190 lenders.
- For home improvement MNBT ranked 3<sup>rd</sup> out of 48 lenders.
- For home refinance MNBT ranked 32<sup>nd</sup> out of 330 lenders.

Based on 2003 Peer Small Business Data, MNBT's market share is 9.13% and ranks 5<sup>th</sup> out of 50 lenders in the Washington-Arlington-Alexandria-Metropolitan Statistical Area (MSA). Note: Market data for small business cannot be broken down into county level, only MSA level.

### Distribution of Loans by Income Level of the Geography

#### *Home Mortgage Loans*

Refer to Tables 2, 3, 4 and 5 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

During the evaluation period 2000 through 2002 a geographic analysis for all lending products would not be meaningful because all the geographies were designated middle-income.

As a result of the 2000 Census, one tract within the bank's assessment area was designated moderate-income. For home purchase, home improvement, and home refinance loans, lending in the moderate-income tract is adequate. For 2003 home purchase, home improvement and home refinance originations are below the percentage of owner occupied housing units. However, MNBT's two branch offices are located in the middle and northern sections of Fauquier County, while the moderate-income tract is in the southern section of the county. There is also strong mortgage competition in Fauquier County with 397 financial institutions providing mortgage loan products. When branch location versus moderate-income tract location and strong mortgage loan competition are considered, geographic distribution of home purchase, home improvement and home refinance mortgages is adequate.

### ***Small Loans to Businesses***

Refer to Table 6 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses.

Geographic distribution of small loans to business is adequate. For 2003, small loans originated to business were below the percentage of businesses located in the moderate-income tract. MNBT's two branches are again located in the middle and northern sections of the county while the moderate-income tract is in the southern section of the county. Competition for small business loans is substantial with 50 institutions competing for business. Based on branch location and strong competition, geographic distribution of small loans to business is adequate.

### ***Small Loans to Farms***

Refer to Table 7 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to farms.

Due to limited number of small loans to farms originated in 2003, 19, an analysis of the data would not be meaningful.

### ***Consumer Loans***

Refer to Table 13 in appendix C for the facts and data used to evaluate the geographic distribution of the bank's consumer loan originations and purchases.

Geographic distribution of consumer loans is adequate. For 2003, consumer loans originated were below the percentage of households located in the moderate-income tracts. MNBT two branches are again located in the middle and northern sections of the county while the moderate-income tract is in the south. Competition for consumer loans is substantial with an unknown number of financial institutions competing for business. Based on branch location and strong competition, geographic distribution of small loans to business is adequate.

### **Lending Gap Analysis**

Our review of the geographic distribution of loans did not detect any conspicuous or unexplained gaps in lending patterns within the AA.

### ***Inside/Outside Ratio***

Our analysis is performed at the bank level and not individual AA levels. Since MNBT has only one AA, bank level and AA level are one in the same. MNBT originated a substantial majority of its home mortgage loans, small loans to businesses, small loans to farms, and other consumer loans within its assessment area, as seen in the chart below.

<b>Loan Product</b>	<b>Percentage of Loans inside AA</b>
Home Purchase Mortgages	
2000-2002	57%
2003	55%
Home Improvement Mortgages	
2000-2002	83%
2003	72%
Home Refinance Mortgages	
2000-2002	76%
2003	65%
Small Loans to Business	
2000-2002	72%
2003	74%
Small Loans to Farms	
2000-2002	80%
2003	90%
Other Consumer	
2000-2002	75%
2002	72%

With the majority of the loans originated in the AA, we considered this a positive factor in the analysis of the geographic distribution.

### **Distribution of Loans by Income Level of the Borrower**

#### ***Home Mortgage Loans***

Refer to Tables 8, 9, and 10 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

The overall distribution of loans by income level of borrower is excellent. The 2000-2002 is compared to 1990 Census data and 2003 is compared to 2000 Census data. Home affordability for low- and moderate- persons is difficult. Based on 1990 Census data, the median housing cost was \$192,107. A low-income person earned \$41,400 or less per year and a moderate-income person earned less than \$66,240 per year (income is based on updated HUD median family income for 2000). Based on 2000 Census data, the median housing cost was \$197,274. A low-income person earned less than \$45,750 per year and a moderate-income person earned less than \$ 73,200 per year (income is based on updated HUD median family income for 2002).

## **Home Purchase**

Borrower distribution of home purchase loans is excellent. For 2000 – 2002, loan originations to low-income borrowers exceeds the percentage of families in the AA. Loan originations to moderate-income borrowers are near to the percentage of families in the AA. Market share for lending to low-income borrowers exceeds the bank's overall market share, while market share for lending to moderate-income borrowers is below the bank's overall market share. For 2003, loan originations are near to the percentage of both low- and moderate-income borrowers, and given the difficulties low- and moderate-income borrowers face in purchasing a home this performance is considered excellent. In 2003, market share for lending to low-income borrowers exceeds the bank's overall market share, while market share for lending to moderate-income borrowers is below the overall market share.

## **Home Improvement**

Borrower distribution of home improvement loans is good. Based on 2000-2002, loan originations for low- and moderate-income borrowers exceed the percentage of families in the AA and represent excellent performance. Market share lending for low- and moderate- income borrowers also exceeds the bank's overall market share. For 2003, loan originations are below the percentage of families in the AA and represent adequate performance. Market share data for 2003, show that lending to low- and moderate-income borrowers is below MNBT's overall market share, however the bank is the 3<sup>rd</sup> largest lender of home improvement loans in its AA with a total of 48 financial institution competing home improvement loans in 2003.

## **Home Refinance**

Borrower distribution of home refinance loans is excellent. Based on 2000-2002, loan originations exceed the percentage of families in the AA for both low- and moderate-income borrowers. For 2003, loan originations to low- and moderate-income borrowers also exceed the percentage of families in the AA.

## ***Small Loans to Businesses***

Refer to Table 11 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

The distribution of small loans to business is good. For both assessment periods, 2000-2002 and 2003 the percentage of small loans to small businesses (businesses with revenues of \$1 million or less) is below the percentage of small businesses within the AA. For both assessment periods, the market share for small loans made to small business substantially exceeds the bank's overall market share of business loans. For both assessment periods, the distribution by size of loans shows the substantial majority of loan originations are for \$100,000 or less. This is another indication that business lending is primarily to small businesses.

## ***Small Loans to Farms***

Refer to Table 12 in the appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses.

Due to the limited number of loans originated an analysis would not be meaningful.

### **Consumer Loans**

Refer to Table 13 in appendix C for the facts and data used to evaluate the borrower distribution of the bank's consumer loan originations and purchases.

The borrower distribution of consumer loans is good. For both assessment periods 2000-2002 and 2003, lending to low-income borrowers substantial exceeds the percentage of households in the AA and is excellent. Likewise for both assessment periods, lending to moderate-income borrowers is below the percentage of households in the AA and is adequate.

### **Community Development Lending**

Refer to Table 1 Lending Volume in appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multifamily loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

Community development lending had a positive impact on the Lending Test. We determined through internal research that there are limited opportunities for community development lending within MNBT's AA. There are numerous financial institutions operating within the AA, thus there is strong competition for community development loans from both regional and other community banks operating in the area.

MBNT purchased \$875,000 of a \$2,609,988 community development loan from another community bank for the redevelopment of a 700-acre formerly deserted Army communications base into a new town center that would serve as a pedestrian-friendly community hub. The town center, located in Fauquier County, is expected to have shops, restaurants, apartments and offices, recreational parks, and a community of continuing care for seniors.

### **Product Innovation and Flexibility**

Product innovation and flexibility had a positive impact on the Lending Test conclusion. The bank offers a first time homebuyers program, independent of any other community group. The buyer must be a first time homebuyer, loan amount is limited to \$100,000, and the buyer must be or become a customer of the bank. Features include: a relaxed loan to value ratio; supplemental lending for down payment such as CD secured, auto secured, parent's home as collateral; relaxed service and debt ratios; longer amortizations; relaxed length of credit history; and, interest rates and /or fees below the current Marshall rate. The pool of first time homebuyer loans is limited to \$1,000,000. MNBT also offers consumer loans with no minimum floor, with loans as low as \$500 for customers.

## **INVESTMENT TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the investment test is rated Low Satisfactory. Based on full-scope review, the bank's performance in the assessment area is adequate.

Refer to Table 14 in appendix C for the facts and data used to evaluate the bank's level of qualified investments.

In 1997, MNBT invested \$250 thousand in a housing finance agency bond. The proceeds of the bond were used to finance mortgage loans for the construction or rehabilitation and ownership of low- and moderate-income multi-family rental housing. The proceeds benefited recipients throughout the state of Virginia, including the bank's AA. This investment was made during the prior period; however, consideration is given to this investment since this is the first evaluation of the bank under the large-bank CRA program and the investment has not previously been considered during an evaluation.

In 2002, MNBT invested \$100 thousand in a housing finance agency bond. The proceeds of the bond were used to finance multi-family rental property mortgage loans for developments throughout the state, including the bank's assessment area. Developments must meet the requirement that either at least 20% of the units in such developments be occupied by individuals whose incomes are considered low-income, or at least 40% of the units be occupied by individuals whose incomes are considered low- or moderate-income, up to 60% of area median gross income. Less consideration is given to this bond than what would be given to a bond that finances mortgage loans requiring 100% of the units in developments to be occupied by low- and moderate-income individuals.

In 2004, MNBT invested \$500 thousand in a fund that invests at least 90% of its net assets in CRA-qualifying securities, consisting of single-family, multi-family, and economic development loan-backed securities. The fund specifically designates each security or portions thereof to a particular investing institution for CRA-qualifying purposes, and no two institutions are ever allocated the same securities or loans; however, each shareholder of the fund indirectly owns an undivided interest in all of the fund's investments. Five loans to low-income families located in the state of Virginia have been designated to MNBT; however, all of these loans are located in nearby counties that are outside of the bank's assessment area. Originally the loans were within the bank's assessment area, but upon review of the bank's branches, lending patterns and discussions with management the bank's assessment area was altered to better reflect the bank's lending patterns. However, given the limited investment opportunities within MNBT's assessment area, Fauquier County, and stiff competition for CD investments, MBNT received credit for investing in this CRA qualifying security because it benefits a broader statewide area.

During the evaluation period, MNBT provided 18 donations totaling \$3,956 to local non-profit organizations for various CD initiatives throughout their AA. Three donations totaling \$523 were made during 2002, seven donations totaling \$1,661 were made during 2003, six donations totaling \$977 were made during 2004, and two donations totaling \$795 have been made thus far in 2005.



## **SERVICE TEST**

### **Conclusions for Areas Receiving Full-Scope Reviews**

The bank's performance under the Service Test is rated High Satisfactory. Based on a full-scope review, the bank's performance in the assessment area is good.

#### **Retail Banking Services**

Refer to Table 15 in appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

MNBT retail services are accessible to geographies and individuals of different income levels within the AA. MNBT operates two full service offices in the AA. During 2000-2002 both were located in middle-income tracts. Due to changes during the 2000 Census, for 2003, 1 branch is located in a middle-income tract and one is located in an upper-income tract. Both branches have drive up facilities, ATMs, extended evening hours at least one day per week and Saturday morning hours. A full line of traditional banking products and services are offered at all of the branches. MNBT offers Bank by Phone and Internet banking.

MNBT has not opened or closed any branches during the evaluation period.

#### **Community Development Services**

Community development services provided by MNBT are good. During the assessment period, several officers and employees provided expertise to a variety of community of organizations. The following is a list of community development services that Marshall officers and employees are involved in:

- One officer is Vice Chairman of the Fauquier County Chamber of Commerce. This organization helps to protect the interests of small businesses and promote growth in the area. Recently, the group has fought zoning restrictions that would have made it difficult for small businesses to open in the Town of Warrenton. The officer is also the Chairman of the Economic Development Committee of the Chamber of Commerce for Fauquier County, which promotes growth of small businesses in the area through support initiatives like "Shop Here Fauquier," which is designed to encourage local residents to support small businesses.
- Another officer is a member of the Fauquier Bankers Community Coalition, which consists of eight local banks, nonprofit groups, and other members of the community. Programs include: "financial literacy" for small business and individual homeowners, down-payment assistance programs for low- to moderate-income individuals and families, small business development programs, and assistance programs for low- to moderate-income individuals and families through partnerships with Fauquier Housing Corporation and Fauquier Habitat for Humanity.
- One employee is a Board member for the Fauquier Hospital Foundation. This organization raises funds to provide assistance to low- to moderate-income uninsured families who cannot afford health care. Effective May 1, 2005, free care for patients residing in Fauquier and

Rappahannock counties will increase from 100% to 200% of Federal Poverty Guidelines. As a result, every Fauquier Free Clinic patient will be able to receive free hospital care.

- One employee was a member of the Board of Directors of the Literacy Volunteers of Fauquier County for six years, through 2001, and served on the Advisory Board for three years, through 2002. The organization offers one-to-one tutoring to adults who cannot read, or cannot read well enough to meet everyday activities. This nonprofit also offers English as a Second Language and computer literacy classes. In almost all cases, the participants in the basic literacy tutoring classes were members of low-income families.

MNBT also served as a conduit for the Federal Home Loan Bank Affordable Housing Program grant, which was awarded to the Fauquier Habitat for Humanity and Fauquier Housing Corporation. These nonprofit organizations completed Both a Village, a 13-home development for first-time, low- and moderate-income homeowners. The \$90,000 grant from the Atlanta Federal Home Loan Bank provided each new homeowner with \$5,000 to \$10,000 in down payment assistance. Without MNBT's assistance, the grant would not have reached the low- and moderate-income individuals and families in the bank's AA.

## Appendix A: Scope of Examination

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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 non-metropolitan 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”).

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): January 1, 2000 to December 31, 2003 Investment and Service Tests and CD Loans: October 5, 1999 to April 26, 2005	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Marshall National Bank and Trust (MNBT) Marshall, Virginia	HMDA, small loans to business, small loans to farms, consumer loans.	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Mercantile Bancshares Corporation	Holding Company	None
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Marshall AA	Full scope	NA

# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

### Market Profiles for Areas Receiving Full-Scope Reviews

Marshall AA .....	B-2
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**Institution ID: MARSHALL NATIONAL BANK & TRUST**

Demographic Information for Full Scope Area: Marshall National Bank and Trust – 1990 Census Demographics						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	9	0.00	0.00	55.56	0.00	44.44
Population by Geography	48,741	0.00	0.00	100.00	0.00	0.00
Owner-Occupied Housing by Geography	12,106	0.00	0.00	100.00	0.00	0.00
Business by Geography	3,551	0.00	0.00	99.92	0.00	0.08
Farms by Geography	262	0.00	0.00	100.00	0.00	0.00
Family Distribution by Income Level	13,330	18.44	20.58	28.75	32.23	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	5,201	0.00	0.00	100.00	0.00	0.00
Median Family Income HUD Adjusted Median Family Income for 2000 Households Below Poverty Level		52,807 82,800 4.09%	Median Housing Value Unemployment Rate (March 2005)		192,107 3.60%	

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

Source: 1990 US Census and 2000 HUD updated MFI

Demographic Information for Full Scope Area: Marshall National Bank and Trust – 2000 Census Demographics						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	9	0.00	11.11	77.78	11.11	0.00
Population by Geography	50,417	0.00	17.89	69.96	12.15	0.00
Owner-Occupied Housing by Geography	13,934	0.00	15.52	71.68	12.80	0.00
Business by Geography	3,306	0.00	10.80	79.67	9.53	0.00
Farms by Geography	281	0.00	12.10	82.21	5.69	0.00
Family Distribution by Income Level	13,945	17.13	19.27	26.00	37.60	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	5,076	0.00	26.64	66.25	7.11	0.00
Median Family Income HUD Adjusted Median Family Income for 2000 Households Below Poverty Level		72,247 82,800 4.52%	Median Housing Value Unemployment Rate (March 2005)		197,274 3.60%	

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

Source: 2000 US Census and 2000 HUD updated MFI

MNBT's AA includes 9 census tracts in the Washington- Arlington-Alexandria MSA, which incorporates all of Fauquier County, Virginia. MNBT operates two full service banking facilities in the AA, both with ATMs and drive up services. Branches are located in middle-income tracts for the 2000-2002 assessment period and middle- and upper-income tracts for 2003 assessment period. Both branches offer extended evening hours at least one day per week, and Saturday morning hours. A full line of traditional banking products and services are offered at both branches.

Based on the June 20, 2004 FDIC Summary of Deposits:

MNBT has 2 offices in Fauquier County and ranks 60 out of 99 financial institutions competing for deposits in the Washington-Arlington-Alexandria MSA.

Based on 2003 Peer Small business Data MNBT is ranked 5<sup>th</sup> in market share and has 9.13% market share by number of loans for small loans to business. Lenders who exceed MNBT in small loans to businesses are credit card lenders.

Based on 2003 Peer Market Share and within the MNBT's AA:

- MNBT is 25<sup>th</sup> out of 190 lenders for home purchase mortgages, with 0.96% market share by number of loans originated.
- MNBT is 3<sup>rd</sup> out 48 lenders for home improvement mortgages, with 9.16% market share based on number of loans originated.
- MNBT is 32<sup>nd</sup> out of 330 lenders for home refinance mortgages, with 0.62% market share based on number of loans originated.

The economy in the AA is stable. Major employers include:

- Local school districts;
- Local governments; and
- A community hospital.

During our examination we contacted two housing groups. Both groups stated that there was a need for affordable housing and mortgage products. One group stated that bank's, in general, should reach out to community groups more.

## Appendix C: Tables of Performance Data

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### Content of Standardized 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: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration. Refer to Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such loans. When such loans exist, insert a line item with the appropriate caption, such as “Statewide/Regional” or “Out of Assessment Area,” in the MA/Assessment Area column and record the corresponding numbers and amounts in the “Community Development Loans” column.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - 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 market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table

also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses 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) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business 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 7. Geographic Distribution of Small Loans to Farms** - 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 market share information based on the most recent aggregate market data available. Because 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 8. Borrower Distribution of Home Purchase Loans** - 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 MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm.



Market share information is presented based on the most recent aggregate market data available.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table 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 within each geography. For borrower distribution, the table 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 of households by income level in each MA/assessment area.

**Table 14. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area. See Interagency Q&As \_\_.12(i) - 5 and - 6 for guidance on when a bank may receive positive CRA consideration for such investments. When such investments exist, insert a line item with the appropriate caption, such as "Statewide/Regional" or "Out of Assessment Area," in the MA/Assessment Area column and record the corresponding numbers and amounts in the "Qualified Investments" column.

**Table 15. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: MARSHALL AA												
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003												
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)	
<b>Full Review:</b>												
2000 through 2002	100.00	162	19,208	400	35,387	28	682	1	875	591	55,855	100.00
2003	100.00	89	14,992	188	17,716	19	771	0	0	296	33,479	100.00

\* Loan Data for 2000-2002 is as of December 31, 2002. Loan data for 2003 is as of December 31, 2003. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Community Development Loans is from October 4, 1999 to April 26, 2005.

\*\*\* Deposit Data as of June 30, 2004. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

LENDING VOLUME		Geography: MARSHALL AA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003								
MA/Assessment Area (2000):	% of Rated Area Loans (#) in MA/AA*	Total Optional Loans**		Small Business Real Estate Secured**		Home Equity**		Motor Vehicle**		Credit Card**		Other Secured Consumer**		% of Rated Area Deposits in AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>														
2000 through 2002	100.00	732	14,736	23	3,412	23	1,409	144	2,059	0	0	238	5,676	100.00
2003	100.00	221	10,716	24	6,371	9	926	21	368	0	0	80	2,000	100.00

\* Loan Data for 2000-2002 is as of December 31, 2002. Loan data for 2003 is as of December 31, 2003. Rated area refers to either state or multi-state MA rating area.

\*\* The evaluation period for Optional Product Line(s) is from January 01, 2000 to December 31, 2002 and for 2003

\*\*\* Deposit Data as of June 30, 2005. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

**Table 1. Other Products**

LENDING VOLUME		Geography: MARSHALL AA		Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003	
MA/Assessment Area (2000):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
2000 through 2002	304	2,180	0	0	
2003	87	1,051	0	0	

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\* The evaluation period for Optional Product Line(s) is from January 01, 2000 to December 31, 2002 and 2003.

Institution ID: MARSHALL NATIONAL BANK & TRUST

**Table2. Geographic Distribution of Home Purchase Loans**

Geographic Distribution: HOME PURCHASE															
Geography: MARSHALL AA															
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003															
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2000 through 2002	56	100.00	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.98	0.00	0.00	0.98	0.00
2003	22	100.00	0.00	0.00	15.52	9.09	71.68	77.27	12.80	13.64	0.96	0.00	0.40	1.13	1.08

\* Based on 2002 Peer Mortgage Data (Eastern)

\*\* Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information for loan data 2000 through 2002 and based on 2000 Census information for 2003.

Institution ID: MARSHALL NATIONAL BANK & TRUST

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT		Geography: MARSHALL AA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp
	#	% of Total**	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans					
<b>Full Review:</b>															
2000 through 2002	43	100.00	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	2.80	0.00	0.00	2.80	0.00
2003	23	100.00	0.00	0.00	15.52	4.35	71.68	91.30	12.80	4.35	9.16	0.00	2.86	11.23	3.45

\* Based on 2002 Peer Mortgage Data (Eastern)

\*\* Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

\*\*\* Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information for loan data 2000 through 2002 and based on 2000 Census information for 2003.

Institution ID: MARSHALL NATIONAL BANK & TRUST

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE															Geography: MARSHALL AA					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>													
	#	% of Total <sup>**</sup>	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	% Owner Occ Units <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
2000 through 2002	60	100.00	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	1.23	0.00	0.00	1.23	0.00									
2003	43	100.00	0.00	0.00	15.52	4.65	71.68	88.37	12.80	6.98	0.62	0.00	0.18	0.76	0.32									

<sup>\*</sup> Based on 2002 Peer Mortgage Data (Eastern)

<sup>\*\*</sup> Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

<sup>\*\*\*</sup> Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 1990 Census information for loan data 2000 through 2002 and based on 2000 Census information for 2003.

Institution ID: MARSHALL NATIONAL BANK & TRUST

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY															
Geography: MARSHALL AA															
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003															
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography *				
	#	% of Total**	% of MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2000 through 2002	2	100.00	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2003	1	100.00	0.00	0.00	36.99	0.00	39.93	100.00	23.08	0.00	100.00	0.00	0.00	100.00	0.00

\* Based on 2002 Peer Mortgage Data (Eastern)

\*\* Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

\*\*\* Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 1990 Census information for loan data 2000 through 2002 and based on 2000 Census information for 2003.



Institution ID: MARSHALL NATIONAL BANK & TRUST

**Table 6. Geographic Distribution of Small Loans to Businesses**

Geographic Distribution: SMALL LOANS TO BUSINESSES															
Geography: MARSHALL AA															
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003															
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>				
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	% of Businesses <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
marshalladjusted1990	400	100.00	0.00	0.00	0.00	0.00	99.92	100.00	0.00	0.00	6.66	0.00	0.00	7.70	0.00
2003	188	100.00	0.00	0.00	10.80	5.32	79.67	90.43	9.53	4.26	8.50	0.00	4.85	10.00	3.98

<sup>\*</sup> Based on 2002 Peer Small Business Data -- US and PR for 2000 through 2002. 2003 based on 2003 Peer Small Business Data.

<sup>\*\*</sup> Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2002).

Institution ID: MARSHALL NATIONAL BANK & TRUST

Table 7. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS															
Geography: MARSHALL AA															
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003															
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>				
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>***</sup>	% BANK Loans	% of Farms <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
2000 through 2002	28	100.00	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	33.33	0.00	0.00	35.48	0.00
2003	19	100.00	0.00	0.00	12.10	5.26	82.21	94.74	5.69	0.00	40.43	0.00	25.00	48.65	0.00

<sup>\*</sup> Based on 2002 Peer Small Business Data -- US and PR for 2000 through 2002. 2003 based on 2003 Peer Small Business Data.

<sup>\*\*</sup> Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

<sup>\*\*\*</sup> Source Data - Dun and Bradstreet (2002).

Institution ID: MARSHALL NATIONAL BANK & TRUST

**Table 8. Borrower Distribution of Home Purchase Loans**

Borrower Distribution: HOME PURCHASE		Geography: MARSHALL AA					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003					Market Share <sup>*</sup>				
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Overall	Low	Mod	Mid	Upp	
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>						
<b>Full Review:</b>																
2000 to 2002	56	100.00	18.44	20.00	20.58	16.36	28.75	14.55	32.23	49.09	1.13	1.47	0.40	0.79	2.13	
2003	22	100.00	17.13	14.29	19.27	19.05	26.00	19.05	37.60	47.62	1.11	2.03	0.83	0.66	1.50	

<sup>\*</sup> Based on 2002 Peer Mortgage Data (Eastern) for 2000- 2002. Based on 2003 for 2003.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 1.8% of loans originated and purchased by bank for 2000-2002. No information was available for 4.5% of loans originated and purchased by bank.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information for 2000 through 2002. Percentage of Families is based on the 2000 Census information for 2003.

<sup>\*\*\*\*</sup> Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

Institution ID: MARSHALL NATIONAL BANK & TRUST

**Table 9. Borrower Distribution of Home Improvement Loans**

Borrower Distribution: HOME IMPROVEMENT															Geography: MARSHALL AA					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003				
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>													
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
2000 through 2002	43	100.00	18.44	22.50	20.58	22.50	28.75	25.00	32.23	30.00	2.50	6.12	2.99	1.30	0.00									
2003	23	100.00	17.13	9.09	19.27	9.09	26.00	31.82	37.60	50.00	9.28	6.90	3.77	10.00	12.94									

<sup>\*</sup> Based on 2002 Peer Mortgage Data (Eastern) for 2000-2002. Based on 2003 Peer Mortgage Data (Eastern for 2003).

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 7.0% of loans originated and purchased by bank. No information was available for 4.3% of loans originated and purchased by bank.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

<sup>\*\*\*\*</sup> Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

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Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE															Geography: MARSHALL AA					Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share <sup>*</sup>													
	#	% of Total <sup>**</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	% Families <sup>***</sup>	% BANK Loans <sup>****</sup>	Overall	Low	Mod	Mid	Upp									
<b>Full Review:</b>																								
2000 through 2002	61	100.00	18.44	28.81	20.58	30.51	28.75	16.95	32.23	23.73	1.49	3.47	1.51	0.82	1.45									
2003	43	100.00	17.13	20.00	19.27	22.50	26.00	20.00	37.60	37.50	0.75	1.61	0.73	0.46	0.80									

<sup>\*</sup> Based on 2002 Peer Mortgage Data (Eastern) for 2000-2002. Based on 2003 Peer Mortgage Data (Eastern) for 2003.

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 3.3% of loans originated and purchased by bank. No information was available for 7.0% of loans originated and purchased by bank.

<sup>\*\*\*</sup> Percentage of Families is based on the 1990 Census information.

<sup>\*\*\*\*</sup> Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

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**Table 11. Borrower Distribution of Small Loans to Businesses**

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: MARSHALL AA			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003				
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>									
2000 through 2002	400	100.00	72.51	57.00	79.25	10.75	10.00	6.66	12.70
2003	188	100.00	69.84	56.91	76.60	12.77	10.64	8.50	12.67

\* Based on 2002 Peer Small Business Data -- US and PR for 2000-2002. Based on 2003 Small Business Data -- US and PR for 2003.

\*\* Small loans to businesses originated and purchased in the MA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

\*\*\* Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2000).

\*\*\*\* Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses. No information was available for 18.25% of small loans to businesses originated and purchased by the bank. No information was available for 26.06% of small loans to businesses originated and purchased by the bank.

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**Table 12. Borrower Distribution of Small Loans to Farms**

Borrower Distribution: SMALL LOANS TO FARMS		Geography: MARSHALL AA			Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003				
MA/Assessment Area:	Total Small Loans to Farms		Farms With Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share *	
	#	% of Total**	% of Farms***	% 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>									
2000 through 2002	28	100.00	93.89	71.43	92.86	7.14	0.00	33.33	34.62
2003	19	100.00	91.81	78.95	89.47	10.53	0.00	40.43	40.54

\* Based on 2002 Peer Small Business Data -- US and PR for 2000-2002. Based on 2003 Small Business Data -- US and PR for 2003.

\*\* Small loans to farms originated and purchased in the MA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

\*\*\* Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2000).

\*\*\*\* Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms. No information was available for 25.00% of small loans to farms originated and purchased by the bank. No information was available for 21.05% of small loans to farms originated and purchased by the bank.

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Table 13. Geographic and Borrower Distribution of Consumer Loans

Geographic and Borrower Distribution: CONSUMER LOANS																		
Geography: MARSHALL AA																		
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003																		
MA/Assessment Area:	Geographic Distribution										Borrower Distribution							
	Total Consumer Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers	
	#	% of Total*	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds*	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans	% of Hhlds**	% of BANK Loans
<b>Full Review:</b>																		
2000 to 2002	709	100.00	0.00	0.00	0.00	0.00	100.00	100.00	0.00	0.00	20.13	41.89	17.24	15.94	25.69	8.89	36.94	10.58
2003	197	100.00	0.00	0.00	17.00	9.14	71.29	87.82	11.71	3.05	22.93	40.61	19.92	11.68	23.54	3.05	33.61	13.20

\* Consumer Loans originated and purchased in the MA/AA as a percentage of all consumer loans originated and purchased in the rated area.

\*\* Percentage of households is based on 1990 Census Information.



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Table 14. Qualified Investments

QUALIFIED INVESTMENTS									
Geography: MARSHALL AA									
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002									
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>									
Prior period	1	250	0	0	1	250	29.00	0	0
2000 to 2002	0	0	4	101	4	101	12.00	0	0
2003	0	0	16	503	16	503	59.00	0	0

\* 'Prior Period Investments' means investments made in a previous 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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: MARSHALL AA				Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2002									
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
<b>Full Review:</b>																	
2000 to 2002	100.00	2	100.00	0.00	0.00	100.00	0.00	0	0	0	0	0	0	0.00	0.00	100.00	0.00
2003	100.00	2	100.00	0.00	0.00	50.00	50.00	0	0	0	0	0	0	0.00	17.89	69.96	12.15

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Distribution of Branch and ATM Delivery System

Distribution of Branch and ATM Delivery System																	
Geography: MARSHALL AA																	
Evaluation Period: JANUARY 1, 2000 TO DECEMBER 31, 2003																	
MA/Assessment Area:	Deposits	Branches						ATMs						Population			
	% of Total Bank Deposits	# of Bank Branches	% of Total Bank Branches	Location of Branches by Income of Geographies (%)				#of Bank ATMs	% of Total Bank ATMs	Location of ATMs by Income of Geographies				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
<b>Full Review:</b>																	
2000-2002	100.00	2	100.00	0	0	100.00	0	2	100.00	0	0	100.00	0	0.00	0.00	100.00	0.00
2003	100.00	2	100.00	0.00	0.00	50.00	50.00	2	100.00	0	0	50.00	50.00	0.00	17.89	69.96	12.15

