



**LARGE BANK**

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

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Public Disclosure

February 07, 2005

Community Reinvestment Act  
**Performance Evaluation**

The Citizens National Bank  
Charter Number: 4364

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Laurel, MD 20707

Office of the Comptroller of the Currency

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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 **The Citizens National Bank** 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:

- Overall, lending activity is adequate throughout the bank’s assessment area.
- CNB’s overall distribution of lending reflects a good penetration among geographies throughout the assessment area.
- CNB’s distribution of loans by borrower income level reflects a good penetration among customers of different income levels, and to businesses of different sizes, in the assessment area.
- Community Development initiatives and product innovation and flexibility had a positive impact on Lending Test conclusions.
- An adequate level of Community Development Investments.
- CNB’s services delivery systems are accessible to geographies and individuals of income levels in the assessment area.
- A good record of providing 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

Citizens National Bank (CNB) is a full service commercial bank founded in 1890 and is headquartered in Laurel, Prince Georges County, Maryland. The bank is wholly owned by Mercantile Bankshares Corporation – a 13-bank holding company with assets of \$14.4 billion as of December 31, 2004. Mercantile is based in Maryland with locally managed banks in Maryland, Delaware, and Virginia. CNB is the fourth largest bank in the holding company.

CNB is a mid-size intrastate bank, with 23 branch locations throughout its assessment area that includes Howard County and parts of northern Prince Georges, eastern Montgomery, and western Anne Arundel counties. Since the last performance evaluation the bank did not open or close any branches; however, Citizens netted 4 branches from the holding company's acquisition of F&M Bancshares in 2003. Those branches extended the bank's reach to the entire Howard County. In addition to providing a complete range of commercial and retail banking products for its customers, CNB offers cash management services and has available, through Mercantile's Wealth Management group, investment and trust services.

As of December 31, 2003, the bank's assets totaled \$1.1 billion, with a deposit base of \$879 million. CNB had over \$819 million in loans, approximately 93% of the deposit base. The loan portfolio consists primarily of consumer loans, at 49%, commercial and commercial real estate loans at 37%, Residential real estate loans, at 9% construction and development loans at 4%, and loans to municipalities and multifamily dwellings at 1%. Tier 1 Risk Based Capital to Risk-weighted assets as of December 31, 2004 was 8.5%.

CNB has two subsidiaries: CNB Holdings & Investments, Inc., a Delaware corporation that holds U.S. Treasury obligations, and CNB Realty Holdings, Inc. which holds other real estate owned properties. As of December 31, 2004, CNB Holdings & Investments, Inc. had total assets of \$97.8 million and CNB Realty Holdings, Inc. had total assets of \$49 thousand. These subsidiaries had no impact on the bank's capacity to meet community reinvestment needs.

The bank's primary business focus is on serving consumers and small to medium size businesses within their assessment area offering a full range of consumer and commercial products and services. CNB lends to a wide array of individuals, industries, and professions and is a Small Business Administration (SBA) lender. Lending activity remains centered in real estate secured loans, primarily commercial real estate and secured consumer loans.

For residential real estate home mortgage lending, the bank had offered an adjustable rate mortgage products that were retained in the bank's loan portfolio and referred long-term 30-year mortgage requests that could be sold on the secondary market to Mercantile Mortgage Corporation (MMC). As part of the bank's business plan going forward, CNB will now refer all mortgage requests to MMC who offers a complete array of home mortgage products. During the evaluation period, CNB referred 19 borrowers to MMC for a total of \$3.5 million in home mortgage loan originations.

CRA was most recently evaluated as of September 24, 2001. The bank received a "satisfactory" rating as a result of that review.

CNB operates in an extremely competitive financial services market with competition from local community banks and large commercial banks as well as from mutual fund companies and non-bank financial institutions. The bank has adequate resources to meet the credit needs within its community. Additionally, there are no economic, legal, or regulatory restrictions that would impede the bank's ability to help meet the credit needs of its assessment area. Please refer to Appendix B for information regarding the bank's assessment area.

## Scope of the Evaluation

### Evaluation Period/Products Evaluated

The evaluation period for home mortgage, small business, and consumer loans is from July 1, 2001 to December 31, 2003. The evaluation period for community development (CD) loans, investments, and services covers activity from September 21, 2001, which is the date of the last CRA examination, to February 7, 2005.

For the lending test, CNB's origination/purchase of home mortgage loans (home purchase, home improvement, and refinance loans), small loans to businesses, consumer loans (motor vehicle, home equity, other secured and other unsecured loans) and CD loans were evaluated. Management opted to provide information regarding consumer loans, although not required to do so under the CRA Regulation, as consumer loans constitute a large portion of the bank's lending activity. CNB's origination/purchase of small loans to farms was not evaluated, as there were no loans originated during the assessment period to perform an analysis.

The peer comparisons in this report include only lenders who were required to file HMDA and Small Business/Farm Reports for 2002 and 2003. Any lender with significant mortgage loan activity operating in the bank's assessment area would be required to file a HMDA report for 2002 and 2003. Small business reporting is required only of bank and thrift institutions with assets of \$250 million or more as of December 31 of the prior two calendar years preceding the reporting year, or an affiliate of a holding company with \$1 billion or more in assets for the same time period.

The conclusions related to qualified investments are based on the number and dollar amounts made during the evaluation period. In addition, we considered the level of innovation, complexity, responsiveness to community credit needs, and the degree to which these instruments are not routinely provided by private investors. *Refer to Appendix A for additional details of the examination scope.*

### Data Integrity

As part of this CRA evaluation, CNB's publicly filed information on home mortgage loans and small loans to businesses was tested for accuracy. Consumer loan information is not required to be filed, nor is it required to be evaluated for CRA purposes. However, as the bank chose to have it included in our evaluation, we also tested the consumer loans for accuracy. The test included an evaluation of CNB's processes to ensure that data are reliable. No errors were noted in home mortgage, consumer loan, or small business data. Loans reported as community development loans by management were verified to ensure that they met the regulatory definition for community development. Some items submitted by CNB were excluded from this evaluation because they did not meet the definition or purpose of community development. The total amount excluded would not significantly affect the evaluation.

### Selection of Areas for Full-Scope Review

The bank's assessment area consists of portions of two metropolitan statistical areas, both in the state of Maryland. The areas are Baltimore, Maryland #0720, and Washington, DC-MD-VA-WV #8840. Both of the metropolitan statistical areas are part of the Washington-Baltimore DC-MD-VA-WV consolidated metropolitan statistical area, therefore we have analyzed and concluded on the data on a full scope, combined basis. *Refer to the table in appendix A for more information.*

## **Ratings**

The bank's overall rating is based on the full-scope review of the entire Baltimore-Washington assessment area. Small business and consumer lending received more weight in the rating process based on the volume of the originations during the evaluation period.

## **Other**

We conducted one community contact for this examination with a local economic development corporation. The contact identified the need for traditional bank financing and equity financing for small businesses in the assessment area.

## Fair Lending Review

We found no evidence of discrimination or other illegal credit 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 the full-scope review, the bank's performance in the Washington-Arlington-Alexandria-DC-VA-MD-WV MSA is good. The key findings that support this rating include:

- Overall, lending activity is adequate throughout the bank's assessment area. The level of originated and purchased small business loans is adequate, and the lending levels are consistent with the bank's strategic focus and financial resources.
- The distribution of small loans to businesses of different sizes is good. Borrower distribution of consumer loans is good.
- CNB's distribution of loans by borrower income level reflects a good penetration among customers of different income levels, and to businesses of different sizes, in the assessment area.
- CNB's overall distribution of lending reflects a good penetration among geographies throughout the assessment area. The geographic distribution of small business loans is good. The geographic distribution of consumer loans is adequate.

#### 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.

During the evaluation period ending December 31, 2002, 71.16 percent of all loans originated/purchased were consumer loans. Small loans to businesses were 22.00 percent and home mortgage-related loans were 6.83 percent. There were no agriculture loans originated during this period. For the period ending December 31, 2003, 56.14 percent of the loans originated/purchased by the bank were consumer loans. Small loans to businesses were 28.99 percent and home mortgage-related loans were 14.88 percent. Again, the bank originated no agriculture loans and an assessment of this lending activity will not occur, as agriculture lending is not a primary business line of CNB.

Overall, lending activity is adequate throughout the bank's assessment area.

Lending activity in small loans to businesses in the MSA is adequate, based on the bank's market share of loans compared to the market share of the bank's deposits. According to the 2002 lending market share data publicly available, the bank ranked 22<sup>nd</sup> in small business lending in the MSA. The market share data ranks the financial institutions on the total number of loans and total dollar amount of small business loans originated. While the 2002 data reflect the bank's market for small loans to businesses by number of loans was only 0.39 percent compared to the deposit market share of 2.02 percent, the market share of loans by dollar

amount was higher at 1.39 percent. According to the lending market share data for 2003 the bank ranked 21<sup>st</sup> in small loans to businesses with a market share of .49 percent for number of loans and 1.89 percent by dollar amount. In comparison to the deposit market share for 2003, the bank had a 2.00 percent share of the market and ranked 11<sup>th</sup>. Financial service institutions with greater market share include nationwide credit card banks, large regional commercial banks, and other commercial banks.

The bank originated a good volume of consumer loans during the review period. The dollar volume of all consumer loans originated between the dates of July 1, 2001 to December 31, 2003 comprises 50.20 percent of CNB's Tier 1 Capital, which provides a perspective on the level of consumer lending by the bank. There is no market share data available for consumer lending. *Refer to the Tables 1 Other Products for details.*

Within home mortgage-related loan originations/purchases, CNB ranked 15<sup>th</sup> with a 1.95 percent market share for home improvement loans for 2002 and 12<sup>th</sup> with a 2.48 market share in 2003. The bank had a negligible market share of less than 1/10<sup>th</sup> of 1 percent for home purchase and refinance loans within the assessment area.

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

CNB's overall distribution of lending reflects a good penetration among geographies throughout the assessment area. The distribution of each product is described below.

#### ***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.

The geographic distribution of home purchase loans is adequate. During June 30, 2001 through 2002, the bank did not originate any home purchase loans in the one low-income geography, which had less than one percent owner-occupied units in the assessment area, which resulted in limited lending opportunities. The bank did not make any home purchase loans in the moderate-income geographies during the period.

The bank's origination of home purchase loans in 2003 exceeded the percentages of home purchase loans in the moderate-income geographies. During the 2003 period there were no low-income census tracts. The proportion of home purchase loans in moderate-income geographies exceeded the percentage of owner-occupied housing units in those geographies. 2003 market share data indicates the bank's market share percentage in moderate-income exceeds overall market share.

The geographic distribution of home improvement loans is good. During June 30, 2001 through 2002, the bank did not originate any home purchase loans in the one low-income geography, which had less than one percent owner-occupied units in the assessment area, resulting in limited lending opportunities. The proportion of home improvement loans in moderate-income geographies exceeded the percentage of owner-occupied housing units in those geographies. 2002 market share data indicates the bank's market share percentage in both low- and moderate-income geographies is less than the overall market share.

The bank's origination of home purchase improvement in 2003 exceeded the percentages of home purchase loans in the moderate-income geographies. During the 2003 period there were no low-income census tracts. The proportion of home purchase loans in moderate-income geographies exceeded the percentage of owner-occupied housing units in those geographies. 2003 market share data indicates the banks market share percentage in moderate-income exceeds overall market share.

The geographic distribution of home mortgage refinance loans is good. During June 30, 2001 through 2002, the bank did not originate any home mortgage refinance loans in the one low-income geography, which had less than one percent owner-occupied units in the assessment area, resulting in limited lending opportunities. The proportion of home mortgage refinance loans in moderate-income geographies exceeded the percentage of owner-occupied housing units in those geographies. 2002 market share data indicates the bank's market share percentage in both low- and moderate-income geographies is less than the overall market share.

The bank's origination of home mortgage refinance loans in 2003 exceeded the percentages of home purchase loans in the moderate-income geographies. During the 2003 period there were no low-income census tracts. The proportion of home purchase loans in moderate-income geographies exceeded the percentage of owner-occupied housing units in those geographies. 2003 market share data indicates the banks market share percentage in moderate-income exceeds overall market share.

### ***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.

The geographic distribution of small loans to businesses in the assessment area is good. During 2001 through 2002, the bank did not originate any loans in the one low-income geography in the assessment area. Demographic data indicates that there are no businesses located in the assessment area's one low-income geography. However, lending in the moderate-income geographies substantially exceeded the percentage of businesses in the MSA. 2002 market share data indicates the banks market share percentage in moderate-income is near to overall market share.

The bank's origination of small loans to business in 2003 exceeded the percentages of small businesses in the moderate-income geographies. In 2003, there were no low-income geographies. Currently, there is no 2003 market share data for small loans to businesses.

### ***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.

The bank did not originate small farm loans and an analysis 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.

The bank's distribution of consumer loans among the geographies is adequate.

From July 1, 2001 through 2002, the bank did not originate any consumer loans in the low-income geography. In addition, loans originated in the moderate-income geographies were somewhat lower than the percentage of households in these geographies.

The bank's origination of consumer loans in 2003 was somewhat lower than the percentage of households located in the moderate-income geographies. There were no low-income geographies in the assessment during 2003.

### **Lending Gap Analysis**

Examiners analyzed the bank's Lending Gap Analysis for small business and consumer lending patterns within the assessment area. Examiners did not identify any conspicuous gaps or areas with abnormally low loan penetration that the bank could not adequately explained.

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

The bank's inside/outside ratio is good.

During the period from July 1, 2001 through 2002, the bank originated a majority (78.2 percent) of its loans within its assessment area. The percentages of loans within the areas for each type of loan are: HMDA 59.8 percent, small business 83.7 percent, and consumer 79.0 percent.

In 2003, the bank originated a majority (75.4 percent) of its loans within its assessment areas. The percentages of loans within the areas for each type of loan are: HMDA 60.6 percent, small business 83.6 percent, and consumer 76.6 percent.

The performance for both periods has a favorable impact on the overall analysis of lending by income level of geography.

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

CNB's distribution of loans by borrower income level reflects a good penetration among customers of different income levels, and to businesses of different sizes, in the assessment area.

### ***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 borrower distribution of home purchase lending is good. From July 1, 2001 through 2002, the number of home purchase loans originated by the bank to low-income borrowers

substantially exceeded the percentage of low-income families, but the proportion of loans to moderate-income borrowers was significantly lower than the percentage of moderate-income families. The market share of loans to low-income borrowers substantially exceeded the overall 2002-market share. The market share of loans to moderate-income borrowers was significantly lower than the overall 2002-market share.

In 2003, the number of home purchase loans originated by the bank to low-income borrowers is near to the percentage of low-income families, but the proportion of loans to moderate-income borrowers exceeded the percentage of moderate-income families. The market share of loans to low-income borrowers substantially exceeded the overall 2003-market share. The market share of loans to moderate-income borrowers equals the overall 2003-market share.

The borrower distribution of home improvement lending is excellent. From July 1, 2001 through 2002, the number of home improvement loans originated by the bank to low-income borrowers substantially exceeded the percentage of low-income families. The bank's proportion of loans to moderate-income borrowers substantially exceeds the percentage of moderate-income families. The market share of loans to low-income borrowers substantially exceeds the overall 2002-market share. The market share of loans to moderate-income borrowers was exceeds the overall 2002-market share.

In 2003, the number of home improvement loans originated by the bank to low-income borrowers substantially exceeds the percentage of low-income families, and the proportion of loans to moderate-income borrowers exceeds the percentage of moderate-income families. The market share of loans to low-income borrowers substantially exceeds the overall market share. The market share of loans to moderate-income borrowers is near to the overall market share.

The borrower distribution of home mortgage refinance lending is good. From July 1, 2001 through 2002, the number of home improvement loans originated by the bank to low-income borrowers somewhat lower than the percentage of low-income families. The bank's proportion of loans to moderate-income borrowers exceeds the percentage of moderate-income families. The market share of loans to low-income borrowers substantially exceeds the overall 2002-market share. The market share of loans to moderate-income borrowers was somewhat lower than the overall 2002-market share.

In 2003, the number of home improvement loans originated by the bank to low-income borrowers is lower than the percentage of low-income families, but the proportion of loans to moderate-income borrowers exceeds the percentage of moderate-income families. The market share of loans to low-income borrowers exceeds the overall market share. The market share of loans to moderate-income borrowers exceeds the overall market share.

### ***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 bank's distribution of loans to businesses with revenues less than a \$1 million is adequate. From July 1, 2001 through 2002, the number of small loans originated by the bank as a percentage is somewhat lower than the percentage of small businesses in the MSA. The

market share of loans to small businesses exceeds the overall market share of small business loans in the MSA. In addition, the majority of the loans to businesses were in amounts of \$100 thousand or less.

In 2003, the number of small loans originated by the bank as a percentage is somewhat lower than the percentage of small businesses in the MSA. Market share information for 2003 is not yet available. The majority of the loans to businesses were in amounts of \$100 thousand or less.

In 2003, the number of small loans originated by the bank as a percentage is somewhat lower than the percentage of small businesses in the MSA. Market share information for 2003 is not yet available. The majority of the loans to businesses were in amounts of \$100 thousand or less.

### ***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.

An analysis of small farm loans is not meaningful, as the bank did not originate any loans during this review period.

### ***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 bank's distribution of consumer loans to borrowers in the assessment area is excellent. From July 1, 2001 through 2002, the percentage of loans made to low- and moderate-income borrowers substantially exceeded the percentage of low- and moderate-income borrowers.

In 2003, the percentage of loans made to low-income borrowers substantially exceeds the percentage of households with low-income borrowers. The percentage of loans made to moderate-income borrowers exceeds the percentage of household with moderate-income borrowers.

### **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 bank's Lending Test rating. CNB originated a good level of loans with community development characteristics throughout the assessment area that were included in the home mortgage and small loans to business totals. These loans provide financing to small businesses that would not qualify for bank loans and would help in creating jobs for low- and moderate-income people.

## Product Innovation and Flexibility

Product innovation and flexibility had a positive impact on Lending Test conclusions.

CNB offers a full array of standard loan programs and products. In addition, CNB developed three innovative programs that offer flexible terms to customers. The three programs initiated are “Cars for Careers,” the Laurel Main Street Revitalization Program, and the Howard County Route 1 Revitalization Program.

CNB participates in “**Cars for Careers**”, an innovative and flexible loan program developed and implemented by CNB and a local non-profit group before the evaluation period. The program addresses the transportation needs of low- and moderate-income individuals located in Howard County. CNB provides affordable loans to program participants to purchase used cars that have been donated. The program targets low- and moderate-income individuals who need a dependable car to get and keep a job. The loans are designed to provide participants with a sense of true ownership and help them establish a credit history. Rates are well below conventional used-car rates and underwriting is extremely flexible. There have been no employed applicants turned down for loans. CNB continues to be the only bank currently providing loans to applicants under this program. During the evaluation period, CNB provided loans totaling \$30 thousand to 38 individuals to purchase cars in this program.

CNB offers **the Laurel Main Street Revitalization Program** to stimulate the development/improvement of downtown Laurel, which is economically distressed. Since the program originated, the bank has made 10 loans. Of the 10 loans, 7 (70%) were to businesses located in moderate-income geographies. The dollar volume was \$1.6 million (80%) within moderate-income geographies, of \$2 million disbursed. The program commenced in 1998, with a total commitment of \$3 million. Loans from \$25 thousand to \$300 thousand for the specific purpose of renovating commercial properties within the city of Laurel designated area. Flexible terms include below market rate financing and 25 year amortization terms. The program remains active having added (1) loan in 2002 for \$290,000.

In the spring of 2002, the Citizens National Bank set aside \$10,000,000 to offer below prime rate business improvement loans for properties in the Route 1 corridor entitled the **Howard County Route 1 Revitalization Program**. In 2004, Citizens National Bank increased the commitment to \$25,000,000. The loans originated by the bank comply with the goals of the Route 1 Corridor Revitalization Study and approved by the Howard County Department of Planning and Zoning and the Howard County Economic Development Authority (EDA) Land Use Committee. The Bank's Regional Vice President Mike Russo serves as a volunteer on the Howard County Route 1 Corridor Revitalization Committee. This loan program is a good example of private partners helping to revitalize the Route 1 corridor. During the evaluation period, CNB provided loans totaling \$10 million for improvements to 6 businesses.

CNB also participates in small business economic development company loan funds in each of the four assessment area counties. The participating banks provide the funds to the development companies at below-market rates. Funds loaned by the development company to the businesses to remain, expand, or move into areas that are identified as distressed and in need of economic stabilization.

## **INVESTMENT TEST**

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

The bank's performance under the Investment Test is rated "Low Satisfactory". Based on a full-scope review, the bank's performance is adequate.

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

The level of qualified investments is adequate. There are a variety of affordable housing and small business-related investment opportunities on a statewide basis. The bank has made over \$4.2 million in multi-year investments consisting mostly of the purchase of over \$3 million into a CRA Fund that invested in bonds from the statewide Maryland housing fund. The fund assists Maryland's low- and moderate-income residents to finance the purchase or rent affordable housing. One of the bonds specifically financed multi-units housing that were either fully or partially designated as Section 8 units and some of the multi-units were located within the bank's assessment area. The bank also invested \$800 thousand in mortgage-backed securities that supported affordable home mortgages for low and moderate-income families some of which were also located in the bank's assessment area. These investments were neither innovative nor complex, but were responsive to the overall need within the state and the bank's assessment area for affordable housing.

In addition, CNB provided a number of grants to a wide variety of community development related organizations totaling \$136 thousand. Those organizations provided social services to low and moderate-income children and their families. Among the grants provided, grants assisted low- and moderate-income children and their families with scholarships for students, affordable housing, and employment assistance.

## **SERVICE TEST**

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

The bank's performance under the Service Test is rated "High Satisfactory". Based on full-scope review, the bank's performance 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.

CNB's service delivery systems are accessible to geographies and individuals of different income levels in its assessment area. While the bank's assessment area has no low-income

geographies, 13% of branches are located in moderate-income geographies, which exceed the 10% of the assessment area's population residing in those geographies.

Branch offices located in the state of Maryland are in Laurel (head office and two branches), Beltsville, and Bowie in Prince George's county; Crofton, Hanover, Odenton, and Fort Meade in Anne Arundel county; Burtonsville and Silver Spring in Montgomery county, and Columbia, Clarksville, Ellicott City, Glenelg, Marriottsville, and Elkridge in Howard County. During the evaluation period, CNB received four branches as a result of the Mercantile Bankshares and F&M Bankshares merger. No branches were closed but one branch was combined with another branch located 1.5 miles away during the evaluation period.

Branch hours throughout the assessment area vary only slightly, including branches located in moderate-income census tracts. The slight variation in hours is primarily due to drive up services that have extended hours compared to lobby hours. All branches have 24-hour ATMs, similar Saturday hours, and drive up tellers with the exception of two Silver Spring offices that are located in a retirement center. CNB also has two cash dispensing ATMs located at Fort Meade where access is restricted.

Alternative delivery systems also include 24-hour automated telephone banking service available to all customers. Telephone access to customer service representatives are available for extended hours. These delivery systems allow customers to check account balances, place stop payments, transfer funds between checking, savings, and lines of credit, obtain product and service information, verify recent deposits and withdrawals, obtain current interest rates and annual percentage rates and yields, and confirm balances for existing loans and lines of credit.

Customers can access their accounts at no charge at any of the over 250 ATMs that are part of the Mercantile network of banks throughout Maryland, Virginia and southern Delaware. CNB customers can also cash checks, make checking account deposits, cash payroll checks, make savings deposits and withdrawals, and make mortgage, installment loan and line of credit payments during business hours at any of the Mercantile Bankshares affiliate branch locations. We did not place significant weight on alternative delivery systems when arriving at a conclusion for the Service Test since the bank does not monitor how these products impact low- and moderate-income individuals.

CNB offers *Special Checking*, which is a basic checking account with a low (\$3.00) monthly fee and a \$.50 per check fee in excess of 10 checks. CNB also offers student checking with no fees and junior savers and club savings accounts with a minimum opening deposit of \$1.00 and no service fees.

## **Community Development Services**

CNB provides an adequate level of community development services to a wide variety of organizations in its assessment area. A number of bank employees actively provide their financial and technical expertise to a number of community organizations. The community development services, provided by Citizens, are very responsive to community development needs in the assessment area, including the need for small business loans.

In addition, during the evaluation period, bank personnel conducted a financial services education seminar to clients of a local organization that provides vitally needed social, educational, and housing services to low- and moderate-income families.

## Appendix A: Scope of Examination

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### Washington-Baltimore DC-MD-VA-WV Metropolitan Area

<b>Time Period Reviewed</b>	Lending Test (excludes CD Loans): (07/01/2001 to 12/31/2003) Investment and Service Tests and CD Loans: (09/25/01 to 02/07/2005)	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
Citizens National Bank (CNB) Laurel, MD	Home Purchase, Home Refinance, and Home Improvement Loans, small business loans, motor vehicle, secured and unsecured consumer loans, home equity lines, and community development loans.	
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Washington-Baltimore DC-MD-VA-WV Metropolitan Area	Full Scope Examination of combined MSAs as both MSAs are part of the Washington – Baltimore Consolidated MSA #97	

# Appendix B: Market Profiles for Full-Scope Areas

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## Table of Contents

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

<a href="#"><u>Washington-Baltimore, DC-MD-VA-WV MSA .....</u></a>	<a href="#"><u>B2</u></a>
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**Washington-Baltimore DC-MD-VA-WV**

Demographic Information for Full-Scope Area: Washington-Baltimore-DC-MD-VAWV						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	126	0.00	11.11	42.86	45.24	0.79
Population by Geography	676,279	0.00	11.20	39.03	49.27	0.50
Owner-Occupied Housing by Geography	169,686	0.00	3.51	40.12	56.37	0.00
Businesses by Geography	46,988	0.00	7.59	43.36	49.03	0.02
Farms by Geography	1,006	0.00	3.08	29.62	67.30	0.00
Family Distribution by Income Level	173,379	11.97	14.87	22.33	50.83	0.00
Distribution of Low- and Moderate-Income Families throughout AA Geographies	46,632	0.00	20.84	46.41	32.75	0.00
Median Family Income HUD Adjusted Median Family Income for 2002 Households Below the Poverty Level	= \$64,613 = \$74,462 = 7.95%	Median Housing Value Unemployment Rate				\$153,498 2.42%

(\*) The NA category consists of geographies that have not been assigned an income classification.  
Source: 1990 U.S. Census, and 2003 HUD updated MFI.

The bank has one assessment area within the Washington-Baltimore DC-MD-VA-WV metropolitan statistical area. The assessment area is located entirely within the state of Maryland. The assessment area consists of portions of the Baltimore, Maryland metropolitan area #0720 in Anne Arundel and Howard counties, and portions of the Washington, DC-MD-VA-WV metropolitan area #8840 in Prince George’s and Montgomery counties.

The bank has a total of 23 branches within the assessment area. The bank’s main office is located in Laurel, Maryland in Prince George’s county. Five other branches are in Prince George’s county. Five branches are located in Anne Arundel county, nine in Howard county, and three in Montgomery county. All branches have 24-hour ATMs. In addition, the bank has two freestanding cash dispensing ATMs located at Fort Meade.

The assessment area has one census tract that is “NA” for tract characteristics. This is a male Correctional facility.

The local economy remains strong and growing at a healthy pace. The area is experiencing strong income and population growth. Employment growth has outperformed the nation and the unemployment rate for suburban Maryland, in which the bank’s assessment area lies, is a low 2.4%. The federal government is the area's largest employer. The area has also benefited from increased federal spending for homeland security, which has bolstered private employment at legal, accounting, and consulting firms. Confidence in the area has increased growth in commercial development and retail businesses as well as strong growth in home equity and construction loans among area community banks. Household finances are strong

with the median family income, according to updated 2000 US Census for 2003, was \$74,462 in the bank's MSA.

There are opportunities for the bank to facilitate activities to address the unmet credit and community developments needs in Citizens assessment area. In the one community contact made in conjunction with this CRA evaluation with a small business economic development organization, it was stated that there are ample opportunities within for banks to provide community development financing, expand branch services, provide equity investments to fund small businesses, and volunteer their expertise. The contact identified the need for traditional bank financing for very small businesses, which comprise a large portion of the assessment area's businesses, and for equity/venture capital financing for small technology companies. In addition, there are other but limited opportunities within the bank's assessment area to provide financing for affordable housing. However, competition is intense among the financial and non-bank institutions for affordable housing credit opportunities in the assessment area. According to the 2000 Census, multi-family housing units represented 26.2% of the 943 thousand housing units and the median price of single family housing averaged \$183 thousand in the counties the bank serves.

Competition in the bank's assessment area is very strong. The bank's major competitors include local savings banks, local large and small community banks, branches of large regional banks, credit unions, and nationwide mortgage and small business lenders. The bank's business focus is on small and medium sized businesses and individuals seeking to build strong banking relationships with a locally headquartered institution that has the benefits of a holding company with strong resources.

The economy in the bank's assessment area is growing. In the suburban Maryland portion of the assessment area, the focus is on the business service industry, health sciences and federal government. The Washington metropolitan statistical area has grown into a large technological hub supporting telecommunications, biotechnology, and other high-technology fields. The largest employers in the bank's assessment area include the largest employers include the U.S. federal government, Giant Food Corporation, Northrup Grumman, McDonald's Corporation, National Institutes of Health, Marriott International, Verizon Communications, Safeway Stores, Inc., NASA Goddard Space Flight Center, University of Maryland at College Park, and Kaiser Permanente. Leading industries are the federal government, computer and data processing, military personnel, and management, grocery stores, public relations and miscellaneous business services.

Management has identified the need for start up lending to small businesses in the \$25 to \$200 thousand range.

## 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: 1990 CNB												
Evaluation Period: JULY 1, 2001 TO DECEMBER 31, 2002												
MA/Assessment Area (2002):	% 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>												
Washington-Arlington-Alexandria D	100.00	150	15,623	483	44,480	0	0	0	0	633	60,103	100.00

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

\*\* The evaluation period for Community Development Loans is from September 25, 2001 to February 7, 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: 1990 CNB														
Evaluation Period: JULY 1, 2001 TO DECEMBER 31, 2002														
MA/Assessment Area (2002):	% 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>														
Washington-Arlington-Alexandria D	100.00	1,562	25,236	0	0	308	13,932	558	7,099	0	0	89	2,374	100.00

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

\*\* The evaluation period for Optional Product Line(s) is from July 01, 2001 to December 31, 2002.

\*\*\* 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: 1990 CNB		Evaluation Period: JULY 1, 2001 TO DECEMBER 31, 2002	
MA/Assessment Area (2002):	Other Unsecured Consumer Loans*		Other Optional Loans*		
	#	\$ (000's)	#	\$ (000's)	
<b>Full Review:</b>					
Washington-Arlington-Alexandria D	607	1,831	0	0	

\* The evaluation period for Optional Product Line(s) is from July 01, 2001 to December 31, 2002.

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

Geographic Distribution: HOME PURCHASE		Geography: 1990 CNB				Evaluation Period: JULY 1, 2001 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase 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>															
Washington-Arlington-Alexandria DC-VA-MD-WV	30	100.00	0.01	0.00	2.79	0.00	40.84	43.33	56.35	56.67	0.07	0.00	0.00	0.03	0.10

\* Based on 2002 Peer Mortgage Data -- East

\*\* 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.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: 1990 CNB				Evaluation Period: JULY 1, 2001 TO DECEMBER 31, 2002									
MA/Assessment Area:	Total Home Improvement 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>															
<b>Washington-Arlington-Alexandria DC-VA-MD-WV</b>	57	100.00	0.01	0.00	2.79	3.51	40.84	66.67	56.35	29.82	1.95	0.00	0.00	3.07	1.11

\* Based on 2002 Peer Mortgage Data -- East

\*\* 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.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE															
Geography: 1990 CNB															
Evaluation Period: JULY 1, 2001 TO DECEMBER 31, 2002															
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>															
Washington-Arlington-Alexandria DC-VA-MD-WV	62	100.00	0.01	0.00	2.79	0.00	40.84	46.77	56.35	53.23	0.07	0.00	0.00	0.10	0.06

<sup>\*</sup> Based on 2002 Peer Mortgage Data -- East

<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.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY															
Geography: 1990 CNB															
Evaluation Period: JULY 1, 2001 TO DECEMBER 31, 2002															
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography <sup>*</sup>				
	#	% of Total <sup>**</sup>	% of MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Washington-Arlington-Alexandria DC-VA-MD-WV	1	100.00	0.00	0.00	25.71	0.00	46.38	100.00	27.92	0.00	0.00	0.00	0.00	0.00	

<sup>\*</sup> Based on 2002 Peer Mortgage Data -- East

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> 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.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES															
Geography: 1990 CNB					Evaluation Period: JULY 1, 2001 TO DECEMBER 31, 2002										
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>															
<b>Washington-Arlington-Alexandria DC-VA-MD-WV</b>	483	100.00	0.00	0.00	5.97	9.11	42.73	59.01	51.29	31.88	0.39	0.45	0.37	0.57	0.24

<sup>\*</sup> Based on 2002 Peer Small Business Data -- US and PR

<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).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: 1990 CNB					Evaluation Period: JULY 1, 2001 TO DECEMBER 31, 2002					Market Share (%) by Geography*				
MA/Assessment Area:	Total Small Farm Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans						
<b>Full Review:</b>																
Washington-Arlington-Alexandria DC-VA-MD-WV	0	0.00	0.00	0.00	2.55	0.00	31.24	0.00	66.21	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2002 Peer Small Business Data -- US and PR

\*\* 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.

\*\*\* Source Data - Dun and Bradstreet (2002).

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

Borrower Distribution: HOME PURCHASE		Geography: 1990 CNB				Evaluation Period: JULY 1, 2001 TO DECEMBER 31, 2002					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>															
Washington-Arlington-Alexandria DC-VA-MD-WV	30	100.00	10.03	24.14	14.72	3.45	24.17	13.79	51.07	58.62	0.08	0.22	0.02	0.07	0.09

<sup>\*</sup> Based on 2002 Peer Mortgage Data -- East

<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.

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

<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.

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

Borrower Distribution: HOME IMPROVEMENT		Geography: 1990 CNB				Evaluation Period: JULY 1, 2001 TO DECEMBER 31, 2002					Market Share <sup>*</sup>				
MA/Assessment Area:	Total Home Improvement 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>															
Washington-Arlington-Alexandria DC-VA-MD-WV	57	100.00	10.03	24.56	14.72	24.56	24.17	24.56	51.07	26.32	2.34	8.54	2.77	2.51	1.26

<sup>\*</sup> Based on 2002 Peer Mortgage Data -- East

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 0.0% 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.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: 1990 CNB				Evaluation Period: JULY 1, 2001 TO DECEMBER 31, 2002					Market Share <sup>*</sup>				
MA/Assessment Area:	Total Home Mortgage Refinance 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>															
Washington-Arlington-Alexandria DC-VA-MD-WV	62	100.00	10.03	6.90	14.72	15.52	24.17	24.14	51.07	53.45	0.09	0.16	0.05	0.08	0.09

<sup>\*</sup> Based on 2002 Peer Mortgage Data -- East

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 6.5% 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.

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: 1990 CNB			Evaluation Period: JULY 1, 2001 TO DECEMBER 31, 2002				
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 <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$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>									
<b>Washington-Arlington-Alexandria DC-VA-MD-WV</b>	483	100.00	68.65	40.99	78.67	12.42	8.90	0.39	0.51

<sup>\*</sup> Based on 2002 Peer Small Business Data -- US and PR

<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> Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2002).

<sup>\*\*\*\*</sup> 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 0.00% of small loans to businesses originated and purchased by the bank.

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

Borrower Distribution: SMALL LOANS TO FARMS									
Geography: 1990 CNB				Evaluation Period: JULY 1, 2001 TO DECEMBER 31, 2002					
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 <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$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>									
Washington-Arlington-Alexandria DC-VA-MD-WV	0	0.00	89.27	0.00	0.00	0.00	0.00	0.00	0.00

<sup>\*</sup> Based on 2002 Peer Small Business Data -- US and PR

<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> Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2002).

<sup>\*\*\*\*</sup> 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 0.00% of small loans to farms originated and purchased by the bank.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)**

Geographic and Borrower Distribution: CONSUMER LOANS		Geography: 1990 CNB								Evaluation Period: JULY 1, 2001 TO DECEMBER 31, 2002								
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>																		
<b>Washington-Arlington-Alexandria DC-VA-MD-WV</b>	1,562	100.00	0.01	0.00	9.52	5.06	42.88	45.77	47.60	49.17	11.54	22.41	13.81	21.38	22.10	18.89	52.54	35.98

\* 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.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
		Geography: 1990 CNB				Evaluation Period: SEPTEMBER 25, 2001 TO FEBRUARY 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>									
Washington-Arlington-Alexandria DC-VA-MD-WV	0	0	32	260	32	260	100	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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: 1990 CNB				Evaluation Period: SEPTEMBER 25, 2001 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>																	
Washington-Arlington-Alexandria DC-VA-MD-WV	100.00	18	100.00	0.00	16.7	50.0	33.3	0	0	0	0	0	0	0.01	9.26	41.60	48.35

**Table 1. Lending Volume**

LENDING VOLUME												
Geography: CNB 2000												
Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003												
MA/Assessment Area (2003):	% 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>												
Washington-Arlington-Alexandria D	100.00	154	18,560	300	31,848	0	0	0	0	454	50,408	100.00

\* Loan Data 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 January 01, 2003 to February 5, 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: CNB 2000														
Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003														
MA/Assessment Area (2003):	% 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>														
Washington-Arlington-Alexandria D	100.00	581	12,989	0	0	136	6,910	195	2,666	0	0	42	2,275	100.00

\* Loan Data 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, 2003 to December 31, 2003.

\*\*\* 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: CNB 2000		Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003		
MA/Assessment Area (2003):	Other Unsecured Consumer Loans*			Other Optional Loans*					
	#	\$ (000's)		#	\$ (000's)				
<b>Full Review:</b>									
Washington-Arlington-Alexandria D	208	1,138		0	0				

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

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

Geographic Distribution: HOME PURCHASE		Geography: CNB 2000				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography*				
MA/Assessment Area:	Total Home Purchase 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>															
Washington-Arlington-Alexandria DC-VA-MD-WV	21	100.00	0.00	0.00	3.51	14.29	40.12	52.38	56.37	33.33	0.07	0.00	0.23	0.09	0.04

\* Based on 2003 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 2000 Census information.

**Table 3. Geographic Distribution of Home Improvement Loans**

Geographic Distribution: HOME IMPROVEMENT		Geography: CNB 2000					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003									
MA/Assessment Area:	Total Home Improvement 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>																
<b>Washington-Arlington-Alexandria DC-VA-MD-WV</b>	60	100.00	0.00	0.00	3.51	5.00	40.12	48.33	56.37	46.67	3.26	0.00	5.00	4.11	2.61	

\* Based on 2003 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 2000 Census information.

**Table 4. Geographic Distribution of Home Mortgage Refinance Loans**

Geographic Distribution: HOME MORTGAGE REFINANCE												Geography: CNB 2000				Evaluation Period: JANUARY 1, 2003 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>																				
Washington-Arlington-Alexandria DC-VA-MD-WV	72	100.00	0.00	0.00	3.51	4.17	40.12	36.11	56.37	59.72	0.08	0.00	0.10	0.08	0.07					

<sup>\*</sup> Based on 2003 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 2000 Census information.

**Table 5. Geographic Distribution of Multifamily Loans**

Geographic Distribution: MULTIFAMILY															
Geography: CNB 2000															
Evaluation Period: JANUARY 1, 2003 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 <sup>*</sup>				
	#	% of Total <sup>**</sup>	% of MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	% MF Units <sup>***</sup>	% BANK Loans	Overall	Low	Mod	Mid	Upp
<b>Full Review:</b>															
Washington-Arlington-Alexandria DC-VA-MD-WV	1	100.00	0.00	0.00	31.20	100.00	41.49	0.00	27.32	0.00	0.00	0.00	0.00	0.00	

<sup>\*</sup> Based on 2003 Peer Mortgage Data (Eastern)

<sup>\*\*</sup> 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.

<sup>\*\*\*</sup> 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 2000 Census information.

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

Geographic Distribution: SMALL LOANS TO BUSINESSES		Geography: CNB 2000					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share (%) by Geography <sup>*</sup>				
MA/Assessment Area:	Total Small Business Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Overall	Low	Mod	Mid	Upp	
	#	% 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						
<b>Full Review:</b>																
<b>Washington-Arlington-Alexandria DC-VA-MD-WV</b>	300	100.00	0.00	0.00	7.59	8.00	43.36	63.00	49.03	29.00	0.00	0.00	0.00	0.00	0.00	

<sup>\*</sup> Based on 2003 Peer Small Business Data -- US and PR

<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 (2003).

**Table 7. Geographic Distribution of Small Loans to Farms**

Geographic Distribution: SMALL LOANS TO FARMS		Geography: CNB 2000					Evaluation Period: JANUARY 1, 2003 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*					
	#	% of Total**	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	% of Farms***	% BANK Loans	Overall	Low	Mod	Mid	Upp	
<b>Full Review:</b>																
Washington-Arlington-Alexandria DC-VA-MD-WV	0	0.00	0.00	0.00	3.08	0.00	29.62	0.00	67.30	0.00	0.00	0.00	0.00	0.00	0.00	

\* Based on 2003 Peer Small Business Data -- US and PR

\*\* 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.

\*\*\* Source Data - Dun and Bradstreet (2003).

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

Borrower Distribution: HOME PURCHASE		Geography: CNB 2000				Evaluation Period: JANUARY 1, 2003 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>															
Washington-Arlington-Alexandria DC-VA-MD-WV	21	100.00	11.97	10.00	14.87	20.00	22.33	10.00	50.83	60.00	0.04	0.07	0.04	0.01	0.06

<sup>\*</sup> Based on 2003 Peer Mortgage Data (Eastern)

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 52.4% of loans originated and purchased by bank.

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 Census information.

<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.

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

Borrower Distribution: HOME IMPROVEMENT		Geography: CNB 2000				Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share <sup>*</sup>				
MA/Assessment Area:	Total Home Improvement 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>															
Washington-Arlington-Alexandria DC-VA-MD-WV	60	100.00	11.97	18.18	14.87	16.36	22.33	25.45	50.83	40.00	3.18	10.31	2.99	2.90	2.59

<sup>\*</sup> Based on 2003 Peer Mortgage Data (Eastern)

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 8.3% of loans originated and purchased by bank.

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 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.

**Table 10. Borrower Distribution of Home Mortgage Refinance Loans**

Borrower Distribution: HOME MORTGAGE REFINANCE		Geography: CNB 2000					Evaluation Period: JANUARY 1, 2003 TO DECEMBER 31, 2003					Market Share <sup>*</sup>				
MA/Assessment Area:	Total Home Mortgage Refinance 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>																
Washington-Arlington-Alexandria DC-VA-MD-WV	72	100.00	11.97	6.06	14.87	16.67	22.33	27.27	50.83	50.00	0.09	0.12	0.10	0.10	0.09	

<sup>\*</sup> Based on 2003 Peer Mortgage Data (Eastern)

<sup>\*\*</sup> As a percentage of loans with borrower income information available. No information was available for 8.3% of loans originated and purchased by bank.

<sup>\*\*\*</sup> Percentage of Families is based on the 2000 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.

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

Borrower Distribution: SMALL LOANS TO BUSINESSES		Geography: CNB 2000			Evaluation Period: JANUARY 1, 2003 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 <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Businesses <sup>***</sup>	% BANK Loans <sup>****</sup>	\$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>									
<b>Washington-Arlington-Alexandria DC-VA-MD-WV</b>	300	100.00	63.04	40.33	75.00	14.67	10.33	0.00	0.00

<sup>\*</sup> Based on 2003 Peer Small Business Data -- US and PR

<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> Businesses with revenues of \$1 million or less as a percentage of all businesses (Source D&B - 2003).

<sup>\*\*\*\*</sup> 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 0.00% of small loans to businesses originated and purchased by the bank.

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

Borrower Distribution: SMALL LOANS TO FARMS		Geography: CNB 2000		Evaluation Period: JANUARY 1, 2003 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 <sup>*</sup>	
	#	% of Total <sup>**</sup>	% of Farms <sup>***</sup>	% BANK Loans <sup>****</sup>	\$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>									
Washington-Arlington-Alexandria DC-VA-MD-WV	0	0.00	84.49	0.00	0.00	0.00	0.00	0.00	0.00

<sup>\*</sup> Based on 2003 Peer Small Business Data -- US and PR

<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> Farms with revenues of \$1 million or less as a percentage of all farms (Source D&B - 2003).

<sup>\*\*\*\*</sup> 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 0.00% of small loans to farms originated and purchased by the bank.

**Table 13. Geographic and Borrower Distribution of Consumer Loans (Institution's Option)**

Geographic and Borrower Distribution: CONSUMER LOANS		Geography: CNB 2000								Evaluation Period: JANUARY 1, 2003 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>																		
<b>Washington-Arlington-Alexandria DC-VA-MD-WV</b>	581	100.00	0.00	0.00	10.79	7.57	40.84	36.66	48.37	55.77	13.28	20.48	14.69	17.56	20.22	19.28	51.81	35.80

\* 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 2000 Census Information.

**Table 14. Qualified Investments**

QUALIFIED INVESTMENTS									
		Geography: CNB 2000				Evaluation Period: JANUARY 1, 2003 TO FEBRUARY 7, 2005			
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>									
Washington-Arlington-Alexandria DC-VA-MD-WV	0	0	15	4,038	15	4,038	100	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.

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

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS				Geography: CNB 2000				Evaluation Period: JANUARY 1, 2003 TO FEBRUARY 7, 2005									
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>																	
Washington-Arlington-Alexandria DC-VA-MD-WV	100.00	23	100.00	0	13.0	52.2	34.8	0	0	0	0	0	0	0.00	11.20	39.03	49.27